COVER SHEET

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SEC Registration Number

METROPOLITAN BANK & TRUST COMPANY

(Company's Full Name)

GT Tower International, 6813
Ayala Ave., corner H.V. Dela
Costa St., Brgy. Bel-Air, 1227
Makati City

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

ATTY. JANELLA MARIE R. PANLILIO-AMORANTO	8857-9723
(Contact Person)	(Company Telephone Number)

1 2	3 1	2 0 - I S	0 4	2 4
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

NONE

(Secondary License Type, If Applicable)

Markets and Securities Regulation Department	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

2,947 as of March 8, 2024 Record Date		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SEC Number 20573
File Number______

METROPOLITAN BANK & TRUST COMPANY

(Company's Full Name)

GT Tower International, 6813 Ayala Ave., corner H.V. Dela Costa St., Brgy. Bel-Air, 1227, Makati City

(Company's Address)

8898-8000

(Telephone Number)

December 31

(Fiscal year ending)

FORM 20-IS

(Form Type)

(Amendment Designation, if applicable)

March 15, 2024

(Period Ended Date)

None

(Secondary License Type and File Number)

Metrobank
You're in good hands

Annual Stockholders' Meeting
April 24, 2024
2:00 P.M.
Via Cisco Webex

AGENDA

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Meeting Held on April 26, 2023
4. President's Report to the Stockholders
5. Ratification of All Acts and Resolutions of the Board of Directors, Management and All Committees from April 26, 2023 to April 23, 2024
6. Election of Directors for 2024-2025
7. Appointment of External Auditors for 2024-2025
8. Other Matters
9. Adjournment

Record Date. Stockholders of record as of March 08, 2024 shall be entitled to attend and vote at the Meeting.

Stockholders may attend the Meeting either through remote communication or by proxy. The Meeting will be recorded. All votes cast shall be subject to the validation of SGV & Co.

Registration, Joining and Voting Procedures for the ASM.

Pre-Registration.

Stockholders intending to participate by remote communication should pre-register by sending an email to ASMregistration@metrobank.com.ph on or before April 17, 2024 together with the following requirements:

For Certificated Stockholders:

(a) Individual Stockholders
  i. A scanned copy of the Stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format).The file size should be no larger than 2MB;
  ii. A valid and active e-mail address and contact number
  iii. Electronically-signed documents are accepted pursuant to relevant laws.

(b) Corporate Stockholders
  i. A Secretary's Certificate attesting to the authority of the representative to participate by remote communication for, and on behalf of the Corporation (in JPG format). The file size should be no larger than 2MB;

ii. A scanned copy of the valid government–issued ID of the Stockholder's representative showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;

iii. A valid and active e-mail address and contact number of the Stockholder's representative.

iv. All documentary requirements must be notarized.

(c) Stockholders under Joint Accounts

In addition to the above requirements, a scanned copy of an authorization letter signed by all Stockholders jointly owning the shares designating who among them is authorized to cast the vote for the account, has to be submitted. The authorization letter must also be in a digital, JPG format with a file size no larger than 2MB.

For Stockholders under PCD Participant/Broker account or "Scripless Shares"

i. A broker certification on the Stockholder's number of shareholdings (in JPG format). The file size should be no larger than 2MB;
ii. A scanned copy of the Stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format).The file size should be no larger than 2MB;
iii. A valid and active e-mail address and contact number.

Important Notes: The Company shall continue to accept documents executed by individual stockholders via electronic signature pursuant to relevant laws. However, documents required to be submitted by corporations (such as Secretary's Certificate and Broker's Certification) must be notarized. The Company reserves the right to request additional information, including submission of original signed and notarized copies of these documents at a later time. Incomplete or inconsistent information may result in an unsuccessful event registration. As a result, such Stockholders who are unable to provide the foregoing may not be allowed to participate in the virtual ASM.

Successful registrants will receive an email with the event details from the following addresses:

Email address	Information/Instructions to be received
ASMregistration@metrobank.com.ph	An electronic invitation with complete guide on how to join the Meeting. Note: You will be asked to click a link which will lead you to the WEBEX registration page. As in any streaming platform, only your name and email address will be asked. You are not required to give any other personal information.
messenger@webex.com	Official WEBEX event link

Metrobank
You're in good hands

For registration concerns and questions related to the meeting and about Metrobank, please get in touch with us through ASMregistration@metrobank.com.ph .

Proxy.

Stockholders who are unable to join the virtual Meeting may appoint an authorized representative on their behalf, download, fill-up and sign the sample Proxy Form found on https://www.metrobank.com.ph/annual-stockholders-meeting-2024 and send a copy to ASMregistration@metrobank.com.ph on or before Friday, April 19, 2024.

The submitted proxies are subject to the joint validation of the Company's Stock and Transfer Agent and SGV and Co.

Questions About the Meeting and the Company.

You may send your questions regarding the conduct of the Meeting and the Company to investor.relations@metrobank.com.ph .

Electronic Copies of Relevant Documents.

Pursuant to SEC Notice dated February 22, 2024, copies of the Notice of Meeting, Definitive Information Statement and other related documents in connection with the Meeting may be accessed through the Company's website https://metrobank.com.ph/annual-stockholders-meeting-2024 and through the PSE Edge Portal https://edge.pse.com.ph .

[redacted]

REGIS V. PUNO
Corporate Secretary [redacted]

Annual Meeting of the Stockholders
April 24, 2024 at 2:00 P.M.
VIRTUAL MEETING

EXPLANATORY NOTES TO AGENDA ITEMS THAT WILL BE SUBMITTED FOR RATIFICATION / APPROVAL OF THE STOCKHOLDERS

Agenda Item 1

Call to order

At 2:00 in the afternoon on April 24, 2024, Mr. Arthur V. Ty, Chairman of the Metrobank Board of Directors, will call the Meeting to order.

Agenda Item 2

Certification of Notice and Quorum

The Corporate Secretary, Atty. Regis V. Puno, will certify that the Notice for the 2024 Annual Stockholders Meeting has been duly published and distributed to the Stockholders as of Record Date of March 08, 2024 pursuant to existing regulations of the Securities and Exchange Commission (SEC). He will also attest whether the required quorum is present for the transaction of the business included in the Agenda.

Agenda Item 3

1. Approval of the following Minutes of the Annual Meeting of Stockholders held on April 26, 2023:

   i. *Call to Order and Certification of Quorum. The meeting was called to order by Chairman Arthur Ty at 2:00 in the afternoon. The Corporate Secretary, Regis V. Puno, certified that there were 3,178,094,065 common shares actually present in person or by proxy, out of the 4,497,415,555 common shares outstanding. This constituted 70.66% of the outstanding capital stock.*

   Voting Results Per Resolution

   ii. *Approval of the Minutes of the Annual Stockholders' Meeting held on April 27, 2022 via the following:*

   100% of shareholders virtually present and represented voted in favor of the proposal, none voted against none abstained.

   RESOLUTION NO. 079-MBTC-SH-2023

   RESOLVED, that the Minutes of the Annual Stockholders' Meeting on April 27, 2022 are hereby approved.

   iii. *President's Report on the performance of Metrobank for 2022, as further detailed in the Annual Report for 2022.*

   During the Meeting, the Host-Moderator Minda A. Olonan selected questions received via email and/or sent via the Q&A panel at ASMRegistration@metrobank.com.ph

1. *From Leah Sabrina Lopez*

   a. *Given the high inflation and interest rates that we are currently seeing, what are the factors that will drive the growth of the Bank this year?*

      President Dee replied that despite rising inflation which is really affecting the lowest tier of our population, the increased emergence of the middle market retail customers have been offsetting the same. This segment is represented by a widespread onboarding of classes of multiple children who are coming of age, earning money on their own, taking care of their parents, and having income that are substantially more than what their parents used to earn. He opined that the undercurrent and baseload spending of consumers will be driving the bank's economic growth this year and the next 5 years forward. He added further that as consumption increases, it will also benefit commercial segments of the market which will hopefully generate more revenues and will help encourage more businesses to invest more on CAPEX. Additionally, he also noted that the government is also spending on infrastructure to make business logistics more efficient thereby providing better infrastructure to support the economic growth. These includes projects in power, roads, bridges, and airports to facilitate smooth movement. Underlying all of this is the bank's role, providing and allocating capital to needed areas of the economy.

      President Dee also stated that consumer spending will be strong, credit card growth will be good and auto and mortgage loans are expected to pick up as well. And since the bank has been selective in its commercial account customer portfolio, these accounts will be market leaders who will be able to take advantage of opportunities when the economy continues to grow.

      Finally, even if the economy slows down a bit due to inflation's impact, President Dee believes that the bank's Commercial and CASA growth will still hold its ground as its customer portfolio are the leaders in the industries as alluded to earlier.

2. *From Johann Jayme:*

   How does the bank intend to implement its digitization plan?

   President Dee replied that the bank has taken care of designing its digital strategy around its customers, foremost of which is trying to understand what they need so it can come up with solutions to address them. This he says is the primary north star that Metrobank centers on whenever it strategizes for the digital thrust for customers, whether retail or commercial. He also added that the bank leverages on these digital strategies to enable straight-through services where there are fewer manual interventions, less mistakes and more efficiency and convenience for its customers. Around all of that, President Dee likewise placed emphasis on ensuring that cyber-security framework covering all transactions with customers are robust and dynamic in terms of addressing emerging threats.

iv. *Ratification of All Acts and Resolutions of Management, Board and Management Committees including among others, the approval April 27, 2022 to April 25, 2023.*

99.89% *of shareholders virtually present and represented voted in favor, 0.01% voted against while 0.10% abstained.*

RESOLUTION NO. 080-MBTC-SH-2023

> *RESOLVED, that all acts, transactions and resolutions of Management, Board and Management Committees and the Board of Directors, including among others, the approval of loans, investments, new Bank products and services and related party transactions, from April 27, 2022 to April 25, 2023, are hereby ratified and confirmed.*

v. *Election of Twelve (12) Directors for the Year 2023 - 2024*

Mr. Juan Miguel L. Escaler of the Nominations Committee, explained that the Nominations Committee and the Corporate Governance and Compensation Committee chaired by Atty. Angelica H. Lavares had jointly evaluated the qualifications of all nominees to the Board of Directors, and that the

Committees found that the nominees had all the qualifications and none of the disqualifications prescribed by law and regulations, and that out of the twelve(12) nominees, five(5) were nominated as independent directors. Twelve (12) directors were elected for the year 2023-2024:

Each Director received at least 96.3% votes from shareholders present and represented.

RESOLUTION NO. 081-MBTC-SH-2023

RESOLVED, that the following are hereby elected as directors of Metrobank effective immediately and until the successors are elected and qualified:

1)	Mr. Arthur Ty	7)	Mr. Jose Vicente L. Alde
2)	Mr. Francisco C. Sebastian.	8)	Mr. Edgar O. Chua*
3)	Mr. Fabian S. Dee	9)	Ms. Angelica H. Lavares*
4)	Mr. Alfred V. Ty	10)	Mr. Philip G. Soliven*
5)	Mr. Vicente R. Cuna, Jr.	11)	Mr. Marcelo C. Fernando, Jr.*
6)	Mr. Solomon S. Cua	12)	Mr. Juan Miguel L. Escaler*

** Independent directors*

vi. *Appointment of Sycip Gorres Velayo & Co. as External Auditors via the following:*

97.57% of shareholders virtually present and represented voted in favor, 2.43% voted against while none abstained.

RESOLUTION NO. 082-MBTC-SH-2023

RESOLVED, that as recommended by the Audit Committee and approved by the Board of Directors, Sycip Gorres Velayo & Co. is hereby appointed as the External Auditors of Metrobank for the year 2023.

There being no other matters for discussion, the meeting was adjourned.

Agenda Item 4

President's Report to the Stockholders

The President will report the highlights of Metrobank's Performance for the year 2023.

Agenda Item 5

Ratification of Corporate Acts

The matters for ratification include all acts, transactions and resolutions of the Board of Directors, management and all Committees done in the ordinary course of business from April 26, 2023 until April 23, 2024, including, among others, the approval of loans, investments, new Bank products and services and significant related party transactions as reflected in the Definitive Information Statement.

Agenda Item 6

Election of Directors for 2024-2025

The persons listed in the table below have been nominated to become directors for 2024-2025. All directors are elected for a term of one year and until their successors shall have been elected and qualified. The table below indicates their current board position (Chairman, Vice-Chairman, President, Director, Independent Director) board committee assignments, age, academic qualification, date of first appointment, experience, and directorships in other listed companies. All nominees are incumbent directors of Metrobank.

Name	Experience
ARTHUR TY Chairman Chairman, Executive Committee Member, Anti-Money Laundering Committee Adviser, Corporate Governance and Compensation Committee Information Technology Steering Committee	Mr. Arthur Ty, Filipino, 57 years old, has been the Chairman of Metrobank since 2012. He was the Bank's President from 2006 to 2012. He has been the Director of GT Capital Holdings, Inc. (GTCAP) since 2007, Chairman of Metropolitan Bank China (Ltd.) (MBCL) since 2010 and Vice-Chairman of Philippine Savings Bank (PSBank) since 2001. He was the Chairman of GTCAP from 2016 to 2022 and Vice-Chairman of First Metro Investment Corporation (FMIC) from 2012 to 2020. He earned his Bachelor of Science degree in Economics at the University of California, Los Angeles and obtained his Masters in Business Administration degree from Columbia University, New York. He is married to Zandra M. Ty, Metrobank First Vice-President. His brother Alfred Ty is a Director of the Bank.
FRANCISCO C. SEBASTIAN Vice-Chairman Chairman, Overseas Banking Committee Vice-Chairman, Executive Committee Adviser, Risk Oversight Committee	Mr. Francisco C. Sebastian, Filipino, 69 years old, has been the Vice-Chairman of the Bank since 2006. He is currently the Chairman of GTCAP since May 2022. He joined the Metrobank Group in 1997 as FMIC President and held this position for 13 years until he was appointed as FMIC Chairman from 2011 to 2022. He was the Chairman of GTCAP from 2014 to April 2016 and Vice-Chairman from 2016 to May 2022. He earned his AB degree in Economics, Magna Cum Laude, from the Ateneo de Manila University in 1975.
FABIAN S. DEE President Member, Executive Committee Information Technology Steering Committee Trust Committee	Mr. Fabian S. Dee, Filipino, 61 years old, became President of Metrobank in 2012. Before becoming President, he headed the National Branch Banking Sector (2006-2012), Account Management Group (2002-2006) and Marketing Center (2001-2002) of Metrobank. He has been a Trustee of Metrobank Foundation, Inc. (MBFI) since 2012; and President of Bancnet, Inc. since April 16, 2021. He was the Director of Bankers Association of the Philippines from 2014 to 2017 and from 2019 to 2023. He was the Chairman and Director of Metrobank Card Corporation (MCC) from 2006 to January 2020; Chairman of Metro Remittance Singapore PTE Ltd. from 2010 to 2019; Chairman of LGU Guarantee Corporation from 2017 to 2019; Chairman of SMBC Metro Investment Corporation (SMBC Metro) from 2014 to 2017; and Director of Bancnet from 2015 to 2017. He holds a degree in Management Engineering from the Ateneo de Manila University.
ALFRED V. TY Director Member, Overseas Banking Committee	Mr. Alfred V. Ty, Filipino, 56 years old, became a director of Metrobank in September 2015. He has been the Chairman of Toyota Motor Philippines Group of Companies and Federal Land Group of Companies. He has been the Vice-Chairman of Metro Pacific Investment Corp. since March 2018 and GTCAP since 2012. He graduated with a Bachelor of Science degree in Business Administration from the University of Southern California in 1989. His brother Arthur Ty is the Chairman of the Bank. He is the brother-in-law of Zandra M. Ty, Metrobank First Vice-President.
VICENTE R. CUNA, JR. Director Chairman, Information Technology Steering Committee Member, Executive Committee Adviser, Risk Oversight Committee	Mr. Vicente R. Cuna, Jr., Filipino, 61 years old, became a director of Metrobank in 2014. He has been the Head of the Enterprise Services Sector of Metrobank since 2018 and Chairman of PSBank since April 2023. Prior to this, he was the Vice-Chairman from April 2018 to 2023 and President from 2013 to 2018 of PSBank; Head of Institutional Banking Sector (2012-2013) and Corporate Banking Group (2006-2012) of Metrobank. He was the Director of FMIC from 2011 to 2015 and Chairman of ORIX Metro Leasing and Finance Corporation (ORIX Metro) from 2016 to 2022. He graduated from De La Salle University with a degree in AB Economics.

Name	Experience
SOLOMON S. CUA Director Member, Audit Committee Overseas Banking Committee	Mr. Solomon S. Cua, Filipino, 68 years old, is a former Undersecretary of the Department of Finance. He became a director of Metrobank in 2018. He is currently the Chairman of Philippine AXA Life Insurance Corporation (AXA Philippines) since April 2010. He was the Chairman of Charter Ping An Insurance Corporation from April 2016 to December 2022. He has been the Vice-Chairman since June 2012 and Director since 2001 of Philippine Racing Club, Inc.; Adviser of MBCL since 2018 and Director of Grand Titan Capital Holdings, Inc. since 2011. He is also the President/Director of SC & SSC Holdings, Inc. since 2015 and Director/Treasurer of Palm Integrated Commodities, Inc. since 2011. He obtained his Bachelor of Arts (Mathematical Sciences and Economics) in University of Melbourne, Australia; Bachelor of Law in University of Queensland, Australia and Masters of Laws in London School of Economics & Political Science, England.
JOSE VICENTE L. ALDE Director Member, Anti-Money Laundering Committee Information Technology Steering Committee Risk Oversight Committee Trust Committee	Mr. Jose Vicente L. Alde, Filipino, 57 years old, became a director of Metrobank in 2022. He is currently the President of PSBank since 2018 and as Director since 2016. He is also the Chairman of Sumisho Finance Corporation and a Trustee of Chamber of Thrift Banks. He also served as Director of MCC from 2015 to 2016 and also held various executive positions in ABN AMRO Bank from 1995 to 2007. He holds a Bachelor's Degree, Cum Laude, in Computer Science from the University of the Philippines and a Master's Degree in Business Management from the Asian Institute of Management (AIM).
EDGAR O. CHUA Independent Director Chairman, Audit Committee Member, Anti-Money Laundering Committee Nominations Committee Related Party Transactions Committee	Mr. Edgar O. Chua, Filipino, 67 years old, became an independent director of Metrobank in 2017. He is currently an Independent Director of JG Summit Olefins Corporation (since August 2022) and the President and Chief Executive of Amber Kinetics, Inc. He has been an Independent Director of PhilCement, PHINMA and First Gen since 2021 and Integrated Micro-Electronics, Inc. since 2014. He is also the Chairman of Philippine Business for the Environment, Philippine Eagle Foundation since 2017, De La Salle Philippines, De La Salle Science Foundation since 2017 and Makati Business Club since 2016. He is currently the Chairman for the University of La Salle Bacolod. He is a Trustee/Treasurer of Philippine Business for Education and Trustee for the De La Salle Greenhills, De La Salle National Mission Council, Integrity Initiative, Gawad Kalinga Community Development Foundation, Inc. since 2005, Zuellig Family Foundation, Pilipinas Shell Foundation, Inc. since 2003, Philippine Disaster Relief Foundation and Alvarez Foundation Philippines. He is the Chairman of The English-Speaking Union of the Philippines, Inc. since 2009. He is the Co Vice-Chairman of National Resilience Council and Governor of Employers Confederation of the Philippines. He is also the Board Advisor of Mitsubishi Motors Phil. Corp. and Coca Cola Bottlers Philippines. He was the President and Chief Executive of Cavitex Holdings, Inc. He was the Chairman of Pilipinas Shell Petroleum from September 2003 to May 2017; and the Country Chairman of Shell companies in the Philippines from September 2003 to October 2016. He holds a degree in BS Chemical Engineering from De La Salle University in 1978.

Name	Experience
ANGELICA H. LAVARES Independent Director Chairman, Anti-Money Laundering Committee Corporate Governance and Compensation Committee Member, Audit Committee Related Party Transactions Committee	Ms. Angelica H. Lavares, Filipino, 70 years old, is a Teaching Fellow at the Institute of Corporate Directors. She became an independent director of Metrobank in 2019. She is also an Independent Director of Prulife UK and the Rural Bank of Silay since April 2022 and an adviser/consultant of the Bank of Commerce. She was a founder member of NextGen Organization of Women Corporate Directors Phils., Inc. She was also the Head of Strategic Support Group of Bank of Commerce from 2009 to 2015. Prior to joining Bank of Commerce, she served as Chief Legal Counsel (2003 to 2007), concurrent Chief Compliance Officer and Chief Legal Officer - Legal Services Department (2007 to 2009) and Assistant Corporate Secretary (2007-2009) of Metrobank. She was also the Chief Legal Counsel and Head of Legal Services Division for United Coconut Planters Bank (UCPB) from 1999 to 2002 acting concurrently as its Head for Human Resource Division. Previous to that, she was the Vice-President for Sales Documentation and Head of Collection Department of Filinvest Land Inc. and Special Assistant to the Commissioner for the Bureau of Customs in 1987. She obtained her degree in AB Psychology, Cum Laude, from St. Theresa's College, QC in 1973 and Bachelor of Laws, First Honorable Mention, from the University of the Philippines in 1981.
PHILIP G. SOLIVEN Lead Independent Director Chairman, Related Party Transactions Committee Trust Committee Member, Nominations Committee Risk Oversight Committee	Mr. Philip G. Soliven, Filipino, 63 years old, is the Lead Independent Director of Metrobank. He became an independent director of Metrobank in 2020. He is also an independent director of Century Pacific Food, Inc. a PSE Index Company, in 2023; Vice Chairman of Multico Prime Power Inc. and Treasurer and Director of The American Chamber of Commerce of the Philippines. He was the former President and Chairman of Cargill Philippines, Inc.; President of Philippine Bio-Industries; and Director of C-Joy Poultry Meats, Inc. He began his professional career with the First National Bank of Boston, in Manila, Philippines branch as foreign exchange trader. He moved to the Bank of Boston's corporate headquarters in Boston, Masachussetts in 1984 to assume a role within corporate banking. In 1985, he was assigned to Hong Kong as manager of the Bank's corporate banking business where he occupied a number of positions across Corporate Loan Recovery, Treasury Sales-Foreign Exchange, Debt Trading and Trade Services. He relocated to Singapore in 1991 as Vice-President for Corporate Banking covering corporate banking clients in Singapore, Indonesia and Thailand. Apart from his professional affiliations, he holds Directorships in non-profit institutions such as The Rotary Club of Makati and the Advancement for Rural Kids. He holds a degree in Business Management from the Ateneo de Manila University.
MARCELO C. FERNANDO, JR. Independent Director Chairman, Risk Oversight Committee Member, Corporate Governance and Compensation Committee Nominations Committee Trust Committee	Mr. Marcelo C. Fernando, Jr., Filipino, 63 years old became an independent director of Metrobank in 2021. He has been a Director of the AIC Group of Companies Holding Corp. since September 2018 and was the Group Treasury Head/Corporate Treasurer of SM Investments Corporation (SMIC), a minority shareholder of the former from 2015 to 2020. He is also the President of Fuego Y Hielo, Inc., a family-owned publishing company that prints titles of Filipino authors. He has been a member of AIM Board of Trustees since September 2022. He was the Managing Director of Citibank, N.A. Philippines, Citi Markets Cluster Head for Brunei, Indonesia, Malaysia, Philippines, Thailand and Vietnam for Asia Pacific Markets and concurrent Markets Head and Country Treasurer from 2009 to 2015. He also served as Citibank's Thailand Branch Managing Director, Fixed Income and Commodities Head and Country Treasurer from 2004 to 2008 both primarily responsible for

Name	Experience
MARCELO C. FERNANDO, JR. (continuation)	the sales, trading and structuring activities in foreign exchange, fixed income, money markets, commodities, credits and their corresponding derivatives products. He is a three-time recipient of Citicorp's Service Excellence Awards and Citicorp Team Awards together with UP's School of Economics Distinguished Alumni Award where he graduated cum laude with a degree in Bachelor of Arts in Economics. He also holds a Master's Degree in Business Management with distinction from the AIM. He is the youngest son of former MERALCO SVP and Finance Undersecretary and Energy Regulatory Board (ERB) Chairman, Marcelo N. Fernando. He was an Open Market Committee Member (2001-2004, 2009), Sub-Committee Chairman for Risk Management (2001) and Sub-Committee Chairman for Derivatives (2000) of the Bankers Association of the Philippines.
JUAN MIGUEL L. ESCALER Independent Director Chairman, Nominations Committee Member, Corporate Governance and Compensation Committee Information Technology Steering Committee	Mr. Juan Miguel L. Escaler, Filipino, 57 years old, became an Independent Director of Metrobank in 2022. He is the Country CEO and Director of Trusting Social AI Philippines. He also holds several Directorship positions in other companies like PASUDECO, Pointwest Technologies, Inc. and M. De Leon Inc. He was a former Co-Head of Investment Banking at Credit Suisse Philippines from 2012 to 2017 and an Executive Director at Goldman Sachs Singapore from 2008 to 2012. His vast banking experience includes his previous roles in Merill Lynch Singapore as Director, ING Bank Manila as Vice President, and ING Bank New York as trader. He holds a degree in BS Management, with Honors from the Ateneo De Manila University and an MBA from Columbia University.

The following were nominated as Independent Directors, namely, Mr. Edgar O. Chua, Atty. Angelica H. Lavares, Mr. Philip G. Soliven, Mr. Marcelo C. Fernando, Jr. and Mr. Juan Miguel L. Escaler. The corresponding Certificates that they have individually executed as independent director-nominees are attached as EXHIBITS 1,2 3, 4 & 5 of the Information Statement.

Agenda Item 7

Appointment of External Auditors

SyCip Gorres Velayo & Co., CPAs (SGV) has been the external auditors of the Bank since 1962. Representatives of SGV are expected to be present at the Meeting and will have the opportunity to make a statement if they desire to do so, and will be available to answer appropriate questions from the stockholders.

Mr. Miguel U. Ballelos, Jr., SGV Partner, reviewed/audited the Group's financial statements as of December 31, 2023 and 2022 and for each of the three years ended December 31, 2023. In compliance with the amended SRC Rule 68 (3) (b) (ix), the signing partners are rotated after every five years reckoned from the year 2002 (increased to seven years effective August 2019 per Professional Regulatory Board of Accountancy Resolution No. 53, Series of 2019).

The Bank intends to retain SGV as its external auditors for the year 2024 and is submitting the same to the stockholders for ratification as endorsed by the Audit Committee with the approval of the Board of Directors.

Agenda Item 8

Other Matters

The Stockholders may raise questions and comments as may be relevant to the Annual Stockholders Meeting.

<u>Agenda Item 9</u>
Adjournment

After consideration of all business in the Agenda, the Chairman will adjourn the 2024 Annual Stockholders Meeting.

P R O X Y [1]

The undersigned stockholder of Metropolitan Bank & Trust Company (Metrobank) hereby appoint/s _______________________________ [2] or in his absence, the Chairman of the meeting, as my/our proxy, to act for me/us and on my/our behalf at the Metrobank Annual Stockholders' Meeting to be held on April 24, 2024 (and as may be rescheduled and / or adjourned) and to vote for me/us as indicated below or, if no such indication is given, as my/our proxy thinks fit:

	RESOLUTION	FOR	AGAINST	ABSTAIN
1	Approval of the Minutes of the Annual Meeting held on April 26, 2023			
2	Ratification of all Acts and Resolutions of the Board of Directors, Management and All Committees from April 26, 2023 to April 23, 2024			
3	Election of Directors for 2024-2025 1. Arthur Ty 2. Francisco C. Sebastian 3. Fabian S. Dee 4. Alfred V. Ty 5. Vicente R. Cuna, Jr. 6. Solomon S. Cua 7. Jose Vicente L. Alde 8. Edgar O. Chua 9. Angelica H. Lavares 10. Philip G. Soliven 11. Marcelo C. Fernando, Jr. 12. Juan Miguel L. Escaler			
4	Appointment of External Auditor **(Sycip Gorres Velayo & Co.)**			

Signature ______________________ Date ______________

Print Name ______________________

Contact Number ______________________

Email Address ______________________

[1] For proxy sent via email, to be valid, a scanned copy of this proxy must be emailed on or before April 19, 2024 to ASMregistration@metrobank.com.ph

[2] If no name is provided, the Chairman of the Meeting will act as the proxy.

THIS PROXY NEED NOT BE NOTARIZED.

SECURITIES AND EXCHANGE COMMISSION
SEC Form 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code

1. Check the appropriate box:

   _X__Preliminary Information Statement
   _____Definitive Information Statement

2. Name of Registrant as specified in its charter — **METROPOLITAN BANK & TRUST COMPANY**

3. Province, country, or other jurisdiction of incorporation or organization — **Metro Manila, Philippines**

4. SEC Identification Number — **20573**

5. BIR Tax Identification Code — **000-477-863**

6. Address of principal office — **GT Tower International**
   6813 Ayala Ave., corner H.V. Dela Costa St., Brgy. Bel-Air, Makati City **1227**
   Postal Code

7. Registrant's telephone number, including area code — **(632) 8898-8000; (632) 8857-9723**

8. Date, time and place of the meeting of security holders

   April 24, 2024, 2:00 PM. There is no physical venue for the Meeting which will be held on purely virtual mode.

9. Approximate date on which the Information Statement is first to be sent or given to security holders

   April 2, 2024

10. Securities registered pursuant to Sections 4 and 8 of RSA (information on number of shares and amount of debt is applicable only to corporate registrant):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Shares	***4,497,415,555***

11. Are any or all of registrant's securities listed on the Philippine Stock Exchange?

    Yes _X_ **No**_____

12. If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

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

A. GENERAL INFORMATION

Item 1. Date, Time, and Place of Meeting of Security Holders

Date	:	April 24, 2024
Time	:	2:00 P.M.
Place	:	There is no physical venue for the Meeting which will be held on purely virtual mode.
Mailing Address	:	GT Tower International, 6813 Ayala Ave., corner H.V. Dela Costa St., Brgy. Bel-Air, 1227, Makati City, Metro Manila

The approximate date on which the Information Statement is first to be sent or given to security holders is on April 2, 2024.

**WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY.**

Item 2. Dissenter's Right of Appraisal

There is no matter included in the Agenda of the Annual Stockholders' Meeting ("Meeting") which may give rise to the exercise by the stockholders of the right of appraisal.

In general, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence. Appraisal right is also available in case of merger or consolidation, sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets of the corporation.

In the above instances, the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action by making a written demand on the corporation for payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

Item 3. Interests of Certain Persons in or Opposition to Matters to be Acted Upon

(a) No director, officer or nominee for election as director, or any associate of the foregoing persons has any substantial interest, direct or indirect, by security holdings or otherwise, which needs to be acted upon during the Meeting, other than the election of the nominees to the 2024-2025 Board of Directors.

(b) No director has informed Metrobank that he intends to oppose any action to be taken up at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Number of shares outstanding as of March 8, 2024	:	4,497,415,555 shares
Number of votes entitled	:	One (1) vote per share

(b) Record date to determine stockholders entitled to notice and to vote at the regular meeting : March 8, 2024

(c) Number of holders as of March 8, 2024 : 2,947 holders

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

(d) Election of Directors

Majority vote is required for the election of directors. Stockholders shall have the right to cumulative voting. Cumulative voting is allowed provided that the total number of votes cast by a stockholder does not exceed the number of shares registered in his name in the books of Metrobank as of the record date multiplied by the number of directors to be elected. There is no condition precedent to the exercise of the right to cumulative voting.

(e) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of March 8, 2024, the following stockholders own more than 5% of the common shares of stock:

Class of Shares		**Name, address of record owner and relationship with issuer**	**Name of Beneficial Owner and Relationship with Record Owner**	**Citizenship**	**No. of Shares Held**	**Percentage**
1	Common	***GT CAPITAL HOLDINGS, INC.*** Stockholder 43/F GT Tower International Ayala Avenue Corner H.V. Dela Costa Street, Makati City *Arthur Ty is authorized to vote the shares of GT Capital Holdings, Inc.(GTCAP) in Metrobank.*	Beneficial and Record Owner *The following persons own more than 5% of the outstanding voting shares of GTCAP as of March 8, 2024:* *Grand Titan Capital Holdings, Inc. – 55.93%* *PCD Nominee Corporation (Non-Filipino) – 19.40%* *PCD Nominee Corporation (Filipino) – 24.23%* *GTCAP is a publicly-listed company that is majority-owned and controlled by the family of the late George S.K. Ty through Grand Titan Capital Holdings, Inc.*	Filipino	1,670,611,010	37.146%

Class of Shares		Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
2	Common	***PCD NOMINEE CORPORATION (Filipino)*** 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, 1226, Makati City	Various Scripless Stockholders *There is no participant of PCD who holds more than 5% of the common stock of Metrobank.*	Filipino	1,288,604,489	28.652%
3	Common	***PCD NOMINEE CORPORATION (Non-Filipino)*** 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, 1226, Makati City	Various Scripless Stockholders *There is no participant of PCD who holds more than 5% of the common stock of Metrobank.*	Foreign	908,391,374	20.198%
TOTAL					**3,867,606,873**	**85.996%**

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

(2) Security Ownership of Directors and Management

As of March 8, 2024, the registrant's directors and officers as a group held a total of 34,971,601 common voting shares, broken down as follows:

Class of Shares		Name of Beneficial Owner	Beneficial Ownership		Citizenship	Percent of Class
			No. of Shares	Nature		
Directors (12)						
1	Common	ARTHUR TY	15,627,513	Direct	Filipino	0.347
2	Common	FRANCISCO C. SEBASTIAN	1,445,283	Direct	Filipino	0.032
3	Common	FABIAN S. DEE (a)	734	Direct	Filipino	0.000
4	Common	ALFRED V. TY	17,087,722	Direct	Filipino	0.380
5	Common	VICENTE R. CUNA, JR. (b)	129	Direct	Filipino	0.000
6	Common	SOLOMON S. CUA	113	Direct	Filipino	0.000
7	Common	JOSE VICENTE L. ALDE	100	Direct	Filipino	0.000
8	Common	EDGAR O. CHUA (c)	113	Direct	Filipino	0.000
9	Common	ATTY. ANGELICA H. LAVARES (c)	113	Direct	Filipino	0.000
10	Common	PHILIP G. SOLIVEN (c)	30,100	Direct	Filipino	0.001
11	Common	MARCELO C. FERNANDO, JR. (c)	100	Direct	Filipino	0.000
12	Common	JUAN MIGUEL L. ESCALER (c)	100	Direct	Filipino	0.000
	Sub-total		34,192,120			0.760

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

	Class of Shares	Name of Beneficial Owner	Beneficial Ownership No. of Shares	Nature	Citizenship	Percent of Class
Officers-Sector and Group Heads (32)						
Senior Executive Vice-Presidents (2)						
1	Common	JOSHUA E. NAING	339,000	Direct	Filipino	0.008
2	Common	FERNAND ANTONIO A. TANSINGCO	252,184	Direct	Filipino	0.006
Executive Vice-Presidents (2)						
3		MARY MYLENE A. CAPARAS			Filipino	
4	Common	ANICETO M. SOBREPEÑA	9,088	Direct	Filipino	0.000
Senior Vice-Presidents (21)						
5		CHARLOTTE T. BILONGILOT			Filipino	
6		HIROKO M. CASTRO			Filipino	
7		ANNA THERESE RITA D. CUENCO			Filipino	
8	Common	RENATO K. DE BORJA, JR.	100,000	Direct	Filipino	0.002
9		RAMON JAIME L.V. DEL ROSARIO			Filipino	
10		HIERBERT A. DIMAGIBA			Filipino	
11		ROMMEL ENRICO C. DIONISIO			Filipino	
12		HARRISON C. GUE			Filipino	
13		FRANCES GAIL E. MALE			Filipino	
14		ALINE A. NOVILLA			Filipino	
15		CHRISTIAN PAUL PHILIPPE L. ORLINO			Filipino	
16		HOMER GERRARD L. ORTEGA			Filipino	
17		RICARDO LEON N. PEDROSA			Filipino	
18	Common	BERNARDINO D. RAMOS	14,658	Direct	Filipino	0.000
19	Common	ANGELICA S. REYES	21,000	Direct	Filipino	0.000
20		CHRISTIAN D. SAN JUAN			Filipino	
21		LEANDRO ANTONIO G. SANTILLAN			Filipino	
22		NELSON G. SEE			Filipino	
23		JOSE ANTONIO O. VASCO			Filipino	
24		CHRISTINE W. YANG			Filipino	
25	Common	ANTHONY PAUL C. YAP	43,551	Direct	Filipino	0.001
First Vice-President (7)						
26		MARIE CHORIE CANDICE R. CHAN			Filipino	
27		ELY ROY B. LINDO			Filipino	
28		REY T. MARAINGAN			Filipino	
29		MARIA NELIA S. MEDALLA			Filipino	
30		JANELLA MARIE R. PANLILIO			Filipino	
31		CHRISTOPHER HECTOR L. REYES			Filipino	
32		RANDELL D. VICTORIANO			Filipino	
	Sub-total		779,481			0.017
	Total (Directors and Officers)		**34,971,601**			**0.777**

(3) Voting Trust Holders of 5% or More

There is no person who holds more than 5% of the registrant’s securities under a voting trust or similar agreement.

(4) Changes in Control

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

Item 5. Directors and Executive Officers

Incumbent Directors (12) - All directors are elected for a term of one year and until their successors shall have been elected and qualified. Below is a list of Metrobank’s incumbent directors with their corresponding business affiliations and other qualifications.

Name	Experience
ARTHUR TY Chairman Chairman, Executive Committee Member, Anti-Money Laundering Committee Adviser, Corporate Governance and Compensation Committee Information Technology Steering Committee	Mr. Arthur Ty, Filipino, 57 years old, has been the Chairman of Metrobank since 2012. He was the Bank's President from 2006 to 2012. He has been the Director of GT Capital Holdings, Inc. (GTCAP) since 2007, Chairman of Metropolitan Bank China (Ltd.) (MBCL) since 2010 and Vice-Chairman of Philippine Savings Bank (PSBank) since 2001. He was the Chairman of GTCAP from 2016 to 2022 and Vice-Chairman of First Metro Investment Corporation (FMIC) from 2012 to 2020. He earned his Bachelor of Science degree in Economics at the University of California, Los Angeles and obtained his Masters in Business Administration degree from Columbia University, New York. He is married to Zandra M. Ty, Metrobank First Vice-President. His brother Alfred Ty is a Director of the Bank.
FRANCISCO C. SEBASTIAN Vice-Chairman Chairman, Overseas Banking Committee Vice-Chairman, Executive Committee Adviser, Risk Oversight Committee	Mr. Francisco C. Sebastian, Filipino, 69 years old, has been the Vice-Chairman of the Bank since 2006. He is currently the Chairman of GTCAP since May 2022. He joined the Metrobank Group in 1997 as FMIC President and held this position for 13 years until he was appointed as FMIC Chairman from 2011 to 2022. He was the Chairman of GTCAP from 2014 to April 2016 and Vice-Chairman from 2016 to May 2022. He earned his AB degree in Economics, Magna Cum Laude, from the Ateneo de Manila University in 1975.
FABIAN S. DEE President Member, Executive Committee Information Technology Steering Committee Trust Committee	Mr. Fabian S. Dee, Filipino, 61 years old, became President of Metrobank in 2012. Before becoming President, he headed the National Branch Banking Sector (2006-2012), Account Management Group (2002-2006) and Marketing Center (2001-2002) of Metrobank. He has been a Trustee of Metrobank Foundation, Inc. (MBFI) since 2012; and President of Bancnet, Inc. since April 16, 2021. He was the Director of Bankers Association of the Philippines from 2014 to 2017 and from 2019 to 2023. He was the Chairman and Director of Metrobank Card Corporation (MCC) from 2006 to January 2020; Chairman of Metro Remittance Singapore PTE Ltd. from 2010 to 2019; Chairman of LGU Guarantee Corporation from 2017 to 2019; Chairman of SMBC Metro Investment Corporation (SMBC Metro) from 2014 to 2017; and Director of Bancnet from 2015 to 2017. He holds a degree in Management Engineering from the Ateneo de Manila University.
ALFRED V. TY Director Member, Overseas Banking Committee	Mr. Alfred V. Ty, Filipino, 56 years old, became a director of Metrobank in September 2015. He has been the Chairman of Toyota Motor Philippines Group of Companies and Federal Land Group of Companies. He has been the Vice-Chairman of Metro Pacific Investment Corp. since March 2018 and GTCAP since 2012. He graduated with a Bachelor of Science degree in Business Administration from the University of Southern California in 1989. His brother Arthur Ty is the Chairman of the Bank. He is the brother-in-law of Zandra M. Ty, Metrobank First Vice-President.

Name	Experience
VICENTE R. CUNA, JR. Director Chairman, Information Technology Steering Committee Member, Executive Committee Adviser, Risk Oversight Committee	Mr. Vicente R. Cuna, Jr., Filipino, 61 years old, became a director of Metrobank in 2014. He has been the Head of the Enterprise Services Sector of Metrobank since 2018 and Chairman of PSBank since April 2023. Prior to this, he was the Vice-Chairman from April 2018 to 2023 and President from 2013 to 2018 of PSBank; Head of Institutional Banking Sector (2012-2013) and Corporate Banking Group (2006-2012) of Metrobank. He was the Director of FMIC from 2011 to 2015 and Chairman of ORIX Metro Leasing and Finance Corporation (ORIX Metro) from 2016 to 2022. He graduated from De La Salle University with a degree in AB Economics.
SOLOMON S. CUA Director Member, Audit Committee Overseas Banking Committee	Mr. Solomon S. Cua, Filipino, 68 years old, is a former Undersecretary of the Department of Finance. He became a director of Metrobank in 2018. He is currently the Chairman of Philippine AXA Life Insurance Corporation (AXA Philippines) since April 2010. He was the Chairman of Charter Ping An Insurance Corporation from April 2016 to December 2022. He has been the Vice-Chairman since June 2012 and Director since 2001 of Philippine Racing Club, Inc.; Adviser of MBCL since 2018 and Director of Grand Titan Capital Holdings, Inc. since 2011. He is also the President/Director of SC & SSC Holdings, Inc. since 2015 and Director/Treasurer of Palm Integrated Commodities, Inc. since 2011. He obtained his Bachelor of Arts (Mathematical Sciences and Economics) in University of Melbourne, Australia; Bachelor of Law in University of Queensland, Australia and Masters of Laws in London School of Economics & Political Science, England.
JOSE VICENTE L. ALDE Director Member, Anti-Money Laundering Committee Information Technology Steering Committee Risk Oversight Committee Trust Committee	Mr. Jose Vicente L. Alde, Filipino, 57 years old, became a director of Metrobank in 2022. He is currently the President of PSBank since 2018 and as Director since 2016. He is also the Chairman of Sumisho Finance Corporation and a Trustee of Chamber of Thrift Banks. He also served as Director of MCC from 2015 to 2016 and also held various executive positions in ABN AMRO Bank from 1995 to 2007. He holds a Bachelor's Degree, Cum Laude, in Computer Science from the University of the Philippines and a Master's Degree in Business Management from the Asian Institute of Management (AIM).
EDGAR O. CHUA Independent Director Chairman, Audit Committee Member, Anti-Money Laundering Committee Nominations Committee Related Party Transactions Committee	Mr. Edgar O. Chua, Filipino, 67 years old, became an independent director of Metrobank in 2017. He is currently an Independent Director of JG Summit Olefins Corporation (since August 2022) and the President and Chief Executive of Amber Kinetics, Inc. He has been an Independent Director of PhilCement, PHINMA and First Gen since 2021 and Integrated Micro-Electronics, Inc. since 2014. He is also the Chairman of Philippine Business for the Environment, Philippine Eagle Foundation since 2017, De La Salle Philippines, De La Salle Science Foundation since 2017 and Makati Business Club since 2016. He is currently the Chairman for the University of La Salle Bacolod. He is a Trustee/Treasurer of Philippine Business for Education and Trustee for the De La Salle Greenhills, De La Salle National Mission Council, Integrity Initiative, Gawad Kalinga Community Development Foundation, Inc. since 2005, Zuellig Family Foundation, Pilipinas Shell Foundation, Inc. since 2003, Philippine Disaster Relief Foundation and Alvarez Foundation Philippines. He is the Chairman of The English-Speaking Union of the Philippines, Inc. since 2009. He is the Co Vice-Chairman of National Resilience Council and Governor of Employers Confederation of the Philippines.

Name	Experience
EDGAR O. CHUA (continuation)	He is also the Board Advisor of Mitsubishi Motors Phil. Corp. and Coca Cola Bottlers Philippines. He was the President and Chief Executive of Cavitex Holdings, Inc. He was the Chairman of Pilipinas Shell Petroleum from September 2003 to May 2017; and the Country Chairman of Shell companies in the Philippines from September 2003 to October 2016. He holds a degree in BS Chemical Engineering from De La Salle University in 1978.
ANGELICA H. LAVARES Independent Director Chairman, Anti-Money Laundering Committee Corporate Governance and Compensation Committee Member, Audit Committee Related Party Transactions Committee	Ms. Angelica H. Lavares, Filipino, 70 years old, is a Teaching Fellow at the Institute of Corporate Directors. She became an independent director of Metrobank in 2019. She is also an Independent Director of Prulife UK and the Rural Bank of Silay since April 2022 and an adviser/consultant of the Bank of Commerce. She was a founder member of NextGen Organization of Women Corporate Directors Phils., Inc. She was also the Head of Strategic Support Group of Bank of Commerce from 2009 to 2015. Prior to joining Bank of Commerce, she served as Chief Legal Counsel (2003 to 2007), concurrent Chief Compliance Officer and Chief Legal Officer - Legal Services Department (2007 to 2009) and Assistant Corporate Secretary (2007-2009) of Metrobank. She was also the Chief Legal Counsel and Head of Legal Services Division for United Coconut Planters Bank (UCPB) from 1999 to 2002 acting concurrently as its Head for Human Resource Division. Previous to that, she was the Vice-President for Sales Documentation and Head of Collection Department of Filinvest Land Inc. and Special Assistant to the Commissioner for the Bureau of Customs in 1987. She obtained her degree in AB Psychology, Cum Laude, from St. Theresa's College, QC in 1973 and Bachelor of Laws, First Honorable Mention, from the University of the Philippines in 1981.
PHILIP G. SOLIVEN Lead Independent Director Chairman, Related Party Transactions Committee Trust Committee Member, Nominations Committee Risk Oversight Committee	Mr. Philip G. Soliven, Filipino, 63 years old, is the Lead Independent Director of Metrobank. He became an independent director of Metrobank in 2020. He is also an independent director of Century Pacific Food, Inc. a PSE Index Company, in 2023; Vice Chairman of Multico Prime Power Inc. and Treasurer and Director of The American Chamber of Commerce of the Philippines. He was the former President and Chairman of Cargill Philippines, Inc.; President of Philippine Bio-Industries; and Director of C-Joy Poultry Meats, Inc. He began his professional career with the First National Bank of Boston, in Manila, Philippines branch as foreign exchange trader. He moved to the Bank of Boston's corporate headquarters in Boston, Masachussetts in 1984 to assume a role within corporate banking. In 1985, he was assigned to Hong Kong as manager of the Bank's corporate banking business where he occupied a number of positions across Corporate Loan Recovery, Treasury Sales-Foreign Exchange, Debt Trading and Trade Services. He relocated to Singapore in 1991 as Vice-President for Corporate Banking covering corporate banking clients in Singapore, Indonesia and Thailand. Apart from his professional affiliations, he holds Directorships in non-profit institutions such as The Rotary Club of Makati and the Advancement for Rural Kids. He holds a degree in Business Management from the Ateneo de Manila University.

Name	Experience
MARCELO C. FERNANDO, JR. Independent Director Chairman, Risk Oversight Committee Member, Corporate Governance and Compensation Committee Nominations Committee Trust Committee	Mr. Marcelo C. Fernando, Jr., Filipino, 63 years old became an independent director of Metrobank in 2021. He has been a Director of the AIC Group of Companies Holding Corp. since September 2018 and was the Group Treasury Head/Corporate Treasurer of SM Investments Corporation (SMIC), a minority shareholder of the former from 2015 to 2020. He is also the President of Fuego Y Hielo, Inc., a family-owned publishing company that prints titles of Filipino authors. He has been a member of AIM Board of Trustees since September 2022. He was the Managing Director of Citibank, N.A. Philippines, Citi Markets Cluster Head for Brunei, Indonesia, Malaysia, Philippines, Thailand and Vietnam for Asia Pacific Markets and concurrent Markets Head and Country Treasurer from 2009 to 2015. He also served as Citibank's Thailand Branch Managing Director, Fixed Income and Commodities Head and Country Treasurer from 2004 to 2008 both primarily responsible for the sales, trading and structuring activities in foreign exchange, fixed income, money markets, commodities, credits and their corresponding derivatives products. He is a three-time recipient of Citicorp's Service Excellence Awards and Citicorp Team Awards together with UP's School of Economics Distinguished Alumni Award where he graduated cum laude with a degree in Bachelor of Arts in Economics. He also holds a Master's Degree in Business Management with distinction from the AIM). He is the youngest son of former MERALCO SVP and Finance Undersecretary and Energy Regulatory Board (ERB) Chairman, Marcelo N. Fernando. He was an Open Market Committee Member (2001-2004, 2009), Sub-Committee Chairman for Risk Management (2001) and Sub-Committee Chairman for Derivatives (2000) of the Bankers Association of the Philippines.
JUAN MIGUEL L. ESCALER Independent Director Chairman, Nominations Committee Member, Corporate Governance and Compensation Committee Information Technology Steering Committee	Mr. Juan Miguel L. Escaler, Filipino, 57 years old, became an Independent Director of Metrobank in 2022. He is the Country CEO and Director of Trusting Social AI Philippines. He also holds several Directorship positions in other companies like PASUDECO, Pointwest Technologies, Inc. and M. De Leon Inc. He was a former Co-Head of Investment Banking at Credit Suisse Philippines from 2012 to 2017 and an Executive Director at Goldman Sachs Singapore from 2008 to 2012. His vast banking experience includes his previous roles in Merill Lynch Singapore as Director, ING Bank Manila as Vice President, and ING Bank New York as trader. He holds a degree in BS Management, with Honors from the Ateneo De Manila University and an MBA from Columbia University.

The five (5) Independent Directors, namely, Mr. Edgar O. Chua, Atty. Angelica H. Lavares, Mr. Philip G. Soliven, Mr. Marcelo C. Fernando, Jr. and Mr. Juan Miguel L. Escaler have always possessed the qualifications and none of the disqualifications of an independent director.

B. Executive Officers (32)

Name	Experience
Joshua E. Naing Senior Executive Vice-President	Mr. Joshua E. Naing, Filipino, 63 years old, has been the Head of the Financial and Control Sector since November 2013 after serving as Controller from October 2002 to November 2013. He has been a director of FMIC since April 2015 and Manila Medical Service, Inc. (MMSI) since April 2018.
Fernand Antonio A. Tansingco Senior Executive Vice-President	Mr. Fernand Antonio A. Tansingco, Filipino, 57 years old, has been the Head of Financial Markets Sector since 2013, and Treasurer since 2007. He was a director from 2012 to 2016 and adviser of MBCL since 2016, Chairman of Metrobank Bahamas from August 2010 to April 2019 and Vice-Chairperson of AXA Philippines since 2010. He is the Adviser to the Board of FMIC since 2019.
Mary Mylene A. Caparas Executive Vice-President	Ms. Mary Mylene A. Caparas, Filipino, 59 years old, has been the Head of the Institutional Banking Sector since 2014. She has been the Vice-Chairman of FMIC since June 2020 before she was appointed as its Chairman in April 2022. She was the Director of ORIX Metro from 2015 to March 2020. From 2013 to 2014, she was the Managing Director, Regional Head of Client Delivery, Treasury and Trade Solutions of Citibank N.A., Hong Kong Branch. From 2011 to 2013, she was the Managing Director, Country Head of Citi Transaction Services of Citibank N.A., Manila Branch.
Aniceto M. Sobrepeña Executive Vice-President	Mr. Aniceto M. Sobrepeña, Filipino, 70 years old, has been the President of MBFI since 2006 and Executive Director of GT Foundation, Inc. (GTFI) since January 2010. He is also the Chairman of Manila Tytana Colleges (MTC) and Vice-Chairman of MMSI. He is a member of the Board of Trustees of PinoyMe Foundation since 2007 and Philippine Business for Education since 2008. He is also a member of Galing Pook Foundation since 2000, International Center for Innovation Transformation and Excellence in Governance since 2006 and Philippine Institute of Environmental Planners since 1995.
Charlotte T. Bilongilot Senior Vice-President	Ms. Charlotte T. Bilongilot, Filipino, 44 years old, joined the Bank in April 2021. She assumed the position of Head of Credit Group effective July 2021 after serving as Deputy Head from April to June 2021. She previously served as the Business Unit Head and Credit Risk Officer of Global Institutional Credit Group Risk Analysis Unit – Manila, Citibank N.A. Regional Operating Head Quarters from November 2014 to March 2021.
Hiroko M. Castro Senior Vice-President	Ms. Hiroko M. Castro, Filipino, 54 year old, assumed the position of Head of Credit Operations Group under the Consumer Business Sector in January 2020. Prior to this, she was the Head of Credit Operations Group (April 2012 to December 2019), Credit Risk (2008 to 2012) and Credit Acquisition (2005 to 2008) of MCC (before the merger with Metrobank in January 2020).
Anna Therese Rita D. Cuenco Senior Vice-President	Ms. Anna Therese Rita D. Cuenco, Filipino, 50 years old, assumed the position of Head, Consumer Lending Group under the Consumer Business Sector in January 2020. She was previously seconded from MCC to Metrobank as Head of Consumer Lending Group from 2018 to 2019. She also served as the Deputy Cards Head, Marketing and Service Quality Group (2009 to 2018) and the Head of Sales, Marketing and Portfolio Management (2008 to 2009) of MCC.
Renato K. De Borja, Jr. Senior Vice-President	Mr. Renato K. De Borja, Jr., Filipino, 52 years old, has been the Controller since November 16, 2020. He was appointed as the Deputy Head of the Financial and Control Sector, concurrent to his function as Controller in January 1, 2024. He is also the Director of Metro Remittance (Hong Kong) Limited since June 20, 2022. He previously served as a Group Head of Remittance, Cards and Contact Center of China Banking Corporation from 2016 to 2020 and was a Director of China Bank Insurance Brokers, Inc. from 2017 to 2019. He was the Chief Finance Officer of East West Banking Corporation from 2009 to 2016.

Name	Experience
Ramon Jaime L.V. Del Rosario Senior Vice-President	Mr. Ramon Jaime L.V. Del Rosario, Filipino, 47 years old, assumed the position of Head, Consumer Business Sector in September 2020 after serving as Head of Cards and Personal Credit Sector from January to August 2020. He was appointed as director of AXA Philippines in April 2023. Prior to this, he was the President of MCC from July to December 2019 (before the merger with Metrobank in January 2020) and the Director of Cards and Loans Business of Citibank Indonesia from 2016 to June 2019.
Hierbert A. Dimagiba Senior Vice-President	Mr. Hierbert Dimagiba, Filipino, 46 years old, is the Chief Marketing Officer and Head of the Analytics, Brand, Communications & Marketing Technology Group (ABCMTG), formerly Analytics, Brand, Communications and Marketing Division (ABCMD) in 2017. He served as the 2022 President of the Internet & Mobile Marketing Association of the Philippines (IMMAP) industry group of which he has served as a Director and Executive Officer since 2018. He is also an incorporator and member of the board of directors of the H&D Group of Companies since 1999. He was the first Country Director of Facebook Philippines from 2016 to 2017 and the Country Director of the IT & Mobile Business Unit of Samsung Philippines from 2014 to 2016 and has also served with Unilever from 1999 to 2016 in international Senior Brand Marketing Director positions.
Rommel Enrico C. Dionisio Senior Vice-President	Mr. Rommel Enrico C. Dionisio, Filipino, 51 years old, assumed the position as Head of Treasury Group in January 2023. He was the Head of Markets Sales Group from January 1, 2020 to December 31, 2022. He was the Head of Institutional Sales Division from February 2017 to December 2019 after serving as Deputy Head from July 2016 to February 2017. He was the Head of Corporate Sales Department under Sales and Structuring Division - Markets Sales Group from October 2014 to July 2016 and Head of Multinational Corporations and Financial Institutions. from November 2011 to September 2014.
Harrison C. Gue Senior Vice-President	Mr. Harrison C. Gue, Filipino, 58 years old, assumed the position of Head of Operations Group under Consumer Business Sector since September 2020 after serving as the Head of Operation, Cards and Personal Credit Sector from January to August 2020. Prior to this, he was the Senior Vice-President for Operation of MCC from January 2015 to December 2019 (before the merger with Metrobank in January 2020) and Credit Acquisition Head of Citibank Philippines from January 2008 to March 2009. He was also the Operation Head of Equitable Card Network, Inc. from June 2003 to December 2006 and Head of Banco de Oro's Consumer Lending Group from January to December 2007. He is a member of the Board of Directors of the Credit Card Association of the Philippines since September 2009.
Frances Gail E. Male Senior Vice-President	Ms. Frances Gail E. Male, Filipino, 48 years old, assumed the position of Head of Credit Cards, Personal Loans and Retail Digital Channels Group under Consumer Business Sector in February 2022. She was the Head of Digital Lending and Insurance from May 1, 2020 to February 2, 2022. She was a Senior Vice-President for Digital Acquisition and Partnerships at Citibank PH.
Aline A. Novilla Senior Vice-President	Ms. Aline A. Novilla, Filipino, 41 years old, assumed the position of Chief Audit Executive and Head of the Internal Audit Group effective February 16, 2023 after serving as Deputy Head from August 2022 to February 15, 2023. Before joining Metrobank, she was the Chief Audit Executive and Head of Internal Audit (August 2020 to July 2022), Deputy Chief Audit Executive (January 2020 to August 2020) and Head of the Anti-Money Laundering Segment (November 2019 to January 2020) of Rizal Commercial Banking Corporation. She was a Partner (Audit and Advisory Services) in R.G. Manabat & Co. (KPMG Philippines) from October 2014 to October 2019.

Name	Experience
Christian Paul Philippe L. Orlino Senior Vice-President	Mr. Christian Paul Philippe L. Orlino, Filipino, 47 years old, has been the Senior Vice-President/Group Head of Institutional Transaction Banking Group since May 1, 2023. He was the First Vice-President/Group Head of the same Group from May 1, 2021 to April 30, 2023. He was also the Group/Division Head of Institutional Transaction Banking Group (formerly Institutional Banking Division) under the Institutional Banking Sector from August 2017 to April 2021 (as Division Head) and since May 2021 (as Group Head). He also served as the Head of Sales and Marketing Department under the same Division from July 2016 to July 2017. Before joining Metrobank, he was the Vice President, Philippine Solution Sales Officer, for the Treasury and Trade Solutions Group of Citibank N.A. from July 2010 to June 2016.
Homer Gerrard L. Ortega Senior Vice-President	Mr. Homer Gerrard L. Ortega, Filipino, 57 years old, assumed the position of Head of Human Resources Management Group in February 2021 after serving as Deputy Head from September 2018 to January 2021. Before joining Metrobank, he was the Vice-President and Country HR Manager for Shell Companies in the Philippines (2007-2018) and Cluster HR Manager for Shell in Japan and South Korea (2013-2018).
Ricardo Leon N. Pedrosa Senior Vice-President	Mr. Ricardo Leon N. Pedrosa, Filipino, 53 years old, is the Head of Institutional Sales under Financial Markets Sector in January 2023. He was the Head of Investment Distribution Metro Manila from 2019 to 2023; Client Solutions Division from 2017 to 2023; Sales and Structuring Division from 2013 to 2016 and Corporate Sales in 2012.
Bernardino D. Ramos Senior Vice-President	Mr. Bernardino D. Ramos, Filipino, 58 years old, has been the Head of Information Technology Group since August 2015. He also served as the Head of Program Management Division from July 2013 to July 2015.
Angelica S. Reyes Senior Vice-President	Ms. Angelica S. Reyes, Filipino, 50 years old, assumed the position as Head of Trust Banking Group on April 16, 2023. She was the Deputy Head of Trust Banking Group from January 2023 to April 15, 2023; Head of Treasury Group from January 2020 to December 2022; Head of the Markets Sales Group from 2013 to 2019; Head of Sales and Structuring Division from 2010 to 2013; and Head of Investment Distribution Division from 2012 to 2013. Concurrent to her position, she serves as Director of FMIC since 2023. She served as Corporate Secretary of both AXA Philippines and Charter Ping An Insurance Corporation from 2016 to 2022.
Christian D. San Juan Senior Vice-President	Mr. Christian D. San Juan, Filipino, 47 years old, was appointed Chief Risk Officer and Sustainability Officer and Head of Risk Management Group effective February 1, 2021 after serving as Deputy Head from July 2017 to January 2021. Before joining Metrobank, he was the Enterprise Risk Officer and Head of Credit and Group Risk Division of Rizal Commercial Banking Corporation from March 2010 to June 2017.
Leandro Antonio G. Santillan Senior Vice-President	Mr. Leandro Antonio G. Santillan, Filipino, 55 years old, assumed the position of Deputy Head of Financial Markets Sector effective April 16, 2023 and OIC Head of Asset Liability Management Division in September 1, 2023. He was the Head of Trust Banking Group from May 2018 to April 2023 after serving as Deputy Head from January 2017 to April 2018. He was the Head of Fixed Income Division from 2013 to 2015 and Treasurer of PSBank from June 30, 2015 to December 2016.
Nelson G. See Senior Vice-President	Mr. Nelson G. See, Filipino, 52 years old, was appointed as the Head of Branch Banking Sector effective January 1, 2023. He held various positions in the Bank before his previous appointment as the Head of Commercial Banking Center Manila under Institutional Banking Sector from 2019 until 2022.

Name	Experience
Jose Antonio O. Vasco Senior Vice-President	Mr. Jose Antonio O. Vasco, Filipino, 54 years old, has been the Head of Operations Group under Enterprise Services Sector in May 2023 after serving as Deputy Head of Operations Group from February 2021 to April 2023.
Christine W. Yang Senior Vice-President	Ms. Christine W. Yang, Filipino, 57 years old, has been the Head of General Services Group since June 2014, and the President of Circa 2000 Homes, Inc. since 2009. She has been the Head of Acquired Assets Management and Disposition Group from May 2007 to December 2015.
Anthony Paul C. Yap Senior Vice-President	Mr. Anthony Paul C. Yap, Filipino, 47 years old, is the Head of Corporate Banking Group since January 2023 and is the Co-Head of the Commercial Segment since November 2022. Prior to this, he was the Head of Branch Banking Sector from October 2020 to December 2022; Head of Strategy & Transformation from January to September 2020; Head of Treasury Group from 2018 to 2019; Head of Trading from July 2016 to December 2017; and Head of Rates and Foreign Exchange Division from December 2013 to July 2016 after serving as Deputy Head from August to December 2013. He was the Chairman of ORIX Metro in December 2022 and advisor to the Board from April to December 2022. He was also a member of the Board of Directors of First Metro Asset Management, Inc. from January 2016 to June 2023.
Marie Chorie Candice R. Chan First Vice-President	Ms. Marie Chorie Candice R. Chan, Filipino, 51 years old, is the Head of Investment Distribution under Financial Markets Sector since January 2023. She was the Head of Investment Distribution-Countryside from 2017 to 2022; Head of Investment Distribution-Visayas & Mindanao from 2012-2017 and Head of Investment Distribution-Visayas from 2010 to 2012.
Ely Roy B. Lindo First Vice-President	Mr. Ely Roy B. Lindo, Filipino, 59 years old, assumed the position of Head of Operations Control Group under the Financial and Control Sector effective January 1, 2020. He was the Head of Branch Operations Control Division from December 2013 to 2019 after serving as Deputy Head from June 2012 to November 2013. He was the Head of Booking and Reconciliation Unit from October 2001 to June 2012.
Rey T. Maraingan First Vice-President	Mr. Rey T. Maraingan, Filipino, 61 years old, assumed the position of Head of Special Accounts Management Group effective June 1, 2021. He has been the Head of Commercial Banking - Countryside from August 2020 to May 2021 after serving as Deputy Head from March to July 2020; and the Head of Commercial Banking Center - South Luzon from June 2019 to June 2020.
Maria Nelia S. Medalla First Vice-President	Ms. Maria Nelia S. Medalla, Filipino, 56 years old, assumed the position of Head of Branch Banking – Metro Manila effective July 1, 2023. Prior to this, she was the Area Head of South Metro Manila Area II from 2017 to 2019 and Region Head of South Metro Manila from 2020 to 2023.
Janella Marie R. Panlilio First Vice-President	Atty. Janella Marie R. Panlilio, Filipino, 45 years old, assumed the position as Head of Legal & Remedial Services Group under Financial and Control Sector effective January 1, 2024. She has been the Assistant Corporate Secretary of Metrobank since April 28, 2021 and Head of Legal Services Division (LSD) in September 2018. She was appointed as OIC General Counsel from November 2020 to December 2023 and Deputy Head of LSD from August 2017 to March 2018.
Christopher Hector L. Reyes First Vice-President	Mr. Christopher Hector L. Reyes, Filipino, 49 years old, assumed the position of Head of Commercial Banking – Metro Manila effective April 1, 2023. He has been a Board of Director of FMIC since April 2022. Prior to this, he was the Deputy Head of Metro Manila Commercial Banking Group from February 2022 to March 2023 and Sub-Group Head of Metro Manila Commercial Banking Group from January 2019 to January 2022.
Randell D. Victoriano First Vice-President	Mr. Randell D. Victoriano, Filipino, 56 years old, assumed the position as Head of Branch Banking – Countryside effective July 1, 2023. Prior to this, he was the Head of South Luzon Region from June 2019 to June 2023.

The above executive officers are not related to each other or to the directors either by consanguinity or affinity.

None of the Bank's directors and officers works with the government.

C. Significant Employee

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

Nomination Procedure

1. Any stockholder may submit nominations for directorial positions to the Nominations Committee.

2. The nominating stockholder is required to submit his proposed nomination to the Nominations Committee, together with the bio-data, acceptance and conformity of the would-be nominee. In the case of a nominee for the position of an independent director, the would-be nominee is also required to submit a Certification that he/she has all the qualifications and none of the disqualifications to become an independent director.

3. The Nominations Committee will screen the nominations of directors prior to the submission of the Definitive Information Statement and come up with a Final List of Candidates.

   The Nominations Committee is composed of independent directors Juan Miguel L Escaler, Committee Chairman, with Edgar O. Chua, Philip G. Soliven and Marcelo C. Fernando, Jr. as Committee Members.

4. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director.

Nominee Directors - Final List of Candidates

Based on the Bank's Articles of Incorporation and By-laws, the total number of directors is twelve (12). Out of this number, existing regulations as well as the Bank's Corporate Governance Manual provide that at least twenty percent (20%) but not less than two (2) members of the Board shall be independent directors.

As of the date of this report, there are five (5) nominees for independent directors, namely, Messrs. Edgar O. Chua, Atty. Angelica H. Lavares, Philip G. Soliven, Marcelo C. Fernando, Jr. and Juan Miguel L. Escaler. They were nominated by stockholders Elline Rochelle O. Escolar, Myline Dee, Rene H. Gochangco, June Uy Go and Maria Soledad S. De Leon, respectively. The nominees for independent directors are not related either by consanguinity or affinity to the persons who nominated them. Likewise, there are seven (7) nominees for non-independent director positions, namely, Messrs. Arthur Ty, Francisco C. Sebastian, Fabian S. Dee, Alfred Ty, Vicente R. Cuna Jr., Solomon S. Cua and Jose Vicente L. Alde.

The nominees are all incumbent directors of the Bank. All twelve (12) nominees confirmed and accepted their nomination to become directors.

For a complete background information on the other nominee directors, please refer to item 5, Directors and Executive Officers.

Based on an evaluation made by the Nominations Committee, all nominees have the qualifications and none of the disqualifications provided by law. The evaluation was made following the requirements of the Securities Regulation Code, the applicable regulations of the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission (including SEC Memorandum Circular No. 4, series of 2017 on the term limit of independent directors), as well as the Bank's Corporate Governance Manual.

Pursuant to the requirements of SEC Circular No. 5, series of 2017, please refer to the attached certificates of qualification from the nominated independent directors as EXHIBITS “1”, “2”, “3”, “4” and “5”.

Legal Proceedings

To the Bank’s best knowledge and information, there are no material legal proceedings filed by or against Metrobank’s directors and executive officers during the past five years such as:

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

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

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

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

Certain Relationships and Related Transactions

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

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

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

Transactions with related parties and with DOSRI are discussed in Note 32 and 37 of the audited financial statements of the Group as presented in Exhibit 6.

In 2024, none of the Bank’s directors had self-dealing/related party transactions with the Bank directly by themselves that required disclosure.

Others

No director has resigned or declined to stand for re-election because of disagreement with Metrobank.

No director has informed Metrobank in writing that he intends to oppose any action to be taken up at the Annual Stockholders’ Meeting.

Item 6. Compensation of Directors and Executive Officers

Name and Principal Position	2024 (Estimate)		
	Salary	**Bonus**	**Other Annual Compensation ***
Fabian S. Dee - President Vicente R. Cuna, Jr. - Senior Executive Vice President Joshua E. Naing - Senior Executive Vice President Fernand Antonio A. Tansingco - Senior Executive Vice President Mary Mylene A. Caparas - Executive Vice President			
Total for the President and four (4) other highest paid executive officers named above	**₱276.06 million**	**₱38.06 million**	
All executive officers as a group unnamed (except the President and four other highly compensated executive officers mentioned above)	**₱538.92 million**	**₱65.97 million**	
All Directors			**₱71.00 million**

Name and Principal Position	2023		
	Salary	**Bonus**	**Other Annual Compensation ***
Fabian S. Dee - President Vicente R. Cuna, Jr. - Senior Executive Vice President Joshua E. Naing - Senior Executive Vice President Fernand Antonio A. Tansingco - Senior Executive Vice President Mary Mylene A. Caparas - Executive Vice President			
Total for the President and four (4) other highest paid executive officers named above	**₱250.97 million**	**₱34.60 million**	
All executive officers as a group unnamed (except the President and four other highly compensated executive officers mentioned above)	**₱489.92 million**	**₱59.98 million**	
All Directors			**₱70.28 million**

Name and Principal Position	2022		
	Salary	**Bonus**	**Other Annual Compensation ***
Fabian S. Dee - President Vicente R. Cuna, Jr. - Senior Executive Vice President Joshua E. Naing - Senior Executive Vice President Fernand Antonio A. Tansingco - Senior Executive Vice President Mary Mylene A. Caparas - Executive Vice President			
Total for the President and four (4) other highest paid executive officers named above	**₱230.62 million**	**₱23.30 million**	
All executive officers as a group unnamed (except the President and four other highly compensated executive officers mentioned above)	**₱522.67 million**	**₱47.25 million**	
All Directors			**₱68.05 million**

* Each director receives a monthly professional fee for attending Board and committee meetings. In 2023 and 2022, the total per diem paid to the directors of the Bank are as follows (in millions):

	2023	2022
Board Meetings	₱50.18	₱48.75
Board Committee Meetings	20.10	19.30
	₱70.28	₱68.05

The directors receive per diem, bonuses and allowances that are already included in the amounts stated above. Aside from said amounts, they have no other compensation plan or arrangement with the Bank. The directors receive compensation based on their banking or finance experience and their attendance in the meetings of the board and the committees where they are members or chairs of. The directors receive a per diem of ₱305,000 for attending Board meetings and ₱38,500 for Committee meetings.

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

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

None of the directors and officers holds any warrant or option related to Metrobank.

Item 7. Independent Public Accountants

SyCip Gorres Velayo & Co., CPAs (SGV) has been the external auditors of the Bank since 1962. Representatives of SGV are expected to be present at the Meeting and will have the opportunity to make a statement if they desire to do so, and will be available to answer appropriate questions from the stockholders.

Mr. Miguel U. Ballelos, Jr., SGV Partner, reviewed/audited the Group's financial statements as of December 31, 2023 and 2022 and for each of the three years ended December 31, 2023. In compliance with the amended SRC Rule 68 (3) (b) (ix), the signing partners are rotated after every five years reckoned from the year 2002 (increased to seven years effective August 2019 per Professional Regulatory Board of Accountancy Resolution No. 53, Series of 2019).

The Bank intends to retain SGV as its external auditors for the year 2024 and is submitting the same to the stockholders for ratification as endorsed by the Audit Committee with the approval of the Board of Directors.

C. OTHER MATTERS

I. Proposed Action

1. Approval of the minutes of the annual meeting of stockholders held on April 26, 2023:

Stockholders in Attendance Either Electronically through Video Conference or by Proxy

NAME OF SHAREHOLDERS	NUMBER OF SHARES	% TO TOTAL
GT Capital Holdings, Inc. (Represented by Arthur Ty)	1,670,611,010	37.15%
Chairman Arthur Ty	15,627,513	0.35%
Vice-Chairman Francisco C. Sebastian	191,851	0.00%
Director Edgar O. Chua	113	0.00%
Director Vicente R. Cuna, Jr.	32,899	0.00%
Director Fabian Sy Dee	734	0.00%
Director Alfred Vy Ty	17,087,722	0.38%
Director Marcelo C. Fernando, Jr.	100	0.00%
Director Angelica H. Lavares	113	0.00%
Director Francisco F. Del Rosario, Jr.	146	0.00%
Director Solomon S. Cua	113	0.00%
Director Philip G. Soliven	30,100	0.00%
82 Alpha Holdings Corporation	54,871,292	1.22%
Grand Titan Capital Holdings, Inc.	203,246,909	4.52%
Neiman Rhodes Holdings,Inc.	28,607,046	0.64%
Nove Ferum Holdings, Inc.	76,226,918	1.69%
Philippine Geiko Holdings,Inc.	28,276,333	0.63%
Deutsche Bank AG Manila Branch	5,166,717	0.11%
CITIBANK N.A For Various Clients	231,656,508	5.15%
SCB OBO For Various Clients	293,881,960	6.53%
FMSBC For Various Clients	41,286,336	0.92%
The Hongkong and Shanghai Banking Corporation For Various Clients	322,185,384	7.16%
Alesandra Vy Ty	7,443,138	0.17%

NAME OF SHAREHOLDERS	NUMBER OF SHARES	% TO TOTAL
Anjanette Dy Buncio	7,377,216	0.16%
Various MBTC Stockholders	1,619,125	0.04%
TOTAL	**3,005,427,296**	**66.83%**

i. *Call to Order and Certification of Quorum. The meeting was called to order by Chairman Arthur Ty at 2:00 o'clock in the afternoon. The Corporate Secretary, Regis V. Puno, certified that there were 3,005,427,296 common shares actually present in person or by proxy, out of the 4,497,415,555 common shares outstanding. This constituted 66.83% of the outstanding capital stock.*

Voting Results Per Resolution

ii. *Approval of the Minutes of the Annual Stockholders' Meeting held on April 27, 2022 via the following:*

100% of shareholders virtually present and represented voted in favor of the proposal, none voted against none abstained.

RESOLUTION NO. 079-MBTC-SH-2023

RESOLVED, that the Minutes of the Annual Stockholders' Meeting held on April 27, 2022 be, as they are hereby approved.

iii. *President's Report on the performance of Metrobank for 2022, as further detailed in the Annual Report for 2022.*

During the Meeting, the Host-Moderator Minda A. Olonan selected questions received via email and/or sent via the Q & A panel at [*ASMregistration@metrobank.com.ph*](mailto:ASMregistration@metrobank.com.ph)

1. *From Leah Sabrina Lopez*

   Given the high inflation and interest rates that we are currently seeing, what are the factors that will drive the growth of the Bank this year?

   President Dee replied that despite rising inflation which is really affecting the lowest tier of our population, the increased emergence of the middle market retail customers have been offsetting the same. This segment is represented by a widespread onboarding of classes of multiple children who are coming of age, earning money on their own, taking care of their parents, and having income that are substantially more than what their parents used to earn. He opined that the undercurrent and baseload spending of consumers will be driving the bank's economic growth this year and the next 5 years forward. He added further that as consumption increases, it will also benefit commercial segments of the market which will hopefully generate more revenues and will help encourage more businesses to invest more on CAPEX. Additionally, he also noted that the government is also spending on infrastructure to make business logistics more efficient thereby providing better infrastructure to support the economic growth. These includes projects in power, roads, bridges, and airports to facilitate smooth movement. Underlying all of this is the bank's role, providing and allocating capital to needed areas of the economy.

   President Dee also stated that consumer spending will be strong, credit card growth will be good and auto and mortgage loans are expected to pick up as well. And since the bank has been selective in its commercial account customer portfolio, these accounts will be market leaders who will be able to take advantage of opportunities when the economy continues to grow.

   Finally, even if the economy slows down a bit due to inflation's impact, President Dee believes that the bank's Commercial and CASA growth will still hold its ground as its customer portfolio are the leaders in the industries as alluded to earlier.

2. *From Johann Jayme:*

   How does the bank intend to implement its digitization plan?

President Dee replied that the bank has taken care of designing its digital strategy around its customers, foremost of which is trying to understand what they need so it can come up with solutions to address them. This he says is the primary north star that Metrobank centers on whenever it strategizes for the digital thrust for customers, whether retail or commercial. He also added that the bank leverages on these digital strategies to enable straight-through services where there are fewer manual interventions, less mistakes and more efficiency and convenience for its customers. Around all of that, President Dee likewise placed emphasis on ensuring that cyber-security framework covering all transactions with customers are robust and dynamic in terms of addressing emerging threats.

iv. Ratification of All Acts and Resolutions of Management, Board and Management Committees including among others, the approval from April 27, 2022 to April 25, 2023.

99.89% of shareholders virtually present and represented voted in favor, none voted against while 0.10% abstained.

RESOLUTION NO. 080-MBTC-SH-2023

RESOLVED, that all acts, transactions and resolutions of Management, Board and Management Committees and the Board of Directors, including among others, the approval of loans, investments, new Bank products and services and related party transactions, from April 27, 2022 to April 25, 2023, are hereby ratified and confirmed.

v. Election of Twelve (12) Directors for the Year 2023 - 2024

Mr. Juan Miguel L. Escaler of the Nominations Committee, explained that the Nominations Committee and the Corporate Governance and Compensation Committee chaired by Atty. Angelica H. Lavares had jointly evaluated the qualifications of all nominees to the Board of Directors, and that the Committees found that the nominees had all the qualifications and none of the disqualifications prescribed by law and regulations, and that out of the twelve (12) nominees, five (5) were nominated as independent directors. Twelve (12) directors were elected for the year 2023-2024:

Each Director received at least 96.3% votes from shareholders present and represented.

RESOLUTION NO. 081-MBTC-SH-2023

RESOLVED, that the following are hereby elected as directors of Metrobank effective immediately and until the successors are elected and qualified:

1)	Mr. Arthur Ty	7)	Jose Vicente L. Alde
2)	Mr. Francisco C. Sebastian.	8)	Mr. Edgar O. Chua*
3)	Mr. Fabian S. Dee	9)	Atty. Angelica H. Lavares*
4)	Mr. Alfred V. Ty	10)	Mr. Philip G. Soliven*
5)	Mr. Vicente R. Cuna, Jr.	11)	Mr. Marcelo C. Fernando, Jr.*
6)	Mr. Solomon S. Cua	12)	Juan Miguel L. Escaler*

** Independent directors*

vi. Appointment of SyCip Gorres Velayo & Co. as External Auditors via the following:

97.57% of shareholders virtually present and represented voted in favor, 2.43% voted against while none abstained.

RESOLUTION NO. 082-MBTC-SH-2023

RESOLVED, that as recommended by the Audit Committee and approved by the Board of Directors, SyCip Gorres Velayo & Co. is hereby appointed as the External Auditors of Metrobank for the year 2023.

There being no other matters for discussion, the meeting was adjourned.

Description of the Voting and Voting Tabulation Procedures during the 2023 Annual Stockholders' Meeting *a.* *Stockholders were allowed to vote by submitting an accomplished proxy or electronically by registering to ASMregistration@metrobank.com.ph and joining the Meeting through an official WEBEX event link sent thereafter*

b. *Votes were counted by shares and not per capita. Each outstanding share of stock entitled the registered stockholder to one vote.*

c. *Majority vote was required for the following:*

  a. *Approval of the minutes of the annual meeting of the stockholders held on April 27, 2022*

  b. *Ratification of Corporate Acts*

  c. *Appointment of External Auditors*

d. *For the purpose of the election of the directors, cumulative voting was allowed provided that the total votes cast by a stockholder did not exceed the number of shares registered in the stockholders' name as of the record date multiplied by the number of directors to be elected.*

e. *Votes received via the validated proxy and through the Official Webex Event Link were tabulated by the Company's Stock and Transfer Agent.*

f. *The voting results were validated by SGV & Co.*

2. President's Report to the Stockholders

   The President will report the highlights of Metrobank's Performance for the year 2023.

3. Ratification of Corporate Acts

   The matters for ratification include all acts, transactions and resolutions of the Board of Directors, management and all Committees done in the ordinary course of business from April 26, 2023 until April 23, 2024, including, among others, the approval of loans, investments, new Bank products and services and significant related party transactions as reflected in the Information Statement.

4. Election of Directors - Please refer to the list of nominees under Item 5 - "Directors and Executive Officers - Nominee Directors" for the details.

5. Appointment of SyCip Gorres Velayo & Co. (SGV) as External Auditors – Please refer to the write-up under Item 7 –"Independent Public Accountants" for the details.

Votes Required for Approval or Election

1. Majority vote is required for the following:

   a) Approval of the minutes of the annual meeting of the stockholders held on April 26, 2023
   b) Ratification of Corporate Acts
   c) Appointment of External Auditors

   On the election of directors, nominees receiving the highest number of votes shall be declared elected following the provisions of the Revised Corporation Code of the Philippines.

2. Every stockholder entitled to vote on a particular question or matter involved shall be entitled to one (1) vote for each share of stock in his name. Cumulative voting is allowed provided that the total votes cast by a stockholder shall not exceed the number of shares registered in his name as of the record date multiplied by the number of directors to be elected. Matters submitted to stockholders for ratification shall be decided by the required vote of stockholders present in person or by proxy.

3. Metrobank has not solicited any discretionary authority to cumulative voting.

4. Votes cast at the meeting shall be counted by the Bank's Stock Transfer Agent and validated by SGV & Co.

Please refer below to the detailed procedures for the registration, viewing of the Meeting, and voting during the Meeting.

Registration, Joining and Voting Procedures for the Meeting

Record Date. Stockholders of record as of March 8, 2024 shall be entitled to attend and vote at the Meeting.

Stockholders may attend the Meeting either through remote communication or by proxy. The Meeting will be recorded. All of the votes cast shall be validated by SGV & Co.

Pre-Registration. Stockholders who will participate remote communication should pre-register using a valid and active e-mail address and send a message to ASMregistration@metrobank.com.ph on or before April 17, 2024 and submit the following requirements:

For Certificated Stockholders:

(a) Individual Stockholders
  i. A scanned copy of the Stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
  ii. A valid and active e-mail address and contact number.
  iii. Electronically-signed documents are accepted pursuant to relevant laws.

(b) Corporate Stockholders
i. A Secretary's Certificate attesting to the authority of the representative to participate by remote communication for and on behalf of the Corporation (in JPG format). The file size should be no larger than 2MB;
ii. A scanned copy of the valid government-issued ID of the Stockholder's representative showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
iii. A valid and active e-mail address and contact number of the Stockholder's representative.
iv. All documentary requirements must be notarized.

(c) Stockholders under Joint Accounts
In addition to the above requirements, a scanned copy of an authorization letter signed by all Stockholders jointly owning the shares designating who among them is authorized to cast the vote for the account, has to be submitted. The authorization letter must also be in a digital, JPG format with a file size no larger than 2MB.

For Stockholders under PCD Participant/Broker account or "Scripless Shares"

  i. A broker certification on the Stockholder's number of shareholdings (in JPG format). The file size should be no larger than 2MB;
  ii. A scanned copy of the Stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
  iii. A valid and active e-mail address and contact number**.**

Important Note: The Company shall continue to accept documents executed by individual stockholders via electronic signature pursuant to relevant laws. However, documents required to be submitted by corporations (such as the Secretary's Certificate and Broker's Certification) must be notarized. The Company reserves the right to request additional information, including submission of original signed and notarized copies of these documents at a later time. Incomplete or inconsistent information may result in an unsuccessful event registration. As a result, such Stockholders who are unable to provide the foregoing may not be allowed to participate in the virtual ASM.

Successful registrants will receive an email event information from the following addresses:

Email address	Information/Instructions to be received
ASMregistration@metrobank.com.ph	An electronic invitation with complete guide on how to join the Meeting. Note: You will be asked to click a link which will lead you to the WEBEX registration page. As in any streaming platform, only your name and email address will be asked. You are not required to give any other personal information.
messenger@webex.com	Official WEBEX event link

For registration concerns and questions related to the meeting and about Metrobank, please get in touch with us through ASMregistration@metrobank.com.ph .

Proxy. Stockholders who are unable to join the virtual Meeting may appoint an authorized representative on their behalf , download, fill-up and sign the sample Proxy Form found on https://www.metrobank.com.ph/annual-stockholders-meeting-2024 and send a copy to ASMregistration@metrobank.com.ph on or before Friday, April 19, 2024**.**

The submitted proxies are subject to the joint validation of the Company's Stock and Transfer Agent and SGV & Co.

Questions About the Meeting and the Company.

You may send your questions regarding the conduct of the Meeting and the Company to investor.relations@metrobank.com.ph.

Electronic Copies of Relevant Documents. Pursuant to SEC Notice dated February 22, 2024, copies of the Notice of Meeting, Definitive Information Statement and other related documents in connection with the Meeting may be accessed through the Company's website https://www.metrobank.com.ph/annual-stockholders-meeting-2024 and through the PSE Edge Portal https://edge.pse.com.ph .

Metrobank's Dividend Policy Statement

The Bank's dividend policy is part of its capital management process that ensures the Bank has sufficient resources to support long term growth. At the same time, it aims to improve the returns to shareholders.

In February 2024, the Board approved a new dividend policy:

- The annual regular cash dividends were raised from Php1.60 per common share to Php3.0 per common share, which is equivalent to 15% of par value. The regular cash dividend will be paid in two (2) equal semi-annual tranches of Php1.50 per common share, in March and in September.

- A special cash dividend of Php2.00 per common share was also declared.

The Board determines according to laws and regulations how the dividends are declared and paid out of the Bank's unrestricted retained earnings.

The majority of the Board approves the declaration of cash dividends. The record date should not be earlier than ten trading days from the declaration, while payment date should not be later than eighteen trading days from the record date. Meanwhile, stock dividends require prior clearance from the BSP, the SEC, and the PSE.

The Board may also approve special cash dividends in addition to the regular cash dividends from time to time. The cash dividend payout depends on the Bank's earnings, cash flows, financial condition, and regulatory requirements for capital, among other factors.

On the other hand, payout may be restricted should the Bank undertake major projects and developments that will require substantial cash outflow, among other circumstances. In these cases, the Board may change the dividend ratio based on results of its operations, plans, and projects.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in TAGUIG CITY on March 15, 2024.

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this statement to be signed on its behalf by the undersigned hereunto duly authorized.

METROPOLITAN BANK & TRUST COMPANY

By: [redacted]

REGIS V. PUNO
Corporate Secretary [redacted]

SUBSCRIBED AND SWORN to before me at TAGUIG CITY, Metro Manila this MAR 15 2024, affiants exhibiting to me his Passport with the following details:

Names	Passport No.	Date/Place of Issue	Valid Until
REGIS V. PUNO	[redacted]	[redacted]	[redacted]

[redacted]

ATTY. LOURDES B. BARRERO
Notary Public – Taguig City
Appoint [illegible] until December 31, 2024
2/F The [illegible] Avenue corner
36th and 38th [illegible] District, Taguig City
P[redacted]

Doc. No. 89;
Page No. 14;
Book No. II;
Series of 2024

METROPOLITAN BANK & TRUST COMPANY

PART I – BUSINESS

DESCRIPTION OF BUSINESS

1. Business Development

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

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

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

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

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

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

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

On March 13, 2019, the respective BODs of the Bank and MCC approved the proposal to merge MCC into the Bank which will unlock the value of MCC and help realize the following objectives: (1) improve synergy and cross-sell; (2) increase the profitability and improve capital efficiency; and (3) enable the Bank to be more competitive in the credit card business. The proposed merger was ratified by the stockholders of the Bank on April 24, 2019, approved by the BSP on October 23, 2019, and approved by the SEC on January 3, 2020.

2. Business of Registrant

Services/Customers/Clients

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

Metrobank and its subsidiaries (the Group) are engaged in all aspects of banking, financing, leasing, real estate and stock brokering. As a bank, Metrobank, which is the ultimate parent of the Group, provides products and services such as deposits, loans and trade finance, credit card products, programs and facilities, electronic banking facilities, cash management, domestic and foreign fund transfers, treasury products, remittances, institutional fund-management, private banking and trust services. The Bank is also a major participant in the Philippine foreign exchange market. It is accredited as a Government Securities Eligible Dealer (GSED) and has played an active role in the development of the domestic capital markets.

The Bank provides investment banking services through First Metro Investment Corporation (FMIC) and retail banking through the Bank and its subsidiary Philippine Savings Bank (PSBank).

Contribution to Sales/Revenues

The net interest income derived from lending, investment and borrowing activities represents 78.13%, 75.67% and 73.98% of the Group's revenue net of interest and finance charges in 2023, 2022 and 2021, respectively. Other operating income (consisting of service charges, fees and commissions; net trading and securities gains/(losses); net foreign exchange gain/(loss); leasing income; profit from assets sold; income from trust operations; dividend income and miscellaneous income) and share in net income of associates and a joint venture account for 21.87%, 24.33% and 26.02% of the Group's revenue net of interest and finance charges in 2023, 2022 and 2021, respectively.

Contribution of Foreign Offices

The percentage contributions of the Group's offices in Asia, the United States and Europe to the Group's revenue, net of interest and finance charges, and external net operating income for the years 2023, 2022 and 2021 are as follows:

Offices in	**Year**	**Percentage Contribution to**	
		Revenue, Net	**External Net Operating Income**
Asia (Other than Philippines)	2023	3.81	3.86
	2022	3.15	3.11
	2021	3.18	3.35
United States	2023	0.49	0.52
	2022	0.49	0.53
	2021	0.49	0.55
Europe	2023	0.03	0.03
	2022	0.03	0.04
	2021	0.03	0.04

Significant Subsidiaries

1. First Metro Investment Corporation (FMIC)

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

   On March 25, 2021, FMIC's application to return its quasi-banking (QB) license was approved by the BSP. The return of the company's QB license was part of its transformation plan to strengthen its core business of investment banking, further develop its brokering and distribution of capital markets issuances and forge greater synergy with its subsidiaries, FirstMetroSec and FAMI, and Parent, Metrobank. This new strategy will allow the company to better serve the needs of its clients, respond aptly to the changing demands of the market and contribute more effectively in the development of the Philippine capital markets.

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

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

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

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

2. Philippine Savings Bank (PSBank)

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

   It has outpaced some of its key competitors and is now the country's leading thrift bank in terms of assets. It mainly caters the retail and consumer markets and offers a wide range of products and services such as deposits, loans, treasury and trust functions. PSBank's network comprises 250 branches and 556 ATMs in strategic locations nationwide.

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

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

   ORIX METRO was incorporated in the Philippines and was registered with the SEC on June 28, 1977. Its primary purpose is to engage in financing by leasing all kinds of real and personal property; to extend credit facilities to consumers and enterprises by discounting commercial papers or accounts receivable, or by buying or selling evidences of indebtedness; and to underwrite securities. On August 24, 2007, ORIX METRO was authorized by the BSP to engage in quasi-banking functions. ORIX METRO engaged in quasi-banking functions effective January 1, 2008 as agreed to by the BSP subject to certain conditions. On April 20, 2022, the BOD of ORIX METRO approved the voluntary surrender of its quasi-banking license. This was approved by the BSP on June 23, 2022.

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

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

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

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

5. First Metro International Investment Company Limited (FMIIC)

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

6. Metro Remittance (Hong Kong) Limited

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

7. Metro Remittance (Singapore) Pte. Ltd.

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

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

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

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

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

9. Metro Remittance (UK) Limited (MRUK)

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

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

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

Distribution Methods of Products and Services

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

1. Branches

   Metrobank ended 2023 and 2022 with 699 and 697 branches, respectively. The Bank believes that it has reached its optimal state in terms of its branch network and is confident that it has the size and scale to pursue its growth plans.

2. Remittance Centers

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

   2023 - New International Remittance Tie-Ups

   a. Terra Payment Services (UK) Ltd
   b. Tangopay Limited
   c. Taptap Send (UK) Ltd
   d. Daytona Capital Management Limited
   e. Lulu Money (Singapore) Pte Ltd

3. ATMs

   All of Metrobank's 1,765 ATMs are full-featured and allow a wide array of financial and non-financial transactions for its clients and those of BancNet member banks. Apart from being the first bank to secure EMV-chip (Euro MasterCard VISA) certification in the Philippines, it has deployed 170 Cash Accept Machines to allow clients to make real-time cash deposits to their accounts. Also deployed to branches are 10 Cash Recycling Machines to serve clients withdrawal and deposit transactions. We have installed security device in machines, thus providing more secure and convenient solutions to meet its clients' banking needs.

4. Mobile Banking App

   The Metrobank Mobile App is Metrobank's mobile banking channel which allows clients to do various banking transactions through the convenience of their mobile phone anytime, anywhere.

5. Online Banking

   Metrobank Online is Metrobank's internet banking service that features a mobile-optimized user interface, allowing customers to do various banking transactions conveniently, 24/7.

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

7. E-Government Facilities

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

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

8. Direct Sales and Telesales for Credit Card Products and Services

   - Branch Sales are the stand-alone bank branches of the Banks where both existing and new-to-bank customers are tapped by the Bank for credit card cross-sell.

   - Direct Sales is a third-party channel used by the Bank to market and sell its credit card products outside of its physical locations and offer services to open market segment.

   - Telesales is a dedicated team of accredited third-party telesales agents and representatives facilitating credit card applications and promotions of the Bank. It involves contacting potential customers by phone to offer them products and services and operates during specified hours and is staffed by trained professionals who are dedicated to providing excellent customer service.

   - Digital channels provide easy access for our customers wherever they are, whenever they need to get in touch with Metrobank.

Competition

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

As of December 31, 2023, the Philippine universal/commercial banking sector consisted of 45 banks, including 26 foreign bank entities. In terms of classification, there are 22 universal banks and 23 commercial banks. Of the 22 universal banks, 13 are private domestic banks, three are government banks and six are branches of foreign banks. Of the 23 commercial banks, three are private domestic banks, two are subsidiaries of foreign banks and 18 are branches of foreign banks. The ten largest universal/commercial banks in the country accounted for over 80% of total assets, loans and total deposits of the universal/commercial banking system based on published statements of condition as of September 30, 2023.

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

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

Innovations and Promotions

In 2023, the Metrobank Group continued to introduce campaigns and promotions to address the market's needs.

- Metrobank waived InstaPay fees on the Metrobank App from July 19, 2023 to December 31, 2023, which has been extended until June 30, 2024. The waiver is being applied to fund transfers amounting to Php1,000 or below. This is in-line with the BSP's goal of encouraging more Filipinos to tap into online payment systems.

- Through Earnest, Metrobank's learning and investing platform, the Bank offered Online Time Deposits. Interest rates could go as high as 4.5% per annum, depending on the amount and term of customers' investments. This allowed customers to benefit from higher interest rates for their funds, with the convenience offered by the Bank's secured digital platforms.

- The NEW Metrobank App rolled out its latest feature of sending money via QR, a much more efficient and convenient way of sending money to other banks and E-wallets.

- Metrobank Wealth Manager, Metrobank's investment facility, which is available on Metrobank Online, introduced a new feature called the Order Submission Facility which allows clients to trade Php – denominated Government securities in the secondary market.

- Metrobank launched the MetroRemit Singapore App E-wallet, powered by FlexM which makes sending money to the Philippines easier. With this new feature, customers can top up their accounts via cash-in at any 7-Eleven stores and do an online transfer from their Singaporean bank account.

- Metrobank initiated the "Your Dream is on Us" promotional campaign which offered low rates and waivedup to Php50,000 in fees for approved Car and Home Loan applications which ran until July 31, 2023.

- PSBank's Second-hand Auto Financing gives clients the option to finance used cars from accredited dealerships via PSBank Auto Loan.

- AXA Philippines insures 500 Filipina small and medium enterprise (SME) owners through its partnership with Bixie, an online financial literacy platform. With the aim of making insurance more available to women, this partnership offers micro-insurance products on the Bixie app. The pilot project with Bixie and US-based humanitarian agency Catholic Relief Services (CRS) involved AXA Philippines in providing insurance to 500 Filipina SME owners who were selected by CRS from the graduates of its savings and loan schemes.

- First Metro Investment Corporation (FMIC) continued to urge its clients to join "One First Metro", Viber Community for real-time updates on the economy and markets. This forms part of First Metro's customer-centric approach, which involves a multifaceted strategy of hosting briefings, and providing in-depth analyses, and real-time updates through accessible platforms to empower clients in their decision-making processes.

- First Metro Securities Brokerage Corporation (FMSBC) conducted over 500 financial and investment literacy seminars in 2023, reflecting its commitment to providing individuals with greater access to financial opportunities. These events include the 'Guided Investment Fearless Trader (GIFT) Series,' a multi-day masterclass designed to provide comprehensive training in both fundamental and technical stock analysis. FMSBC was awarded as the Best Online Trading Platform and Best Online Broker for the Philippines by London-based publishing firm International Finance. It was also awarded as Most Innovative Online Broker and Best Stock Brokerage House for the Philippines by Global Economics.

- First Metro Asset Management Inc. (FAMI) conducted 44 financial literacy seminars in 2023 nationwide. One of the seminars entitled "Be a Hero, not a Zero" details the steps in budgeting and financial goal setting. A retirement planning seminar, "Invest Early, Retire Comfortably," provided the audience some guidelines on how to do a lifestyle check and design a customized financial retirement plan based on one's individual lifestyle. FAMI's seminars are aligned with its advocacy of improving financial wellness, not just of its clients, but also of the general public. The seminars center on understanding and assessing one's financial health and making informed decisions about one's financial status. The courses take a holistic approach, through (1) budget planning and debt management, (2) managing immediate and long-term risks through savings and insurance, (3) determining how money grows through different assets such as stocks, bonds, Mutual Funds, UITF and real estate, and (4) planning investments for education, retirement, and other financial goals.

Transactions with and/or Dependence on Related Parties

Transactions with related parties and with certain directors, officers, stockholders and related interests (DOSRI) are discussed in Notes 32 and 37 of the audited financial statements of the Group as presented in Exhibit 6.

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

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

1. For ATMs: Metrobank Prime Debit Card, Metrobank Debit Card and Metrobank Prepaid Card
2. For credit cards: Metrobank Rewards Plus Visa; Metrobank Titanium Mastercard; Metrobank Cashback Visa; Metrobank Travel Platinum Visa; Metrobank Peso Platinum Mastercard; Metrobank World Mastercard; Metrobank MFree Mastercard; Toyota Mastercard; PSBank Credit Mastercard; Metrobank Dollar Mastercard; Metrobank Corporate Mastercard and Metrobank Vantage Visa.
   Features: Cash2Go; Balance Transfer; Bills2Pay; M Here (Shopping Perks & Privileges); Rewards and PayNow.
   Prepaid Card: YAZZ Reloadable Prepaid Visa; Victory Liner Premiere Visa; PisoPay Prepaid Visa; AXA Rewards Card; Ardeur Bonus Card; JAC Liner My Ride Prepaid VISA; WeEvolve Prepaid VISA; UniPrint Elite Prepaid VISA; IAM Worldwide Prepaid VISA; GMBT Premier Prepaid VISA; Synergreens Prepaid Visa; Rusty Lopez Rewards Prepaid VISA; Metrobank Prepaid Mastercard; Metrobank PayCard; Sta. Ana Multipurpose Cooperative Prepaid Mastercard and STI Alumni Association Prepaid Mastercard.
3. For internet banking: Online Banking and MBOS
4. For mobile banking: Metrobank App
5. For remittance services: Metro Remit and PayStation
6. For consumer lending: MetroHome and MetroCar
7. For special current account: AccountOne
8. For special savings account for kids below 18 years old.: Fun Savers Club
9. For Trust products: Metro Money Market Fund; Metro Short Term Fund; Metro Max-3 Bond Fund; Metro Max-5 Bond Fund; Metro Corporate Bond Fund; Metro Balanced Fund; Metro Unit Paying Fund; Metro Equity Fund; Metro Philippine Equity Index Tracker Fund; Metro High Dividend Yield Fund; Metro Multi-Themed Equity Fund of Funds; Metro Clean Energy Equity Feeder Fund; Metro$ Money Market Fund; Metro$ Short Term Fund; Metro$ Max-3 Bond Fund; Metro$ Max-5 Bond Fund; Metro$ Asian Investment Grade Bond Fund; Metro $ World Equity Feeder Fund; Metro$ Eurozone Equity Feeder Fund; Metro$ US Equity Feeder Fund; Metro$ Japan Equity Feeder Fund; Metro$ US Investment Grade Corporate Bond Feeder Fund; Metro Aspire Bond Feeder Fund; Metro Aspire Balanced Feeder Fund, Metro Aspire Equity Feeder Fund, Metrobank PERA Money Market Fund; Metrobank PERA Bond Fund; Metrobank PERA Equity Fund; Metro$ Japan Equity Feeder Fund and Metro$ China Equity Feeder Fund.

Corporate licenses include the following:

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

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

Government Approval of Principal Products or Services

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

Effect of Existing or Probable Government Regulations

BSP Reporting

Regulatory Qualifying Capital

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

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

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

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

Basel III Leverage Ratio (BLR)

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

Liquidity Coverage Ratio (LCR)

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

Net Stable Funding Ratio (NSFR)

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

The details of CAR, BLR, LCR and NSFR of the Group and the Bank, as reported to the BSP, are discussed in Note 4 of the Audited Financial Statements as presented in Exhibit 6.

Applicable Tax Regulations

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

On March 26, 2021, Republic Act (RA) No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate for large corporations from 30% to 25% effective July 1, 2020. With the implementation of this Act, the allowable deduction for interest expense was reduced from 33% to 20% of the interest income subjected to final tax.

The regulations also provide for MCIT of 2.00% (provided that effective July 1, 2020 until June 30, 2023, the rate shall be 1%) on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Bank and its domestic subsidiaries' income tax liability and taxable income, respectively, over a three-year period from the year of inception. RA No. 11494 or the Bayanihan to Recover as One Act (Bayanihan Act) extended the allowable carry-over period of NOLCO to the next five (5) consecutive years following the year of loss for losses incurred during the taxable years 2020 and 2021. The NOLCO for such can be carried over as a deduction even after the expiration of the Bayanihan Act, provided that same are claimed within the next five (5) consecutive taxable years immediately following the year of the loss.

Current tax regulations also provide for the ceiling on the amount of EAR expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Bank and its domestic subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue.

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

The applicable taxes and tax rates for the foreign branches of the Bank are discussed in Note 28 of the Audited Financial Statements as presented in Exhibit 6.

Research and Development Costs

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

Employees

Metrobank had 14,946 employees (including foreign branches) as of December 31, 2023. By year-end 2024, the Bank projects to have 16,596 employees.

	Officers	**Rank and File**	**Total**
As of year-end 2023:			
AVPs and up	719		719
Senior Managers and down	6,809	7,418	14,227
	7,528	7,418	14,946
By year-end 2024 (projected):			
AVPs and up	865		865
Senior Managers and down	8,002	7,729	15,731
	8,867	7,729	16,596

Majority of the registrant's rank and file employees are members of the employees' union. Benefits or incentive arrangements of the rank and file employees are covered by the Collective Bargaining Agreement (CBA) that is effective for three years. The Bank continues to ensure that its employees are properly compensated. The latest

CBA that is effective for three years beginning January 2022 will end in December 2024. The Bank has not experienced any labor strikes and the management of the Bank considers its relations with its employees and the Union to be harmonious.

Risk Management

The Group has exposure to the following risks from its use of financial instruments: (a) credit; (b) liquidity; and (c) market risks. Detailed discussions and analysis on Risk Management of the Group are disclosed in Note 4 of the Audited Financial Statements as presented in Exhibit 6.

Risk management framework

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

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

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

Credit Risk

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

Liquidity Risk

Liquidity risk is the current and prospective risk to earnings or capital arising from the inability to meet 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 and contingency planning. To measure the prospective liquidity needs, the Group uses Maximum Cumulative Outflow (MCO), a liquidity gap tool to project short-term and long-term cash flow expectations on a business-as-usual condition. The MCO is generated by distributing the cash flows of the Group's assets, liabilities and off-balance sheet items to time bands based on cash flow expectations such as contractual maturity, nature of the account, behavioral patterns, projections on business strategies, and/or optionality of certain products. The incorporation of behavioral cash flow assumptions and business projections or targets results in a dynamic gap report that realistically captures the behavior of the products and creates a forward-looking cash flow projection.

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

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

Market Risk

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

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

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

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

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

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

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

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

Foreign currency risk
Foreign exchange risk is the probability of loss to earnings or capital arising from changes in foreign exchange rates. Foreign currency liabilities generally consist of foreign currency deposits in the Group's FCDU account. Foreign currency deposits are generally used to fund the Group's foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency liabilities with the

foreign currency assets held in FCDUs. Outside the FCDU, the Group has additional foreign currency assets and liabilities in its foreign branch network. The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

PART II – SECURITIES OF THE REGISTRANT

MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

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

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

YEAR	QUARTER/ PERIOD ENDED	MARKET PRICES			
		HIGH	LOW	CLOSE	AVERAGE
2024	February 29	62.95	56.80	62.00	59.28
	January 31	58.00	53.05	57.10	55.90
2023	March 31	62.50	54.00	58.50	58.76
	June 30	60.50	52.90	55.70	57.65
	September 30	60.00	52.00	54.00	55.81
	December 31	54.35	49.95	51.30	52.06
2022	March 31	60.75	52.00	57.00	56.74
	June 30	57.00	47.75	47.80	52.50
	September 30	54.00	45.65	48.50	50.24
	December 31	57.30	48.40	54.00	52.62

Holders

The Bank has a total of 2,947 stockholders as of March 8, 2024, all of whom have the same voting rights. Due to the huge number of certificated stockholders (2,947) and an even bigger number of scripless stockholders, the Company shall provide herein the list of the Top 20 stockholders. Stockholdings of the members of the majority owners (Ty Family and their related companies) were aggregated so as to include both the certificated and scripless shares. Stockholdings held by the PCD Nominee Corporation are broken down into nationality. All in all, the list of stockholders provided here represents approximately 98.308% of the total outstanding capital stock.

Pursuant to Article III, Section 4 of the Bank's By-Laws, at each meeting of the stockholders, every stockholder entitled to vote on the particular question or matter involved shall be entitled to one (1) vote for each share of stock standing in his name on the books of the Bank at the time of the closing of the transfer books for each meeting.

Top Twenty Stockholders

Following are the top 20 stockholders as of March 8, 2024:

NAME OF STOCKHOLDER		TOTAL NO. OF COMMON SHARES HELD	PERCENT TO TOTAL NO. OF OUTSTANDING COMMON SHARES
1	GT Capital Holdings, Inc.	1,670,611,010	37.146
2	PCD Nominee Corporation (Filipino) [a]	1,288,604,489	28.652
3	PCD Nominee Corporation (Non-Filipino)	908,391,374	20.198
4	Grand Titan Capital Holdings, Inc.	203,246,909	4.519
5	Nove Ferum Holdings, Inc.	76,226,918	1.695
6	82 Alpha Holdings Corporation	54,871,292	1.220
7	Neiman Rhodes Holdings, Inc.	28,607,046	0.636

NAME OF STOCKHOLDER		TOTAL NO. OF COMMON SHARES HELD	PERCENT TO TOTAL NO. OF OUTSTANDING COMMON SHARES
8	Philippine Geiko Holdings, Inc.	28,276,333	0.629
9	Metrobank Foundation, Inc. [b]	25,379,981	0.564
10	Go, James	20,192,545	0.449
11	Ty, George Siao Kian (Deceased)	19,717,814	0.438
12	Ty, Alfred	17,087,722	0.380
13	Ty, Arthur [c]	15,627,513	0.347
14	Bloomingdale Enterprises, Inc.	15,037,844	0.334
15	Asia Pacific Capital Equities and Securities Corp	10,914,927	0.243
16	Solid State Multi-Products Corporation	10,547,559	0.235
17	Ty, Alesandra Vy [d]	7,708,695	0.171
18	Grand Asia Realty Investment Corp.	7,546,152	0.168
19	Dy Buncio, Anjanette	7,377,216	0.164
20	Chusuey, Henry O.	5,348,615	0.119

a Net of 7,465,361 shares owned by Metrobank Foundation, Inc.; 645,036 shares owned by Arthur Ty; and 265,557 shares owned by Alesandra V. Ty.
b. Inclusive of 7,465,361 shares lodged with PCD Nominee Corporation
c. Inclusive of 645,036 shares lodged with PCD Nominee Corporation
d. Inclusive of 265,557 shares lodged with PCD Nominee Corporation

As of March 8, 2024, public ownership on the Bank was at 48.02%. Of the total shares issued, 20.229% represents foreign ownership.

Dividends

There are no restrictions that limit the ability of the Bank to pay cash dividends. Details of cash dividend distribution from 2021 to 2023 follow:

Date of Declaration	Per Share	Amount (In Millions)	Record Date	Payment Date
February 22, 2023	₱0.80 (regular)	₱3,598	September 8, 2023	September 22, 2023
February 22, 2023	₱0.80 (regular)	₱3,598	March 17, 2023	March 31, 2023
February 22, 2023	₱1.40 (special)	₱6,296	March 17, 2023	March 31, 2023
February 23, 2022	₱0.80 (regular)	₱3,598	September 9, 2022	September 23, 2022
February 23, 2022	₱0.80 (regular)	₱3,598	March 17, 2022	March 31, 2022
February 23, 2022	₱1.40 (special)	₱6,296	March 17, 2022	March 31, 2022
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

On February 21, 2024, the BOD of the Bank approved a new dividend policy of increasing the regular cash dividends from ₱1.60 to ₱3.00 per share for the year, payable on semi-annual basis at ₱1.50 per share.

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 16 issued in September 2023 differs to a certain extent from the computation following BSP guidelines.

Recent Sales of Unregistered or Exempt Securities

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

Compliance with Lead Practice on Corporate Governance

Gaining Public Trust

Corporate Governance Practices: The Metrobank Way

The business of banking involves more than just handling people's money. It is about creating long-term positive changes for the community as a whole, and helping individuals and businesses toward the path of success. This noble aspiration starts by gaining and safeguarding public trust and faith in the stability and soundness of the bank and the banking system, and doing business the right way.

As greater fiduciary responsibilities are placed on the financial institution, the Board of Directors and managers must be effective, transparent, and accountable in governing the bank while protecting the interests of our stakeholders, including shareholders, creditors, regulators, and the public.

At Metrobank, the Bank makes sure to stay true to its brand promise of ensuring Filipinos stay in good hands when they bank with us. This means putting good governance at the heart of what the Bank do, and being accountable for its actions and decisions.

The Bank has an unwavering commitment to integrity, responsibility, and sustained value creation. In the latest corporate governance scorecard assessment of the ASEAN Capital Markets Forum, Metrobank received a 3-Golden Arrow recognition for our ongoing efforts to uphold the highest standards of governance. This achievement motivates the Bank to further strengthen its governance practices and continue setting the benchmark for being a responsible and well-governed financial institution.

Good Governance: The Metrobank Way

For Metrobank, good governance is more than just a box-ticking exercise of compliance with Philippine laws and regulations. We go beyond the minimum regulatory requirements as part of good business.

The Bank's **Corporate Governance Manual (CGM)** serves as our guidepost for accountability, integrity, fairness, and transparency. It ensures that everyone adheres to the highest standards of good governance. It defines the roles and responsibilities of Board of Directors and employees, lays down the sound practices and procedures, and prescribes the principles and values that must observe in all operations and dealings.

The Bank periodically reviews and updates the CGM to reflect evolving regulatory landscapes and industry best practices. In 2023, CGM had two comprehensive updates to incorporate the latest regulatory requirements and ensure seamless implementation of the provisions, and was approved by the Board in March and September.

Compliance/Corporate Governance Officer plays a crucial role in leading and overseeing the compliance program, which includes actively monitoring adherence to the CGM.

The Bank has complied with all the provisions of the manual in 2023.

OUR GOVERNANCE PILLARS

Guiding the Bank every decision and action are these pillars of corporate governance framework:

Accountability

The Bank takes full responsibility for its decisions and actions. The decisions that the Bank make are bound by rules and it acts for the benefit of the company and of its stakeholders.

Board of Directors

Good governance starts from the top.

The Bank's Board of Directors follows a process of executing strategies to ensure effective management performance and that it is attuned to our business environment and culture.

Reviewed at least annually, the strategies which include corporate governance framework, strategic and business plans, risk management, internal control systems, financial performance, consumer protection framework, and the adoption of sustainability or Environment, Social, and Governance (ESG) principles.

The Board defines the corporate values and culture, appoints key members of senior management, identifies our priorities, sets goals and objectives, and allocates funds to support decisions.

With the help of various business units and an independent Corporate Secretary, the Board develops, reviews, and approves the execution of the business strategies; manages risks; sets up internal controls; evaluates financial performance; and supports our sustainability program. The Board adheres to our CGM found on our company website.

The Board is comprised of a sufficient mix of directors with relevant knowledge, independence, competence, industry experience, and diversity of perspectives. This fosters productive discussions that lead to sound and balanced decision-making and risk management.

The following policies that aimed to protect the Bank's best interest guide the Board:

- Term limits for independent directors
- Threshold of board memberships in publicly listed companies
- Disclosure about holding multiple board seats/memberships, and other significant commitments
- Periodic evaluation of directors with interlocking positions by the Board through the Corporate Governance and Compensation Committee tasked to guard against any conflict of interest and adverse effect on the Bank
- For first-time directors, attendance to a corporate governance seminar and full understanding and acceptance of the general and specific duties and responsibilities of the Board, as prescribed by the BSP Manual of Regulations for Banks (MORB)

To ensure the Independent Directors (IDs) remain objective, we set the following policies:

- Prohibition from management roles
- Non-engagement in any transaction with the Bank or with any of its related companies, or with any of its majority shareholders, whether by themselves or with other persons or through a firm in which they are partners, directors, or majority shareholders. On the other hand, they can engage in transactions conducted at arm's length and those that could not materially interfere with or influence exercise of their judgment.
- Non-reelection to the Board for those who have served their maximum cumulative term of nine years. They may, however, continue to be nominated and elected as a regular director.

The Bank's commitment to board diversity continues to shape our success. In 2023, the diverse Board, with expertise in finance, technology and sustainability, successfully guided the Bank in driving balanced decision-making and mitigating risk. In the 2023 Annual Stockholders Meeting, the Board was reelected, comprising of 12-directors: 10-Non-Executive Directors (NEDs) and two Executive Directors (EDs). Of the 10 NEDs, five, including one female, served as Independent Directors (IDs).

The tenure of each of the IDs on the Board remains within the nine-year maximum limit. They possess all the qualifications and none of the disqualifications to become part of the Board.

None of the NEDs have interlocking directorship roles in more than five publicly listed companies. Likewise, none of the EDs served in more than two boards of publicly listed companies outside the Metrobank Group.

Chairman of the Board and the President

The Chairman of the Board and the President carry out clearly defined roles and responsibilities autonomously, in accordance with the Bank's By-Laws and the CGM. This is to make sure they both uphold the Board's decision-making and act for the Bank's benefit.

Chairman, Mr. Arthur Ty, steers the Board's overall leadership and direction. He is tasked to ensure the Board carries out its obligations to the Bank and stakeholders. As Chairman, he creates an environment for directors to openly discuss matters with trust and respect, and collectively decide for the Bank's greater good.

Acting on the Board's decisions and based on his sound judgment, President, Mr. Fabian S. Dee, manages the Bank's business and operations. He embodies and articulates the vision and mission to the organization. He is in-charge of directing and ensuring the officers and employees perform their duties well.

Lead Independent Director

Recognizing the importance of robust checks and balance within the Board, the Bank established the position of Lead Independent Director in 2020. This key role is held by Director Philip G. Soliven effective August 18, 2021. He works closely with the Chairman to facilitate constructive board discussions, champion independent director engagement, and ensure balanced decision-making.

Nomination and Election

The Board nomination process emphasizes transparency and stakeholder engagement. Any shareholder, whether controlling or non-controlling, has the right to submit nominations for directorial positions to the Nomination Committee. The Nomination Committee screens the nominations of directors based on its pre-defined criteria, taking into consideration skills, experience, integrity and independence. Additionally, the Bank seeks inputs from various stakeholders, such as referrals from existing directors and officers, established external databases, and reputable search firms. Only nominees who reached the Final List of Candidates shall be eligible for election as director. No other nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting. This approach allows the Bank to attract the most qualified individuals to serve on our Board, who embody our values and culture, and firmly believe in our strategic directions.

Engaging for Effective Board Governance

Board Meetings

The Bank's Board and its committees held regular meetings throughout the year. The directors' high attendance rates demonstrate their dedication to effective governance and strategic decision-making.

Regular meetings are held every second Wednesday of each month. Special meetings may be called anytime, either by the Chairman or, in his absence, the Vice Chairman, or upon written request from at least four directors. Committees meet in accordance with their respective charters and approved schedules.

Corporate Secretary and committee secretaries ensure that the agenda and meeting materials can be accessed from our intranet site within five banking days before the meeting, whenever practicable. They also assist the directors in participating in the meetings via in-person or remote communication, and in actively taking part to address key strategic, financial, risk management and governance matters in accordance with the applicable rules and regulations. The directors maintain open lines of communication with senior management and key advisors to discuss any matters relating to our operations and strategy.

The Bank requires a majority of the Board to constitute a quorum for the transaction of business. The vote of a majority of the quorum of the Board is also needed to decide on any action.

In accordance with the corporate governance guidelines, the Bank has no agreements or arrangements in place that could compromise the independent voting rights of its directors.

As shown below, the directors' attendance at the board meetings demonstrates their commitment and dedication to their responsibilities.

Board	Name	Board Meetings Attendance
Chairman (NED)	Arthur Ty	12/12
Vice Chairman (NED)	Francisco C. Sebastian	12/12
President/Director (ED)	Fabian S. Dee	12/12
Director (NED)	Alfred V. Ty	12/12
Director (ED)	Vicente R. Cuna, Jr	12/12
Director (NED)	Solomon S. Cua	12/12
Independent	Edgar O. Chua	12/12
Independent	Angelica H. Lavares	12/12
Independent	Philip G. Soliven	11/12
Independent	Marcelo C. Fernando, Jr.	12/12
Director (ED)	Jose Vicente L. Alde	12/12
Independent	Juan Miguel L. Escaler	11/12

Demonstrating their commitment to proactive oversight, the Board's non-executive directors, headed by Lead Independent Director, Director Philip G. Soliven, held a dialogue with the heads of compliance, audit and risk as well as representatives from SGV & Co. on October 25, 2023. The dialogue aimed to deepen their understanding of the Bank's approach to cybersecurity, risk management dashboards, transformation initiative of the Internal Audit Group, and corporate governance reminders.

Board Committees

Aiding in effective Board governance are ten Board committees that deliberate on specific and complex issues.

Seven of the committees are chaired by Independent Directors (IDs). Their respective charters, which state the comprehensive details of the Committee's duties and responsibilities, purposes, compositions, reporting process, and other relevant information, are fully disclosed in our CGM and posted on our website.

Members of these Board-level committees meet in-person or via remote communication, and as prescribed in their respective charters:

1. Anti-Money Laundering Committee
   The committee helps the Board fulfill its oversight responsibility over our Anti-Money Laundering Compliance Management, the Anti-Money Laundering Act (AMLA) and its revised Implementing Rules and Regulations, and other related orders. The committee is composed entirely of four Non-Executive Directors (NEDs), three of whom are IDs, including the Chairperson. It meets every other month or as often as necessary.

Members	Committee Membership	Attendance
Angelica H. Lavares (ID)	Chairman	6/6
Arthur V. Ty, Chairman (NED)	Regular Member	5/6
Edgar O. Chua (ID)	Regular Member	6/6
Jose Vicente L. Alde (NED)	Regular Member	6/6

2. Audit Committee
   The committee serves as the Board's arm in fulfilling statutory and fiduciary responsibilities, enhancing shareholder value, and protecting shareholders' interest. It oversees our internal and external audit functions and controls, transparent and proper reporting, compliance with laws and the Code of Conduct, and implementation of adequate and effective internal controls. It is also responsible for selecting, appointing or re-appointing, and dismissing the internal auditor and independent external auditor, following fair and transparent criteria. The committee is composed of three NEDs, two of whom are IDs, including the Chairperson. All members have relevant financial expertise and have clear understanding of how sustainability factors can impact the company's financial statements. The committee meets monthly or as often as necessary.

Members	Committee Membership	Attendance
Edgar O. Chua (ID)	Chairman	13/13
Solomon S. Cua (NED)	Regular Member	13/13
Angelica H. Lavares (ID)	Regular Member	13/13

3. Corporate Governance and Compensation Committee
   The committee ensures that we fulfill our corporate governance responsibilities and effectively implement our Compliance System. It is primarily responsible for creating a formal and transparent process in determining the remuneration of directors and officers based on our culture, strategy, business environment, and the industry practice. It is run by IDs, including the Chairperson.

Members	Committee Membership	Attendance
Angelica H. Lavares (ID)	Chairman	7/7
Marcelo C. Fernando Jr. (ID)	Regular Member	7/7
Juan Miguel L. Escaler (ID)	Regular Member	7/7
Arnulfo B. Pascioles Jr.	Corporate Governance Officer	7/7

4. Executive Committee
   The committee is mainly tasked to review and approve credit proposals and policies within its authority and limitations, as well as provide sound recommendations or conditions on lending. It may also attend to matters delegated by the Board and/or stockholders within its capability and following the Bank's By-Laws.

Members	Committee Membership	Attendance
Arthur V. Ty, Chairman (NED)	Chairman	43/48
Francisco C. Sebastian, Vice-Chairman (NED)	Vice Chairman	43/48
Fabian S. Dee, President (ED)	Regular Member	46/48
Vicente R. Cuna Jr. (ED)	Regular Member	45/48
Mary Mylene A. Caparas, Head, Institutional Banking Sector	Regular Member	44/48
Charlotte T. Bilongilot, Head, Credit Group	Regular Member	47/48

5. Information Technology Steering Committee
The committee is chiefly responsible for governing and overseeing how we manage our information technology (IT) resources and ensures the alignment of our IT strategies with our business objectives. It also supervises our IT Risk Management Program and lends its competence by helping develop policies, controls, and specific accountabilities in line with our IT Risk Management Framework. The Board delegated to the committee the approval of IT-related requests and services/arrangements, including outsourcing/insourcing activities. The committee submits periodic reports about our IT performance, status of major IT projects, and other significant issues on IT risk matters. The committee is composed of four directors, the Head of Financial Control Sector, and the Head of the Information Technology Group.

Members	Committee Membership	Attendance
Vicente R. Cuna Jr. (ED)	Chairman	9/9
Jose Vicente L. Alde (NED)	Regular Member	9/9
Fabian S. Dee, President (ED)	Regular Member	8/9
Juan Miguel L. Escaler (ID)	Regular Member	9/9
Joshua E. Naing, Head, Financial and Control Sector	Regular Member	9/9
Bernardino V. Ramos, Head, Information Technology Group	Regular Member	9/9

6. Nominations Committee
The committee reviews and evaluates the qualifications of all persons nominated to the Board. It also scrutinizes the eligibility of persons nominated to other positions that require the Board’s approval. It is also composed entirely of Independent Directors, including the Chairperson.

Members	Committee Membership	Attendance
Juan Miguel L. Escaler (ID)	Chairman	12/12
Marcelo C. Fernando Jr. (ID)	Regular Member	12/12
Edgar O. Chua (ID)	Regular Member	12/12
Philip G. Soliven (ID)	Regular Member	12/12

7. Overseas Banking Committee
The committee watches over the conduct of operations and financial performance of our overseas branches and subsidiaries. It also serves as the Board’s oversight on Metrobank expatriates assigned to countries without a foreign office, but with remittance tie-up arrangements. It also helps the Board ensure the overseas branches and subsidiaries’ compliance with the rules and regulations in their host countries and their adherence to our business and corporate governance policies.

Members	Committee Membership	Attendance
Francisco C. Sebastian, Vice Chairman (NED)	Chairman	6/7
Alfred V. Ty (NED)	Regular Member	5/7
Solomon S. Cua (NED)	Regular Member	7/7

8. Related Party Transactions Committee
The committee helps the Board in ensuring that transactions with related parties are reviewed to minimize and mitigate risks, and that appropriate actions are enforced. It also makes sure that related party transactions (RPT) are conducted at arm’s length basis and misappropriation of resources is avoided. Three IDs, including the chairperson, compose the committee, which meets monthly and is supported by the Compliance Officer.

Members	Committee Membership	Attendance
Philip G. Soliven (ID)	Chairman	16/16
Edgar O. Chua (ID)	Regular Member	16/16
Angelica H. Lavares (ID)	Regular Member	16/16

9. Risk Oversight Committee
The committee develops and oversees how our Bank, our subsidiaries and affiliates, and our trust-banking arm strictly follow our risk management framework. It is steered by NEDs, majority of whom are IDs, including the Chairperson. We ensure that committee members are experts in risk management and have a deep understanding of our risk exposures.

Members	Committee Membership	Attendance
Marcelo C. Fernando Jr. (ID)	Chairman	12/12
Philip G. Soliven (ID)	Regular Member	10/12
Jose Vicente L. Alde (NED)	Regular Member	12/12

10. Trust Committee
The committee has oversight control over our trust and fiduciary activities. Its mandate follows BSP rules, as laid down in the Manual of Regulations for Banks and Circular No. 766, which outlines the guidelines for strengthening corporate governance and risk management on trust, other fiduciary business, and investment management activities. The committee is run by three NEDs, the President, and a Trust Officer. The Chairperson is an ID and is not a part of the Audit Committee.

Members	Committee Membership	Attendance
Philip G. Soliven (ID)	Chairman	11/12
Marcelo C. Fernando Jr. (ID)	Regular Member	12/12
Fabian S. Dee, President (ED)	Regular Member	12/12
Jose Vicente L. Alde (NED)	Regular Member	12/12
Angelica S. Reyes, Head, Trust Banking Group	Regular Member	9/9*

** Angelica S. Reyes became Trust Banking Group Head effective April 16, 2023. Former Trust Banking Group Head, Mr. Leandro Antonio G. Santillan, attended the committee meetings from January to March 2023.*

Strengthening Board Competence

Onboarding and Continuing Education

The Bank's long-term success depends on the quality of the leaders. The Bank has orientation program to new directors and robust continuing education. These programs help the director to:

- Fulfill their fiduciary duty to be fully informed about our actions and decisions
- Enhance their leadership qualities and skills
- Get fresh insights and perspectives on Board matters
- Gain knowledge to enable Board effectiveness

First-time directors are required to attend an orientation session for at least eight hours in line with applicable SEC rules and as stated in our CGM. They are given an orientation kit which contains, among others, a copy of our Articles of Incorporation, By-Laws, Code of Conduct, CGM, and applicable Board Committee Charters. During the orientation, directors learn about the general responsibilities and specific duties of the Board and as an individual director. To hold them to account, first-time directors certify under oath that they have received copies of, fully understood, and wholeheartedly accepted their general responsibilities and specific duties. They are also required to attest that they meet all the qualifications and none of the disqualifications for the post to comply with the requirements of Section 136 of the BSP Manual of Regulations for Banks.

For directors to be an effective overseer, they must continually learn about the organization, the industry, and operating environment. With shareholders holding high expectations of the Board, directors are required to undergo and complete their annual training. The Compliance Division, supported by the Organizational Effectiveness and Learning Division, rolls out a four-hour training program for directors every year. Directors get updated on corporate governance and other matters in these training sessions conducted by an accredited SEC training provider. The Bank's directors, Corporate Secretary, and key officers have completed the 2023 Advanced Corporate Governance Training Program facilitated by the Center for Global Best Practices on various dates via Zoom virtual meeting platform. Among the topics were: Governance of Data Privacy Management, Cybersecurity Management Orientation, Updates on Anti-Money Laundering Laws and Regulations and Environment, and Social and Governance Overview.

Directors are highly encouraged to further take professional offerings provided by external parties. Participants may be requested to conduct an echo session for fellow directors and select Bank officers.

Performance Evaluation

The Board and its committees undergo a regular performance evaluation to ensure upholding the highest standards of governance and remain at the forefront of responsible banking. The Board, through the Corporate Governance and Compensation Committee (CGCCOM), conducts an annual performance evaluation of the entire Board, the Chairman, the President, individual directors, and Board committees. The performance evaluation equips our leaders with the knowledge and understanding of whether the Board's activities and decisions are aligned with our long-term strategy and objective.

The Bank uses a combination of quantitative data and qualitative assessments to gain a holistic understanding of performance across key areas. The CGCCOM, through Board- and Bank-level committee secretariats, designs the Board-approved rating system/template. A five-point rating system is used for self-assessment. The applicable questionnaires are also found in our CGM posted on our website.

Rating	Description
5	**Strong –** exceeds what is considered necessary given the size, risk profile, and complexity of operations of the Bank. Deficiencies/weaknesses are considered to be minor and insignificant.
4	**Satisfactory –** meets what is considered necessary given the size, risk profile, and complexity of operations of the Bank. Deficiencies/weaknesses are considered to be minor and insignificant.
3	**Less than Satisfactory –** does not meet what is considered necessary given the size, risk profile, and complexity of operations of the Bank. However, the Board is committed (with ability and willingness) to correct the situation in a timely manner.
2	**Deficient –** deficient, in a material way, to meet what is considered necessary given the size, risk profile, and complexity of operations of the Bank. Moreover, the ability of the Board to correct the situation in a timely manner is doubtful.
1	**Critically deficient –** critically deficient to meet what is considered necessary given the size, risk profile, and complexity of operations of the Bank. The deficiencies/weaknesses pose an imminent threat to the safety and soundness of the Bank.

The Board and its committees completed self-assessments via Survey Monkey and printed questionnaires in March 2023. The evaluation revealed that the Board's composition and practices are aligned with the Bank's long-term strategic goals. The overall results were presented to the Corporate Governance and Compensation Committee in its meeting on March 13, 2023.

An external facilitator also conducted an independent assessment of the corporate governance performance of the Bank. In 2021, Reyes Tacandong & Co. found that the Bank's corporate governance was effective and substantially compliant with all the regulatory requirements. In line with the SEC rules, another assessment by an external facilitator is set in 2024.

Ensuring Board Continuity (Retirement and Succession)

Metrobank's long-term success depends on the Board and Senior Management ability to remain a strong and stable force of leadership. Thus, the Board built a succession plan to identify, encourage, and take care of top-caliber leaders who can readily assume high-level positions in case of change, vacancies, and retirement.

The Bank's By-Laws provides that any vacancy in the Board may be filled by the vote of majority of the directors constituting a quorum. Through a regular or special meeting, stockholders can also fill a vacant director's post that may result from their removal by stockholders, term expiration, or an increase in the number of directors.

As a rule, no director may be reelected following the calendar year when they turn 75 years old. The Nominations Committee can recommend the waiver of the age requirement to the Board if this serves our Bank's best interest. Retirement is compulsory for employees who reach 55 years old or who complete a 30-year continuous service, whichever comes first.

Integrity

The Bank's commitment to integrity and responsible behavior is rooted in the community's established morals, ethical guidelines, and internal policies. To ensure consistent and informed decision-making, there are the guiding principles of the Bank:

Good Conduct and Ethics for Directors

Being fair, accountable, transparent, and ethical is the bare minimum qualification expected of the Bank's Board.

Bank leaders are expected to "walk the talk." As articulated in the Code of Conduct and Ethics for Directors, directors must not use their position to profit or benefit from bank dealings. They must not prioritize their self-interest above the Bank's needs, and must avoid situations that may compromise their impartiality. As highest-ranking leaders, they are expected to show utmost integrity, develop their skills, widen their knowledge, and deepen their understanding of Bank-related activities.

The Code is included in the director's orientation kit to ensure they fully understand the rules governing their professional and ethical behavior. Directors are also expected to adhere to the Code's standards. The details of the Code are incorporated in the CGM accessible through Bank intranet and uploaded on the corporate governance page of the website.

Good Conduct for Employees

Integrity starts with every employee. It is the obligation of all employees to take good care of the Bank. All employees must act in accordance with the governing rules and policies, abide by authority, and become protectors of the Bank's stakeholders.

All actions and decision making are guided by the Bank's Code of Conduct for Employees, which requires them to do the following, among other things, in any circumstance:

- Avoid conflict of interest between the Bank's business and personal activities
- Preserve confidential information
- Avoid accepting any form of gift or gratuity from any person, which can influence their judgment when performing their duties for the Bank

All employees, including new hires, receive a copy of the Code, which is also found on the Bank's intranet and the Corporate Governance page of company website. Aside from distributing copies of the Code, the Human Resource Management Group releases regular advisories about our values. A code refresher course, first administered in 2021, is scheduled in the middle of 2024.

People Empowerment for Good Governance

Good governance starts with people. We make sure our employees are inspired, proud, and confident to take on responsibilities and act with the Bank's best interest in mind.

- Learning

  The Bank's strategy is to provide the right learning solutions for the right learners at the right time. This ensures that learners have access to carefully curated content aligned with our business needs and direction.

  In 2023, Learning and Development Department continued to build its learning portfolio to focus on three areas for talent development~~:~~ building the Foundational, Functional, and Leadership capabilities of employees.
  - The Foundational learning portfolio focuses on the 'must-know" areas of knowledge such as core values and regulatory policies.
  - The Functional learning portfolio is about deepening expertise required for every position such as Treasury certifications~~,~~ and Java programming.
  - The Leadership learning portfolio tackles the development of leaders aligned with Bank's Leadership Behaviors on Intellectual Capacity, Interpersonal Skills and Intensity.

- Performance Assessment

  Employee performance is assessed regularly to serve as basis for career advancement. The assessment is carried out through one-on-one sessions between individual employees and their respective supervisors, followed by leaders' deliberation and evaluation of evidence-based performance metrics.

  In 2023, the Bank sustained performance management framework and processes in monitoring employee productivity performance.

- Talent Management and Succession
  The Bank continues to identify and develop high-performing and high-potential talent through Talent Reviews. The 360 tool is also utilized to support readiness assessments of successors and ensure the quality of the next generation of leaders.

  The Bank has also taken active steps in hastening the development of successors who can already take on key roles through cross-posting assignments and immersions, preparing them for the imminent retirement of incumbent leaders.

- Senior Management Selection
  Senior leaders are selected and appointed based on a rigorous behavioral assessment of their leadership potential. Appointments are further assessed and approved by the Manpower Committee, Nominations Committee, and the Board.

Managing Compliance Risks

Given the depth and breadth of the business, the Bank is exposed to various risks and uncertainties, including compliance risk, which may impact the operational and financial results. The Bank stands ready to manage, defend, protect, and mitigate risk exposures inherent in the business, industry, regulations, stock ownership, and other risks.

The Bank's comprehensive Compliance Policy Manual serves as the foundation for the robust compliance risk management system. The manual formalizes and documents the policies, procedures and controls for managing compliance risks across the Group. The Bank regularly reviews and updates the manual to ensure it remains aligned with evolving requirements and best practices.

The Manual also empowers the Bank to create a system of values, beliefs, and behaviors so compliance will become a way of life and culture at Metrobank.

Helping create this culture is our Compliance Division, which performs these roles:
- Keeping employees informed of the latest rules and regulations
- Acting as an overseer of all our activities
- Collaborating with business and support units in identifying, assessing, monitoring, and managing possible regulatory compliance risks
- Providing sound advice to management with regard to managing regulatory and compliance risks
- Actively encouraging the Bank to implement its compliance system and address any breach that may arise
- Building a culture of compliance by conducting regular compliance awareness trainings and issuing advisories, whenever needed

Providing strong leadership to the Compliance Division is the Compliance Officer who reports to the Board through the Corporate Governance and Compensation Committee and performs the following:
- Oversees the identification and management of regulatory compliance risks that may arise
- Supervises the compliance function staff and exercise functional supervision over designated Compliance Coordinators of the Head Office units and domestic branches and Compliance Officers of foreign branches
- Provides essential compliance oversight function on Compliance Officers of the BSP-supervised financial institutions under the Metrobank Group.

Fairness

With the help of the Board, The Bank make sure its actions are fair and we abide by the rules and relevant laws.

Fair Business Dealings
The Bank has zero tolerance for bribery and corruption. All directors and officers are prohibited from:

- Soliciting, arranging or accepting a bribe, facilitating payments and kickbacks for the benefit of the Bank, a director, an employee, or for the benefit of their family, friends, associates or acquaintances
- Taking advantage of their positions and privileges to gain or profit directly or indirectly

Directors and employees strictly follow our Anti-Bribery and Corruption (ABC) Policy. In 2023, Compliance Division conducted 15 training sessions, in which the ABC guidelines is one of the items discussed for continuous reminder.

Directors also transact business fairly and set aside personal interests when performing their duties for the Board. They are expected to lead and govern based on ethics, moral principles, and upright values. They immediately notify the Bank of any material fact or conflict of interest, and take appropriate actions to avoid such conflict.

Employees manage their personal affairs so that any conflict is avoided. They also manage situations or business endeavors arising from associations, interests, or relationships that could lead to conflict or potential conflict with the Bank's interest.

Any knowledge of unethical behavior or conflict of interest may be reported by the employees and stakeholders under the Bank's Whistleblowing Policy guidelines.

As part of our corporate governance policies, all related parties are properly identified and related party transactions (RPTs) are vetted and approved by any of these committees, depending on the threshold:

- Related Party Transactions Management Committee (RPTMC), a management-level committee comprised of the Bank's senior officers
- Related Party Transactions Committee (RPTC), a Board-level committee fully composed of Independent Directors

Directors and officers must abstain from the discussion, approval, and management of any transaction for which they or any member of their close family or related interests are involved. This includes transactions of subordinates, except to provide material information on the transaction.

An appointed external independent party will evaluate the material RPT if it reaches 10% or higher of the Bank's total consolidated assets. All acts of the Board, including material RPTs, are confirmed by the majority vote of our stockholders during the Annual Stockholders' Meeting.

Applicable policies on RPTs are periodically updated and aligned with recent regulatory issuances. In 2023, all RPTs were conducted fairly and at arm's length. Full discussion on these are under the Notes to the Financial Statements No. 32 in our Audited Financial Statements.

Protection of Stockholders' Rights and Interests

The Bank assures that all shareholders are treated fairly and stockholders are respected in accordance with the Revised Corporation Code.

The Bank is committed to upholding the voting rights of all our stockholders and ensuring fair and efficient shareholder meetings. It is open and fair in conducting our annual and special stockholders' meetings. The Bank provides clear and timely notice of meetings, offer voting methods, and ensure that the voting process is conducted with integrity.

The Bank actively encourages shareholder participation in meetings and listen carefully to their concerns. Minority stockholders have a right to vote on all matters requiring their consent or approval. This includes, but not limited to, approval of shareholders on the sale of corporate assets, inspection of books and records, dividends, and appraisal rights. They can also add to the agenda of regular/special stockholders' meetings, and call for special meetings, among other things. These basic shareholder rights are properly disclosed in the Bank's CGM.

Cumulative voting is allowed as long as the total votes cast by a stockholder shall not exceed the number of shares in their name as of the record date, and multiplied by the number of directors to be elected.

Matters submitted to stockholders for their approval shall be decided by the required vote of stockholders present in person or by proxy. The Bank created a safe space and process so everyone has the opportunity to seek effective redress for alleged violation of their rights.

Majority vote is required for these matters:
- Approval of the minutes of the annual meeting of stockholders
- Approval of corporate acts
- Election of external auditors

For Board directorship, nominees who received the highest number of votes shall be declared elected.

For timely and accurate communication with the shareholders, the Bank published regular financial reports, hold quarterly earnings calls, and engage in active dialogue with investors through various channels such as media briefings and press conferences. The Bank's website also provides easy access to important information and documents.

Due to the lingering effects of the COVID-19 pandemic, the 2023 Annual Stockholders' Meeting (ASM) was held virtually on April 26, 2023. An organizational meeting was held immediately after the ASM and Board-level committees were reconstituted during this meeting.

The notice for the 2023 ASM was published and distributed to all stockholders as of record date April 3, 2023, pursuant to the SEC rules of sending notices of at least 21 days prior to the meeting. Those who cannot attend were apprised ahead of time of their right to appoint a proxy. Subject to Bank's By-Laws, the exercise of the right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

The proxies, attendance, and votes cast at the 2023 ASM were tabulated by our Stock Transfer Agent (Metrobank-Trust Banking Group) and validated by SGV & Co. as our third-party validator.

The results of the votes were disclosed the next working day. The Minutes of the Annual Stockholders' Meeting was made publicly available on April 28, 2023 and posted on our website.

Creditors' Rights

As a publicly listed institution, the Bank strictly adheres to accounting and disclosure standards, which guarantees the provision of dependable and comparable information. Disclosures are being provided either through Bank's website or required stock exchanges. To ensure fulfillment with the contractual commitments with depositors, subordinated debt noteholders, and service providers, the Bank conducts its business in an ethical and streamlined manner.

Customers' Interest First

The Bank ensures the protection of the interests of the Bank's customers. From Board, management, and all employees, serving and protecting customers is a shared responsibility.

The Bank sets a high standard of service when dealing with customers and creditors. Everyone must follow these five pillars of customer protection:

- Equitable and Fair Treatment
- Disclosure and Transparency of Financial Products and Services
- Protection of consumer assets against fraud and misuse
- Data Privacy and Protection
- Timely Handling and Redress of complaints

Everyone is expected to live up to these ideals. The Customer Protection Policy allows to integrate a customer-centric mindset in the daily operations and dealings. Overseeing the customer practices is the Board, through the Corporate Governance and Compensation Committee and Customer Governance Committee.

Moreover, an annual employee training has been instituted on Consumer Protection to fully inculcate the policies on consumer protection across all employees.

To meet the requirements of the regulators and the expectations of customers, the policy and processes such as standardizing customer handling processes and redefining turnaround time for resolving incidents are continuously being updated.

The Bank has a Social Media Risk Management Policy so that customers are protected on social media channels. The policy guides covered individuals on the business and legal risks in using social media.

These rules enable to respect coworkers' and customers' privacy, protect the confidentiality and security of their personal information, and safeguard the Bank's information and assets.

Right Suppliers and Contractors

Metrobank conducts business with suppliers and partners fairly and responsibly~~.~~ This allows to make an economic impact and promote inclusion through the local procurement practices. Suppliers and contractors are carefully selected through an accreditation/re-accreditation process that is in accordance with BSP regulations. General Services Group (GSG) collaborates with concerned business units for the accreditation, contracting, selection, bidding, and performance review of vendors. A policy on canvassing and bidding in the conduct of purchase of products or contracts for services is established to ensure that the Bank secures the best deal in terms of price, quality of materials or work services, delivery time frame, and related terms and conditions.

Outsourcing Policy guides the business units in outsourcing an activity or function. The policy is aligned with the outsourcing regulations of the BSP to ensure compliance with applicable laws. As part of vendor accreditation, securing an Environmental Compliance Certificate for projects that may potentially impact the environment is required.

Metrobank also secures certifications from relevant government agencies to ensure that vendors classified as a manpower services provider are legitimate and independent contractors, and in good standing with the Social Security System, Pag-IBIG Fund, and PhilHealth in payments and contributions.

Employees' Health, Safety, and Wellbeing

Employees' health and wellbeing is Metrobank top priority. The Bank designs the safety and wellness programs to ensure all aspects of employees' wellbeing are safeguarded.

Physical Well-being

Metrobank advocates and provides a safe and healthy workplace. It continuously improves its preventive measures and empower employees in their health and wellness, as well as ensure our compliance with relevant labor laws and emergency/disaster preparedness.

In 2023, the Bank continued to engage employees through the Metrobank CARES Program, the health and wellness initiative of Metrobank.

Metrobank CARES is our commitment to foster employee well-being. It focuses on physical, emotional/mental, social, spiritual, financial and occupational wellness.

This program aims to:
1. Provide employees with support and resources to help them achieve well-being
2. Enable employees to be more productive
3. Engage employees to have a more positive employee experience

Metrobank also engaged employees on actively managing their health through:
a. Health assessments via annual physical examinations and executive checkups
b. Health and wellness resources via various webinars and infographics
c. Health and wellness caravans in various Metrobank sites

Transparency

Metrobank ensures and promotes transparency in all the affairs, especially when it is aimed at protecting the welfare of the Bank, shareholders, and customers. The Bank is committed to upholding the standards set by these policies and obligations.

Insider Trading

As a publicly listed company, Metrobank protects shareholders from individuals who may get hold of valuable insider information for their own personal gain. The Insider Trading Policy, which is part of CGM and available on the website, ensures that a "need-to know basis" is strictly followed for disclosing material and non-public information about any of the companies under the Metrobank Group or partners.

In accordance with this policy, Metrobank prohibits from trading during blackout periods during which access to certain actions is limited or denied:

- All directors and specific employees within the Metrobank Group and their immediate family members residing in the same household
- Corporate, other entities, and funds subject to their influence or control

These individuals and reporting insiders disclose their respective beneficial ownership of Metrobank shares, if they have any. Reporting to the Bank any changes on the next trading day following the date of the change is required, as per the SEC and Philippine Stock Exchange requirements.

Whistleblowing Policy

Whistleblowing prevents corruption, violations, and malpractice. The Bank's Whistleblowing Policy aims to create a safe space and secure process so anyone can speak up without fear of retribution. Reports or concerns may be filed through our company website, emailed to whistleblowing@metrobank.com.ph, or messaged via the text hotline at (+63) 942 747 1359.

Employees and other stakeholders may file complaints with the Bank's Chief Audit Executive/Head of the Internal Audit. Exceptional cases may be filed directly with the Chairman of the Board.

In 2023, majority of the complaints filed were about employee misconduct. Appropriate feedback and interventions were taken by business units, in close coordination with the Human Resources Management Group. Interventions made involved reiteration of the Bank's core values and culture of professionalism, adherence to the highest standard of work ethics, and/or imposition of disciplinary action corresponding to the degree of misdemeanor.

Dividend Policy

The Bank's dividend policy is part of its capital management process that ensures the Bank has sufficient resources to support long term growth. At the same time, it aims to improve the returns to shareholders.

In February 2024, the Board approved a new dividend policy:

- The annual regular cash dividends were raised from PHP1.60 per common share to PHP3.0 per common share, which is equivalent to 15% of par value. The regular cash dividend will be paid in two (2) equal semi-annual tranches of PHP1.50 per common share, in March and in September.

- A special cash dividend of PHP2.00 per common share was also declared.

The Board determines according to laws and regulations how the dividends are declared and paid out of the Bank's unrestricted retained earnings.

The majority of the Board approves the declaration of cash dividends. The record date should not be earlier than ten trading days from the declaration, while payment date should not be later than eighteen trading days from the record date. Meanwhile, stock dividends require prior clearance from the BSP, the SEC, and the PSE.

The Board may also approve special cash dividends in addition to the regular cash dividends from time to time. The cash dividend payout depends on the Bank's earnings, cash flows, financial condition, and regulatory requirements for capital, among other factors.

On the other hand, payout may be restricted should the Bank undertake major projects and developments that will require substantial cash outflow, among other circumstances. In these cases, the Board may change the dividend ratio based on results of its operations, plans, and projects.

Compensation Policy

Metrobank ensures that compensation policies are aligned to its strategic and financial objectives, performance, market conditions as well as labor laws and regulations. These are designed to promote performance and excellence among our people. To attract and retain talent, the Bank ensures that the compensation package remains competitive against industry standards.

Directors' Compensation Package
Board directors receive a fixed package, which includes a per diem, transportation allowance, and other fees. Their pay is based on their banking or finance experience, professional background, level of responsibilities, attendance in Board and committee meetings, and market conditions.

Executive Directors receive compensation as full-time Executive Officers while Non-Executive Directors (NEDs) receive a per diem and other fees for attending Board and committee meetings.

Executive and Employee Compensation
Executive officers and employees receive salaries reflective of their qualifications and experience, job nature, position, and level of responsibility.

Composed of fixed pay and variable bonus, individual compensation is reviewed regularly and benchmarked against competition through annual industry compensation and benefit surveys. Adjustments are made commensurate with adherence to individual and company-wide scorecards as well as salary scales.

Our Corporate Governance and Compensation Committee oversees our compensation strategy.

Fair Compensation
Labor laws and requirements guide our compensation package for non-officers or rank-and-file employees, whose salaries are linked to both their performance and mutually agreed upon obligations under the Bank's Collective Bargaining Agreement (CBA).

Corporate Governance Scorecard

The Bank's Integrated Annual Corporate Governance Report (I-ACGR) was submitted to SEC on 26 May 2023 and a copy was posted on the Bank's website. The I-ACGR provides a consolidated reporting tool to disclose compliance/non-compliance with the recommendations provided under the Corporate Governance Code for Publicly-Listed Companies as well as practices under the PSE CG Guidelines and the ASEAN Corporate Governance Scorecard.

The Bank has substantially complied with the recommendations of the Code of Corporate Governance for Publicly-Listed Companies.

Plans for Improvement of Corporate Governance

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

AWARDS

- Bank of the Year in the Philippines, The Banker
- Strongest Bank in the Philippines, The Asian Banker
- Best Domestic Bank in the Philippines, Asiamoney
- Best Domestic Private Bank in the Philippines, Asiamoney Private Banking Awards
- Best for Ultra-High Net Worth in the Philippines, Asiamoney Private Banking Awards
- Top Market Maker for Government Securities Eligible Dealers (GSED), Bureau of the Treasury
- Best Service (Domestic Bank) for Cash Management in the Philippines, Asiamoney Cash Management Survey
- Euromoney 2023 Cash Management Survey
    - #1 Best Service, Overall Financial Facilities
    - #1 Best Service, Medium Companies
    - #2 Best Service, Overall Tech Provisions
    - #4 Best Service, Overall Services
- The Asset's 2023 Benchmark Research
    - #1 Top Investment House in Philippine Currency Bonds, Bank Category
    - #1 Top Sell-side Firm in the Secondary Market, PHP Government Bonds Category
    - #1 Top Sell-side Firm in the Secondary Market, PHP Corporate Bonds Category
    - #2 Top Arranger Investors' Choice for Primary Issues, PHP Government Bonds Category
- 2023 Philippine Dealing System Awards
    - Cesar Virata Award for Best Securities House, Bank Category
    - Top Dealing Participant for Corporate Securities
    - Top Fixed Income Dealing Participant
    - #2, Fixed Income Cash Settlement Bank
    - #2, Top Corporate Securities Market Makers
    - Top RTS (RMB Transfer System) Participant
- One of the 2023 Best Fixed Income Houses in the Philippines, Fund Managers' Association of the Philippines (FMAP)

Deviations

This is not applicable to the Bank.

PART III - MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

<u>Audited Financial Statements</u>

The audited financial statements of the Group and the Bank are presented in Exhibit 6 as an attachment to this report, together with the notarized Statement of Management Responsibility for Financial Statements which was signed by the Chairman, President, Head of Financial and Control Sector, Treasurer and Controller of the registrant.

<u>Statements of Financial Position</u>
(Amounts in millions)

	December 31				Increase (Decrease) 2023 vs. 2022		Increase (Decrease) 2022 vs. 2021		Increase (Decrease) 2021 vs. 2020	
	2023	**2022**	**2021**	**2020**	**Amount**	%	**Amount**	%	**Amount**	%
Assets										
Cash and Other Cash Items	₱39,431	₱40,683	₱41,302	₱38,469	(₱1,252)	(3.08)	(₱619)	(1.50)	₱2,833	**7.36**
Due from Bangko Sentral ng Pilipinas (BSP)	207,807	252,628	253,257	304,906	(44,821)	**(17.74)**	(629)	(0.25)	(51,649)	**(16.94)**
Due from Other Banks	90,535	75,472	48,831	38,233	15,063	**19.96**	26,641	**54.56**	10,598	**27.72**
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA)	72,979	73,744	70,447	79,394	(765)	(1.04)	3,297	4.68	(8,947)	**(11.27)**
Investment Securities at Fair Value Through Profit or Loss (FVTPL)	74,856	63,599	50,792	77,551	11,257	**17.70**	12,807	**25.21**	(26,759)	**(34.51)**
Fair Value Through Other Comprehensive Income (FVOCI)	536,623	530,464	648,808	569,445	6,159	1.16	(118,344)	**(18.24)**	79,363	**13.94**
Amortized Cost	470,638	317,776	83,810	23,293	152,862	**48.10**	233,966	**279.16**	60,517	**259.81**
Loans and Receivables	1,537,166	1,418,382	1,236,071	1,252,929	118,784	**8.37**	182,311	**14.75**	(16,858)	(1.35)
Property and Equipment	27,243	27,153	25,783	24,617	90	0.33	1,370	**5.31**	1,166	4.74
Investments in Associates and a Joint Venture	6,241	5,877	5,851	6,248	364	**6.19**	26	0.44	(397)	**(6.35)**
Goodwill	4,720	5,194	5,194	5,199	(474)	**(9.13)**	-	-	(5)	(0.10)
Investment Properties	8,107	7,901	7,327	7,667	206	2.61	574	**7.83**	(340)	(4.43)
Deferred Tax Assets	14,171	13,362	13,094	14,028	809	**6.05**	268	2.05	(934)	**(6.66)**
Other Assets	14,385	10,855	12,249	13,184	3,530	**32.52**	(1,394)	**(11.38)**	(935)	**(7.09)**
Total Assets	₱3,104,902	₱2,843,090	₱2,502,816	₱2,455,163	₱261,812	**9.21**	₱340,274	**13.60**	₱47,653	1.94
Liabilities and Equity										
Liabilities										
Deposit Liabilities										
CASA	₱1,439,373	₱1,479,551	₱1,462,717	₱1,311,357	(₱40,178)	(2.72)	₱16,834	1.15	₱151,360	**11.54**
Demand	*586,345*	*581,473*	*588,434*	*515,378*	*4,872*	*0.84*	*(6,961)*	*(1.18)*	*73,056*	***14.18***
Savings	*853,028*	*898,078*	*874,283*	*795,979*	*(45,050)*	***(5.02)***	*23,795*	*2.72*	*78,304*	***9.84***
Time	925,885	715,415	438,046	450,103	210,470	**29.42**	277,369	**63.32**	(12,057)	(2.68)
Long-Term Negotiable Certificates	17,514	26,158	29,521	35,755	(8,644)	**(33.05)**	(3,363)	**(11.39)**	(6,234)	**(17.44)**
	2,382,772	2,221,124	1,930,284	1,797,215	161,648	**7.28**	290,840	**15.07**	133,069	**7.40**
Bills Payable and Securities Sold Under Repurchase Agreements (SSURA)	156,896	91,322	70,334	139,614	65,574	**71.81**	20,988	**29.84**	(69,280)	**(49.62)**
Derivative Liabilities	16,865	16,865	8,349	13,465	-	-	8,516	**102.00**	(5,116)	**(37.99)**
Manager's Checks and Demand Drafts Outstanding	7,048	6,501	5,396	6,024	547	**8.41**	1,105	**20.48**	(628)	**(10.42)**
Income Taxes Payable	3,601	1,478	1,749	2,711	2,123	**143.64**	(271)	**(15.49)**	(962)	**(35.49)**
Accrued Interest and Other Expenses	19,785	13,956	9,858	9,149	5,829	**41.77**	4,098	**41.57**	709	**7.75**
Bonds Payable	70,089	88,409	79,823	91,397	(18,320)	**(20.72)**	8,586	**10.76**	(11,574)	**(12.66)**
Subordinated Debts	-	1,169	1,168	1,167	(1,169)	(100.00)	1	0.09	1	0.09
Non-equity Non-controlling Interest	10,260	10,139	10,619	8,315	121	1.19	(480)	(4.52)	2,304	**27.71**
Other Liabilities	70,848	64,037	57,504	52,931	6,811	**10.64**	6,533	**11.36**	4,573	**8.64**
Total Liabilities	2,738,164	2,515,000	2,175,084	2,121,988	223,164	**8.87**	339,916	**15.63**	53,096	2.50

	December 31				Increase (Decrease) 2023 vs. 2022		Increase (Decrease) 2022 vs. 2021		Increase (Decrease) 2021 vs. 2020	
	2023	**2022**	**2021**	**2020**	**Amount**	%	**Amount**	%	**Amount**	%
Equity										
Equity Attributable to Equity Holders of the Bank										
Common stock	₱89,948	₱89,948	₱89,948	₱89,948	₱-	-	₱-	-	₱-	-
Capital paid in excess of par value	85,252	85,252	85,252	85,252	-	-	-	-	-	-
Treasury stock	(70)	(72)	(70)	(65)	2	2.78	(2)	(2.86)	(5)	**(7.69)**
Surplus reserves	2,752	2,613	2,442	2,260	139	**5.32**	171	**7.00**	182	**8.05**
Surplus	204,896	176,374	157,260	153,282	28,522	**16.17**	19,114	**12.15**	3,978	2.60
Net unrealized gain (loss) on investment securities at FVOCI	(10,065)	(23,076)	(3,751)	7,611	13,011	**56.38**	(19,325)	**(515.20)**	(11,362)	**(149.28)**
Remeasurement losses on retirement plan	(7,491)	(4,404)	(4,747)	(4,778)	(3,087)	**(70.10)**	343	**7.23**	31	0.65
Equity in other comprehensive income (losses) of investees	116	(145)	(118)	(22)	261	**180.00**	(27)	**(22.88)**	(96)	**(436.36)**
Translation adjustment and others	(8,673)	(7,982)	(7,711)	(9,284)	(691)	**(8.66)**	(271)	(3.51)	1,573	**16.94**
	356,665	**318,508**	**318,505**	**324,204**	38,157	**11.98**	3	0.00	**(5,699)**	(1.76)
Non-controlling Interest	10,073	9,582	9,227	8,971	491	**5.12**	355	3.85	256	2.85
Total Equity	366,738	328,090	327,732	333,175	38,648	**11.78**	358	0.11	(5,443)	(1.63)
Total Liabilities and Equity	₱3,104,902	₱2,843,090	₱2,502,816	₱2,455,163	₱261,812	**9.21**	₱340,274	**13.60**	₱47,653	1.94

Statements of Income

Interest Income	₱153,612	₱102,370	₱87,177	₱107,787	₱51,242	**50.06**	₱15,193	**17.43**	(₱20,610)	**(19.12)**
Interest and Finance Charges	48,642	16,841	12,128	21,680	31,801	**188.83**	4,713	**38.86**	(9,552)	**(44.06)**
Net Interest Income	104,970	85,529	75,049	86,107	19,441	**22.73**	10,480	**13.96**	(11,058)	**(12.84)**
Provision for Credit and Impairment Losses	8,978	8,112	11,834	40,760	866	**10.68**	(3,722)	**(31.45)**	(28,926)	**(70.97)**
Net Interest Income After Provision for Credit and Impairment Losses	95,992	77,417	63,215	45,347	18,575	**23.99**	14,202	**22.47**	17,868	**39.40**
Other Operating Income	28,504	26,793	25,831	35,129	1,711	**6.39**	962	3.72	(9,298)	**(26.47)**
Other Operating Expenses	69,522	60,996	59,473	60,120	8,526	**13.98**	1,523	2.56	(647)	(1.08)
Income Before Share in Net Income of Associates and a Joint Venture	54,974	43,214	29,573	20,356	11,760	**27.21**	13,641	**46.13**	9,217	**45.28**
Share in Net Income of Associates and a Joint Venture	875	704	568	664	171	**24.29**	136	**23.94**	(96)	**(14.46)**
Income Before Income Tax	55,849	43,918	30,141	21,020	11,931	**27.17**	13,777	**45.71**	9,121	**43.39**
Provision for Income Tax	12,890	10,620	7,777	7,046	2,270	**21.37**	2,843	**36.56**	731	**10.37**
Net Income	₱42,959	₱33,298	₱22,364	₱13,974	₱9,661	**29.01**	₱10,934	**48.89**	₱8,390	**60.04**
Attributable to:										
Equity holders of the Bank	₱42,238	₱32,776	₱22,156	₱13,831	₱9,462	**28.87**	₱10,620	**47.93**	₱8,325	**60.19**
Non-controlling interest	721	522	208	143	199	**38.12**	314	**150.96**	65	**45.45**
	₱42,959	₱33,298	₱22,364	₱13,974	₱9,661	**29.01**	₱10,934	**48.89**	₱8,390	**60.04**

Statements of Comprehensive Income

	December 31				Increase (Decrease) 2023 vs. 2022		Increase (Decrease) 2022 vs. 2021		Increase (Decrease) 2021 vs. 2020	
	2023	**2022**	**2021**	**2020**	**Amount**	%	**Amount**	%	**Amount**	%
Net Income	₱42,959	₱33,298	₱22,364	₱13,974	₱9,661	**29.01**	₱10,934	**48.89**	₱8,390	**60.04**
Other Comprehensive Income for the Year, net of tax										
Items that may not be reclassified to profit or loss:										
Change in net unrealized gain (loss) on equity securities at FVOCI	256	(62)	137	(94)	318	**512.90**	(199)	**(145.26)**	231	**245.74**
Change in remeasurement gain (loss) on retirement plan	(3,157)	318	99	794	(3,475)	**(1,092.77)**	219	**221.21**	(695)	**(87.53)**
Items that may be reclassified to profit or loss:										
Change in net unrealized gain (loss) on investment on debt securities at FVOCI	12,685	(19,270)	(11,505)	5,038	31,955	**165.83**	(7,765)	**(67.49)**	(16,543)	**(328.36)**
Change in equity in other comprehensive income (loss) of investees	263	(26)	(96)	(370)	289	**1,111.54**	70	**72.92**	274	**74.05**
Translation adjustment and others	(719)	(257)	1,702	(23)	(462)	**(179.77)**	(1,959)	**(115.10)**	1,725	**7,500.00**
	12,229	(19,553)	(9,899)	4,645	31,782	**162.54**	(9,654)	**(97.53)**	(14,544)	**(313.11)**
Total Comprehensive Income for the Year	₱52,287	₱14,001	₱12,701	₱19,319	₱38,286	**273.45**	₱1,300	**10.24**	(₱6,618)	**(34.26)**
Attributable to:										
Equity holders of the Bank	₱51,647	₱13,497	₱12,296	₱19,140	₱38,150	**282.66**	₱1,201	**9.77**	(₱6,844)	**(35.76)**
Non-controlling Interest	640	504	405	179	136	**26.98**	99	**24.44**	226	**126.26**
	₱52,287	₱14,001	₱12,701	₱19,319	₱38,286	**273.45**	₱1,300	**10.24**	(₱6,618)	**(34.26)**

Key Performance Indicators

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

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

For the Year 2023

Metrobank Group	₱79.33	₱9.39	12.51%	1.42%	3.90%
FMIC (a)	2,200.97*	74.09*	3.46%	1.72%	5.29%
ORIX METRO	140.69	6.48	4.70%	2.22%	8.31%
PSBank	94.07	10.61	11.72%	1.80%	5.18%

For the Year 2022

Metrobank Group	₱70.84	₱7.29	10.29%	1.23%	3.56%
FMIC (a)	41.59	0.98	2.35%	1.12%	2.47%
ORIX METRO	135.10	3.29	2.47%	0.94%	7.83%
PSBank	87.01	8.62	10.21%	1.40%	4.66%

(a) FMIC and Subsidiaries

* *On September 15, 2023, the SEC approved the amendment on the Articles of Incorporation of FMIC thereby decreasing the number of authorized common shares from 800 million to 16 million shares with increase in par value from ₱10 to ₱500 per share.*

A separate schedule showing financial soundness indicators of the Group as of December 31, 2023 and 2022 is presented in Exhibit "7" as an attachment to this report.

<u>2023 Performance</u>

Financial Position

As of December 31, 2023, the audited consolidated total assets and total liabilities of the Metrobank Group stood at ₱3.10 trillion and ₱2.74 trillion, respectively. Compared with December 31, 2022, total assets and total liabilities went up by ₱261.81 billion or 9.21% and by ₱223.16 billion or 8.87%, respectively. On the other hand, equity attributable to equity holders of the Parent Company was higher by ₱38.16 billion or 11.98% from ₱318.51 billion to ₱356.67 billion.

Due from BSP decreased by 17.74% driven by lower level of term deposit partially offset by the increase in level of overnight facility placements both maintained with BSP. Due from Other Banks increased by ₱15.06 billion or 19.96% 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 represents 34.85% and 32.07% of the Group's total assets as of December 31, 2023 and 2022, respectively, went up by ₱170.28 billion or 18.67%. Securities at amortized cost went up by ₱152.86 billion particularly on treasury notes and government bonds. FVTPL securities consist of debt and equity securities and derivative assets amounting to ₱46.13 billion, ₱6.80 billion and ₱21.92 billion, respectively, as of December 31, 2023 and ₱32.0 billion, ₱7.16 billion and ₱24.44 billion, respectively, as of December 31, 2022. FVOCI securities increased by ₱6.16 billion due to higher portfolio of debt securities particularly treasury notes and bonds.

Net loans and receivables, representing 49.51% and 49.89% of the Group's total assets as of December 31, 2023 and 2022, respectively, went up by ₱118.78 billion or 8.37% driven by the growths in corporate loans, consumer loans and credit card portfolios.

Investments in Associates and a Joint Venture went up by ₱0.36 billion or 6.19% due to the net income and other comprehensive income contributed by the associates of FMIC. Deferred Tax Assets increased by ₱0.81 billion or 6.05% due to movements on temporary tax differences particularly on allowance for credit and impairment losses. In 2023, the Group recognized impairment loss of ₱474.3 million on the outstanding goodwill. Other Assets on the other hand, increased by ₱3.53 billion or 32.52% from ₱10.86 billion to ₱14.39 billion primarily due to the movements in miscellaneous assets.

Deposit liabilities represent 87.02% and 88.32% of the consolidated total liabilities as of December 31, 2023 and 2022, respectively, wherein, low cost deposits represent 60.41% and 66.61% of the Group's total deposits, respectively. The Group's deposit level, sourced by the Bank, PSBank and MBCL reached ₱2.38 trillion as of December 31, 2023, an increase of ₱161.65 billion or 7.28% from ₱2.22 trillion as of December 31, 2022. The increment came from time deposits by ₱210.47 billion partially offset by the ₱40.18 billion decrease in CASA deposits and the maturity of the ₱8.65 billion LTNCD of the Parent Company.

Bills Payable and SSURA went up by ₱65.57 billion or 71.81% mainly due to higher level of SSURA from ₱67.12 billion as of December 31, 2022 to ₱134.80 billion as of December 31, 2023. Manager's Checks and Demand Drafts Outstanding increased by ₱0.55 billion or 8.41% as a result of the normal banking operations of the Bank and PSBank. Income taxes payable increased by ₱2.12 billion or 143.64% due to higher tax base for the last quarter of 2023.

Accrued Interest and Other Expenses went up by ₱5.83 billion or 41.77% wherein accrued interest increased by ₱3.53 billion while accrual for other bank expenses increased by ₱2.30 billion. Bonds payable decreased by ₱18.32 billion or 20.72% due to maturities of the ₱13.75 billion and ₱4.65 billion fixed rate bonds of the Parent Company and PSBank, respectively. Subordinated debts decreased by 100% due to maturity of the ₱1.17 billion peso notes of the Parent Company. Other liabilities increased by ₱6.81 billion or 10.64% due to movements in accounts payable, retirement liability, bills purchased contra account and marginal deposits.

The ₱0.49 billion or 5.12% increase in equity of non-controlling interest was attributed to the net income generated by the majority-owned subsidiaries of the Parent Company for the year ended December 31, 2023. On the other hand, equity attributable to equity holders of the Parent Company increased by ₱38.16 billion or 11.98% on account of the ₱42.24 billion net income reported during the year reduced by the ₱13.49 billion total cash paid by the Parent Company plus the favorable movement in net unrealized loss recognized in investment securities at FVOCI from ₱23.08 billion in 2022 to ₱10.07 billion in 2023.

Results of Operations

Net income attributable to equity holders of the Parent Company for the year ended December 31, 2023 amounted to ₱42.24 billion and improved by ₱9.46 billion or 28.87% from the ₱32.78 billion net income reported in the previous year. The improvement was driven by the following:

Interest income went up by ₱51.24 billion or 50.06% on account of higher interest income on loans and receivables by ₱30.36 billion, on investment securities by ₱17.96 billion, on interbank loans receivable by ₱1.88 billion and on deposit with banks and others by ₱1.05 billion. Meanwhile, increase in interest expense on deposit liabilities particularly on time deposits by ₱29.70 billion and in interest expense on borrowings by ₱2.10 billion accounted for the increase of ₱31.80 billion or 188.83% in interest and finance charges. As a result, net interest income improved by ₱19.44 billion or by 22.73%.

Other operating income of ₱28.50 billion increased by ₱1.71 billion or 6.39% from ₱26.79 billion in 2022 on account of the ₱1.36 billion increase in fee-based income, the ₱1.22 billion increase in profit from assets sold and the positive movement in foreign exchange gain from a loss of ₱2.43 billion in 2022 to a gain of ₱4.10 billion in 2023; reduced by the negative movement in trading and securities gain from a gain of ₱6.40 billion in 2022 to a loss of ₱94 million in 2023 and the ₱0.65 billion decrease in miscellaneous income.

Total operating expenses went up by ₱8.53 billion or 13.98% from ₱61.00 billion to ₱69.52 billion due to increases in taxes and licenses by ₱3.40 billion, manpower cost by ₱2.13 billion, and miscellaneous expenses by ₱1.94 billion. Total provision for credit and impairment losses of the Group amounted to ₱8.98 billion for the year ended December 31, 2023 or ₱0.87 billion higher compared with ₱8.11 billion provision in 2022. Provision for income tax was higher by ₱2.27 billion from ₱10.62 billion to ₱12.89 billion due to net movements in corporate, final and deferred income taxes.

Income attributable to non-controlling interests went up by ₱0.20 billion or 38.12% from ₱0.52 billion to ₱0.72 billion due to higher net income of majority owned subsidiaries.

Total comprehensive income went up by ₱38.29 billion from ₱14.00 billion for the year ended December 31, 2022 to ₱52.29 billion for the same year in 2023 due to the net effect of the higher net income and favorable movement in net unrealized gain(loss) recognized on FVOCI investments for the year 2023 partially offset by the movement in remeasurement loss recognized on retirement plans. This caused the total comprehensive income attributable to equity holders of the Parent Company to increase by ₱38.15 billion from ₱13.50 billion for the year ended December 31, 2022 to ₱51.65 billion for the year ended December 31, 2023. Total comprehensive income attributable to non-controlling interest increased by ₱0.14 billion or 26.98%.

Market share price as of December 31, 2023 was at ₱51.30 (from ₱54.00 as of December 31, 2022) with a market capitalization of ₱230.72 billion.

<u>2022 Performance</u>

Financial Position

The audited consolidated total assets and total liabilities of the Metrobank Group as of December 31, 2022 stood at ₱2.84 trillion and ₱2.52 trillion, respectively. Compared with December 31, 2021, total assets and total liabilities went up by ₱340.27 billion or 13.60% and by ₱339.92 billion or 15.63%, respectively. On the other hand, equity attributable to equity holders of the Parent Company stood at ₱318.51 billion as of December 31, 2022 and 2021.

Due from BSP which represents 8.89% of the Group's total assets decreased by 0.25% on account of lower levels of term deposit and overnight facility placements maintained with BSP. Due from Other Banks increased by ₱26.64 billion or 54.56% 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 represents 32.07% and 31.30% of the Group's total assets as of December 31, 2022 and 2021, respectively, went up by ₱128.43 billion or 16.39%. The increase was due to the net effect of the growth in the portfolios of FVTPL and securities at amortized cost partially reduced by lower portfolio of FVOCI securities. Securities at amortized cost went up by ₱233.97 billion particularly on investments in treasury notes and bonds. FVTPL securities consist of HFT securities and derivative assets amounting to ₱39.16 billion and ₱24.44 billion, respectively, as of December 31, 2022 and ₱40.94 billion and

₱9.85 billion, respectively, as of December 31, 2021. FVOCI securities decreased by ₱118.34 billion due to lower portfolio of debt securities.

Net loans and receivables, representing 49.89% and 49.39% of the Group’s total assets as of December 31, 2022 and December 31, 2021, respectively, went up by ₱182.31 billion or 14.75% contributed by the growths in all segments – corporate, commercial and consumer (particularly credit card portfolio). Property and Equipment increased by ₱1.37 billion or 5.31% due to acquisitions of various furniture, fixture and office equipment, renovations of various branches and recognition of ROU assets on new assets/properties leased in 2022. Investment Properties increased by ₱0.57 billion or 7.83% due to new foreclosures during the year. Other Assets decreased by ₱1.39 billion or 11.38% from ₱12.25 billion to ₱10.86 billion primarily due to the net movements in miscellaneous assets and software cost.

Deposit liabilities represent 88.32% and 88.75% of the consolidated total liabilities of the Group as of December 31, 2022 and 2021, respectively, wherein, low cost deposits represent 66.61% and 75.78% of the Group’s total deposits, respectively. The Group’s deposit level, sourced by the Bank, PSBank and MBCL reached ₱2.22 trillion as of December 31, 2022, an increase of ₱290.84 billion or 15.07% from ₱1.93 trillion as of December 31, 2021 on account of the growth in time deposits by ₱277.37 billion and CASA deposits by ₱16.83 billion partially reduced by the maturity of the ₱3.36 billion LTNCD of PSBank.

Bills Payable and SSURA went up by ₱20.99 billion or 29.84% largely on account of the ₱16.32 billion increase in SSURA and ₱4.67 billion increases in other borrowings including interbank borrowings. Derivative Liabilities which represent mark-to-market of foreign currency forwards, interest rate swaps, cross currency swaps, foreign currency options and bond futures with negative fair value increased by ₱8.52 billion or 102.0%. The increase of ₱1.11 billion or 20.48% in Manager’s Checks and Demand Drafts Outstanding resulted from the normal banking operations of the Bank and PSBank. Income Taxes Payable decreased by ₱0.27 billion or 15.49%. Accrued Interest and Other Expenses went up by ₱4.10 billion or 41.57% due to the increase in interest accruals for deposit liabilities and borrowings (volume-related) and other bank expenses. Bonds payable increased by ₱8.59 billion or 10.76% due to the net effect of the ₱23.7 billion additional bonds issued in October 2022; redemption of ₱17.5 billion fixed rate bonds in April 2022; and the movement in the peso value of the USD-denominated senior unsecured notes issued by the Parent Company. Other Liabilities increased by ₱6.53 billion or 11.36% primarily due to the increases in accounts payable, bills purchased contra account and marginal deposits.

Equity attributable to equity holders of the Parent Company stood at ₱318.51 billion as of December 31, 2022 or a very minimal movement compared with previous year. The ₱32.78 billion net income for the year reduced by the ₱13.49 billion total cash dividends paid by the Bank and the ₱19.33 billion increase in net unrealized loss recognized in investment securities at FVOCI, accounted for the minimal movement in this account.

Results of Operations

For the year ended December 31, 2022, net income attributable to equity holders of the Parent Company improved to ₱32.78 billion or by 47.93% (₱10.62 billion) from the ₱22.16 billion net income reported in previous year. The increase was driven by the following:

Interest income went up by ₱15.19 billion or 17.43% mainly due to increases in interest income on investment securities by ₱9.62 billion (due to higher volume of investment securities at amortized cost), interest income on loans and receivables by ₱4.66 billion and interest income on interbank loans receivable by ₱0.68 billion. Meanwhile, total interest expense increased by ₱4.71 billion or 38.86% due to the net effect of the higher interest expense on deposit liabilities by ₱5.92 billion and lower interest expense on borrowings by ₱1.21 billion (mainly due to maturities of various fixed rate bonds). As a result, net interest income improved by ₱10.48 billion or by 13.96%.

Other operating income of ₱26.79 billion was up by ₱0.96 billion or 3.72% from ₱25.83 billion in 2021 on account of higher fee-based income by ₱1.62 billion and profit from asset sold by ₱0.52 billion reduced by the ₱1.33 billion decrease in net trading securities and foreign exchange gain.

Total operating expenses were maintained at almost same level with previous year and increased only by ₱1.52 billion or 2.56% from ₱59.47 billion to ₱61.0 billion contributed mainly by higher compensation and fringe benefits of ₱0.86 billion or 3.41% and miscellaneous expenses of ₱1.07 billion or 6.0% on account of the increases in IT expenses and advertising and publicity. Total provision for credit and impairment losses of the Group amounted to ₱8.11 billion for the year ended December 31, 2022 or ₱3.72 billion lower compared with ₱11.83 billion provision in 2021. Provision for income tax was higher by ₱2.84 billion from ₱7.78 billion to ₱10.62 billion due to net movements in corporate, final and deferred income taxes. Provision for income taxes in 2021 included the one-time adjustments on the corporate and deferred income taxes due to the effectivity of the new tax rate under CREATE law.

Income attributable to non-controlling interests went up to ₱0.52 billion from ₱0.21 billion or by ₱0.31 billion or 150.96% due to higher net income of majority owned subsidiaries.

Total comprehensive income went up by ₱1.30 billion from ₱12.70 billion for the year ended December 31, 2021 to ₱14.0 billion for the year ended December 31, 2022 mainly due to improvement in net income reduced by the increase in net unrealized loss recognized this year on FVOCI investments. This caused the total comprehensive income attributable to equity holders of the Parent Company to increase by ₱1.20 billion from ₱12.30 billion in 2021 to ₱13.50 billion for the year ended December 31, 2022.

Market share price as of December 31, 2022 was at ₱54.0 (from ₱55.70 as of December 31, 2021) with a market capitalization of ₱242.86 billion.

2021 Performance

Financial Position

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

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

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

Net loans and receivables, representing 49.39% and 51.03% of the Group's total assets as of December 31, 2021 and 2020, respectively, went down by ₱16.86 billion or 1.35% due to lower portfolio of consumer loans offset by the higher portfolios of corporate loans. Investments in Associates and a Joint Venture went down by ₱0.40 billion or 6.35% due to lower net income of the associates and additional impairment recognized on the investment in LCMC. Deferred Tax Assets decreased by ₱0.93 billion or 6.66% due to net effect of the decrease in tax rate under the CREATE Law and movements on temporary tax differences . Other Assets decreased by ₱0.94 billion or 7.09% from ₱13.18 billion to ₱12.25 billion primarily due to movements in miscellaneous assets, chattel properties acquired in foreclosures, amortization of software cost and prepaid expenses.

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

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

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

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

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

Results of Operations

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

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

Total operating expenses was maintained at same level with slight decrease of ₱0.65 billion or 1.08% from ₱60.12 billion to ₱59.47 billion with lower occupancy and equipment-related costs by ₱0.13 billion or 6.35% and taxes and licenses by ₱2.0 billion or 20.09% offset by the increases in miscellaneous expenses by ₱0.21 billion or 1.21% and compensation and fringe benefits by ₱0.38 billion or 1.52%. Total provision for credit and impairment losses of the Group amounted to ₱11.83 billion for the year ended December 31, 2021 or ₱28.93 billion lower compared with ₱40.76 billion provision in 2020. Provision for income tax, after considering the net impact of the new tax rate under CREATE Law, was higher by ₱0.73 billion from ₱7.05 billion to ₱7.78 billion due to net movements in corporate, final and deferred income taxes.

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

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

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

Market share price as of December 31, 2021 was at P55.70 (from P49.05 as of December 31, 2020) with a market capitalization of P250.51 billion.

Key Variable and Other Qualitative and Quantitative Factors

Plans for 2024

As the second largest private bank in the country, Metrobank has consistently worked towards enabling both corporate and individual clients achieve their business objectives and maximize their potential. The Bank creates and customizes financial solutions to meet its stakeholders' needs, continuously expanding its scope of reach and leading in community service. This is Metrobank's way of living up to its brand promise, "You're in Good Hands," which embodies its customer-centric approach.

Metrobank, together with its subsidiaries, aims to be the trusted partner of its customers by providing them with tailored products & services in new and meaningful ways. Key strategies are anchored on enhancing customer experience, expanding digital banking solutions, improving operational efficiency, having a sound and effective corporate governance and risk & compliance management, and investing in people development.

The Bank intends to further its strong market share in both the corporate and consumer segments by evolving its organization to be customer-obsessed, agile and innovative. New products will be introduced to cater to new and existing customers and to tap select emerging markets. Existing products will be reviewed for relevance and enhance or sunset as needed. Moreover, as the trend shifts to digital banking, Metrobank remains committed on properly serving its clients by enhancing its digital platforms, migrating relevant branch services to digital channels, and enabling more digital servicing features.

The Bank is cognizant that the evolving digital and operating environment calls for a robust IT infrastructure and strong control & risk management practices thus substantial investment is allocated to the Bank's IT projects to enhance information security, process efficiencies, and risk management & control systems. Metrobank will also invest in people development, equipping its employees with the necessary skills training and knowledge transfer they need to materialize the customer-centric strategy of the Bank.

Metrobank is firmly focused on its growth and core business objectives anchored on delivering Meaningful Banking to its clients through relevant financial solutions, best-in-class customer experience, and secured and efficient operations. All these are guided by the Bank's mission, vision and values proving that "You're in Good Hands with Metrobank" benefits its employees, customers, and all its stakeholders.

Capital position

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

In 2006, the Bank issued US$125.0 million Hybrid Tier 1 capital security in February and 173,618,400 common shares at P38.00 per common share in October. In May 2010, the Bank raised an additional P5.0 billion in capital through a private placement of common shares. In January 2011, the Bank raised approximately P10.0 billion through a rights offer for 200 million common shares at the offer price of P50.00 per rights share. In August 2013, the Bank increased its capital stock from P50 billion to P100 billion and on September 16, 2013, it issued a stock dividend equivalent to 633,415,049 common shares (with a par value of P20) that was applied as payment of the required subscription to the increase in capital stock. In April 2015, the Bank raised P32.0 billion through a rights offer for 435,371,720 common shares with par value of P20.00 priced at P73.50 per share. The newly issued shares were listed on the PSE on April 7, 2015. Further, in April 2018, the Bank raised P60.0 billion through a rights offer for 799,842,250 common shares with par value of P20.00 priced at P75.00 per share. The newly issued shares were listed on the PSE on April 12, 2018. In October 2019, the Bank increased its capital stock from P100 billion to P140 billion and on November 26, 2019, it issued a stock dividend equivalent to 517,401,955 common shares (with a par value of P20) that was applied as payment of the required subscription to the increase in capital stock, which further improved the Bank's capital position.

The Bank also issued Tier 2 instruments to boost its capital adequacy ratio. The Bank issued Basel II compliant Tier 2 subordinated notes in October 2007 for P8.5 billion with a coupon of 7.0%; in October 2008 for P5.5 billion with a coupon of 7.75%; and in May 2009 for P4.5 billion with a coupon of 7.5%. With the advent of Basel III, the Bank subsequently redeemed these previously issued subordinated debt issuances as they would not have been considered as capital beginning January 1, 2014. The Bank exercised the call option on its P8.5 billion 7.0%; P5.5 billion 7.75% and P4.5 billion 7.5% Lower Tier 2 Notes on October 22, 2012, October 4, 2013 and May 6, 2014, respectively. The early redemptions of these instruments were in accordance with the terms and conditions of the notes when they were originally issued. By redeeming the notes, the Bank avoided a step-up in the interest rate and the capital decay from the instruments. In 2014, the Bank raised a total of ₱22.5 billion in subordinated debt wherein ₱16.0 billion was issued on

March 27, 2014 at a coupon rate of 5.375% and ₱6.5 billion on August 8, 2014 at 5.25%. The terms of the notes contain a loss absorption feature, allowing them to be recognized as bank capital in accordance with Basel III standards. The transactions were done in part to replace the Basel II Tier 2 notes which were redeemed on their call option dates. As approved by the BSP on April 25, 2019, on June 27, 2019, the Bank redeemed its 2024 Peso Notes amounting to ₱16.0 billion, ahead of its maturity. Likewise, on August 8, 2020, the Bank redeemed the 2025 Peso Notes amounting to P6.5 billion, ahead of its maturity after approval by the BSP on May 7, 2020.

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

As of December 31, 2023, the Group's Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET1) Ratio are 18.28% and 17.44%, respectively, both well above the regulatory requirements.

2023 Economic Performance

In 2023, global economies continued their post-pandemic recovery but growth was hampered by geopolitical tensions and other external risk factors. These include the continuing conflict between Russia and Ukraine and the outbreak of the Israel-Hamas conflict which disrupted global supply chains. These put upward pressure on commodity prices and led central banks around the world scrambling to mitigate inflationary pressures.

Nonetheless, the Philippines still remains one of the fastest-growing economy among major Asian countries in 2023 despite elevated inflation and slower growth. The economy grew by 5.6% in 2023, outpacing China, Vietnam, Indonesia, Malaysia and Singapore. Although the 2023 GDP settled below the government target of 6%-7%, it still exceeded market expectations.

In the first half of the year, the Philippines' Gross Domestic Product (GDP) registered its slowest growth since the COVID-19 pandemic amid high prices, high borrowing costs and poor government spending. While the country's GDP rebounded in the third quarter, surging 6.0% following a massive catch-up spending by the government and an already moderating domestic consumption. In the last quarter of 2023, investments and imports were also seen picking up as well, indicating that business activity appears to be stirring up already. However, tailwinds will continue to beset the local economy due to the El Nino weather condition and increasing rice inflation.

Full-year average inflation, on the other hand, came in at 6.0% versus 5.8% in 2022. This was in the face of ongoing geopolitical tensions (ie. Israel-Hamas conflict), supply chain bottlenecks, imposition of trade restrictions and extreme weather events resulting in high domestic commodity prices, especially for rice and fuel. Thus, the risks from elevated inflation rate and external factors kept the Bangko Sentral ng Pilipinas (BSP) on its toes in 2023. The BSP Monetary Board hiked further the country's key policy rate by a total of 100 basis points (bps) to 6.5% to manage inflation expectations.

The balance of risks to the inflation outlook still leans significantly toward the upside. Key upside risks are associated with potential pressures emanating from higher transport charges, increased electricity rates, and higher oil prices. Meanwhile, the impact of a relatively weak global recovery as well as government measures to mitigate the effects of El Niño weather conditions provide some downward pressure on prices.

According to the Department of Finance, economic growth will continue to be broad-based, led by the services and industry sectors. It will be continually be buoyed by robust domestic demand, supported by the further easing of inflation, low unemployment rate, and strong inflows of remittances from overseas Filipinos. The acceleration in government spending will also push growth as it expedites the implementation of catch-up plans, programs, and projects, particularly on infrastructure. Under newly appointed Finance Secretary Ralph Recto's leadership, he will push for the Reduce Emerging Inflation Now (REIN) to boost private spending further. Moreover, NEDA Secretary Arsenio Balisacan cited liberalization reforms to attract more foreign investments and improve the quality of employment.

Markets think the BSP is done raising rates and will start cutting by the second half of 2024 as tight monetary policy has worked its way through the economy as can be seen from the declining path of core inflation. Metrobank research is aligned with this view. Moving forward, the BSP continues to see the need to keep interest rates higher for longer to allow inflation expectations to settle more firmly within their 2%-4% target range.

For the USD/PHP, the Philippines settled at PHP 55.57 per US dollar to end 2023, averaging PHP 55.59 year-to-date (YTD). This remains within the exchange rate assumption of the government for 2023, which is PHP 55.50 to 56.00 per US dollar.

The peso retested the PHP 57-level following the US Federal Reserve's string of interest rate hikes before regaining some lost ground to hover above the PHP 55 handle. While the US dollar enjoyed relative strength throughout 2023, market expectations of policy rate cuts by the Fed as early as March, could further diminish the "strong dollar" theme seen last year. While the BSP is also expected to ease monetary policy, albeit later in the year, high borrowing costs may keep investment spending and imports tempered. There is also a strong possibility of the USD/PHP retesting above the 56.00 level in Q2 and Q3 2024 when imports normally peak.

Liquidity

The Bank proactively monitors its liquidity position to ensure that funds are adequate to meet its obligations. Liquidity risk is measured, monitored and controlled via a system of risk tools available on a daily basis.

As of December 31, 2023, the contractual maturity profile of assets and liabilities shows that the Bank has at its disposal about ₱1.25 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 59.19% of the ₱2.11 trillion total deposits estimated to come due 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. Including these securities, the total current assets will cover 74.17% of the total deposits that will mature within one year. The historical behavior of deposits balances has shown, however, that a substantial portion of these contractual outflows is not withdrawn in one year.

Events That Will Trigger Material Direct or Contingent Financial Obligation

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

Several suits and claims relating to the Group's 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.

Material Off-Balance Sheet Transactions, Arrangements or Obligations

The following is a summary of contingencies and commitments of the Group at their peso-equivalent contractual amounts arising from off-balance sheet items as of December 31, 2023 and 2022 (in millions):

	2023	2022
Trust Banking Group accounts	**₱497,607**	₱510,510
Credit card lines	**276,839**	233,331
Undrawn commitments – facilities to lend	**53,729**	24,578
Unused commercial letters of credit	**50,476**	49,097
Bank guaranty with indemnity agreement	**11,732**	18,023
Outstanding guarantees	**6,637**	3,769
Credit line certificate with bank commission	**3,963**	4,771
Inward bills for collection	**1,662**	2,071
Outstanding shipside bonds/airway bills	**1,436**	1,294
Late deposits/payments received	**944**	1,047
Outward bills for collection	**639**	710
Confirmed export letters of credits	**44**	278
Others	**32,729**	35,709
	₱938,437	₱885,188

Other Relationships of the Registrant with Unconsolidated Entities or Other Persons

The Group has ownership in the following significant unconsolidated entities as of December 31, 2023:

	Effective % of Ownership
Taal Land, Inc.	35.00%
Cathay International Resources Corporation	34.49%
Sumisho Motor Financing Corporation*	26.52%
SMBC Metro Investment Corporation	30.00%
AXA Philippines Life and General Insurance Corporation (formerly Philippine AXA Life Insurance Corporation)	27.97%
Northpine Land, Inc.	20.00%
Lepanto Consolidated Mining Company	13.36%

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

Material Commitments for Capital Expenditures

For the year 2024, the Bank estimates to incur capital expenditures of about P3.0 to P5.0 billion, of which 70% is estimated to be incurred for information technology.

Significant Elements from Continuing Operations

Standards Issued But Not Yet Effective

Standards issued but not yet effective up to date of issuance of the Group's financial statements are listed in Note 2 of the audited financial statements of the Group as presented in Exhibit 6. The listing consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements. The Group will assess impact of these amendments on its financial position or performance when they become effective.

Information on Independent Accountant

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

SGV Partner	Years Ended December 31
Mr. Miguel U. Ballelos, Jr.	2023 and 2022
Ms. Janeth T. Nuñez-Javier	2022 and 2021 2021 and 2020
Ms. Josephine Adrienne A. Abarca	2020 and 2019 2019 and 2018
Ms. Janeth T. Nuñez-Javier	2018 and 2017 2017 and 2016 2016 and 2015 2015 and 2014 2014 and 2013
Mr. Aris C. Malantic	2013 and 2012 2012 and 2011 2011 and 2010 2010 and 2009 2009 and 2008

2. The Bank intends to retain SGV as its external auditors for the year 2024. The external auditors are appointed annually by the registrant's BOD and the appointment is ratified by the stockholders during the Annual Stockholders' Meeting.

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

Nature of Services Rendered		**Aggregate Fees (in millions)**	
		2023	**2022**
Audit and Audit-Related Fees	Annual audit of the Bank's financial statements in connection with statutory and regulatory filings; annual audit of the Trust financial statements; limited review of financial statements and offering circulars based on agreed-upon procedures and issuance of comfort letters relative to the issuances of debt securities.	₱18.15	₱17.24
Tax Fees		-	-
All Other Fees	Seminars and others	0.06	0.57
Total Fees		**₱18.21**	**₱17.81**

Audit Committee's Approval Policies and Procedures for Above Services

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

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

On March 22, 2023, the BOD approved the endorsement of the Audit Committee re-appointing SyCip Gorres Velayo & Co. (SGV) as the external auditors for 2023, and it was ratified by the stockholders during the Annual Stockholders' Meeting on April 26, 2023.

Appointment of Members and Composition of the Audit Committee

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

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

Metrobank's Audit Committee is composed of the following:

Name of Member	Designation - Audit Committee	Designation - Registrant
Edgar O. Chua	Chairman	Independent Director
Solomon S. Cua	Regular Member	Director
Atty. Angelica H. Lavares	Regular Member	Independent Director

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

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

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

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

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

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

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

   All non-audit services to be rendered by the external auditor to the controlled entities of the Bank, regardless of materiality, shall be concurred by the Audit Committee, after the approval of the companies' respective Audit Committees, but prior to the actual engagement of the external auditor.

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

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

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

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

11. Oversee the financial reporting process, practices, and controls; and ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports. The Audit Committee shall perform review of independent external auditor's report on the results of the financial statements audit, focusing particularly on any change/s in accounting policies and procedures; areas where a significant amount of judgment has been exercised; significant adjustments resulting from the audit; going concern assumption; compliance with accounting standards, and tax, legal and regulatory requirements; and, full funding of employee pension funds or recognition of corresponding liability in the books; and conduct discussion with external auditor and management to decide on the appropriate action to be taken to address issues noted before these are submitted to the BOD for approval.

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

<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>

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

<u>Material Subsequent Events</u>

a. On January 18, 2024, the BOD of PSBank declared 7.50% regular cash dividend for the fourth quarter of 2023 amounting to ₱320.14 million or ₱0.75 per share, payable on February 19, 2024 to all stockholders of record as of February 2, 2024.

b. On February 9, 2024, the ₱5.1 billion LTNCD of PSBank matured.

c. On February 21, 2024, the BOD of the Parent Company approved a new dividend policy of increasing the regular cash dividends from ₱1.60 per share to ₱3.00 per share for the year, payable on a semi-annual basis at ₱1.50 per share. In addition, a special cash dividend of ₱2.00 per share was also declared. The first tranche of the regular cash dividend of ₱1.50 per share and special cash dividend of ₱2.00 per share are payable on March 25, 2024 to all stockholders of record as of March 8, 2024.

<u>Others</u>

As of December 31, 2023, the Group has no significant matters to report on the following:

1. Known trends, events or uncertainties that would have material impact on liquidity and on the sales or revenues.

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

3. Issuances, repurchases and repayments of debt and equity securities except for the maturities of the ₱8.65 billion LTNCD of the Bank as discussed in Note 16; the ₱13.75 billion fixed rate bonds of the Bank and the ₱4.65 billion fixed rate bonds of PSBank as discussed in Note 19; and the ₱1.17 billion subordinated debts of the Bank as discussed in Note 20 of the audited financial statements of the Group as presented in Exhibit 6.

4. Unusual items as to nature, size or incidents affecting assets, liabilities, equity, net income or cash flows except for the payment of cash dividends by the Bank, as discussed in Note 23 of the audited financial statements of the Group as presented in Exhibit 6; and

5. Effect of changes in the composition of the Group during the year, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

SEC FORM 17-A (ANNUAL REPORT)

A copy of SEC Form 17-A (2023 Annual Report) will be provided free of charge upon request to corpsecoffice@metrobank.com.ph

PART IV – SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

This report is signed in the TAGUIG CITY on March 15, 2024.

METROPOLITAN BANK & TRUST COMPANY
Registrant

By: [redacted]

REGIS V. PUNO
Corporate Secretary [redacted]

SUBSCRIBED AND SWORN to before me at TAGUIG CITY this MAR 15 2024, affiants exhibiting to me his Passport with the following details:

Names	Passport No.	Date/Place of Issue	Valid Until
REGIS V. PUNO	[redacted]	[redacted]	[redacted]

[redacted]

ATTY. LOURDES B. BARRERO
Notary Public – Taguig City
Appoint[illegible] until December 31, 20[illegible]
2/F The Sho[illegible] [illegible]th Avenue cor[illegible]
36th and 38th [illegible] [illegible]strict, Taguig [illegible]

[redacted]

Doc. No. 90;
Page No. 18;
Book No. 11;
Series of 2024

EXHIBIT 1

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **EDGAR O. CHUA,** Filipino, of legal age and a resident of [redacted] after having been sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Metropolitan Bank & Trust Company and have been its independent director since April 26, 2017.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	**Position/Relationship**	**Period of Service**
Amber Kinetics Inc	President and Chief Executive Officer	Current
First Gen	Independent Director	Current
IMI	Independent Director	Current
PhilCement	Independent Director	Current
PHINMA Corp	Independent Director	Current
JGSummit Olefins Corp	Independent Director	Current
Makati Business Club	Chairman	Current
Philippine Eagle Foundation	Chairman	Current
Business for Sustainable Development Inc. (formerly Philippine Business for Environment)	Chairman	Current
De La Salle Philippines	CEO	Current
De La Salle Science Foundation	Chairman	Current
Integrity Initiative	Trustee	Current
St. Joseph Bacolod	Chairman	Current
De La Salle Bacolod	Chairman	Current
De La Salle National Mission Council	Trustee	Current
One La Salle Educational Foundation Inc./Jaime Hilario Integrated School Inc.	Trustee	Current
Philippine Business for Education	Trustee	Current
Gawad Kalinga Foundation	Trustee	Current
Pilipinas Shell Foundation	Trustee	Current
English Speaking Union of the Phil	Chairman	Current
Philippine Disaster Relief Foundation	Trustee	Current
National Resilience Council	Co-Vice Chairman	Current
Mitsubishi Motors Philippines Corporation	Member, Advisory Board	Current
Coca Cola Bottlers Philippines	Member, Advisory Board	Current
Zuellig Family Foundation	Trustee	Current
Alvarez Foundation	Trustee	Current

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Metropolitan Bank & Trust Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of *(covered company and its subsidiaries and affiliates)* other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. *(where applicable)*

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
Not Applicable		

5. Except as disclosed in Annex A hereof, I am not the subject of any pending criminal or administrative investigation or proceeding.

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
Not Applicable		

6. *(For those in government service/affiliated with a government agency or GOCC)* I have the required written permission or consent from the *(head of agency/department)* to be an independent director in Metropolitan Bank & Trust Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules. *Not Applicable*

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.

8. I shall inform the corporate secretary of Metropolitan Bank & Trust Company of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this MAR 1 2 2024 day of ______ 2024, at MAKATI CITY.

[redacted]

EDGAR O. CHUA
Affiant

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

SUBSCRIBED AND SWORN to before me this _____ day of MAR 1 2 2024 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Tax Identification No. [redacted] PASSPORT [redacted]

Doc. No.: 443
Page No.: 90
Book No.: III
Series of 2024.

[redacted]

ATTY. JAY Y. RODRIGUEZ
NOTARY PUBLIC, CITY OF MAKATI
APPOINTMENT NO. M-119 UNTIL DECEMBER 31, 2024
GT Tower International, 6813 Ayala Ave., corner H.V. Dela Costa St., Brgy. Bel-Air, Makati City, 1227.

[redacted]

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ANGELICA H. LAVARES,** Filipino, of legal age and a resident of [redacted], after having been sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Metropolitan Bank & Trust Company and have been its independent director since Apr. 24, 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Institute of Corporate Directors	Teaching Fellow	Mar 2011 – to date
Bank of Commerce	Consultant	Nov 2015 – to date
Prulife UK	Independent Director	June 2019 – to date
Rural Bank of Silay	Independent Director	Apr 2022 – to date

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Metropolitan Bank & Trust Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of *(covered company and its subsidiaries and affiliates)* other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. *(where applicable)*

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
Not Applicable		

5. Except as disclosed in Annex A hereof, I am not the subject of any pending criminal or administrative investigation or proceeding.

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
Not Applicable		

6. *(For those in government service/affiliated with a government agency or GOCC)* I have the required written permission or consent from the *(head of agency/department)* to be an independent director in Metropolitan Bank & Trust Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules. *Not Applicable*

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.

8. I shall inform the corporate secretary of Metropolitan Bank & Trust Company of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this MAR 1 2 2024 day of ______ 2024, at MAKATI CITY

[redacted]

ANGELICA H. LAVARES
Affiant

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

SUBSCRIBED AND SWORN to before me this _____ day of MAR 1 2 2024 at MAKATI CITY, affiant personally appeared before me and exhibited to me her Senior ID No. [redacted] issued by the [redacted], PASSPORT [redacted]

Doc. No.: 441
Page No.: 90
Book No.: III
Series of 2024.

[redacted]

ATTY. JAY Y. RODRIGUEZ
NOTARY PUBLIC, CITY OF MAKATI
APPOINTMENT NO. M-119 UNTIL DECEMBER 31, 2024
GT Tower International, 6813 Ayala Ave., corner H.V. Dela Costa St., Brgy. Bel-Air, Makati City, 1227.

[redacted]

EXHIBIT 3

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **PHILIP G. SOLIVEN,** Filipino, of legal age and a resident of [redacted], after having been sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Metropolitan Bank & Trust Company and have been its independent director since May 28, 2020.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Multico Prime Power Inc	Vice Chairman / Director	1998 – Present
American Chamber of Commerce of the Philippines	Director Ex-Officio /Treasurer	2001 - Present
Management Association of the Philippines	Member	2016 – Present
Scorbin, Inc.	Director/President	2013 – Present
Rotary Club of Makati	Director	2005 – Present
New Canipo San Vicente Corp	Director	2018 - Present
Advancement for Rural Kids	Board Member	2020 - Present
Century Pacific Food Inc.	Independent Director	2023 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Metropolitan Bank & Trust Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of *(covered company and its subsidiaries and affiliates)* other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. *(where applicable)*

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
Not Applicable		

5. Except as disclosed in Annex A hereof, I am not the subject of any pending criminal or administrative investigation or proceeding.

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
Not Applicable		

6. *(For those in government service/affiliated with a government agency or GOCC)* I have the required written permission or consent from the *(head of agency/department)* to be an independent director in Metropolitan Bank & Trust Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules. *Not Applicable*

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.

8. I shall inform the corporate secretary of Metropolitan Bank & Trust Company of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this MAR 1 2 2024 day of ______ 2024, at MAKATI CITY.

[redacted]

PHILIP G. SOLIVEN
Affiant

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

SUBSCRIBED AND SWORN to before me this _____ day of MAR 1 2 2024 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Tax Identification No. [redacted]. PASSPORT [redacted]

Doc. No.: 444
Page No.: 90
Book No.: III
Series of 2024.

[redacted]

ATTY. JAY Y. RODRIGUEZ
NOTARY PUBLIC, CITY OF MAKATI
APPOINTMENT NO. M-119 UNTIL DECEMBER 31, 2024
GT Tower International, 6813 Ayala Ave., corner H.V. Dela Costa St., Brgy. Bel-Air, Makati City, 1227.

[redacted]

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **MARCELO C. FERNANDO, JR.**, Filipino, of legal age and a resident of [redacted], after having been sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Metropolitan Bank & Trust Company and have been its independent director since April 28, 2021;

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
AIC Group of Companies Holding Corp.	Board Director	2018– Present
AGC Properties	Board Director	2020 - Present
Fuego Y Hielo, Inc.	President and Chairman	2018 – Present
Asian Institute of Management, Inc.	Member of the Board of Trustees	2022 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Metropolitan Bank & Trust Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of *(covered company and its subsidiaries and affiliates)* other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. *(where applicable)*

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
Not Applicable		

5. Except as disclosed in Annex A hereof, I am not the subject of any pending criminal or administrative investigation or proceeding.

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
Not Applicable		

6. *(For those in government service/affiliated with a government agency or GOCC)* I have the required written permission or consent from the *(head of agency/department)* to be an independent director in Metropolitan Bank & Trust Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules. *Not Applicable*

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.

8. I shall inform the corporate secretary of Metropolitan Bank & Trust Company of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this MAR 1 2 2024 day of ______ 2024, at MAKATI CITY

[redacted]

MARCELO C. FERNANDO, JR.
Affiant

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

SUBSCRIBED AND SWORN to before me this _____ day of MAR 1 2 2024 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Tax Identification No. [redacted] PASSPORT [redacted]

Doc. No.: 440
Page No.: 89
Book No.: III
Series of 2024.

[redacted]

ATTY. JAY Y. RODRIGUEZ
NOTARY PUBLIC, CITY OF MAKATI
APPOINTMENT NO. M-119 UNTIL DECEMBER 31, 2024
G1 Tower International, 6813 Ayala Ave., corner H.v. Dela Costa St., Brgy. Bel-Air, Makati City, 1227.

[redacted]

EXHIBIT 5

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **JUAN MIGUEL L. ESCALER,** Filipino, of legal age and a resident of [redacted] after having been sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Metropolitan Bank & Trust Company and have been its independent director since April 27, 2022;

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Trusting Social AI Philippines	Country CEO	5.5 years
Trusting Social AI Philippines	Director	5.5 years
Pointwest Technologies Inc.	Director	3.5 years
M.De Leon Inc.	Director	10 + years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Metropolitan Bank & Trust Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of *(covered company and its subsidiaries and affiliates)* other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. *(where applicable)*

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
Not Applicable		

5. Except as disclosed in Annex A hereof, I am not the subject of any pending criminal or administrative investigation or proceeding.

Offense Charged/ Investigated	*Tribunal or Agency* Involved	Status
Not Applicable		

6. *(For those in government service/affiliated with a government agency or GOCC)* I have the required written permission or consent from the *(head of agency/department)* to be an independent director in Metropolitan Bank & Trust Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules. *Not Applicable*

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.

8. I shall inform the corporate secretary of Metropolitan Bank & Trust Company of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this MAR 12 2024 day of ______ 2024, at MAKATI CITY.

[redacted]

JUAN MIGUEL L. ESCALER
Affiant

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

SUBSCRIBED AND SWORN to before me this _____ day of MAR 12 2024 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Tax Identification No. [redacted]. Passport [redacted]

Doc. No.: 442
Page No.: 90
Book No.: III
Series of 2024.

[redacted]

ATTY. JAY Y. RODRIGUEZ
NOTARY PUBLIC, CITY OF MAKATI
APPOINTMENT NO. M-119 UNTIL DECEMBER 31, 2024
G1 Tower International, 6813 Ayala Ave., corner H.V. Dela Costa St., Brgy. Bel-Air, Makati City, 1227.

[redacted]

Metrobank
You're in good hands

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Metropolitan Bank & Trust Company and Subsidiaries (the Group) and of Metropolitan Bank & Trust Company (the Parent Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

[redacted]

ARTHUR TY
Chairman

[redacted]

FABIAN S. DEE
President

[redacted]

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

[redacted]

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

[redacted]

RENATO K. DE BORJA, JR.
SVP, Controller and
Deputy Head, Financial and Control Sector

Signed this 21st day of February, 2024.

SUBSCRIBED AND SWORN to before me at TAGUIG CITY this MAR 04 2024, affiants exhibiting to me their respective Passports with the following details:

Names	Passport No.	Date/Place of Issue	Valid Until
ARTHUR TY	[redacted]		
FABIAN S. DEE			
JOSHUA E. NAING			
FERNAND ANTONIO A. TANSINGCO			
RENATO K. DE BORJA, JR.			

[redacted]

ATTY. LOURDES B. BARRERO
Notary Public – Taguig City
Appoint No. 156 (2023-2024) until December 31, 2024
2/F The Shops at Grand Central Park, 7th Avenue corner
36th and 38th Streets, North Bonifacio District, Taguig City
[redacted]

Doc. No. 98;
Page No. 10;
Book No. 11;
Series of 2024.

Exhibit 6

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2 0 5 7 3

COMPANY NAME

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

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

GT Tower International, 6813 Ayala Ave., corner H.V. Dela Costa St., Brgy. Bel-Air, 1227 Makati City

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,950	04/24	12/31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Metropolitan Bank & Trust Company

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Metropolitan Bank & Trust Company and its subsidiaries (the Group) and the parent company financial statements of Metropolitan Bank & Trust Company (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2023 and 2022, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated and parent company financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2023 and 2022, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2023, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

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

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

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

Allowance for credit losses on loans and receivables as of December 31, 2023 for the Group and the Parent Company amounted to ₱51.59 billion and ₱40.96 billion, respectively. Provision for credit losses of the Group and the Parent Company in 2023 amounted to ₱7.93 billion and ₱6.19 billion, respectively.

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

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

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

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

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

Realizability of Deferred Tax Assets
As of December 31, 2023, the deferred tax assets of the Group and the Parent Company amounted to ₱14.17 billion and ₱11.9 billion, respectively. The recognition of deferred tax assets is significant to our audit because it requires significant judgment and is based on assumptions such as availability of future taxable income and the timing of the reversal of the temporary differences that are affected by expected future market or economic conditions and the expected performance of the Group and the Parent Company.

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

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

Applicable to the audit of the consolidated financial statements

Recoverability of Goodwill
As of December 31, 2023, the Group has goodwill amounting to ₱4.72 billion as a result of various business acquisitions. Under PFRS, the Group is required to annually test the amount of goodwill for impairment. The Group performed the impairment testing using the cash generating unit's (CGU) fair value less costs to sell (FVLCTS). The annual impairment test is significant to our audit because the determination of the CGU's FVLCTS requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty. The CGU's assets include significant investments in unquoted equity shares and their fair values were determined using price-to-earnings (P/E) ratios of comparable companies and adjusted net asset valuation (NAV) method. Other assets of the CGU include investments in quoted equity shares and debt financial assets, and real properties, while liabilities include unquoted debt financial liabilities.

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated and parent company financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Miguel U. Ballelos, Jr..

SYCIP GORRES VELAYO & CO.

Miguel U. Ballelos, Jr.

Miguel U. Ballelos, Jr.
Partner
CPA Certificate No. 109950
Tax Identification No. 241-031-088
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-114-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10079903, January 5, 2024, Makati City

February 21, 2024

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(In Millions)

	Consolidated		Parent Company	
	December 31			
	2023	2022	**2023**	2022
ASSETS				
Cash and Other Cash Items	**₱39,431**	₱40,683	**₱37,692**	₱38,701
Due from Bangko Sentral ng Pilipinas (BSP) (Notes 4 and 16)	**207,807**	252,628	**198,061**	215,074
Due from Other Banks (Note 4)	**90,535**	75,472	**65,831**	56,675
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA) (Notes 4, 7 and 26)	**72,979**	73,744	**59,186**	65,535
Investment Securities at				
Fair Value Through Profit or Loss (FVTPL) (Notes 5 and 8)	**74,856**	63,599	**66,501**	55,656
Fair Value Through Other Comprehensive Income (FVOCI) (Notes 4, 5 and 8)	**536,623**	530,464	**442,674**	418,047
Amortized Cost (Notes 4, 5 and 8)	**470,638**	317,776	**438,437**	285,108
Loans and Receivables (Notes 4, 5 and 9)	**1,537,166**	1,418,382	**1,335,336**	1,239,560
Property and Equipment (Note 10)	**27,243**	27,153	**20,323**	20,257
Investments in Subsidiaries (Note 11)	**–**	–	**75,894**	71,754
Investments in Associates and a Joint Venture (Note 11)	**6,241**	5,877	**605**	561
Goodwill (Note 11)	**4,720**	5,194	**–**	–
Investment Properties (Notes 5 and 12)	**8,107**	7,901	**3,597**	3,310
Deferred Tax Assets (Note 28)	**14,171**	13,362	**11,900**	12,274
Other Assets (Note 14)	**14,385**	10,855	**10,329**	7,237
	₱3,104,902	₱2,843,090	**₱2,766,366**	₱2,489,749
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 16 and 32)				
Demand	**₱586,345**	₱581,473	**₱536,772**	₱536,516
Savings	**853,028**	898,078	**807,153**	851,860
Time	**925,885**	715,415	**757,204**	528,914
Long-Term Negotiable Certificates	**17,514**	26,158	**12,430**	21,080
	2,382,772	2,221,124	**2,113,559**	1,938,370
Bills Payable and Securities Sold Under Repurchase Agreements (SSURA) (Notes 5, 17 and 32)	**156,896**	91,322	**141,081**	76,456
Derivative Liabilities (Notes 5 and 8)	**16,865**	16,865	**16,862**	16,855
Manager's Checks and Demand Drafts Outstanding	**7,048**	6,501	**5,533**	5,487
Income Taxes Payable	**3,601**	1,478	**3,479**	1,307
Accrued Interest and Other Expenses (Note 18)	**19,785**	13,956	**15,674**	10,202
Subordinated Debts (Notes 5 and 20)	**–**	1,169	**–**	1,169
Bonds Payable (Notes 5, 19 and 32)	**70,089**	88,409	**70,089**	83,761
Non-equity Non-controlling Interest (Notes 5 and 21)	**10,260**	10,139	**–**	–
Other Liabilities (Note 21)	**70,848**	64,037	**42,739**	36,949
	2,738,164	2,515,000	**2,409,016**	2,170,556

(Forward)

	Consolidated		Parent Company	
	December 31			
	2023	2022	**2023**	2022
EQUITY				
Equity Attributable to Equity Holders of the Parent Company				
Common stock (Note 23)	**₱89,948**	₱89,948	**₱89,948**	₱89,948
Capital paid in excess of par value (Note 23)	**85,252**	85,252	**85,252**	85,252
Treasury stock (Notes 23 and 32)	**(70)**	(72)	**(70)**	(72)
Surplus reserves (Note 24)	**2,752**	2,613	**2,752**	2,613
Surplus (Note 23)	**204,896**	176,374	**204,896**	176,374
Net unrealized losses on investment securities at FVOCI (Note 8)	**(10,065)**	(23,076)	**(10,065)**	(23,076)
Remeasurement losses on retirement plans (Notes 11 and 27)	**(7,491)**	(4,404)	**(7,491)**	(4,404)
Equity in other comprehensive income (losses) of investees (Note 11)	**116**	(145)	**116**	(145)
Translation adjustment and others (Note 11)	**(8,673)**	(7,982)	**(7,988)**	(7,297)
	356,665	318,508	**357,350**	319,193
Non-controlling Interest (Note 11)	**10,073**	9,582	**–**	–
	366,738	328,090	**357,350**	319,193
	₱3,104,902	₱2,843,090	**₱2,766,366**	₱2,489,749

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF INCOME

(In Millions, Except Earnings Per Share)

	Consolidated			Parent Company		
	Years Ended December 31					
	2023	2022	2021	**2023**	2022	2021
INTEREST INCOME ON						
Loans and receivables (Notes 9 and 32)	**₱100,539**	₱70,181	₱65,525	**₱84,789**	₱55,696	₱48,637
Investment securities at FVOCI and at amortized cost (Note 8)	**43,614**	25,938	16,896	**37,654**	22,001	14,540
Investment securities at FVTPL (Note 8)	**2,058**	1,776	1,198	**1,921**	1,671	1,059
Interbank loans receivable and securities purchased under resale agreements (SPURA) (Notes 7 and 32)	**3,429**	1,548	872	**2,728**	1,052	528
Deposits with banks and others	**3,972**	2,927	2,686	**2,159**	1,423	1,714
	153,612	102,370	87,177	**129,251**	81,843	66,478
INTEREST AND FINANCE CHARGES						
Deposit liabilities (Notes 16 and 32)	**41,120**	11,420	5,502	**33,640**	7,129	2,835
Bills payable and securities sold under repurchase agreements, bonds payable, subordinated debts and others (Notes 13, 17, 19, 20, 21 and 32)	**7,522**	5,421	6,626	**6,826**	4,386	4,561
	48,642	16,841	12,128	**40,466**	11,515	7,396
NET INTEREST INCOME	**104,970**	85,529	75,049	**88,785**	70,328	59,082
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES (Notes 3 and 15)	**8,978**	8,112	11,834	**6,661**	5,740	7,683
NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	**95,992**	77,417	63,215	**82,124**	64,588	51,399
OTHER OPERATING INCOME						
Service charges, fees and commissions (Notes 25 and 32)	**16,390**	15,035	13,418	**13,079**	11,773	10,135
Foreign exchange gain (loss) - net (Note 32)	**4,096**	(2,427)	1,946	**3,805**	(2,697)	1,805
Profit from assets sold (Notes 10, 12 and 14)	**2,113**	898	381	**1,594**	230	154
Leasing (Notes 12, 13 and 32)	**2,019**	1,990	1,904	**159**	162	183
Income from trust operations (Notes 24 and 32)	**1,220**	1,541	1,655	**1,173**	1,494	1,609
Dividends (Note 8)	**257**	198	158	**19**	9	15
Trading and securities gain/(loss) - net (Notes 8, 21 and 32)	**(94)**	6,401	3,366	**(128)**	6,534	3,201
Miscellaneous (Note 25)	**2,503**	3,157	3,003	**1,255**	1,269	1,618
	28,504	26,793	25,831	**20,956**	18,774	18,720
OTHER OPERATING EXPENSES						
Compensation and fringe benefits (Notes 27 and 32)	**28,263**	26,129	25,268	**21,633**	19,812	19,176
Taxes and licenses (Note 28)	**11,460**	8,058	7,931	**9,498**	6,136	5,976
Depreciation and amortization (Notes 10, 12 and 14)	**6,922**	5,976	6,430	**4,311**	3,453	3,779
Occupancy and equipment-related costs (Note 13)	**1,966**	1,863	1,948	**1,506**	1,397	1,459
Miscellaneous (Note 25)	**20,911**	18,970	17,896	**17,115**	14,915	14,026
	69,522	60,996	59,473	**54,063**	45,713	44,416
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE	**54,974**	43,214	29,573	**49,017**	37,649	25,703
SHARE IN NET INCOME OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE (Note 11)	**875**	704	568	**5,281**	4,168	2,251
INCOME BEFORE INCOME TAX	**55,849**	43,918	30,141	**54,298**	41,817	27,954
PROVISION FOR INCOME TAX (Note 28)	**12,890**	10,620	7,777	**12,060**	9,041	5,798
NET INCOME	**₱42,959**	₱33,298	₱22,364	**₱42,238**	₱32,776	₱22,156
Attributable to:						
Equity holders of the Parent Company (Note 31)	**₱42,238**	₱32,776	₱22,156			
Non-controlling interest (Note 11)	**721**	522	208			
	₱42,959	₱33,298	₱22,364			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)	**₱9.39**	₱7.29	₱4.93			

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

(In Millions)

	Consolidated			Parent Company		
	Years Ended December 31					
	2023	2022	2021	**2023**	2022	2021
Net Income	**₱42,959**	₱33,298	₱22,364	**₱42,238**	₱32,776	₱22,156
Other Comprehensive Income for the Year, Net of Tax						
Items that may not be reclassified to profit or loss:						
Change in net unrealized gain (loss) on equity securities at FVOCI	**256**	(62)	137	**135**	168	46
Change in remeasurement gain (loss) on retirement plans (Notes 11 and 27)	**(3,157)**	318	99	**(3,087)**	343	31
	(2,901)	256	236	**(2,952)**	511	77
Items that may be reclassified to profit or loss:						
Change in net unrealized gain (loss) on investment in debt securities at FVOCI (Note 8)	**12,685**	(19,270)	(11,505)	**12,791**	(19,492)	(11,414)
Change in equity in other comprehensive gains (losses) of investees (Note 11)	**263**	(26)	(96)	**261**	(27)	(96)
Translation adjustment and others (Note 11)	**(719)**	(257)	1,702	**(691)**	(271)	1,573
	12,229	(19,553)	(9,899)	**12,361**	(19,790)	(9,937)
Total Comprehensive Income for the Year	**₱52,287**	₱14,001	₱12,701	**₱ 51,647**	₱13,497	₱12,296
Attributable to:						
Equity holders of the Parent Company	**₱51,647**	₱13,497	₱12,296			
Non-controlling interest	**640**	504	405			
	₱52,287	₱14,001	₱12,701			

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(In Millions)

	Consolidated											
	Equity Attributable to Equity Holders of the Parent Company											
	Common Stock (Note 23)	**Capital Paid In Excess of Par Value** (Note 23)	**Treasury Stock** (Note 23)	**Surplus Reserves** (Note 24)	**Surplus** (Note 23)	**Net Unrealized Gain (Loss) on Investment Securities at FVOCI** (Note 8)	**Remeasurement Losses on Retirement Plans** (Notes 11 and 27)	**Equity in Other Comprehensive Income (Losses) of Investees** (Note 11)	**Translation Adjustment and Others** (Note 11)	**Total**	**Non-controlling Interest** (Note 11)	**Total Equity**
Balance as at January 1, 2023	**₱89,948**	**₱85,252**	**(₱72)**	**₱2,613**	**₱176,374**	**(₱23,076)**	**(₱4,404)**	**(₱145)**	**(₱7,982)**	**₱318,508**	**₱9,582**	**₱328,090**
Total comprehensive income (loss) for the year	–	–	–	–	**42,238**	**12,926**	**(3,087)**	**261**	**(691)**	**51,647**	**640**	**52,287**
Transfer to surplus reserves	–	–	–	**139**	**(139)**	–	–	–	–	–	–	–
Cash dividend (Note 23)	–	–	–	–	**(13,492)**	–	–	–	–	**(13,492)**	**(149)**	**(13,641)**
Realized loss on sale of equity securities at FVOCI (Note 8)	–	–	–	–	**(85)**	**85**	–	–	–	–	–	–
Acquisition of Parent Company shares by mutual fund subsidiary	–	–	**(5)**	–	–	–	–	–	–	**(5)**	–	**(5)**
Disposal of Parent Company shares held by mutual fund subsidiary	–	–	**7**	–	–	–	–	–	–	**7**	–	**7**
Balance as at December 31, 2023	**₱89,948**	**₱85,252**	**(₱70)**	**₱2,752**	**₱204,896**	**(₱10,065)**	**(₱7,491)**	**₱116**	**(₱8,673)**	**₱356,665**	**₱10,073**	**₱366,738**
Balance as at January 1, 2022	₱89,948	₱85,252	(₱70)	₱2,442	₱157,260	(₱3,751)	(₱4,747)	(₱118)	(₱7,711)	₱318,505	₱9,227	₱327,732
Total comprehensive income (loss) for the year	–	–	–	–	32,776	(19,324)	343	(27)	(271)	13,497	504	14,001
Transfer to surplus reserves	–	–	–	171	(171)	–	–	–	–	–	–	–
Cash dividend (Note 23)	–	–	–	–	(13,492)	–	–	–	–	(13,492)	(149)	(13,641)
Realized gain on sale of equity securities at FVOCI (Note 8)	–	–	–	–	1	(1)	–	–	–	–	–	–
Acquisition of Parent Company shares by mutual fund subsidiary	–	–	(14)	–	–	–	–	–	–	(14)	–	(14)
Disposal of Parent Company shares held by mutual fund subsidiary	–	–	12	–	–	–	–	–	–	12	–	12
Balance as at December 31, 2022	₱89,948	₱85,252	(₱72)	₱2,613	₱176,374	(₱23,076)	(₱4,404)	(₱145)	(₱7,982)	₱318,508	₱9,582	₱328,090
Balance as at January 1, 2021	₱89,948	₱85,252	(₱65)	₱2,260	₱153,282	₱7,611	(₱4,778)	(₱22)	(₱9,284)	₱324,204	₱8,971	₱333,175
Total comprehensive income (loss) for the year	–	–	–	–	22,156	(11,368)	31	(96)	1,573	12,296	405	12,701
Transfer to surplus reserves	–	–	–	182	(182)	–	–	–	–	–	–	–
Cash dividend (Note 23)	–	–	–	–	(17,990)	–	–	–	–	(17,990)	(149)	(18,139)
Realized loss on sale of equity securities at FVOCI (Note 8)	–	–	–	–	(6)	6	–	–	–	–	–	–
Acquisition of Parent Company shares by mutual fund subsidiary	–	–	(14)	–	–	–	–	–	–	(14)	–	(14)
Disposal of Parent Company shares held by mutual fund subsidiary	–	–	9	–	–	–	–	–	–	9	–	9
Balance as at December 31, 2021	₱89,948	₱85,252	(₱70)	₱2,442	₱157,260	(₱3,751)	(₱4,747)	(₱118)	(₱7,711)	₱318,505	₱9,227	₱327,732

	Parent Company									
	Common Stock (Note 23)	**Capital Paid In Excess of Par Value** (Note 23)	**Treasury Stock** (Note 23)	**Surplus Reserves** (Note 24)	**Surplus** (Note 23)	**Net Unrealized Gain (Loss) on Investment Securities at FVOCI** (Note 8)	**Remeasurement Losses on Retirement Plans** (Notes 11 and 27)	**Equity in Other Comprehensive Income (Losses) of Investees** (Note 11)	**Translation Adjustment and Others** (Note 11)	**Total Equity**
Balance as at January 1, 2023	**₱89,948**	**₱85,252**	**(₱72)**	**₱2,613**	**₱176,374**	**(₱23,076)**	**(₱4,404)**	**(₱145)**	**(₱7,297)**	**₱319,193**
Total comprehensive income (loss) for the year	–	–	–	–	**42,238**	**12,926**	**(3,087)**	**261**	**(691)**	**51,647**
Transfer to surplus reserves	–	–	–	**139**	**(139)**	–	–	–	–	–
Cash dividend (Note 23)	–	–	–	–	**(13,492)**	–	–	–	–	**(13,492)**
Realized gain on sale of equity securities at FVOCI	–	–	–	–	**(85)**	**85**	–	–	–	–
Acquisition of Parent Company shares by mutual fund subsidiary	–	–	**(5)**	–	–	–	–	–	–	**(5)**
Disposal of Parent Company shares held by mutual fund subsidiary	–	–	**7**	–	–	–	–	–	–	**7**
Balance as at December 31, 2023	**₱89,948**	**₱85,252**	**(₱70)**	**₱2,752**	**₱204,896**	**(₱ 10,065)**	**(₱7,491)**	**₱116**	**(₱7,988)**	**₱357,350**
Balance as at January 1, 2022	₱89,948	₱85,252	(₱70)	₱2,442	₱157,260	(₱3,751)	(₱4,747)	(₱118)	(₱7,026)	₱319,190
Total comprehensive income (loss) for the year	–	–	–	–	32,776	(19,324)	343	(27)	(271)	13,497
Transfer to surplus reserves	–	–	–	171	(171)	–	–	–	–	–
Cash dividend (Note 23)	–	–	–	–	(13,492)	–	–	–	–	(13,492)
Share in realized gain on sale of equity securities at FVOCI (Note 8)	–	–	–	–	1	(1)	–	–	–	–
Acquisition of Parent Company shares by mutual fund subsidiary	–	–	(14)	–	–	–	–	–	–	(14)
Disposal of Parent Company shares held by mutual fund subsidiary	–	–	12	–	–	–	–	–	–	12
Balance as at December 31, 2022	₱89,948	₱85,252	(₱72)	₱2,613	₱176,374	(₱23,076)	(₱4,404)	(₱145)	(₱7,297)	₱319,193
Balance as at January 1, 2021	₱89,948	₱85,252	(₱65)	₱2,260	₱153,282	₱7,611	(₱4,778)	(₱22)	(₱8,599)	₱324,889
Total comprehensive income (loss) for the year	–	–	–	–	22,156	(11,368)	31	(96)	1,573	12,296
Transfer to surplus reserves	–	–	–	182	(182)	–	–	–	–	–
Cash dividend (Note 23)	–	–	–	–	(17,990)	–	–	–	–	(17,990)
Share in realized loss on sale of equity securities at FVOCI (Note 8)	–	–	–	–	(6)	6	–	–	–	–
Acquisition of Parent Company shares by mutual fund subsidiary	–	–	(14)	–	–	–	–	–	–	(14)
Disposal of Parent Company shares held by mutual fund subsidiary	–	–	9	–	–	–	–	–	–	9
Balance as at December 31, 2021	₱89,948	₱85,252	(₱70)	₱2,442	₱157,260	(₱3,751)	(₱4,747)	(₱118)	(₱7,026)	₱319,190

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(In Millions)

	Consolidated			**Parent Company**		
	Years Ended December 31					
	2023	2022	2021	**2023**	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**₱55,849**	₱43,918	₱30,141	**₱54,298**	₱41,817	₱27,954
Adjustments for:						
Provision for credit and impairment losses (Note 15)	**8,978**	8,112	11,834	**6,661**	5,740	7,683
Depreciation and amortization (Notes 10, 12 and 14)	**5,788**	4,992	5,049	**3,366**	2,635	2,590
Unrealized market valuation loss (gain) on financial assets and liabilities at FVTPL	**755**	(4,359)	(868)	**859**	(4,651)	(739)
Gain on initial recognition of investment properties and chattel properties acquired in foreclosure (Note 25)	**(836)**	(1,302)	(813)	**(105)**	(83)	(41)
Amortization of software costs (Note 14)	**1,134**	984	1,381	**945**	818	1,189
Profit from assets sold (Notes 10 and 12)	**(2,113)**	(898)	(381)	**(1,594)**	(230)	(154)
Share in net income of subsidiaries, associates and a joint venture (Note 11)	**(875)**	(704)	(568)	**(5,281)**	(4,168)	(2,251)
Trading and securities gain on investment securities at FVOCI (Note 8)	**(153)**	(697)	(3,691)	**(87)**	(676)	(3,676)
Amortization of discount on subordinated debts, bonds payable and lease liability (Notes 19 and 20)	**612**	474	573	**493**	346	414
Dividends (Note 8)	**(257)**	(198)	(158)	**(19)**	(9)	(15)
Gain on disposal of investment securities at amortized cost (Note 8)	–	–	(12)	–	–	–
Decrease (increase) in:						
Investment securities at FVTPL	**(12,012)**	68	22,165	**(11,697)**	(366)	23,098
Loans and receivables	**(127,450)**	(190,216)	5,082	**(102,724)**	(187,776)	(16,433)
Other assets	**(6,436)**	(1,523)	(2,506)	**(6,614)**	(1,160)	(1,145)
Increase (decrease) in:						
Deposit liabilities	**161,648**	290,841	133,069	**175,189**	277,823	77,636
Bills payable - deposit substitutes	**(1,055)**	(2,444)	(5,593)	**(375)**	(181)	(1,329)
Manager's checks and demand drafts outstanding	**547**	1,105	(628)	**46**	684	(690)
Accrued interest and other expenses	**5,829**	4,097	709	**5,472**	2,967	803
Other liabilities	**6,160**	8,310	4,883	**5,099**	7,746	(2,707)
Non-equity non-controlling interest	**121**	(480)	2,304	**–**	–	–
Net cash provided for operations	**96,234**	160,080	201,972	**123,932**	141,276	112,187
Dividends received (Note 8)	**257**	198	158	**19**	9	15
Income taxes paid	**(11,809)**	(9,020)	(7,154)	**(10,016)**	(7,690)	(5,821)
Net cash provided by operating activities	**84,682**	151,258	194,976	**113,935**	133,595	106,381
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of:						
Investment securities at FVOCI (Note 4)	**(718,070)**	(879,279)	(1,684,305)	**(119,769)**	(256,734)	(1,180,324)
Property and equipment (Note 10)	**(3,751)**	(3,116)	(3,229)	**(2,181)**	(1,296)	(1,682)
Investment securities at amortized cost (Note 4)	**(152,360)**	(240,172)	(64,089)	**(150,296)**	(228,167)	(52,097)
Proceeds from sale of:						
Investment securities at FVOCI (Notes 4 and 11)	**721,065**	976,907	1,598,874	**104,631**	380,525	1,152,643
Investment properties (Note 12)	**2,800**	1,526	1,487	**2,014**	491	418
Property and equipment (Note 10)	**408**	455	453	**62**	101	85
Proceeds from:						
Disposal of investment securities at amortized cost (Notes 4 and 8)	–	–	379	–	–	–
Maturity of investment securities at amortized cost (Note 4)	**2,143**	6,825	4,417	–	164	2,996
Decrease (increase) in interbank loans receivable and SPURA (Note 26)	**(1,356)**	6,437	18,326	**5,516**	3,988	17,398
Cash dividends from investees (Note 11)	**36**	442	708	**1,132**	1,132	1,132
Net cash used in investing activities	**(149,085)**	(129,975)	(126,979)	**(158,891)**	(99,796)	(59,431)

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2023	2022	2021	**2023**	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES (Note 26)						
Settlements of bills payable	**(₱3,439,226)**	(₱2,697,815)	(₱883,146)	**(₱2,721,810)**	(₱2,413,819)	(₱721,518)
Availments of bills payable and SSURA	**3,505,855**	2,721,247	819,459	**2,786,810**	2,437,942	666,710
Proceeds from issuance of bonds payable (Note 19)	–	23,523	18,844	–	23,523	18,844
Repayments of:						
Bonds payable (Note 19)	**(18,400)**	(17,500)	(32,210)	**(13,750)**	(17,500)	(21,750)
Subordinated debts (Note 20)	**(1,170)**	–	–	**(1,170)**	–	–
Cash dividends paid (Note 23)	**(13,641)**	(13,641)	(18,139)	**(13,492)**	(13,492)	(17,990)
Payment of lease liabilities (Note 13)	**(2,121)**	(1,968)	(1,718)	**(1,302)**	(1,115)	(929)
Proceeds from disposal of Parent Company shares by mutual fund subsidiaries (Note 32)	**7**	12	–	**7**	12	–
Acquisition of Parent Company shares by a mutual fund subsidiary (Note 23)	**(5)**	(14)	(5)	**(5)**	(14)	–
Net cash provided by (used in) financing activities	**31,299**	13,844	(96,915)	**35,288**	15,537	(76,633)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(33,104)**	35,127	(28,918)	**(9,668)**	49,336	(29,683)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**40,683**	41,302	38,469	**38,701**	38,452	35,606
Due from BSP	**252,628**	253,257	304,906	**215,074**	199,974	262,188
Due from other banks	**75,513**	48,862	38,357	**56,698**	36,240	22,742
Interbank loans receivable and SPURA (Note 26)	**65,786**	56,062	46,669	**59,557**	46,028	29,841
	434,610	399,483	428,401	**370,030**	320,694	350,377
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**39,431**	40,683	41,302	**37,692**	38,701	38,452
Due from BSP	**207,807**	252,628	253,257	**198,061**	215,074	199,974
Due from other banks	**90,586**	75,513	48,862	**65,867**	56,698	36,240
Interbank loans receivable and SPURA (Note 26)	**63,682**	65,786	56,062	**58,742**	59,557	46,028
	₱401,506	₱434,610	₱399,483	**₱360,362**	₱370,030	₱320,694

OPERATIONAL CASH FLOWS FROM INTEREST

	Consolidated			Parent Company		
	Years Ended December 31					
	2023	2022	2021	**2023**	2022	2021
Interest paid	**₱44,505**	₱14,074	₱12,061	**₱36,650**	₱9,465	₱7,312
Interest received	**148,435**	98,881	88,369	**124,096**	77,663	66,951

See accompanying Notes to Financial Statements.

1. Corporate Information

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

The Parent Company and its subsidiaries (the Group) are engaged in all aspects of banking, financing, leasing, real estate and stock brokering. As of December 31, 2023, the Group has 954 branches, 1,295 Automated Teller Machines (ATMs) in the branches (on-site) and 1,031 ATMs in other locations (off-site). As a bank, the Parent Company, which is the ultimate parent of the Group, provides products and services such as deposits, loans and trade finance, credit card products, programs and facilities, electronic banking facilities, cash management, domestic and foreign fund transfers, treasury products, remittances, institutional fund-management, private banking and trust services. The Bank temporarily changed its business address from Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City to GT Tower International, 6813 Ayala Ave., corner H.V. Dela Costa St., Brgy. Bel-Air, Makati City, effective August 14, 2023.

2. Summary of Material Accounting Policies

Basis of Preparation

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

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

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

Statement of Compliance

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

Presentation of Financial Statements

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

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and of its subsidiaries and are prepared for the same reporting period as the Parent Company using consistent accounting policies. The following are the wholly and majority-owned foreign and domestic subsidiaries of the Parent Company in 2023 and 2022 (Note 11):

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

* *In process of dissolution*
** *In process of liquidation*

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

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

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

Entity with Significant Influence over the Group
GT Capital Holdings, Inc. (GT Capital) holds 37.15% interest in the Parent Company as of December 31, 2023 and 2022 (Note 32).

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

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

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

Legal Merger between Parent Company and Subsidiary (Note 20)
In the parent company financial statements, the legal merger between the Parent Company and its subsidiary, with the Parent Company as the surviving entity, is accounted for as follows:
- The acquired assets and assumed liabilities are recognized at the carrying amounts in the consolidated financial statements as of the date of the legal merger (Note 20);
- The difference between the carrying amount of the net assets of the subsidiary and the carrying amount of the investment in the merged subsidiary before the legal merger is recognized under "Translation adjustment and others" account in the equity section of the parent company statement of financial position; and

- The comparative financial information in the parent company financial statements for period prior to the legal merger is not restated. The financial position and results of operations of the merged subsidiary are reflected in the parent company financial statements only from the date of the legal merger.

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

Amendments to PAS 12, *International Tax Reform-Pillar Two Model Rules*
The amendments to PAS 12 have been introduced in response to the Organization for Economic Cooperation and Development's Base Erosion and Profit Shifting Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

In periods in which Pillar Two legislation is (substantively) enacted but not yet effective, the amendment requires disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes, including both qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. Once the legislation is effective, additional disclosures are required for the current tax expense related to Pillar Two income taxes.

The Bank has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules and has determined that it will not be subject to Pillar Two taxes once the legislation becomes effective since its effective tax rate is above 15% in all the jurisdictions in which it operates.

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

The amendments also clarify that judgement should be applied in assessing whether the tax deductions on the lease payments are related to the lease asset (and interest expense) or lease liability (and interest expense) after considering the applicable tax law.

Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of accounting estimates*
The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an

input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

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

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition and presentation of any items in the Group's financial statements.

Material Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

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

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

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

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

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

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

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

Derivatives recorded at FVTPL
The Parent Company and some of its subsidiaries are counterparties to derivative contracts, such as currency forwards, currency swaps, interest rate swaps (IRS), call options, non-deliverable forwards (NDF) and other interest rate derivatives. These derivatives are entered into as a service to customers and as a means of reducing or managing their respective foreign exchange and interest rate exposures,

as well as for trading purposes. Such derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the statement of income and are included in 'Trading and securities gain/(loss) - net'. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

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

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

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

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

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

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

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

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

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

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

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial assets
A financial asset (or, when applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:
- The rights to receive cash flows from the asset have expired; or
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- The Group has transferred its rights to receive cash flows from the asset and either:
    a. Has transferred substantially all the risks and rewards of the asset; or
    b. Has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

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

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

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

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

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

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

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

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

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

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

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

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

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

Impairment of Financial Assets
The Group follows the PFRS 9 loss impairment method on financial assets through a forward-looking ECL approach which covers all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts.

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

ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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

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

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

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

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

For credit-impaired financial assets:

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

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

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

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

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

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

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

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

The Parent Company offers credit card facilities, in which it has the right to cancel and/or reduce the facilities with one-day notice. It does not limit its exposure to credit losses to the contractual notice period, but instead, calculates ECL over a period that reflects its expectations of the customers' behavior, their likelihood of default, and its future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and expectations, the period over which ECL is calculated for these products is two (2) years. The interest rate used to discount the

ECL for credit cards is based on contractual interest rate. These rates are also used to discount future recoveries over a period of five years as these cover the cost of securing an equivalent fund. The contractual interest rate is used as discounting factor since the Parent Company estimates that this rate is reflective of the EIR.

Forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, *such* as growth of the gross domestic product, inflation rates, unemployment rates, interest rates and BSP statistical indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The following economic inputs were determined to be statistically significant in measuring ECL:
- GDP growth
- Inflation rate
- Unemployment rate
- Minimum wage
- USD:PHP exchange rate
- Consumer confidence index
- Peso interest rate
- USD interest rate
- WTI crude oil price
- Business confidence index
- GVA of some industries

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

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

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

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

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

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

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

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

Discounts earned, membership fees and awards revenue on credit cards
The following table provides information about the nature and timing of the satisfaction of performance obligations for the Parent Company's credit card business including significant payment terms, and the related revenue recognition policies.

Type of Product/Service	Nature and Timing of Satisfaction of Performance Obligations, including Significant Payment Terms	Revenue Recognition under PFRS 15
Discounts earned	Charges arising from credit availments by the Parent Company's and other credit companies' cardholders when the Parent Company is acting as an acquirer. These discounts are computed based on certain agreed rates. These also include interchange income from transactions processed by other acquirers through VISA and Mastercard and fees from cash advance transactions of cardholders.	Recognized as revenue upon receipt from member establishments of charges arising from credit availments by the Parent Company's cardholders and other credit companies' cardholders when the Parent Company is acting as an acquirer.
Membership fees and dues	Periodically charged to cardholders upfront.	Deferred and recorded under 'Deferred revenue' and recognized on a straight-line basis over the period the fee entitles the cardholders to use the card.

Type of Product/Service	Nature and Timing of Satisfaction of Performance Obligations, including Significant Payment Terms	Revenue Recognition under PFRS 15
Awards revenue	The Parent Company operates a loyalty points program, which allows customers to accumulate points when they purchase from member establishments using the issued card of the Parent Company. The points accumulate and do not expire.	The Parent Company allocates a portion of the consideration received from discounts earned and interchange fees from credit cards to the reward points based on the estimated stand-alone selling prices. The amount allocated to the loyalty program is deferred, and is recognized as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote.

Revenues outside the scope of PFRS 15

Interest income

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

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

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

Interbank Offered Rate (IBOR) reform Phase 2 requires, as a practical expedient, that changes to the basis for determining contractual cash flows that are necessary as a direct consequence of IBOR reform are treated as a change to a floating rate of interest provided that the transition from IBOR to a risk-free-rate (RFR) takes place on a basis that is 'economically equivalent'. To qualify as 'economically equivalent', the terms of the financial instrument must be the same before and after transition except for the changes required by IBOR reform.

For changes that are not required by IBOR reform, the Group applies judgement to determine whether they result in the financial instrument being derecognized. Therefore, as financial instruments transition from IBOR to RFRs, the Group applies judgment to assess whether the transition has taken place on an economically equivalent basis. In making this assessment, the Group considers the extent of any changes to the contractual cash flows as a result of the transition and the factors that have given rise to the changes, with consideration of both quantitative and qualitative factors. Examples of changes that are economically equivalent include changing the reference interest rate from an IBOR to an RFR, changing the reset period for days between coupons to align with the RFR, adding a fallback to automatically transition to an RFR when the IBOR ceases, and adding a fixed credit adjustment spread based on that calculated by the International Swaps and Derivatives Association or which is implicit in market forward rates for the RFR.

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

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

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

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

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

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

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

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

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

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

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

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

Investments in Subsidiaries, Associates and a Joint Venture (JV)

Investment in subsidiaries

Subsidiaries pertain to all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights.

Investment in associates

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

Investment in a JV

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

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

Under the equity method, investments in associates and a JV are carried in the statement of financial position at cost plus post-acquisition changes in the Group's and the Parent Company's share of the net assets of the associate or JV less allowance for impairment losses. Post-acquisition changes in the share of net assets of the associate or a JV include the share in the:

a. Income or losses; and
b. Unrealized gain or loss on investment securities, remeasurement of retirement plans and others.

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

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

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

Investment Properties

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

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

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

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

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

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

Interest in Joint Operations

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

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

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

Chattel Mortgage Properties

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

Subordinated Notes

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

Intangible Assets

Software costs

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

Goodwill

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

Customized System Development Cost

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

Impairment of Non-financial Assets

Property and equipment, investments in subsidiaries, associates and a JV, investment properties, chattel mortgage properties, intangible assets with finite useful lives and other assets

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

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

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

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

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

ROU assets
The Group recognizes ROU assets (included in 'Property and Equipment') at the commencement date of the lease (that is, the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and allowance for impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities

recognized and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office space	2 to 30 years
ATM site and equipment	1 to 5 years

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

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

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

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

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

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

<u>Retirement Cost</u>
The Group has a non-contributory defined benefit retirement plans, except for FMIIC and its subsidiary which follow the defined contribution retirement benefit plan and the Mandatory Provident Fund Scheme (MPFS). The retirement cost of the Parent Company and most of its subsidiaries is determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current year. The net defined benefit liability or asset is the aggregate of the present value of the

defined benefit obligation (DBO) at the end of the statement of financial position date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

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

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

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

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

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

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

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

Surplus represents accumulated earnings of the Group less dividends declared.

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

Provisions

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

Contingent Liabilities and Contingent Assets

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

Income Taxes

Current taxes

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

Deferred taxes

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

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

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

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

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

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

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

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

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

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

Standards Issued but not yet Effective

New and amended standards and interpretations that are issued but not yet effective will not have a material impact on the Bank's combined financial statements.

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Significant Accounting Judgments and Estimates

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

Judgments
a. *Classification of financial assets*
The Group classifies its financial assets depending on the results of the SPPI test and on the business model used for managing those financial assets.

When performing the SPPI test, the Group applies judgement and evaluates relevant factors and characteristics such as the behavior and nature of contractual cash flows, its original currency denomination, the timing and frequency of interest rate repricing, contingent events that would alter the amount and/or timing of cash flows, leverage features, prepayments or extension options and other features that may modify the consideration for the time value of momey.

As a second step, the Group performs business model assessment to reflect how financial assets are managed in order to generate net cash inflows based on the following factors:

- Business objectives and strategies for holding the financial assets;
- Performance measures and benchmarks being used to evaluate the Group's key management personnel accountable to the financial assets;
- Risks associated to the financial assets and the tools applied in managing those risks;
- Compensation structure of business units, including whether based on fair values changes of the investments managed or on the generated cash flows from transactions; and
- Frequency and timing of disposals.

In applying judgment, the Group also considers the circumstances surrounding the the transaction as well as the prudential requirements of the BSP.

b. *Consolidation of subsidiaries*

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

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

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

c. *Existence of significant influence over an associate with less than 20.00% ownership*

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

- Representation in the BOD or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the investor and the investee;
- Interchange of managerial personnel;

- Joint voting agreement with other investors; or
- Provision of essential technical information.

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

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

Estimates

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

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

- Segmentation of the portfolio, where the appropriate model or ECL approach is used.
- Criteria for assessing if there has been a SICR and so allowances for debt financial assets should be measured on a lifetime ECL basis and the qualitative assessment.
    - The Group likewise performed quarterly reviews of its credit exposures to determine the occurrence of SICR notwithstanding said reprieves. Exposures belonging to sectors widely determined to be most at-risk and non-essential (for example, tourism, entertainment and leisure, hotels and restaurants, airlines), and projected to experience significant revenue and liquidity strain in the event of prolonged economic inactivity, were also included under Stage 2.
- Segmentation of debt financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs. The Parent Company and the Group as a whole continuously review and calibrate their models based on the results of the model validation and regular backtesting.
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, LGDs and EADs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The gross carrying amounts of financial assets subject to ECL as of December 31, 2023 and 2022 are disclosed in Note 4, while the related allowances for expected credit losses are disclosed in Note 15. In 2023, 2022 and 2021, provision for credit losses on these financial assets amounted to ₱7.9 billion, ₱7.8 billion and ₱11.7 billion, respectively, for the Group, and ₱6.2 billion, ₱5.7 billion and ₱7.7 billion, respectively, for the Parent Company (Note 15).

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

c. *Impairment of non-financial assets*
The Group assesses impairment on non-financial assets (property and equipment, investments in subsidiaries, associates and a JV, investment properties, software costs, chattel mortgage properties and other assets) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

The Group uses the higher of FVLCTS and VIU in determining the recoverable amount of the asset. In 2023 and 2022, the Group considered the impact of the COVID-19 pandemic in determining the VIU. Based on the Group's impairment testing as of December 31, 2023 and 2022, allowance for impairment losses on investment in associates amounted to ₱1.3 billion and ₱883.4 million, respectively for the Group, and ₱101.1 million for the Parent Company.

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

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

The fair value of the CGU is determined using the cost approach, specifically the adjusted Net Asset Value (NAV) method. This method requires the measurement of the fair value of the individual assets and liabilities recognized in the CGU, as well as the fair value of any unrecognized assets and liabilities at the measurement date. The resulting net fair values of the assets and liabilities represent the fair value of the CGU. In determining the fair value of the CGU's net assets, the Group used the discounted cash flow method for unquoted debt financial assets/liabilities at the appropriate market rate, the price-to-earnings (P/E) valuation and adjusted NAV model for unquoted equity investments, and the appraisal reports for the valuation of real properties. Fair values of listed debt and equity securities are based on their quoted market prices. The Group applied the P/E valuation model by reference to P/E ratios of listed comparable companies of the investee company. The FVLCTS calculation of the CGU is most sensitive to the P/E ratios of listed comparable companies of the investee company. In 2023, the Group recognized impairment loss of ₱474.3 million (Note 15). As of December 31, 2023 and 2022, the Group's goodwill amounted to ₱4.7 billion and ₱5.2 billion respectively.

4. Financial Risk and Capital Management

Introduction

The Group has exposure to the following risks from its use of financial instruments:

a. Credit;
b. Liquidity; and
c. Market risks.

Risk management framework

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

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

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

Credit Risk

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

Management of credit risk
The Group faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties, guarantees the paying performance of its clients, invests funds to issuers (for example, investment securities issued by either sovereign or corporate entities) or enter into either market-traded or over-the-counter derivatives, either through implied or actual contractual agreements (that is, on- or off-balance sheet exposures). The Parent Company manages its credit risk at various levels (that is, strategic level, portfolio level down to individual obligor or transaction) by adopting a credit risk management environment that has the following components:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit/financial assessment, risk grading and reporting, and compliance with regulatory requirements;
- Establishment of authorization limits for the approval and renewal of credit facilities;
- Limiting concentrations of exposure to counterparties and industries (for loans), and by the issuer (for investment securities);
- Utilizing the Internal Credit Risk Rating System (ICRRS) to categorize exposures according to their risk profile. The risk grading system is used for determining loan loss provisions against credit exposures. The current risk grading framework consists of ten grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation; and
- Monitoring compliance with approved exposure limits.

Borrowers, counterparties, or groups of related accounts across the Group are aggregated and managed by the Parent Company's Institutional Banking Sector as the "Control Unit". Group Limits for conglomerates are set-up and approved to guide subsidiaries and affiliates of the Group. Consolidated exposures are regularly reported to senior management, the EXCOM, and the ROC.

Credit risk at initial recognition
The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

Modification
In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial difficulty. The modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments and accrual of interest and charges.

On March 24, 2020, Republic Act (RA) No. 11469 or the "Bayanihan to Heal as One Act" (Bayanihan 1) was enacted declaring a state of national emergency over the entire country to control the spread of the COVID-19. Among the provisions of Bayanihan 1 is the implementation of a 30-day grace period for all loans with principal and/or interest falling due within the period of the Enhanced Community Quarantine without incurring interest on interest, on penalties, fees and other charges. Further, on September 11, 2020, RA No. 11494 or the "Bayanihan to Recover as One Act" (Bayanihan 2) was enacted and part of the provisions of the Bayanihan 2 is the implementation of a one-time 60-day grace period to be granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interest, penalties, fees and other charges, thereby extending the maturity of said loans. In addition, Bayanihan 2 allows loans to be settled on a staggered basis without interest on interests, penalties, fees or other charges until December 31, 2020 or as may be agreed upon by both parties.

As of December 31, 2020, the impact of loan modifications as a result of the Bayanihan 1 and Bayanihan 2 Acts amounted to a loss of ₱1.7 billion for the Group and ₱1.2 billion for the Parent Company. For the year ended December 31, 2023 and 2022, total accretion arising from the accretion of the modified loans arising from the Bayanihan 1 and Bayanihan 2 Acts amounted to ₱70.1 million and ₱107.0 million, respectively, for the Group, and nil for the Parent Company.

Maximum exposure to credit risk

An analysis of the maximum credit risk exposure (net of allowance for ECL) relating to financial assets with collateral or credit enhancements is shown below:

	Consolidated							
	2023				2022			
	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure
Interbank loans receivable and SPURA (Note 7)	**₱37,666**	**₱37,364**	**₱37,344**	**₱322**	₱28,736	₱28,099	₱28,093	₱643
Loans and receivables - net								
Receivables from customers								
Commercial loans	**321,725**	**1,440,521**	**295,589**	**26,136**	318,235	1,554,136	292,274	25,961
Residential mortgage loans	**91,699**	**175,884**	**81,453**	**10,246**	91,626	178,469	88,808	2,818
Auto loans	**91,846**	**130,491**	**89,812**	**2,034**	75,664	107,134	72,935	2,729
Trade loans	**46,620**	**46,098**	**45,692**	**928**	56,969	56,629	56,017	952
Others	**249**	**1,891**	**201**	**48**	777	781	732	45
	552,139	**1,794,885**	**512,747**	**39,392**	543,271	1,897,149	510,766	32,505
Accrued interest receivable	**4,061**	**2,719**	**2,719**	**1,342**	4,346	2,557	2,557	1,789
Sales contract receivable	**29**	**103**	**29**	**–**	29	109	29	–
	556,229	**1,797,707**	**515,495**	**40,734**	547,646	1,899,815	513,352	34,294
Total	**₱593,895**	**₱1,835,071**	**₱552,839**	**₱41,056**	₱576,382	₱1,927,914	₱541,445	₱34,937

	Parent Company							
	2023				2022			
	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure
Interbank loans receivable and SPURA (Note 7)	**₱29,956**	**₱29,634**	**₱29,634**	**₱322**	₱26,084	₱25,448	₱25,441	₱643
Loans and receivables - net								
Receivables from customers								
Commercial loans	**248,850**	**1,354,884**	**226,196**	**22,654**	245,732	1,469,763	224,218	21,514
Residential mortgage loans	**51,485**	**110,731**	**51,184**	**301**	50,651	111,603	50,382	269
Auto loans	**20,706**	**47,257**	**20,011**	**695**	18,259	39,164	17,761	498
Trade loans	**46,620**	**46,098**	**45,692**	**928**	56,969	56,629	56,017	952
Others	**120**	**111**	**72**	**48**	635	629	590	45
	367,781	**1,559,081**	**343,155**	**24,626**	372,246	1,677,788	348,968	23,278
Accrued interest receivable	**1,734**	**1,697**	**1,697**	**37**	1,797	1,793	1,793	4
Sales contract receivable	**23**	**83**	**23**	**–**	18	77	18	–
	369,538	**1,560,861**	**344,875**	**24,663**	374,061	1,679,658	350,779	23,282
Total	**₱399,494**	**₱1,590,495**	**₱374,509**	**₱24,985**	₱400,145	₱1,705,106	₱376,220	₱23,925

The maximum exposure to credit risks for the other financial assets is limited to their carrying values as of December 31, 2023 and 2022.

Collaterals on loans and receivables includes real estate and chattel mortgages, guarantees, and other registered securities over assets. Generally, collateral is not held over loans and advances to banks, except for reverse repurchase agreements and certain due from other banks. Collateral usually is not held against investment securities, and no such collateral was held as of December 31, 2023 and 2022. Estimates of fair values of the collateral are based on the value of collateral assessed at the time of borrowing and are regularly updated according to internal lending policies and regulatory guidelines. The Group is not permitted to sell or repledge the collateral in the absence of default by the counterparty.

The following tables show the effect of rights of set-off associated with the recognized financial assets and financial liabilities:

	Gross Carrying Amounts (before Offsetting)	Gross Amounts Offset in Accordance with the Offsetting Criteria	Net Amount Presented in Statement of Financial Position	Effect of Remaining Rights of Set-Off (including Rights to Set-off Financial Collateral) Not Meeting Offsetting Criteria		Net Exposure
				Financial Instruments	Fair Value of Financial Collateral	
Financial assets recognized by type						
Consolidated						
2023						
Derivative assets	**₱544,723**	**₱522,887**	**₱21,836**	**₱6,949**	**₱–**	**₱14,887**
SPURA	**37,666**	–	**37,666**	–	**37,344**	**322**
	₱582,389	**₱522,887**	**₱59,502**	**₱6,949**	**₱37,344**	**₱15,209**
2022						
Derivative assets	₱440,728	₱416,749	₱23,979	₱5,138	₱–	₱18,841
SPURA	28,736	–	28,736	–	28,093	643
	₱469,464	₱416,749	₱52,715	₱5,138	₱28,093	₱19,484
Parent Company						
2023						
Derivative assets	**₱544,723**	**₱522,887**	**₱21,836**	**₱6,949**	**₱–**	**₱14,887**
SPURA	**29,956**	–	**29,956**	–	**29,634**	**322**
	₱574,679	**₱522,887**	**₱51,792**	**₱6,949**	**₱29,634**	**₱15,209**
2022						
Derivative assets	₱440,722	₱416,749	₱23,973	₱5,138	₱–	₱18,835
SPURA	26,084	–	26,084	–	25,441	643
	₱466,806	₱416,749	₱50,057	₱5,138	₱25,441	₱19,478
Financial liabilities recognized by type						
Consolidated						
2023						
Derivative liabilities	**₱640,585**	**₱623,970**	**₱16,615**	**₱6,949**	**₱–**	**₱9,666**
SSURA	**134,800**	–	**134,800**	–	**134,800**	–
	₱775,385	**₱623,970**	**₱151,415**	**₱6,949**	**₱134,800**	**₱9,666**
2022						
Derivative liabilities	₱395,549	₱379,130	₱16,419	₱5,138	₱–	₱11,281
SSURA	67,120	–	67,120	–	67,120	–
	₱462,669	₱379,130	₱83,539	₱5,138	₱67,120	₱11,281
Parent Company						
2023						
Derivative liabilities	**₱640,584**	**₱623,970**	**₱16,614**	**₱6,949**	**₱–**	**₱9,665**
SSURA	**132,234**	–	**132,234**	–	**132,234**	–
	₱772,818	**₱623,970**	**₱148,848**	**₱6,949**	**₱132,234**	**₱9,665**
2022						
Derivative liabilities	₱395,540	₱379,129	₱16,411	₱5,138	₱–	₱11,273
SSURA	65,934	–	65,934	–	65,934	–
	₱461,474	₱379,129	₱82,345	₱5,138	₱65,934	₱11,273

Excessive risk concentration

Credit risk concentrations can arise whenever a significant number of borrowers have similar characteristics and are affected similarly by changes in economic or other conditions. The Parent Company analyzes the credit risk concentration to an individual borrower, related group of accounts, industry, internal rating buckets, and security. For risk concentration monitoring purposes, the financial assets are broadly categorized into (1) loans and receivables and (2) trading and financial investment securities. To mitigate risk concentration, the Parent Company constantly checks for breaches in regulatory and internal limits.

Concentration of risks of financial assets with credit risk exposure

Below is an analysis of concentrations of credit risk at the statement of financial position date based on carrying amount:

	Consolidated				
	Loans and Receivables	**Loans and Advances to Banks***	**Investment Securities****	**Others*****	**Total**
2023					
Concentration by Industry					
Financial and insurance activities	**₱212,475**	**₱371,408**	**₱100,390**	**₱16,803**	**₱701,076**
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	**234,489**	–	–	**276,846**	**511,335**
Real estate activities	**296,359**	–	**153**	**3,456**	**299,968**
Wholesale and retail trade, repair of motor vehicles, motorcycles	**212,339**	–	–	**28,298**	**240,637**
Manufacturing	**188,960**	–	**933**	**15,140**	**205,033**
Transportation and storage, information and communication	**168,863**	–	**–**	**2,326**	**171,189**
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	**117,366**	–	**23**	**2,511**	**119,900**
Construction	**64,405**	–	–	**16,618**	**81,023**
Agricultural, forestry and fishing	**23,242**	–	–	**796**	**24,038**
Accommodation and food service activities	**17,620**	–	–	**18**	**17,638**
Others****	**52,642**	–	**904,217**	**17,856**	**974,715**
	1,588,760	**371,408**	**1,005,716**	**380,668**	**3,346,552**
Less allowance for credit losses	**51,594**	**87**	**375**	**10,772**	**62,828**
	₱1,537,166	**₱371,321**	**₱1,005,341**	**₱369,896**	**₱3,283,724**
Concentration by Location					
Philippines	**₱1,494,421**	**₱243,012**	**₱918,101**	**₱342,739**	**₱2,998,273**
Asia	**93,780**	**100,653**	**72,767**	**37,839**	**305,039**
USA	**450**	**12,733**	**4,070**	**90**	**17,343**
Europe	**19**	**12,748**	**883**	**–**	**13,650**
Others	**90**	**2,262**	**9,895**	**–**	**12,247**
	1,588,760	**371,408**	**1,005,716**	**380,668**	**3,346,552**
Less allowance for credit losses	**51,594**	**87**	**375**	**10,772**	**62,828**
	₱1,537,166	**₱371,321**	**₱1,005,341**	**₱369,896**	**₱3,283,724**
2022					
Concentration by Industry					
Financial and insurance activities	₱176,471	₱401,904	₱117,713	₱16,283	₱712,371
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	177,016	–	–	233,339	410,355
Wholesale and retail trade, repair of motor vehicles, motorcycles	222,828	–	–	32,328	255,156
Real estate activities	219,889	–	252	4,151	224,292
Manufacturing	198,372	–	225	15,545	214,142
Transportation and storage, information and communication	159,886	–	–	2,090	161,976
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	98,413	–	1,674	2,529	102,616
Construction	58,945	–	–	16,999	75,944
Accommodation and food service activities	22,023	–	–	10	22,033
Agricultural, forestry and fishing	21,129	–	–	311	21,440
Others****	114,855	–	727,088	34,328	876,271
	1,469,827	401,904	846,952	357,913	3,076,596
Less allowance for credit losses	51,445	60	471	10,892	62,868
	₱1,418,382	₱401,844	₱846,481	₱347,021	₱3,013,728
Concentration by Location					
Philippines	₱1,389,001	₱282,035	₱746,065	₱307,175	₱2,724,276
Asia	80,220	87,852	76,265	50,701	295,038
USA	493	18,063	11,208	37	29,801
Europe	23	12,422	1,369	–	13,814
Others	90	1,532	12,045	–	13,667
	1,469,827	401,904	846,952	357,913	3,076,596
Less allowance for credit losses	51,445	60	471	10,892	62,868
	₱1,418,382	₱401,844	₱846,481	₱347,021	₱3,013,728

	Parent Company				
	Loans and Receivables	**Loans and Advances to Banks***	**Investment Securities****	**Others*****	**Total**
2023					
Concentration by Industry					
Financial and insurance activities	**₱207,214**	**₱323,147**	**₱2,614**	**₱16,355**	**₱549,330**
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	**156,815**	–	–	**276,846**	**433,661**
Real estate activities	**244,565**	–	–	**3,431**	**247,996**
Wholesale and retail trade, repair of motor vehicles, motorcycles	**196,922**	–	–	**28,298**	**225,220**
Manufacturing	**185,950**	–	**782**	**15,140**	**201,872**
Transportation and storage, information and communication	**162,323**	–	–	**2,326**	**164,649**
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	**115,320**	–	–	**2,511**	**117,831**
Construction	**45,941**	–	–	**16,619**	**62,560**
Agricultural, forestry and fishing	**21,978**	–	–	**796**	**22,774**
Accommodation and food service activities	**17,397**	–	–	**18**	**17,415**
Others****	**21,873**	–	**877,216**	**716**	**899,805**
	1,376,298	**323,147**	**880,612**	**363,056**	**2,943,113**
Less allowance for credit losses	**40,962**	**69**	**361**	**10,691**	**52,083**
	₱1,335,336	**₱323,078**	**₱880,251**	**₱352,365**	**₱2,891,030**
Concentration by Location					
Philippines	**₱1,351,525**	**₱230,887**	**₱826,590**	**₱341,802**	**₱2,750,804**
Asia	**24,247**	**64,825**	**39,184**	**21,166**	**149,422**
USA	**449**	**12,541**	**4,070**	**88**	**17,148**
Europe	**6**	**12,741**	**884**	–	**13,631**
Others	**71**	**2,153**	**9,884**	–	**12,108**
	1,376,298	**323,147**	**880,612**	**363,056**	**2,943,113**
Less allowance for credit losses	**40,962**	**69**	**361**	**10,691**	**52,083**
	₱1,335,336	**₱323,078**	**₱880,251**	**₱352,365**	**₱2,891,030**
2022					
Concentration by Industry					
Financial and insurance activities	₱172,050	₱337,322	₱327	₱16,185	₱525,884
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	176,747	–	–	233,339	410,086
Wholesale and retail trade, repair of motor vehicles, motorcycles	205,280	–	–	32,328	237,608
Manufacturing	194,421	–	–	15,545	209,966
Real estate activities	181,741	–	–	4,116	185,857
Transportation and storage, information and communication	152,649	–	–	2,090	154,739
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	96,508	–	1,648	2,530	100,686
Construction	43,551	–	–	16,999	60,550
Accommodation and food service activities	21,809	–	–	10	21,819
Agricultural, forestry and fishing	19,400	–	–	311	19,711
Others****	16,614	–	700,907	904	718,425
	1,280,770	337,322	702,882	324,357	2,645,331
Less allowance for credit losses	41,210	38	452	10,799	52,499
	₱1,239,560	₱337,284	₱702,430	₱313,558	₱2,592,832
Concentration by Location					
Philippines	₱1,256,286	₱246,728	₱639,570	₱306,431	₱2,449,015
Asia	23,898	58,883	38,700	17,891	139,372
USA	492	17,846	11,208	35	29,581
Europe	16	12,412	1,370	–	13,798
Others	78	1,453	12,034	–	13,565
	1,280,770	337,322	702,882	324,357	2,645,331
Less allowance for credit losses	41,210	38	452	10,799	52,499
	₱1,239,560	₱337,284	₱702,430	₱313,558	₱2,592,832

* *Comprised of due from BSP, due from other banks and interbank loans receivable and SPURA.*
** *Comprised of debt securities at FVOCI and investment securities at amortized cost.*
*** *Comprised of applicable accounts under other assets, financial guarantees and loan commitments and other credit-related liabilities.*
**** *Comprised of loans and investments to the National Government.*

Credit quality per class of financial assets
The credit quality of financial assets is assessed and managed using external and internal ratings (applying ICRRS).

The ICRRS contains the following:

a. Borrower Risk Rating (BRR) - an assessment of the credit worthiness of the borrower (or guarantor) without considering the type or amount of the facility and security arrangements. It is an indicator of the probability that a borrower cannot meet its credit obligations when they fall due. The components of the assessment are described below:

Component	Description	Credit Factor Weight
Financial Condition	Refers to the financial condition of the borrower based on audited financial statements as indicated by certain financial ratios. The Financial Factor Evaluation is conducted manually.	40.00%
Industry Analysis	Refers to the prospects of the industry, as well as the company's performance and position in the industry.	30.00%
Management Quality	Refers to the management's ability to run the company successfully.	30.00%

b. Facility Risk Factor (FRF) - determined for each individual facility considering the term of the facility, security arrangement and quality of documentation. This factor can downgrade or upgrade the BRR based on the elements relating to cover (collateral including pledged cash deposits and guarantee), quality of documentation and structure of transactions.

c. Adjusted Borrower Risk Rating - combination of BRR and FRF.

Loans and receivables
The credit quality is generally monitored using the 10-grade ICRRS, which is integrated in the credit process. The validation of the individual borrower's risk rating is performed by the Credit Group to maintain accurate and consistent risk ratings across the credit portfolio. For commercial loans, the credit quality with the corresponding ICRRS Grade and description follows:

High Grade
1 - Excellent
An excellent rating is given to a borrower with a very low probability of going into default and with high degree of stability, substance and diversity. Borrower has access to raise substantial amounts of funds through public market at any time; very strong debt service capacity and has conservative balance sheet ratios. Track record in profit terms is very good. Borrower exhibits highest quality under virtually all economic conditions.

2 - Strong
This rating is given to borrowers with low probability of going into default in the coming year. Normally has a comfortable degree of stability, substance and diversity. Under normal market conditions, borrower has good access to public markets to raise funds. Have a strong market and financial position with a history of successful performance. Overall debt service capacity is deemed very strong; critical balance sheet ratios are conservative. Concerned multinationals or local corporations are well capitalized.

Standard Grade
3 - Good
This rating is given to smaller corporations with limited access to public capital markets or to alternative financial markets during favorable economic and/or market conditions. As it bears characteristics of some degree of stability and substance, probability of default is quite low. However, susceptibility to cyclical changes and more concentration of business risk, by product or market, may be present. Typical is the combination of comfortable asset protection and an acceptable balance sheet structure. Debt service capacity is strong.

4 - Satisfactory
A 'satisfactory' rating is given to a borrower where clear risk elements exist and probability of default is somewhat greater. Due to volatility of earnings and overall performance, borrower normally has limited access to public markets. Borrower should be able to withstand normal business cycles, but any prolonged unfavorable economic period would create deterioration beyond acceptable levels. With the combination of reasonable sound asset and cash flow protection, the debt service capacity is adequate. Reported profits in the past year and is expected to report a profit in the current year.

5 - Acceptable
An 'acceptable' rating is given to a borrower whose risk elements are sufficiently pronounced although borrower should still be able to withstand normal business cycles. Any prolonged unfavorable economic and/or market period would create an immediate deterioration beyond acceptable levels. Risk is still acceptable as there is sufficient cash flow either historically or expected in the future from new business or projected finance transaction; an existing borrower where the nature of the exposure represents a higher risk because of extraordinary developments but for which a decreasing risk within an acceptable period can be expected.

<u>Watchlist Grade</u>
5 - Watchlist
This rating is given to a borrower that belongs to an unfavorable industry or has company-specific risk factors which represent a concern. Operating performance and financial strength may be marginal and it is uncertain if borrower can attract alternative course of finance.

6 - Watchlist
Borrower finds it hard to cope with any significant economic downturn and a default in such a case is more than a possibility. Credit exposure is not at risk of loss at the moment but performance of the borrower has weakened which, unless present trends are reversed, could lead to losses.

<u>Classified Grade</u>
7 - Especially Mentioned
This rating is given to a borrower that exhibits pronounced weaknesses that deserve management's close attention. These potential weaknesses, if left uncorrected, may affect the repayment of the loan and thus, increase credit risk of the Group. Classification can be worsened if borrower is endorsed to Special Accounts Management Group for collection.

8 - Substandard
These are loans or portions thereof which appear to involve a substantial and unreasonable degree of risk to the Group because of unfavorable record or unsatisfactory characteristics. There exists the possibility of future losses to the Group unless given closer supervision. Borrower has well-defined weaknesses or weaknesses that jeopardize loan liquidation. Such well-defined weaknesses may include adverse trends or development of financial, managerial, economic or political nature, or a significant weakness in collateral.

9 - Doubtful
This rating is given to a nonperforming borrower whose loans or portions thereof have the weaknesses inherent in those classified as Substandard, with the added characteristics that existing facts, conditions, and values make collection or liquidation in full, highly improbable and in which substantial loss is probable.

10 - Loss
This rating is given to a borrower whose loans or portions thereof are considered uncollectible or worthless and of such little value that their continuance as bankable assets is not warranted although the loans may have some recoveries or salvage value. The amount of loss is difficult to measure and it is not practical or desirable to defer writing off these basically worthless assets even though partial recovery may be obtained in the future.

The credit quality of consumer loan applicants is currently evaluated using quantitative and qualitative criteria. For booked consumer loans, the description of credit quality is as follows:

<u>High Grade</u>
Good credit rating
This rating is given to a good repeat client with very satisfactory track record of its loan repayment (paid at least 50.00%) and whose account did not turn past due during the entire term of the loan.

<u>Standard Grade</u>
Good
A good rating is given to accounts which did not turn past due for 90 days and over.

Limited
This rating is given to borrowers who have average track record on loan repayment (paid less than 50.00%) and whose account did not turn past due for 90 days and over.

<u>Substandard Grade</u>
Poor
A poor rating is given to accounts who reached 90 days past due regardless of the number of times and the number of months past due.

Poor litigation
This rating is given to accounts that were past due for 180 days and over and are currently being handled by lawyers.

<u>Impaired</u>
Poor repossessed
This rating is given to accounts whose collaterals were repossessed.

Poor written-off
This rating is given to accounts that were recommended for write-off.

For booked credit card receivables, the description of credit quality is as follows:

Excellent
These are customers that have exhibited the best payment behavior and are generally those without history of past due which have been paying the outstanding balance in full over a period of twelve (12) months.

Very Satisfactory
These are customers that have exhibited the good payment behavior and are generally those without history of past due but could have revolved over a period of twelve (12) months.

Satisfactory
These are customers that have shown history of past due but not impaired, and are still within the average level of the credit card portfolio which remains to be profitable.

Poor
These are customers that are past due but not yet impaired and could still be cured by collection mitigation strategies.

Default
These are customers that are already impaired. Recovery strategies are needed to reduce exposure to these customers.

Investment securities
In ensuring quality investment portfolio, the Group uses the credit risk rating from the published data providers like Moody's, Standard & Poor's (S&P) or other reputable rating agencies. The following indicates the levels of equivalent credit quality and its relevant external rating:

Credit Quality	**External Rating**								
High grade	Aaa	Aa1	Aa2	A1	A2	A3	Baa1	Baa2	Baa3
Standard grade	Ba1	Ba2	Ba3	B1	B2				
Substandard grade	B3	Caa1	Caa2	Caa3	Ca	C			
Impaired	D								

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to those rated by external rating agencies as 'Investment grade' (that is, those under High grade in the table above).

The following table shows the credit quality of loans and advances to banks, gross of allowance for credit losses, as of December 31, 2023 and 2022. All loans and advances to banks are classified as Stage 1 in 2023 and 2022.

	Consolidated		**Parent Company**	
	2023	2022	**2023**	2022
Due from BSP				
High grade	**₱207,807**	₱252,628	**₱198,061**	₱215,074
Due from other banks				
High grade	**88,782**	74,122	**64,884**	56,050
Standard grade	**1,002**	674	**962**	628
Unrated	**802**	717	**22**	20
	90,586	75,513	**65,868**	56,698
Interbank loans receivable and SPURA				
High grade	**73,015**	73,763	**59,219**	65,550
Total loans and advances to banks				
High grade	**369,604**	400,513	**322,164**	336,674
Standard grade	**1,002**	674	**962**	628
Unrated	**802**	717	**22**	20
	₱371,408	₱401,904	**₱323,148**	₱337,322

As of December 31, 2023 and 2022, availments of interbank loans and SPURA amounted to ₱73.0 billion and ₱73.8 billion, respectively, for the Group, and ₱59.2 billion and ₱65.5 billion, respectively, for the Parent Company while maturities of interbank loans and SPURA amounted to ₱73.8 billion and ₱70.5 billion, respectively, for the Group, and ₱65.5 billion and ₱56.0 billion, respectively, for the Parent Company. As of December 31, 2023 and 2022, net increase/(decrease) in due from BSP amounted to (₱44.8 billion) and (₱629.6 billion), respectively, for the Group, and (₱17.0 billion) and ₱15.1 billion, respectively, for the Parent Company, and net increase in due from other banks amounted to ₱15.1 billion and ₱26.7 billion, respectively, for the Group, and ₱9.2 billion and ₱20.5 billion, respectively, for the Parent Company.

The following table shows the credit quality of investment securities, gross of allowance for credit losses, as of December 31, 2023 and 2022. All investment securities are classified as Stage 1 in 2023 and 2022.

	Consolidated		Parent	
	2023	2022	**2023**	2022
Debt securities at FVOCI				
Treasury notes and bonds				
High grade	**₱366,864**	₱333,117	**₱360,273**	₱329,146
Treasury bills				
High grade	**355**	557	–	–
Government				
High grade	**71,444**	77,136	**71,289**	77,056
Standard grade	–	1	–	–
	71,444	77,137	**71,289**	77,056
Private				
High grade	**43,518**	48,387	**10,252**	11,071
Standard grade	**1,633**	1,601	–	–
Unrated	–	49	–	49
	45,151	50,037	**10,252**	11,120
BSP				
High grade	**50,889**	67,857	–	–
Total debt securities at FVOCI				
High grade	**533,070**	527,054	**441,814**	417,273
Standard grade	**1,633**	1,602	–	–
Unrated	–	49	–	49
	534,703	528,705	**441,814**	417,322
Investment securities at amortized cost				
Government				
High grade	**49,790**	44,817	**38,378**	32,470
Standard grade	–	192	–	–
	49,790	45,009	**38,378**	32,470
Private				
High grade	**415**	250	–	–
Standard grade	**2,652**	3,238	–	–
Unrated	–	–	–	–
	3,067	3,488	–	–
Treasury bills				
High grade	**288**	249	–	–
Treasury notes and bonds				
High Grade	**417,868**	269,501	**400,420**	253,090
Total Investment securities at amortized cost				
High grade	**468,361**	314,817	**438,798**	285,560
Standard grade	**2,652**	3,430	–	–
Unrated	–	–	–	–
	471,013	318,247	**438,798**	285,560
Total debt investment securities				
High grade	**1,001,431**	841,871	**880,612**	702,833
Standard grade	**4,285**	5,032	–	–
Unrated	–	49	–	49
	₱1,005,716	₱846,952	**₱880,612**	₱702,882

As of December 31, 2023 and 2022, purchases of investment in debt securities at FVOCI amounted to ₱718.1 billion and ₱879.3 billion, respectively, for the Group, and ₱119.8 billion and ₱256.7 billion, respectively, for the Parent Company. Proceeds from disposals/maturities amounted to ₱721.1 billion and ₱976.9 billion, respectively, for the Group, and ₱104.6 billion and ₱380.5 billion, respectively, for the Parent Company. Other movements, which include amortization of premiums/discounts, mark-to-market and foreign exchange revaluations, resulted in a increase (decrease) in carrying value of debt securities at FVOCI as of December 31, 2023 and 2022 amounting to ₱9.1 billion and (₱17.8 billion), respectively, for the Group, and a decrease in carrying value of ₱34.2 billion and ₱18.8 billion, respectively, for the Parent Company.

As of December 31, 2023 and 2022, purchases of investment securities at amortized cost amounted to ₱152.4 billion and ₱240.2 billion, respectively, for the Group, and ₱150.3 billion and ₱228.2 billion, respectively, for the Parent Company, while proceeds from maturities and disposals amounted to ₱2.1 billion and ₱6.8 billion, respectively, for the Group, and nil, for the Parent Company. Other movements, which include amortization of premiums/discounts, mark-to-market and foreign exchange revaluations, resulted in an increase in carrying value of investment securities at amortized cost as of December 31, 2023 and 2022 amounting to ₱2.5 billion and ₱0.6 billion, respectively, for the Group, and ₱3.0 billion and ₱0.2 billion, respectively, for the Parent Company.

The credit quality of receivables from customers, net of unearned discount and capitalized interest, as of December 31, 2023 and 2022 follow:

	Consolidated			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
Commercial loans				
High grade	**₱227,911**	**₱–**	**₱–**	**₱227,911**
Standard grade	**854,407**	**802**	–	**855,209**
Watchlist grade	**16,325**	**17,369**	–	**33,694**
Classified grade	–	**28,726**	–	**28,726**
Sub-standard grade	–	**464**	–	**464**
Unrated	–	**138**	–	**138**
Non-performing individually impaired	–	–	**17,860**	**17,860**
	1,098,643	**47,499**	**17,860**	**1,164,002**
Residential mortgage loans				
High grade	**22,081**	**13,471**	–	**35,552**
Standard grade	**41,221**	**586**	–	**41,807**
Sub-standard grade	**7,414**	**5,207**	–	**12,621**
Unrated	–	**1,268**	–	**1,268**
Non-performing individually impaired	–	–	**2,203**	**2,203**
	70,716	**20,532**	**2,203**	**93,451**
Auto loans				
High grade	**66,679**	**65**	–	**66,744**
Standard grade	**20,438**	**496**	–	**20,934**
Sub-standard grade	**144**	**2,251**	–	**2,395**
Unrated	–	**3,382**	–	**3,382**
Non-performing individually impaired	–	–	**2,906**	**2,906**
	87,261	**6,194**	**2,906**	**96,361**
Credit card				
Standard grade	**126,916**	–	–	**126,916**
Sub-standard grade	–	**2,656**	–	**2,656**
Non-performing individually impaired	–	–	**3,562**	**3,562**
	126,916	**2,656**	**3,562**	**133,134**
Trade loans				
High grade	**6,601**	–	–	**6,601**
Standard grade	**44,087**	**48**	–	**44,135**
Watchlist Grade	–	**255**	–	**255**
Classified grade	–	**273**	–	**273**
Non-performing individually impaired	–	–	**354**	**354**
	50,688	**576**	**354**	**51,618**
Other loans				
High grade	**10,440**	–	–	**10,440**
Standard grade	**1,125**	–	–	**1,125**
Sub-standard grade	–	**811**	–	**811**
Unrated	**11**	**177**	–	**188**
Non-performing individually impaired	–	–	**279**	**279**
	11,576	**988**	**279**	**12,843**
Total receivables from customers				
High grade	**333,712**	**13,536**	–	**347,248**
Standard grade	**1,088,194**	**1,932**	–	**1,090,126**
Watchlist grade	**16,325**	**17,624**	–	**33,949**
Classified grade	–	**28,999**	–	**28,999**
Sub-standard grade	**7,558**	**11,389**	–	**18,947**
Unrated	**11**	**4,965**	–	**4,976**
Non-performing individually impaired	–	–	**27,164**	**27,164**
	₱1,445,800	**₱78,445**	**₱27,164**	**₱1,551,409**

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
2022				
Commercial loans				
High grade	₱324,950	₱–	₱–	₱324,950
Standard grade	683,968	647	–	684,615
Watchlist grade	8,872	24,351	–	33,223
Classified grade	–	27,322	–	27,322
Sub-standard grade	118	999	–	1,117
Unrated	–	25	–	25
Non-performing individually impaired	–	–	20,116	20,116
	1,017,908	53,344	20,116	1,091,368
Residential mortgage loans				
High grade	22,962	12,301	–	35,263
Standard grade	38,736	300	–	39,036
Sub-standard grade	9,189	6,034	–	15,223
Unrated	–	1,270	–	1,270
Non-performing individually impaired	–	–	3,177	3,177
	70,887	19,905	3,177	93,969
Auto loans				
High grade	53,221	51	–	53,272
Standard grade	17,336	427	–	17,763
Sub-standard grade	461	3,619	–	4,080
Unrated	–	2,055	–	2,055
Non-performing individually impaired	–	–	2,325	2,325
	71,018	6,152	2,325	79,495
Credit card				
Standard grade	102,172	–	–	102,172
Sub-standard grade	–	850	–	850
Non-performing individually impaired	–	–	2,542	2,542
	102,172	850	2,542	105,564
Trade loans				
High grade	6,013	–	–	6,013
Standard grade	54,165	–	–	54,165
Classified grade	–	498	–	498
Non-performing individually impaired	–	–	414	414
	60,178	498	414	61,090
Other loans				
High grade	8,953	–	–	8,953
Standard grade	1,418	–	–	1,418
Sub-standard grade	–	1,000	–	1,000
Unrated	9	24	–	33
Non-performing individually impaired	–	–	301	301
	10,380	1,024	301	11,705
Total receivables from customers				
High grade	416,099	12,352	–	428,451
Standard grade	897,795	1,374	–	899,169
Watchlist grade	8,872	24,351	–	33,223
Classified grade	–	27,820	–	27,820
Sub-standard grade	9,768	12,502	–	22,270
Unrated	9	3,374	–	3,383
Non-performing individually impaired	–	–	28,875	28,875
	₱1,332,543	₱81,773	₱28,875	₱1,443,191

	Parent Company				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
2023					
Commercial loans					
High grade	**₱162,693**	**₱–**	**₱–**	**₱–**	**₱162,693**
Standard grade	**844,407**	**802**	–	–	**845,209**
Watchlist grade	**16,325**	**17,369**	–	–	**33,694**
Classified grade	–	**28,726**	–	–	**28,726**
Non-performing individually impaired	–	–	**14,858**	**439**	**15,297**
	1,023,425	**46,897**	**14,858**	**439**	**1,085,619**
Residential mortgage loans					
High grade	**906**	–	–	–	**906**
Standard grade	**41,221**	**586**	–	–	**41,807**
Sub-standard grade	**7,414**	**1,245**	–	–	**8,659**
Non-performing individually impaired	–	–	**901**	–	**901**
	49,541	**1,831**	**901**	–	**52,273**

(Forward)

	Parent Company				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Auto loans					
High grade	**₱2,101**	**₱65**	**₱–**	**₱–**	**₱2,166**
Standard grade	**18,149**	**496**	–	–	**18,645**
Sub-standard grade	**144**	**31**	–	–	**175**
Non-performing individually impaired	–	–	**318**	–	**318**
	20,394	**592**	**318**	–	**21,304**
Credit card					
Standard grade	**126,916**	–	–	–	**126,916**
Sub-standard grade	–	**2,656**	–	–	**2,656**
Non-performing individually impaired	–	–	**3,562**	–	**3,562**
	126,916	**2,656**	**3,562**	–	**133,134**
Trade loans					
High grade	**2,847**	–	–	–	**2,847**
Standard grade	**44,087**	**48**	–	–	**44,135**
Watchlist grade	–	**255**	–	–	**255**
Classified grade	–	**273**	–	–	**273**
Non-performing individually impaired	–	–	**354**	–	**354**
	46,934	**576**	**354**	–	**47,864**
Other loans					
High grade	**9,511**	–	–	–	**9,511**
Standard grade	**933**	–	–	–	**933**
Sub-standard grade	**–**	**17**	–	–	**17**
Non-performing individually impaired	–	**–**	**74**	–	**74**
	10,444	**17**	**74**	–	**10,535**
Total receivables from customers					
High grade	**178,058**	**65**	–	–	**178,123**
Standard grade	**1,075,713**	**1,932**	–	–	**1,077,645**
Watchlist grade	**16,325**	**17,624**	–	–	**33,949**
Classified grade	–	**28,999**	–	–	**28,999**
Sub-standard grade	**7,558**	**3,949**	–	–	**11,507**
Non-performing individually impaired	–	–	**20,067**	**439**	**20,506**
	₱1,277,654	**₱52,569**	**₱20,067**	**₱439**	**₱1,350,729**
2022					
Commercial loans					
High grade	₱265,733	₱–	₱–	₱–	₱265,733
Standard grade	672,569	647	–	–	673,216
Watchlist grade	8,872	24,351	–	–	33,223
Classified grade	–	27,322	–	–	27,322
Non-performing individually impaired	–	–	14,993	1,633	16,626
	947,174	52,320	14,993	1,633	1,016,120
Residential mortgage loans					
High grade	450	2	–	–	452
Standard grade	38,736	300	–	–	39,036
Sub-standard grade	9,189	1,562	–	–	10,751
Non-performing individually impaired	–	–	1,649	–	1,649
	48,375	1,864	1,649	–	51,888
Auto loans					
High grade	1,217	51	–	–	1,268
Standard grade	16,223	427	–	–	16,650
Sub-standard grade	461	82	–	–	543
Non-performing individually impaired	–	–	413	–	413
	17,901	560	413	–	18,874
Credit card					
Standard grade	102,172	–	–	–	102,172
Sub-standard grade	–	850	–	–	850
Non-performing individually impaired	–	–	2,542	–	2,542
	102,172	850	2,542	–	105,564
Trade loans					
High grade	4,453	–	–	–	4,453
Standard grade	54,165	–	–	–	54,165
Classified grade	–	498	–	–	498
Non-performing individually impaired	–	–	414	–	414
	58,618	498	414	–	59,530
Other loans					
High grade	8,216	–	–	–	8,216
Standard grade	1,214	–	–	–	1,214
Non-performing individually impaired	–	–	44	–	44
	9,430	–	44	–	9,474

(Forward)

	Parent Company				
	Stage 1	Stage 2	Stage 3	POCI	Total
	Parent Company				
	Stage 1	Stage 2	Stage 3	POCI	Total
Total receivables from customers					
High grade	₱280,069	₱53	₱–	₱–	₱280,122
Standard grade	885,079	1,374	–	–	886,453
Watchlist grade	8,872	24,351	–	–	33,223
Classified grade	–	27,820	–	–	27,820
Sub-standard grade	9,650	2,494	–	–	12,144
Non-performing individually impaired	–	–	20,055	1,633	21,688
	₱1,183,670	₱56,092	₱20,055	₱1,633	₱1,261,450

Movements during 2023 and 2022 for receivables from customers follows:

	Consolidated			
	Receivables from Customers			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
Commercial loans				
Balance at January 1, 2023	**₱1,017,908**	**₱53,344**	**₱20,116**	**₱1,091,368**
Newly originated assets that remained in Stage 1 as at year-end	**544,741**	–	–	**544,741**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**17,758**	**1,450**	**19,208**
Assets derecognized or repaid	**(462,792)**	**(21,050)**	**(3,932)**	**(487,774)**
Amounts written-off			**(1,269)**	**(1,269)**
Transfers to/(from) Stage 1	**957**	–	–	**957**
Transfers to/(from) Stage 2	–	**(2,479)**	–	**(2,479)**
Transfers to/(from) Stage 3	–	–	**1,521**	**1,521**
Others	**(2,171)**	**(74)**	**(26)**	**(2,271)**
Balance at December 31, 2023	**1,098,643**	**47,499**	**17,860**	**1,164,002**
Residential mortgage loans				
Balance at January 1, 2023	**70,887**	**19,905**	**3,177**	**93,969**
Newly originated assets that remained in Stage 1 as at year-end	**18,305**	–	–	**18,305**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**21**	**10**	**31**
Assets derecognized or repaid	**(13,021)**	**(4,821)**	**(1,012)**	**(18,854)**
Amounts written off	–	–	–	–
Transfers to/(from) Stage 1	**(5,455)**	–	–	**(5,455)**
Transfers to/(from) Stage 2	–	**5,427**	–	**5,427**
Transfers to/(from) Stage 3	–	–	**28**	**28**
Others	–	–	–	–
Balance at December 31, 2023	**70,716**	**20,532**	**2,203**	**93,451**
Auto loans				
Balance at January 1, 2023	**71,018**	**6,152**	**2,325**	**79,495**
Newly originated assets that remained in Stage 1 as at year-end	**45,429**	–	–	**45,429**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**1,213**	**589**	**1,802**
Assets derecognized or repaid	**(23,880)**	**(4,952)**	**(1,376)**	**(30,208)**
Amounts written-off	–	–	**(156)**	**(156)**
Transfers to/(from) Stage 1	**(5,306)**	–	–	**(5,306)**
Transfers to/(from) Stage 2	–	**3,781**	–	**3,781**
Transfers to/(from) Stage 3	–	–	**1,524**	**1,524**
Balance at December 31, 2023	**87,261**	**6,194**	**2,906**	**96,361**
Credit card				
Balance at January 1, 2023	**102,172**	**850**	**2,542**	**105,564**
Newly originated assets that remained in Stage 1 as at year-end	**10,539**	–	–	**10,539**
Assets derecognized or repaid	**(616)**	**(266)**	**(226)**	**(1,108)**
Amounts written-off	–	–	**(7,415)**	**(7,415)**
Transfers to/(from) Stage 1	**(6,664)**	–	–	**(6,664)**
Transfers to/(from) Stage 2	–	**2,028**	–	**2,028**
Transfers to/(from) Stage 3	–	–	**4,636**	**4,636**
Others	**21,485**	**44**	**4,025**	**25,554**
Balance at December 31, 2023	**126,916**	**2,656**	**3,562**	**133,134**
Trade loans				
Balance at January 1, 2023	**60,178**	**498**	**414**	**61,090**
Newly originated assets that remained in Stage 1 as at year-end	**49,192**	–	–	**49,192**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**567**	**2**	**569**

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Assets derecognized or repaid	**(₱58,618)**	**(₱489)**	**(₱62)**	**(₱59,169)**
Others	**(64)**	–	–	**(64)**
Balance at December 31, 2023	**50,688**	**576**	**354**	**51,618**
Other loans				
Balance at January 1, 2023	**10,380**	**1,024**	**301**	**11,705**
Newly originated assets that remained in Stage 1 as at year-end	**10,803**	–	–	**10,803**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**220**	**4**	**224**
Assets derecognized or repaid	**(9,438)**	**(107)**	**(35)**	**(9,580)**
Amounts written-off	–	–	**(178)**	**(178)**
Transfers to/(from) Stage 1	**48**	–	–	**48**
Transfers to/(from) Stage 2	–	**(158)**	–	**(158)**
Transfers to/(from) Stage 3	–	–	**112**	**112**
Others	**(217)**	**9**	**75**	**(133)**
Balance at December 31, 2023	**11,576**	**988**	**279**	**12,843**
Total receivables from customers				
Balance at January 1, 2023	**1,332,543**	**81,773**	**28,875**	**1,443,191**
Newly originated assets that remained in Stage 1 as at year-end	**679,009**	–	–	**679,009**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**19,779**	**2,055**	**21,834**
Assets derecognized or repaid	**(568,365)**	**(31,685)**	**(6,643)**	**(606,693)**
Amounts written-off	–	–	**(9,018)**	**(9,018)**
Transfers to/(from) Stage 1	**(16,420)**	–	–	**(16,420)**
Transfers to/(from) Stage 2	–	**8,599**	–	**8,599**
Transfers to/(from) Stage 3	–	–	**7,821**	**7,821**
Others	**19,033**	**(21)**	**4,074**	**23,086**
Balance at December 31, 2023	**₱1,445,800**	**₱78,445**	**₱27,164**	**₱1,551,409**
2022				
Commercial loans				
Balance at January 1, 2022	₱837,737	₱92,878	₱18,031	₱948,646
Newly originated assets that remained in Stage 1 as at year-end	582,396	–	–	582,396
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	19,715	2,929	22,644
Assets derecognized or repaid	(403,597)	(55,549)	(5,808)	(464,954)
Amounts written-off	–	–	(2,300)	(2,300)
Transfers to/(from) Stage 1	(2,750)	–	–	(2,750)
Transfers to/(from) Stage 2	–	(4,449)	–	(4,449)
Transfers to/(from) Stage 3	–	–	7,199	7,199
Others	4,122	749	65	4,936
Balance at December 31, 2022	1,017,908	53,344	20,116	1,091,368
Residential mortgage loans				
Balance at January 1, 2022	82,183	9,668	5,633	97,484
Newly originated assets that remained in Stage 1 as at year-end	16,645	–	–	16,645
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	86	58	144
Assets derecognized or repaid	(14,269)	(4,161)	(1,873)	(20,303)
Amounts written off	–		(1)	(1)
Transfers to/(from) Stage 1	(13,672)	–	–	(13,672)
Transfers to/(from) Stage 2	–	14,312	–	14,312
Transfers to/(from) Stage 3	–	–	(640)	(640)
Balance at December 31, 2022	70,887	19,905	3,177	93,969
Auto loans				
Balance at January 1, 2022	60,531	12,122	3,973	76,626
Newly originated assets that remained in Stage 1 as at year-end	36,697	–	–	36,697
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	701	208	909
Assets derecognized or repaid	(24,801)	(7,108)	(2,202)	(34,111)
Amounts written-off	–	–	(626)	(626)
Transfers to/(from) Stage 1	(1,409)	–	–	(1,409)
Transfers to/(from) Stage 2	–	437	–	437
Transfers to/(from) Stage 3	–	–	972	972
Balance at December 31, 2022	71,018	6,152	2,325	79,495

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
Credit card				
Balance at January 1, 2022	₱80,294	₱687	₱1,131	₱82,112
Newly originated assets that remained in Stage 1 as at year-end	3,869	–	–	3,869
Assets derecognized or repaid	(484)	(218)	(107)	(809)
Amounts written-off	–	–	(4,439)	(4,439)
Transfers to/(from) Stage 1	(4,354)	–	–	(4,354)
Transfers to/(from) Stage 2	–	1,102	–	1,102
Transfers to/(from) Stage 3	–	–	3,252	3,252
Others	22,847	(721)	2,705	24,831
Balance at December 31, 2022	102,172	850	2,542	105,564
Trade loans				
Balance at January 1, 2022	49,910	1,832	346	52,088
Newly originated assets that remained in Stage 1 as at year-end	58,617	–	–	58,617
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	449	311	760
Assets derecognized or repaid	(48,328)	(1,796)	(243)	(50,367)
Transfers to/(from) Stage 1	(13)	–	–	(13)
Transfers to/(from) Stage 2	–	13	–	13
Others	(8)	–	–	(8)
Balance at December 31, 2022	60,178	498	414	61,090
Other loans				
Balance at January 1, 2022	7,451	1,462	755	9,668
Newly originated assets that remained in Stage 1 as at year-end	7,324	–	–	7,324
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	158	14	172
Assets derecognized or repaid	(5,170)	(172)	(109)	(5,451)
Amounts written-off	–	–	(453)	(453)
Transfers to/(from) Stage 1	330	–	–	330
Transfers to/(from) Stage 2	–	(424)	–	(424)
Transfers to/(from) Stage 3	–	–	94	94
Others	445	–	–	445
Balance at December 31, 2022	10,380	1,024	301	11,705
Total receivables from customers				
Balance at January 1, 2022	1,118,106	118,649	29,869	1,266,624
Newly originated assets that remained in Stage 1 as at year-end	705,548	–	–	705,548
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	21,109	3,520	24,629
Assets derecognized or repaid	(496,649)	(69,004)	(10,342)	(575,995)
Amounts written-off	–	–	(7,819)	(7,819)
Transfers to/(from) Stage 1	(21,868)	–	–	(21,868)
Transfers to/(from) Stage 2	–	10,991	–	10,991
Transfers to/(from) Stage 3	–	–	10,877	10,877
Others	27,406	28	2,770	30,204
Balance at December 31, 2022	₱1,332,543	₱81,773	₱28,875	₱1,443,191

	Parent Company				
	Receivables from Customers				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
2023					
Commercial loans					
Balance at January 1, 2023	**₱947,174**	**₱52,320**	**₱14,993**	**₱1,633**	**₱1,016,120**
Newly originated assets that remained in Stage 1 as at year-end	**530,851**	–	–	–	**530,851**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**17,632**	**1,045**	–	**18,677**
Assets derecognized or repaid	**(455,343)**	**(20,469)**	**(2,769)**		**(478,581)**
Amounts written off	–	–	**(145)**	**(927)**	**(1,072)**
Transfers to/(from) Stage 1	**1,022**	–	–	–	**1,022**
Transfers to/(from) Stage 2	–	**(2,512)**	–	–	**(2,512)**
Transfers to/(from) Stage 3	–	–	**1,490**	–	**1,490**
Others	**(279)**	**(74)**	**244**	**(267)**	**(376)**
Balance at December 31, 2023	**1,023,425**	**46,897**	**14,858**	**439**	**1,085,619**

(Forward)

	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Residential mortgage loans					
Balance at January 1, 2023	**₱48,375**	**₱1,864**	**₱1,649**	**₱–**	**₱51,888**
Newly originated assets that remained in Stage 1 as at year-end	**12,637**	–	–	–	**12,637**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**14**	**2**	–	**16**
Assets derecognized or repaid	**(10,873)**	**(734)**	**(661)**	–	**(12,268)**
Transfers to/(from) Stage 1	**(598)**	–	–	–	**(598)**
Transfers to/(from) Stage 2	–	**687**	–	–	**687**
Transfers to/(from) Stage 3	–	–	**(89)**	–	**(89)**
Balance at December 31, 2023	**49,541**	**1,831**	**901**	–	**52,273**
Auto loans					
Balance at January 1, 2023	**17,901**	**560**	**413**	–	**18,874**
Newly originated assets that remained in Stage 1 as at year-end	**10,473**	–	–	–	**10,473**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**260**	**6**	–	**266**
Assets derecognized or repaid	**(7,817)**	**(317)**	**(165)**	–	**(8,299)**
Amounts written off	–	–	**(10)**	–	**(10)**
Transfers to/(from) Stage 1	**(163)**	–	–	–	**(163)**
Transfers to/(from) Stage 2	–	**89**	–	–	**89**
Transfers to/(from) Stage 3	–	–	**74**	–	**74**
Balance at December 31, 2023	**20,394**	**592**	**318**	–	**21,304**
Credit card					
Balance at January 1, 2023	**102,172**	**850**	**2,542**	–	**105,564**
Newly originated assets that remained in Stage 1 as at year-end	**10,539**	–	–	–	**10,539**
Assets derecognized or repaid	**(616)**	**(266)**	**(226)**	–	**(1,108)**
Amounts written-off	–	–	**(7,415)**	–	**(7,415)**
Transfers to/(from) Stage 1	**(6,664)**	–	–	–	**(6,664)**
Transfers to/(from) Stage 2	–	**2,028**	–	–	**2,028**
Transfers to/(from) Stage 3	–	–	**4,636**	–	**4,636**
Others	**21,485**	**44**	**4,025**	–	**25,554**
Balance at December 31, 2023	**126,916**	**2,656**	**3,562**	–	**133,134**
Trade loans					
Balance at January 1, 2023	**58,618**	**498**	**414**	–	**59,530**
Newly originated assets that remained in Stage 1 as at year-end	**46,934**	–	–	–	**46,934**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**567**	**2**	–	**569**
Assets derecognized or repaid	**(58,618)**	**(489)**	**(62)**	–	**(59,169)**
Balance at December 31, 2023	**46,934**	**576**	**354**	–	**47,864**
Other loans					
Balance at January 1, 2023	**9,430**	**–**	**44**	**–**	**9,474**
Newly originated assets that remained in Stage 1 as at year-end	**10,013**	–	**–**	–	**10,013**
Assets derecognized or repaid	**(8,754)**	**–**	**(2)**	–	**(8,756)**
Amounts written off	**–**	**–**	**(64)**	**–**	**(64)**
Transfers to/(from) Stage 1	**(28)**	–	**–**	–	**(28)**
Transfers to/(from) Stage 2	**–**	**8**	**–**	**–**	**8**
Transfers to/(from) Stage 3	**–**	**–**	**20**	**–**	**20**
Others	**(217)**	**9**	**76**	**–**	**(132)**
Balance at December 31, 2023	**10,444**	**17**	**74**	–	**10,535**
Total receivables from customers					
Balance at January 1, 2023	**1,183,670**	**56,092**	**20,055**	**1,633**	**1,261,450**
Newly originated assets that remained in Stage 1 as at year-end	**621,447**	–	–	–	**621,447**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**18,473**	**1,055**	–	**19,528**
Assets derecognized or repaid	**(542,021)**	**(22,275)**	**(3,885)**	–	**(568,181)**
Amounts written-off	–	–	**(7,634)**	**(927)**	**(8,561)**
Transfers to/(from) Stage 1	**(6,431)**	–	–	–	**(6,431)**
Transfers to/(from) Stage 2	–	**300**	–	–	**300**
Transfers to/(from) Stage 3	–	–	**6,131**	–	**6,131**
Others	**20,989**	**(21)**	**4,345**	**(267)**	**25,046**
Balance at December 31, 2023	**₱1,277,654**	**₱52,569**	**₱20,067**	**₱439**	**₱1,350,729**

	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
2022					
Commercial loans					
Balance at January 1, 2022	₱772,740	₱89,578	₱10,476	₱3,276	₱876,070
Newly originated assets that remained in Stage 1 as at year-end	565,660	–	–	–	565,660
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	19,629	2,687	–	22,316
Assets derecognized or repaid	(391,954)	(54,185)	(4,149)	(8)	(450,296)
Amounts written off	–	–	(284)	(1,638)	(1,922)
Transfers to/(from) Stage 1	(2,751)	–	–	–	(2,751)
Transfers to/(from) Stage 2	–	(3,451)	–	–	(3,451)
Transfers to/(from) Stage 3	–	–	6,202	–	6,202
Others	3,479	749	61	3	4,292
Balance at December 31, 2022	947,174	52,320	14,993	1,633	1,016,120
Residential mortgage loans					
Balance at January 1, 2022	45,769	3,362	3,075	–	52,206
Newly originated assets that remained in Stage 1 as at year-end	12,209	–	–	–	12,209
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	–	20	–	20
Assets derecognized or repaid	(10,816)	(890)	(840)	–	(12,546)
Amounts written off	–	–	(1)	–	(1)
Transfers to/(from) Stage 1	1,213	–	–	–	1,213
Transfers to/(from) Stage 2	–	(608)	–	–	(608)
Transfers to/(from) Stage 3	–	–	(605)	–	(605)
Balance at December 31, 2022	48,375	1,864	1,649	–	51,888
Auto loans					
Balance at January 1, 2022	17,401	704	710	–	18,815
Newly originated assets that remained in Stage 1 as at year-end	8,727	–	–	–	8,727
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	188	1	–	189
Assets derecognized or repaid	(8,103)	(434)	(311)	–	(8,848)
Amounts written off	–	–	(9)	–	(9)
Transfers to/(from) Stage 1	(124)	–	–	–	(124)
Transfers to/(from) Stage 2	–	102	–	–	102
Transfers to/(from) Stage 3	–	–	22	–	22
Balance at December 31, 2022	17,901	560	413	–	18,874
Credit card					
Balance at January 1, 2022	80,294	687	1,131	–	82,112
Newly originated assets that remained in Stage 1 as at year-end	3,869	–	–	–	3,869
Assets derecognized or repaid	(484)	(218)	(107)	–	(809)
Amounts written-off	–	–	(4,439)	–	(4,439)
Transfers to/(from) Stage 1	(4,354)	–	–	–	(4,354)
Transfers to/(from) Stage 2	–	1,102	–	–	1,102
Transfers to/(from) Stage 3	–	–	3,252	–	3,252
Others	22,847	(721)	2,705	–	24,831
Balance at December 31, 2022	102,172	850	2,542	–	105,564
Trade loans					
Balance at January 1, 2022	46,537	1,832	346	–	48,715
Newly originated assets that remained in Stage 1 as at year-end	58,618	–	–	–	58,618
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	449	311	–	760
Assets derecognized or repaid	(46,524)	(1,796)	(243)	–	(48,563)
Transfers to/(from) Stage 1	(13)	–	–	–	(13)
Transfers to/(from) Stage 2	–	13	–	–	13
Balance at December 31, 2022	58,618	498	414	–	59,530
Other loans					
Balance at January 1, 2022	6,660	–	41	–	6,701
Newly originated assets that remained in Stage 1 as at year-end	6,931	–	–	–	6,931
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	–	1	–	1
Assets derecognized or repaid	(4,601)	–	(2)	–	(4,603)
Transfers to/(from) Stage 1	(4)	–	–	–	(4)
Transfers to/(from) Stage 3	–	–	4	–	4

(Forward)

	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Others	₱444	₱–	₱–	₱–	₱444
Balance at December 31, 2022	9,430	–	44	–	9,474
Total receivables from customers					
Balance at January 1, 2022	969,401	96,163	15,779	3,276	1,084,619
Newly originated assets that remained in Stage 1 as at year-end	656,014	–	–	–	656,014
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	20,266	3,020	–	23,286
Assets derecognized or repaid	(462,482)	(57,523)	(5,652)	(8)	(525,665)
Amounts written-off	–	–	(4,733)	(1,638)	(6,371)
Transfers to/(from) Stage 1	(6,033)	–	–	–	(6,033)
Transfers to/(from) Stage 2	–	(2,842)	–	–	(2,842)
Transfers to/(from) Stage 3	–	–	8,875	–	8,875
Others	26,770	28	2,766	3	29,567
Balance at December 31, 2022	₱1,183,670	₱56,092	₱20,055	₱1,633	₱1,261,450

The credit quality of other receivables, gross of allowance for credit losses, as of December 31, 2023 and 2022 follows:

	Consolidated			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
Unquoted debt securities				
High grade	**₱518**	**₱–**	**₱–**	**₱518**
Standard grade	**30**	–	–	**30**
Non-performing individually impaired	–	–	**386**	**386**
	548	–	**386**	**934**
Accrued interest receivable				
High grade	**13,868**	**180**	–	**14,048**
Standard grade	**5,494**	**5**	–	**5,499**
Watchlist grade	**66**	**55**	–	**121**
Classified grade	–	**217**	–	**217**
Sub-standard grade	**36**	**232**	–	**268**
Unrated	**16**	**107**	–	**123**
Non-performing individually impaired	–	–	**619**	**619**
	19,480	**796**	**619**	**20,895**
Sales contract receivable				
High grade	**1**	**–**	**–**	**1**
Unrated	**23**	–	–	**23**
Non-performing individually impaired	–	–	**8**	**8**
	24	–	**8**	**32**
Other receivables				
High Grade	**3**	–	–	**3**
Standard grade	**389**	–	–	**389**
Unrated	**3**	–	–	**3**
Non-performing individually impaired	–	–	**1**	**1**
	395	–	**1**	**396**
Total other receivables				
High grade	**14,390**	**180**	–	**14,570**
Standard grade	**5,913**	**5**	–	**5,918**
Watchlist grade	**66**	**55**	–	**121**
Classified grade	–	**217**	–	**217**
Sub-standard grade	**36**	**232**	–	**268**
Unrated	**42**	**107**	–	**149**
Non-performing individually impaired	–	–	**1,014**	**1,014**
	₱20,447	**₱796**	**₱1,014**	**₱22,257**
2022				
Unquoted debt securities				
High grade	₱787	₱–	₱–	₱787
Standard grade	30	–	–	30
Non-performing individually impaired	–	–	386	386
	817	–	386	1,203

(Forward)

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Accrued interest receivable				
High grade	₱10,885	₱172	₱–	₱11,057
Standard grade	2,848	3	–	2,851
Watchlist grade	36	81	–	117
Classified grade	–	542	–	542
Sub-standard grade	36	279	–	315
Unrated	150	136	–	286
Non-performing individually impaired	–	–	620	620
	13,955	1,213	620	15,788
Sales contract receivable				
High grade	2	–	–	2
Sub-standard grade	–	1	–	1
Unrated	18	–	–	18
Non-performing individually impaired	–	–	10	10
	20	1	10	31
Other receivables				
Standard grade	274	–	–	274
Unrated	5	–	–	5
Non-performing individually impaired	–	–	2	2
	279	–	2	281
Total other receivables				
High grade	11,674	172	–	11,846
Standard grade	3,152	3	–	3,155
Watchlist grade	36	81	–	117
Classified grade	–	542	–	542
Sub-standard grade	36	280	–	316
Unrated	173	136	–	309
Non-performing individually impaired	–	–	1,018	1,018
	₱15,071	₱1,214	₱1,018	₱17,303

	Parent Company			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
Unquoted debt securities				
High grade	**₱105**	**₱–**	**₱–**	**₱105**
Non-performing individually impaired	–	–	**386**	**386**
	105	–	**386**	**491**
Accrued interest receivable				
High grade	**11,076**	–	–	**11,076**
Standard grade	**5,449**	**5**	–	**5,454**
Watchlist grade	**66**	**55**	–	**121**
Classified grade	**–**	**217**	–	**217**
Sub-standard grade	**35**	**7**	–	**42**
Unrated	**5**	–	–	**5**
Non-performing individually impaired	–	–	**481**	**481**
	16,631	**284**	**481**	**17,396**
Sales contract receivable				
Unrated	**23**	–	–	**23**
Non-performing individually impaired	–	–	**2**	**2**
	23	–	**2**	**25**
Other receivables				
Unrated	**1**	–	–	**1**
Non-performing individually impaired	–	–	**1**	**1**
	1	–	**1**	**2**
Total other receivables				
High grade	**11,181**	–	–	**11,181**
Standard grade	**5,449**	**5**	–	**5,454**
Watchlist grade	**66**	**55**	–	**121**
Classified grade	–	**217**	–	**217**
Sub-standard grade	**35**	**7**	–	**42**
Unrated	**29**	–	–	**29**
Non-performing individually impaired	–	–	**870**	**870**
	₱16,760	**₱284**	**₱870**	**₱17,914**

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2022				
Unquoted debt securities				
High grade	₱170	₱–	₱–	₱170
Non-performing individually impaired	–	–	386	386
	170	–	386	556
Accrued interest receivable				
High grade	8,073	–	–	8,073
Standard grade	2,807	3	–	2,810
Watchlist grade	36	81	–	117
Classified grade	–	542	–	542
Sub-standard grade	36	8	–	44
Unrated	149	–	–	149
Non-performing individually impaired	–	–	506	506
	11,101	634	506	12,241
Sales contract receivable				
Unrated	18	–	–	18
Non-performing individually impaired	–	–	2	2
	18	–	2	20
Other receivables				
Unrated	1	–	–	1
Non-performing individually impaired	–	–	2	2
	1	–	2	3
Total other receivables				
High grade	8,243	–	–	8,243
Standard grade	2,807	3	–	2,810
Watchlist grade	36	81	–	117
Classified grade	–	542	–	542
Sub-standard grade	36	8	–	44
Unrated	168	–	–	168
Non-performing individually impaired	–	–	896	896
	₱11,290	₱634	₱896	₱12,820

Movements during 2023 and 2022 for other receivables follow:

	Consolidated			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
Balance at January 1, 2023	**₱15,071**	**₱1,214**	**₱1,018**	**₱17,303**
Newly originated assets that remained in Stage 1 as at year-end	**15,329**	–	–	**15,329**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**108**	**64**	**172**
Assets derecognized or repaid	**(9,551)**	**(599)**	**(123)**	**(10,273)**
Amounts written off	–	–	**(1)**	**(1)**
Transfers to/(from) Stage 1	**(129)**	–	–	**(129)**
Transfers to/(from) Stage 2	–	**73**	–	**73**
Transfers to/(from) Stage 3	–	–	**56**	**56**
Others	**(273)**	–	–	**(273)**
Balance at December 31, 2023	**₱20,447**	**₱796**	**₱1,014**	**₱22,257**
2022				
Balance at January 1, 2022	₱11,274	₱1,185	₱1,700	₱14,159
Newly originated assets that remained in Stage 1 as at year-end	9,768	–	–	9,768
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	359	93	452
Assets derecognized or repaid	(5,764)	(402)	(845)	(7,011)
Amounts written off	–	–	(34)	(34)
Transfers to/(from) Stage 1	(176)	–	–	(176)
Transfers to/(from) Stage 2	–	72	–	72
Transfers to/(from) Stage 3	–	–	104	104
Others	(31)	–	–	(31)
Balance at December 31, 2022	₱15,071	₱1,214	₱1,018	₱17,303

	Parent Company			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
Balance at January 1, 2023	**₱11,290**	**₱634**	**₱896**	**₱12,820**
Newly originated assets that remained in Stage 1 as at year-end	**13,821**	–	–	**13,821**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**78**	**24**	**102**
Assets derecognized or repaid	**(8,304)**	**(406)**	**(53)**	**(8,763)**
Amounts written off	–	–	**(1)**	**(1)**
Transfers to/(from) Stage 1	**18**	–	–	**18**
Transfers to/(from) Stage 2	–	**(22)**	–	**(22)**
Transfers to/(from) Stage 3	–	–	**4**	**4**
Others	**(65)**	–	–	**(65)**
Balance at December 31, 2023	**₱16,760**	**₱284**	**₱870**	**₱17,914**
2022				
Balance at January 1, 2022	₱7,353	₱505	₱816	₱8,674
Newly originated assets that remained in Stage 1 as at year-end	9,362	–	–	9,362
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	344	84	428
Assets derecognized or repaid	(5,388)	(157)	(39)	(5,584)
Amounts written off	–	–	(34)	(34)
Transfers to/(from) Stage 1	(11)	–	–	(11)
Transfers to/(from) Stage 2	–	(58)	–	(58)
Transfers to/(from) Stage 3	–	–	69	69
Others	(26)	–	–	(26)
Balance at December 31, 2022	₱11,290	₱634	₱896	₱12,820

The credit risk exposure on the accounts receivable of the Group and the Parent Company based on their aging as of December 31, 2023 and 2022 follows:

	Consolidated		Parent Company	
Age of accounts receivables	**2023**	2022	**2023**	2022
Up to 1 month	**₱5,474**	₱4,803	**₱4,175**	₱3,036
> 1 to 2 months	**37**	65	**12**	22
> 2 to 3 months	**25**	35	**8**	3
More than 3 months	**9,558**	4,430	**3,460**	3,439
Total gross carrying amount	**₱15,094**	₱9,333	**₱7,655**	₱6,500

The maximum exposure and credit quality of loan commitments and financial guarantees as of December 31, 2023 and 2022 follows:

	Consolidated			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
High grade	**₱16,637**	**₱–**	**₱–**	**₱16,637**
Standard grade	**273,260**	**2,761**	–	**276,021**
Substandard grade	–	–	**859**	**859**
Unrated	**75,710**	**378**	–	**76,088**
	₱365,607	**₱3,139**	**₱859**	**₱369,605**
2022				
High grade	₱32,774	₱–	₱–	₱32,774
Standard grade	228,488	3,541	–	232,029
Substandard grade	–	–	1,424	1,424
Unrated	80,165	596	–	80,761
	₱341,427	₱4,137	₱1,424	₱346,988

	Parent Company			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
Standard grade	**₱273,219**	**₱2,761**	**₱–**	**₱275,980**
Substandard grade	–	–	**859**	**859**
Unrated	**75,710**	**378**	–	**76,088**
	₱348,929	**₱3,139**	**₱859**	**₱352,927**
2022				
Standard grade	₱228,366	₱3,541	₱–	₱231,907
Substandard grade	–	–	1,424	1,424
Unrated	80,166	596	–	80,762
	₱308,532	₱4,137	₱1,424	₱314,093

Movements during 2023 and 2022 for loan commitments and financial guarantees follow:

	Consolidated			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
Balance at January 1, 2023	**₱341,427**	**₱4,137**	**₱1,424**	**₱346,988**
New assets originated or purchased	**53,661**	–	–	**53,661**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**26**	–	**26**
Assets derecognized or repaid	**(49,318)**	**(551)**	**(965)**	**(50,834)**
Transfers to/(from) Stage 1	**(1,499)**	–	–	**(1,499)**
Transfers to/(from) Stage 2	–	**567**	–	**567**
Transfers to/(from) Stage 3	–	–	**932**	**932**
Others	**21,336**	**(1,040)**	**(532)**	**19,764**
Balance at December 31, 2023	**₱365,607**	**₱3,139**	**₱859**	**₱369,605**
2022				
Balance at January 1, 2022	₱283,152	₱4,969	₱2,112	₱290,233
New assets originated or purchased	44,878	–	–	44,878
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	163	–	163
Assets derecognized or repaid	(27,297)	(1,081)	(967)	(29,345)
Transfers to/(from) Stage 1	(915)	–	–	(915)
Transfers to/(from) Stage 2	–	352	–	352
Transfers to/(from) Stage 3	–	–	563	563
Others	41,609	(266)	(284)	41,059
Balance at December 31, 2022	₱341,427	₱4,137	₱1,424	₱346,988

	Parent Company			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
Balance at January 1, 2023	**₱308,532**	**₱4,137**	**₱1,424**	**₱314,093**
New assets originated or purchased	**53,661**	–	–	**53,661**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**26**	–	**26**
Assets derecognized or repaid	**(34,244)**	**(551)**	**(965)**	**(35,760)**
Transfers to/(from) Stage 1	**(1,499)**	–	–	**(1,499)**
Transfers to/(from) Stage 2	–	**567**	–	**567**
Transfers to/(from) Stage 3	–	–	**932**	**932**
Others	**22,479**	**(1,040)**	**(532)**	**20,907**
Balance at December 31, 2023	**₱348,929**	**₱3,139**	**₱859**	**₱352,927**
2022				
Balance at January 1, 2022	₱259,453	₱4,969	₱2,112	₱266,534
New assets originated or purchased	35,782	–	–	35,782
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	163	–	163
Assets derecognized or repaid	(27,297)	(1,081)	(967)	(29,345)
Transfers to/(from) Stage 1	(915)	–	–	(915)
Transfers to/(from) Stage 2	–	352	–	352
Transfers to/(from) Stage 3	–	–	563	563
Others	41,509	(266)	(284)	40,959
Balance at December 31, 2022	₱308,532	₱4,137	₱1,424	₱314,093

Breakdown of restructured receivables from customers by class are shown below:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Commercial loans	**₱5,053**	₱6,451	**₱4,452**	₱5,515
Residential mortgage loans	**96**	119	**37**	56
Auto loans	**1**	1	–	–
	₱5,150	₱6,571	**₱4,489**	₱5,571

As of December 31, 2023 and 2022, an analysis by past due status of receivables from customers wherein the SICR is based only on the past due information is as follows:

	Consolidated					
	Number of Days Past Due					
	Within 30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
2023						
Auto loans	**₱134**	**₱1,876**	**₱851**	**₱1,003**	**₱1,675**	**₱5,539**
Residential mortgage loans	**898**	**1,029**	**368**	**307**	**1,093**	**3,695**
Credit card	–	**1,470**	**1,187**	**2,178**	**1,383**	**6,218**
	₱1,032	**₱4,375**	**₱2,406**	**₱3,488**	**₱4,151**	**₱15,452**
2022						
Auto loans	₱131	₱1,558	₱653	₱676	₱1,325	₱4,343
Residential mortgage loans	998	1,176	452	346	1,430	4,402
Credit card	–	1,092	847	1,492	1,043	4,474
	₱1,129	₱3,826	₱1,952	₱2,514	₱3,798	₱13,219

	Parent Company					
	Number of Days Past Due					
	Within 30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
2023						
Auto loans	**₱35**	**₱15**	**₱12**	**₱8**	**₱256**	**₱326**
Residential mortgage loans	**229**	**139**	**46**	**69**	**520**	**1,003**
Credit card	–	**1,470**	**1,187**	**2,178**	**1,383**	**6,218**
	₱264	**₱1,624**	**₱1,245**	**₱2,255**	**₱2,159**	**₱7,547**
2022						
Auto loans	₱37	₱13	₱11	₱19	₱283	₱363
Residential mortgage loans	242	73	44	88	821	1,268
Credit card	–	1,092	847	1,492	1,043	4,474
	₱279	₱1,178	₱902	₱1,599	₱2,147	₱6,105

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 and contingency planning.

To measure the prospective liquidity needs, the Group uses Maximum Cumulative Outflow (MCO), a liquidity gap tool to project short-term and long-term cash flow expectations on a business-as-usual condition.

The MCO is generated by distributing the cash flows of the Group's assets, liabilities and off-balance sheet items to time bands based on cash flow expectations such as contractual maturity, nature of the account, behavioral patterns, projections on business strategies, and/or optionality of certain products. The incorporation of behavioral cash flow assumptions and business projections or targets results in a dynamic gap report that realistically captures the behavior of the products and creates a forward-looking cash flow projection.

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

The MCO is monitored regularly to ensure that it remains within the set limits. The Parent Company generates and monitors daily its MCO, while the subsidiaries generate the report at least monthly. The liquidity profile of the Group is reported monthly to the Parent Company's ALCO and ROC.

To supplement the business-as-usual scenario parameters reflected in the MCO report, the Group also conducts liquidity stress testing to determine the impact of extreme factors, scenarios and/or events to the Group's liquidity profile. Liquidity stress testing exercise is performed quarterly on a per firm basis, and at least annually on the Group-wide level.

Financial assets
Analysis of debt securities into maturity groupings is based on the expected date on which these assets will be realized. For other financial assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date the assets will be realized.

Financial liabilities
The maturity groupings are based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

The tables below summarize the maturity profile of financial instruments and gross-settled derivatives based on contractual undiscounted cash flows:

	Consolidated						
	On Demand	**Up to 1 Month**	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**Beyond 1 Year**	**Total**
2023							
Financial Assets							
Cash and other cash items	**₱39,431**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱39,431**
Due from BSP	**201,660**	**6,150**	–	–	–	–	**207,810**
Due from other banks	**79,544**	**5,233**	**5,561**	**287**	**9**	–	**90,634**
Interbank loans receivable and SPURA	–	**66,126**	**4,063**	**2,184**	**674**	–	**73,047**
Investment securities at FVTPL							
FVTPL investments	–	**6,805**	**45,671**	–	**12**	**1,185**	**53,673**
Derivative assets							
Trading:							
Receive	–	**154,359**	**135,842**	**61,854**	**57,983**	**143,990**	**554,028**
Pay	–	**(150,759)**	**(130,163)**	**(59,920)**	**(56,113)**	**(135,189)**	**(532,144)**
	–	**3,600**	**5,679**	**1,934**	**1,870**	**8,801**	**21,884**
Investment securities at FVOCI	–	**64,404**	**121,979**	**14,792**	**6,055**	**411,911**	**619,141**
Investment securities at amortized cost	**16,524**	**2,484**	**2,310**	**619**	**1,186**	**614,287**	**637,410**
Loans and receivables							
Receivables from customers	**86,308**	**216,152**	**207,074**	**122,397**	**122,327**	**1,102,101**	**1,856,359**
Unquoted debt securities	–	–	**15**	**15**	**417**	**120**	**567**
Accrued interest receivable	**2,285**	**17,586**	**188**	**2**	**834**	–	**20,895**
Accounts receivable	**8,612**	**6,424**	**10**	**8**	**10**	**30**	**15,094**
Sales contract receivable	**11**	**1**	**2**	**4**	**5**	**11**	**34**
Other receivables	**71**	**292**	**17**	**2**	**9**	**5**	**396**
Other assets							
Returned checks and other cash items	**448**	–	–	–	–	–	**448**
Residual values of leased assets	**56**	**14**	**22**	**38**	**103**	**237**	**470**
Miscellaneous	**195**	**1**	**3**	**5**	**16**	**173**	**393**
	₱435,145	**₱395,272**	**₱392,594**	**₱142,287**	**₱133,527**	**₱2,138,861**	**₱3,637,686**

	Consolidated						
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	₱586,345	₱–	₱–	₱–	₱–	₱–	₱586,345
Savings	853,028	–	–	–	–	–	853,028
Time	268	476,737	247,138	104,079	78,409	32,639	939,270
LTNCD	–	13	5,112	8,833	3,787	–	17,745
	1,439,641	476,750	252,250	112,912	82,196	32,639	2,396,388
Bills payable and SSURA	–	70,323	83,393	1,345	2,254	5	157,320
Manager's checks and demand drafts outstanding	7,048	–	–	–	–	–	7,048
Accrued interest payable	488	1,800	2,560	1,562	843	49	7,302
Accrued other expenses	7,815	437	2,272	2	–	–	10,526
Lease liability	47	197	206	366	638	5,269	6,723
Non-equity non-controlling interest	10,260	–	–	–	–	–	10,260
Other liabilities							
Bonds payable	–	9	246	24,009	650	48,469	73,383
Bills purchased – contra	9,486	–	–	–	–	–	9,486
Accounts payable	9,503	17,335	142	160	347	3	27,490
Marginal deposits	451	106	1,361	4,220	4,618	–	10,756
Outstanding acceptances	–	329	821	235	113	–	1,498
Deposits on lease contracts	90	56	44	59	156	378	783
Dividends payable	89	–	–	–	–	–	89
Miscellaneous	175	–	–	–	–	–	175
	1,485,093	567,342	343,295	144,870	91,815	86,812	2,719,227
Derivative liabilities*							
Trading:							
Pay	–	165,078	191,729	84,444	105,457	100,357	647,065
Receive	–	(161,856)	(188,514)	(82,719)	(102,044)	(96,256)	(631,389)
	–	3,222	3,215	1,725	3,413	4,101	15,676
Loan commitments and financial guarantees	280,191	7,519	17,876	12,988	30,860	20,171	369,605
	₱1,765,284	₱578,083	₱364,386	₱159,583	₱126,088	₱111,084	₱3,104,508
2022							
Financial Assets							
Cash and other cash items	₱40,683	₱–	₱–	₱–	₱–	₱–	₱40,683
Due from BSP	221,394	31,266	–	–	–	–	252,660
Due from other banks	62,915	5,721	4,777	2,085	69	–	75,567
Interbank loans receivable and SPURA	16,705	51,406	4,427	640	519	212	73,909
Investment securities at FVTPL							
FVTPL investments	–	7,115	32,992	–	6	900	41,013
Derivative assets							
Trading:							
Receive	–	121,917	99,273	41,580	49,478	132,752	445,000
Pay	–	(119,239)	(95,931)	(39,365)	(46,852)	(119,685)	(421,072)
	–	2,678	3,342	2,215	2,626	13,067	23,928
Investment securities at FVOCI	–	72,844	8,837	39,054	44,349	430,094	595,178
Investment securities at amortized cost	–	607	2,489	2,217	1,910	424,757	431,980
Loans and receivables							
Receivables from customers	74,314	257,495	191,232	118,089	98,703	940,617	1,680,450
Unquoted debt securities	–	–	209	447	–	224	880
Accrued interest receivable	12,724	1,948	330	77	709	–	15,788
Accounts receivable	8,255	86	66	146	780	–	9,333
Sales contract receivable	11	1	3	2	3	13	33
Other receivables	3	8	19	23	58	170	281
Other assets							
Returned checks and other cash items	345	–	–	–	–	–	345
Residual values of leased assets	81	35	34	49	69	355	623
Miscellaneous	7	2	2	2	8	177	198
	₱437,437	₱431,212	₱248,759	₱165,046	₱149,809	₱1,810,586	₱3,242,849

	Consolidated						
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	₱581,473	₱–	₱–	₱–	₱–	₱–	₱581,473
Savings	898,078	–	–	–	–	–	898,078
Time	378	433,433	182,725	49,696	32,164	21,119	719,515
LTNCD	–	13	129	292	9,159	17,920	27,513
	1,479,929	433,446	182,854	49,988	41,323	39,039	2,226,579
Bills payable and SSURA	–	65,527	16,948	1,527	5,904	1,945	91,851
Manager's checks and demand drafts outstanding	6,501	–	–	–	–	–	6,501
Accrued interest payable	65	1,387	1,569	426	290	39	3,776
Accrued other expenses	6,550	1,946	388	–	209	–	9,093
Bonds payable	–	9	4,972	14,288	1,259	74,072	94,600
Lease liability	101	116	463	388	704	4,589	6,361
Subordinated debts	–	–	19	19	1,207	18	1,263
Non-equity non-controlling interest	10,139	–	–	–	–	–	10,139
Other liabilities							
Bills purchased - contra	8,209	–	–	–	–	–	8,209
Accounts payable	8,675	12,932	497	178	353	25	22,660
Marginal deposits	776	1,148	3,049	5,090	4,720	81	14,864
Outstanding acceptances	–	351	549	253	134	–	1,287
Deposits on lease contracts	122	99	53	60	105	540	979
Dividends payable	90	–	–	–	–	–	90
Miscellaneous	173	–	–	–	–	–	173
	1,521,330	516,961	211,361	72,217	56,208	120,348	2,498,425
Derivative liabilities*							
Trading:							
Pay	–	127,900	69,609	57,540	30,748	115,508	401,305
Receive	–	(124,982)	(67,726)	(55,513)	(29,556)	(108,116)	(385,893)
	–	2,918	1,883	2,027	1,192	7,392	15,412
Loan commitments and financial guarantees	237,881	4,323	20,921	14,512	56,482	12,869	346,988
	₱1,759,211	₱524,202	₱234,165	₱88,756	₱113,882	₱140,609	₱2,860,825

**Does not include derivatives embedded in financial and non-financial contracts.*

	Parent Company						
	On Demand	**Up to 1 Month**	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**Beyond 1 Year**	**Total**
2023							
Financial Assets							
Cash and other cash items	₱37,692	₱–	₱–	₱–	₱–	₱–	₱37,692
Due from BSP	198,061	–	–	–	–	–	198,061
Due from other banks	61,086	1,563	3,245	–	–	–	65,894
Interbank loans receivable and SPURA	–	59,044	–	–	205	–	59,249
Investment securities at FVTPL							
FVTPL investments	–	–	45,265	–	–	64	45,329
Derivative assets							
Trading:							
Receive	–	154,359	135,842	61,853	57,983	143,990	554,027
Pay	–	(150,759)	(130,163)	(59,920)	(56,113)	(135,189)	(532,144)
	–	3,600	5,679	1,933	1,870	8,801	21,883
Investment securities at FVOCI	–	10,549	114,739	6,878	5,016	387,471	524,653
Investment securities at amortized cost	–	2,217	1,666	–	–	598,955	602,838
Loans and receivables							
Receivables from customers	81,922	211,654	190,073	95,829	83,413	905,374	1,568,265
Unquoted debt securities	–	–	–	–	–	120	120
Accrued interest receivable	–	17,396	–	–	–	–	17,396
Accounts receivable	7,655	–	–	–	–	–	7,655
Sales contract receivable	8	1	2	2	5	10	28
Other receivables	2	–	–	–	–	–	2
Other assets							
Returned checks and other cash items	433	–	–	–	–	–	433
	₱386,859	₱306,024	₱360,669	₱104,642	₱90,509	₱1,900,795	₱3,149,498

	Parent Company						
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	**₱536,772**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱536,772**
Savings	**807,153**	–	–	–	–	–	**807,153**
Time	–	**390,115**	**219,391**	**89,145**	**68,784**	**578**	**768,013**
LTNCD	–	**13**	–	**8,833**	**3,787**	–	**12,633**
	1,343,925	**390,128**	**219,391**	**97,978**	**72,571**	**578**	**2,124,571**
Bills payable and SSURA	–	**59,950**	**81,442**	**1**	–	**5**	**141,398**
Manager's checks and demand drafts outstanding	**5,533**	–	–	–	–	–	**5,533**
Accrued interest payable	–	**1,223**	**2,267**	**1,552**	**813**	**49**	**5,904**
Accrued other expenses	**7,813**	–	–	–	–	–	**7,813**
Bonds payable	–	**9**	**246**	**24,009**	**650**	**48,469**	**73,383**
Subordinated debts	–	–	–	–	–	–	–
Other liabilities							
Lease liability	**45**	**141**	**78**	**212**	**371**	**3,875**	**4,722**
Bills purchased - contra	**9,444**	–	–	–	–	–	**9,444**
Accounts payable	**2,527**	**11,640**	–	–	–	–	**14,167**
Outstanding acceptances	–	**329**	**821**	**235**	**113**	–	**1,498**
Marginal deposits	–	–	**551**	–	–	–	**551**
	1,369,287	**463,420**	**304,796**	**123,987**	**74,518**	**52,976**	**2,388,984**
Derivative liabilities*							
Trading:							
Pay	–	**165,078**	**191,727**	**84,442**	**105,457**	**100,357**	**647,061**
Receive	–	**(161,856)**	**(188,514)**	**(82,719)**	**(102,044)**	**(96,256)**	**(631,389)**
	–	**3,222**	**3,213**	**1,723**	**3,413**	**4,101**	**15,672**
Loan commitments and financial guarantees	**280,150**	**7,519**	**17,876**	**12,988**	**14,223**	**20,171**	**352,927**
	₱1,649,437	**₱474,161**	**₱325,885**	**₱138,698**	**₱92,154**	**₱77,248**	**₱2,757,583**
2022							
Financial Assets							
Cash and other cash items	₱38,701	₱–	₱–	₱–	₱–	₱–	₱38,701
Due from BSP	215,074	–	–	–	–	–	215,074
Due from other banks	51,736	2,042	2,948	–	–	–	56,726
Interbank loans receivable and SPURA	–	52,275	9,165	3,121	923	212	65,696
Investment securities at FVTPL							
FVTPL investments	–	–	32,992	–	–	48	33,040
Derivative assets							
Trading:							
Receive	–	121,917	99,273	41,573	49,477	132,752	444,992
Pay	–	(119,239)	(95,931)	(39,365)	(46,852)	(119,685)	(421,072)
	–	2,678	3,342	2,208	2,625	13,067	23,920
Investment securities at FVOCI	–	279	4,309	34,407	35,799	407,046	481,840
Investment securities at amortized cost	–	–	2,235	1,682	–	386,847	390,764
Loans and receivables							
Receivables from customers	68,929	246,525	171,603	98,095	76,031	762,890	1,424,073
Unquoted debt securities	–	–	–	–	–	224	224
Accrued interest receivable	12,241	–	–	–	–	–	12,241
Accounts receivable	6,500	–	–	–	–	–	6,500
Sales contract receivable	7	1	1	2	3	8	22
Other receivables	3	–	–	–	–	–	3
Other assets							
Returned checks and other cash items	333	–	–	–	–	–	333
	₱393,524	₱303,800	₱226,595	₱139,515	₱115,381	₱1,570,342	₱2,749,157
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	₱536,516	₱–	₱–	₱–	₱–	₱–	₱536,516
Savings	851,860	–	–	–	–	–	851,860
Time	–	338,163	139,951	34,415	17,193	984	530,706
LTNCD	–	13	66	228	9,032	12,772	22,111
	1,388,376	338,176	140,017	34,643	26,225	13,756	1,941,193
Bills payable and SSURA	–	60,929	14,080	1,573	129	11	76,722
Manager's checks and demand drafts outstanding	5,487	–	–	–	–	–	5,487

(Forward)

	Parent Company						
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
Accrued interest payable	₱39	₱1,161	₱870	₱408	₱64	₱39	₱2,581
Accrued other expenses	6,534	–	–	–	–	–	6,534
Bonds payable	–	9	303	14,288	1,259	74,072	89,931
Lease liability	97	78	82	232	416	3,409	4,314
Subordinated debts	–	–	19	19	1,207	18	1,263
Other liabilities							
Bills purchased - contra	8,209	–	–	–	–	–	8,209
Accounts payable	1,090	12,575	–	–	–	–	13,665
Outstanding acceptances	–	351	549	253	134	–	1,287
Marginal deposits	–	–	894	–	–	–	894
	1,409,832	413,279	156,814	51,416	29,434	91,305	2,152,080
Derivative liabilities*							
Trading:							
Pay	–	127,900	69,609	57,533	30,746	115,508	401,296
Receive	–	(124,982)	(67,726)	(55,513)	(29,557)	(108,116)	(385,894)
	–	2,918	1,883	2,020	1,189	7,392	15,402
Loan commitments and financial guarantees	237,759	4,323	20,921	14,512	23,709	12,869	314,093
	₱1,647,591	₱420,520	₱179,618	₱67,948	₱54,332	₱111,566	₱2,481,575

**Does not include derivatives embedded in financial and non-financial contracts.*

Market Risk

Market risk is the possibility of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, and other market factors. Market risk originates from holdings in foreign currencies, debt securities and derivatives transactions.

Depending on the business model for the product, that is, whether they belong to the trading book or banking book, the Group applies different tools and processes to manage market risk exposures. Risk limits, approved by the BOD, are enforced to monitor and control this risk. RSK, as an independent body under the ROC, performs daily market risk analyses to ensure compliance to policies and limits, while Treasury Group manages the asset/liability risks arising from both banking book and trading operations in financial markets. The ALCO, chaired by the President, manages market risks within the parameters approved by the BOD.

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

Market risk - trading book

In measuring the potential loss in its trading portfolio, the Parent Company uses Value-at-Risk (VaR). VaR is an estimate of the potential decline in the value of a portfolio, under normal market conditions, for a given “confidence level” over a specified holding period. The Parent Company measures and monitors the Trading Book VaR daily and this value is compared against the set VaR limit. Meanwhile, the Group VaR is monitored and reported monthly.

VaR methodology assumptions and parameters

Historical Simulation (HS) is used to compute the VaR. This method assumes that market rates volatility in the future will follow the same movement that occurred within the 260-day historical period. In calculating VaR, a 99.00% confidence level and a one-day holding period are assumed.

This means that, statistically, within a one-day horizon, the trading losses will exceed VaR in 1 out of 100 trading days.

Like any other model, the HS method has its own limitations. To wit, it cannot predict volatility levels which did not happen in the specified historical period. The validity of the VaR model is verified through a daily backtesting analysis, which examines how frequently both actual and hypothetical daily losses exceed VaR. The result of the daily backtesting analysis is reported to the ALCO and ROC monthly.

A summary of the VaR levels of the trading portfolio of the Parent Company appears below:

	Rates and FX	Fixed Income	FX Options
As of December 31, 2023			
December 29	**₱390.72**	**₱122.48**	**₱3.96**
Average	**278.53**	**196.01**	**24.70**
Highest	**453.90**	**302.01**	**108.94**
Lowest	**117.61**	**118.45**	**0.28**
As of December 31, 2022			
December 29	₱320.71	₱170.14	₱1.13
Average	286.32	201.64	1.05
Highest	596.04	495.86	9.07
Lowest	83.06	94.88	0.07

Rates and Foreign Exchange (FX) VaR is the correlated VaR of the following products: FX spot, outright forward, non-deliverable forwards, FX swaps, interest rate swaps, and cross-currency swaps. The Fixed Income VaR is the correlated VaR of these products: peso and foreign currency bonds, bond forwards and credit default swaps (CDS).

Subsidiaries with trading books perform daily mark-to-market valuation and VaR calculations for their exposures. Risk exposures are bounded by a system of risk limits and monitoring tools to effectively manage these risks.

The table below summarizes the VaR levels of PSBank:

	Bonds	
	PHP	FX
As of December 31, 2023		
December 29	**₱1.447**	**₱1.212**
Average	**0.214**	**1.356**
Highest	**1.455**	**2.319**
Lowest	**0.001**	**0.617**
As of December 31, 2022		
December 29	₱0.001	₱0.857
Average	0.002	1.669
Highest	0.001	0.263
Lowest	–	–

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures and by doing stress testing analysis. These processes address potential product concentration risks, monitor portfolio vulnerability and give the management an early advice if an actual loss goes beyond what is deemed to be tolerable to the Group and the Parent Company, even before the VaR limit is hit.

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

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

The Group assesses interest rate risk in the banking book using measurement tools such as Interest Rate Repricing Gap, Earnings-at-Risk (EaR), Delta Economic Value of Equity (D.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 (for example, current and savings account) and items with actual maturities that could vary from contractual maturities (for example, securities with embedded options) are assigned to repricing tenor buckets based on an analysis of historical patterns, past experience and/or expert judgment.

EaR measures the possible decline in the Group's net interest income as a result of adverse interest rate movements, given the current repricing profile. It is a tool used to evaluate the sensitivity of the accrual portfolio to changes in interest rates in the adverse direction over the next twelve (12) months.

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

The table below shows the EaR profile of the Parent Company and certain subsidiaries as of December 31, 2023 and 2022:

	Parent Company	PSBank	ORIX Metro	Group
2023	**(₱4,963.09)**	**(₱460.20)**	**(₱29.18)**	**(₱5,008.08)**
2022	(₱4,422.29)	(₱448.88)	(₱28.18)	(₱4,671.29)

The Parent Company generates and monitors daily its EaR exposure while the subsidiaries generate their EaR reports at least monthly.

The Parent Company employs the Delta EVE model to measure the overall change in the economic value of the bank at one point. It reflects the changes in the net present value of its banking book at different interest rate shocks and stress scenarios. ΔEVE is calculated by slotting the notional repricing cash flows arising from rate-sensitive assets and liabilities into pre-defined tenor buckets. The present value of the net repricing cash flows is then calculated using various interest rate scenarios prescribed by Basel, as well as scenarios internally developed by the Parent Company. For 2023 and 2022, the ΔEVE of the Parent Company ranges from (₱1.65 billion) to (₱0.0 billion) and (₱0.1 billion) to (₱0.5 billion), respectively. As of December 31, 2023 and 2022, the ΔEVE stood at (₱2.3 billion) (0.91% of Common Equity Tier 1 (CET1) Capital) and (₱1.2 billion) (0.56% of CET1 Capital), respectively. The Parent Company has adequate capital to support potential change in value of equity even at worst stress scenario.

Aside from the tools above, the Parent Company and its subsidiaries perform regular sensitivity and stress testing analyses on their banking books to broaden their forward-looking analysis. This way, management can craft strategies to address and/or arrest probable risks, if necessary.

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

The following table sets forth, for the year indicated, the impact of reasonably possible changes in the USD exchange rate and other currencies per Philippine peso on pre-tax income and equity:

	Consolidated						**Parent Company**					
	2023			2022			**2023**			2022		
Currency	**Change in Currency Rate in %**	**Effect on Profit before Tax**	**Effect on Equity**	Change in Currency Rate in %	Effect on Profit before Tax	Effect on Equity	**Change in Currency Rate in %**	**Effect on Profit before Tax**	**Effect on Equity**	Change in Currency Rate in %	Effect on Profit before Tax	Effect on Equity
USD	+1.00%	**(14.23)**	**0.48**	+1.00%	3.52	2.08	+1.00%	**(15.14)**	**0.20**	+1.00%	2.56	(1.66)
EUR	+1.00%	**0.82**	**0.00**	+1.00%	1.33	0.00	+1.00%	**0.83**	**0.00**	+1.00%	1.34	0.00
JPY	+1.00%	**(0.02)**	**0.00**	+1.00%	11.59	0.00	+1.00%	**(0.02)**	**0.00**	+1.00%	11.59	0.00
GBP	+1.00%	**(0.37)**	**0.00**	+1.00%	(0.34)	0.00	+1.00%	**(0.37)**	**0.00**	+1.00%	(0.34)	0.00
Others	+1.00%	**33.39**	**0.00**	+1.00%	36.62	0.00	+1.00%	**33.39**	**0.00**	+1.00%	36.62	0.00
USD	-1.00%	**14.23**	**(0.48)**	-1.00%	(3.52)	(2.08)	-1.00%	**15.14**	**(0.20)**	-1.00%	(2.56)	1.66
EUR	-1.00%	**(0.82)**	**0.00**	-1.00%	(1.33)	0.00	-1.00%	**(0.83)**	**0.00**	-1.00%	(1.34)	0.00
JPY	-1.00%	**0.02**	**0.00**	-1.00%	(11.59)	0.00	-1.00%	**0.02**	**0.00**	-1.00%	(11.59)	0.00
GBP	-1.00%	**0.37**	**0.00**	-1.00%	0.34	0.00	-1.00%	**0.37**	**0.00**	-1.00%	0.34	0.00
Others	-1.00%	**(33.39)**	**0.00**	-1.00%	(36.62)	0.00	-1.00%	**(33.39)**	**0.00**	-1.00%	(36.62)	0.00

Information relating to the Parent Company's currency derivatives is included in Note 8. As of December 31, 2023 and 2022, the Parent Company has outstanding foreign currency spot transactions (in equivalent peso amounts) of ₱56.0 billion and ₱18.6 billion, respectively (sold), and ₱55.6 billion and ₱18.4 billion, respectively (bought).

The impact on the Parent Company's equity already excludes the impact on transactions affecting the statements of income.

IBOR reform
Following the decision by global regulators to phase out IBORs and replace them with alternative benchmark reference rates, the Parent Company created a transition team early on to assess the business and customer impact and to establish a viable transition and communication plan. The team involves stakeholders from different units across the Parent Company and ensures compliance with the requirements of BSP Memorandum No. M-2020-083 (Transition from the LIBOR and Reporting Requirements on LIBOR-Related Exposures). The Parent Company is continuously working on the transition of its IBOR exposure to RFRs.

IBOR reform exposes the Parent Company to various risks, which the project team is managing and monitoring closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform.
- Financial risk to the Parent Company and its clients that markets are disrupted due to IBOR reform giving rise to financial losses.

- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable.
- Operational risk arising from changes to the Parent Company's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available.

The tables below show the Group and the Parent Company's exposure to significant IBORs subject to reform that have yet to transition to risk free rates as of December 31, 2022:

	Consolidated				
		Derivative Assets		Derivative Liabilities	
	Loans and Receivables	Carrying Value	Notional Amount	Carrying Value	Notional Amount
2022					
USD LIBOR	₱83,169	₱3,387	₱18,255	₱5,559	₱50,375
PHIREF	–	135	9,439	1,263	38,100
	₱83,169	₱3,522	₱27,694	₱6,822	₱88,475

	Parent Company				
		Derivative Assets		Derivative Liabilities	
	Loans and Receivables	Carrying Value	Notional Amount	Carrying Value	Notional Amount
2022					
USD LIBOR	₱83,169	₱3,387	₱18,255	₱5,559	₱50,375
PHIREF	–	135	9,439	1,263	38,100
	₱83,169	₱3,522	₱27,694	₱6,822	₱88,475

Capital Management

The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous year.

BSP Reporting

Regulatory Qualifying Capital

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

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

The details of CAR, as reported to the BSP, as of December 31, 2023 and 2022 follow:

	Consolidated		**Parent Company**	
	2023	2022	**2023**	2022
Tier 1 capital	**₱355,786**	₱316,142	**₱345,921**	₱306,824
CET1 Capital	**355,786**	316,142	**345,921**	306,824
Less: Required deductions	**33,739**	33,001	**101,305**	101,457
Net Tier 1 Capital	**322,047**	283,141	**244,616**	205,367
Tier 2 capital	**15,532**	14,337	**12,724**	11,935
Total Qualifying Capital	**₱337,579**	₱297,478	**₱257,340**	₱217,302
Credit Risk-Weighted Assets	**₱1,550,881**	₱1,429,964	**₱1,296,218**	₱1,191,825
Market Risk-Weighted Assets	**106,231**	68,546	**91,609**	55,124
Operational Risk-Weighted Assets	**189,471**	184,027	**152,223**	135,512
Total Risk-Weighted Assets	**1,846,583**	1,682,537	**1,540,050**	1,382,461
CET1 Ratio*	**17.44%**	16.83%	**15.88%**	14.86%
Tier 1 capital ratio	**17.44%**	16.83%	**15.88%**	14.86%
Total capital ratio	**18.28%**	17.68%	**16.71%**	15.72%

** of which capital conservation buffer in 2023 and 2022 is 11.44% and 10.83% for the Group and 9.88% and 8.86%, respectively, for the Parent Company.*

Qualifying capital and risk-weighted assets (RWA) are computed based on BSP regulations. Under Basel III, the regulatory qualifying capital of the Parent Company consists of CET1 capital, which comprises paid-up common stock, additional paid-in capital, retained earnings, including current year profit, retained earnings reserves, OCI and non-controlling interest less required regulatory deductions. The other component of regulatory capital is Tier 2 (supplementary) capital, which includes unsecured subordinated debts and general loan loss provision. RWA consist of total assets excluding cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board (MB) of the BSP. Operational RWA are computed using the Basic Indicator Approach.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

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

Basel III Leverage Ratio (BLR)

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

The details of the BLR, as reported to the BSP, as of December 31, 2023 and 2022 follow:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Tier 1 Capital	**₱322,047**	₱283,141	**₱244,616**	₱205,367
Exposure Measure	**₱3,505,850**	₱3,016,548	**₱3,101,480**	₱2,598,795
BLR	**9.19%**	9.39%	**7.89%**	7.90%

Under the framework, BLR is defined as the capital measure divided by the exposure measure. Capital measure is Tier 1 capital. Exposure measure is the sum of on-balance sheet exposures, derivative exposures, security financing exposures and off-balance sheet items.

Liquidity Coverage Ratio (LCR)
BSP Circular No. 905 provides the implementing guidelines on LCR and disclosure standards that are consistent with the Basel III framework. The LCR is the ratio of high-quality liquid assets to total net cash outflows which should not be lower than 100.00%. Compliance with the LCR minimum requirement commenced on January 1, 2018 with the prescribed minimum ratio of 90.00% for 2018 and 100.00% effective January 1, 2019. As of December 31, 2023 and 2022, the LCR in single currency as reported to the BSP, was at 269.51% and 244.84%, respectively, for the Group, and 300.62% and 265.21%, respectively, for the Parent Company.

Net Stable Funding Ratio (NSFR)
On June 6, 2018, the BSP issued BSP Circular No.1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards – NSFR. The NSFR is aimed to promote long-term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short term resilience of a bank's liquidity profile. Banks shall maintain an NSFR of at least 100 percent (100%) at all times. The implementation of the minimum NSFR shall be phased in to help ensure that covered banks can meet the standard through reasonable measures without disrupting credit extension and financial market activities. An observation period was set from July 1 to December 31, 2018. Effective, January 1, 2019, banks shall comply with the prescribed minimum ratio of 100%. As of December 31, 2023 and 2022, the NSFR as reported to the BSP, was at 140.79% and 158.25%, respectively, for the Group, and 140.65% and 156.73%, respectively, for the Parent Company.

5. Fair Value Measurement

Financial Instruments
The methods and assumptions used by the Group and the Parent Company in estimating the fair values of financial assets and financial liabilities are:

Cash and other cash items, due from BSP and other banks and interbank loans receivable and SPURA
The carrying amounts of instruments with long-term maturities are not material to the financial statements, thus, fair values of these instruments were based on their carrying amounts.

Trading and investment securities
Fair values of debt and equity securities are generally based on quoted market prices. Where the debt securities are not quoted or the market prices are not readily available, the Group and the Parent Company obtained valuations from independent parties offering pricing services, used adjusted quoted market prices of comparable investments, or applied discounted cash flow methodologies.

For equity securities that are not quoted, remeasurement to their fair values is not material to the financial statements.

Derivative instruments
Fair values are estimated based on quoted market prices, prices provided by independent parties, or prices derived using acceptable valuation models. The models utilize published underlying rates (for example, interest rates, FX rates, CDS rates, FX volatilities and spot and forward FX rates) and are implemented through validated calculation engines.

Loans and receivables
Fair values of the Group's loans and receivables are estimated using the discounted cash flow methodology, using current incremental lending rates for similar types of loans. Where the instrument reprices on a quarterly basis or has a relatively short maturity, the carrying amounts approximate fair values.

Liabilities
Fair values are estimated using the discounted cash flow methodology using the Group's current borrowing rate for similar borrowings with maturities consistent with those remaining for the liability being valued, if any. The carrying amounts of demand and savings deposit liabilities and other short-term liabilities approximate fair values considering that these are either due and demandable or with short-term maturities.

<u>Non-Financial Assets</u>
Investment properties
Fair value of investment properties is determined based on valuations performed by independent and in-house appraisers using a valuation technique with significant inputs that are not based on observable market data (Level 3). The valuation of investment properties was based on the Sales Comparison Approach and considered recent sales of similar or substitute properties in the same areas where the investment properties are located, taking into account the economic conditions prevailing at the time of the valuation. Other factors considered were the location and shape of the properties, environmental issues, development controls such as the height restrictions, building coverage and floor area ratio restrictions, among others. The fair value of investment properties is based on its highest and best use, which is their current use.

The following tables summarize the carrying amounts and fair values of assets and liabilities, analyzed among those whose fair value is based on:

- Quoted market prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and

- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Consolidated				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
2023					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Government	**₱16,264**	**₱16,264**	**₱–**	**₱–**	**₱16,264**
BSP	**13,937**	**13,937**	**–**	**–**	**13,937**
Treasury notes and bonds	**10,096**	**10,096**	**–**	**–**	**10,096**
Private	**4,659**	**4,659**	**–**	**–**	**4,659**
Treasury bills	**1,174**	**1,174**	**–**	**–**	**1,174**
	46,130	**46,130**	**–**	**–**	**46,130**
Equity securities	**6,804**	**6,804**	**–**	**–**	**6,804**
Derivative assets					
Currency forwards	**10,116**	**–**	**10,116**	**–**	**10,116**
Cross-currency swaps	**8,082**	**–**	**8,082**	**–**	**8,082**
Interest rate swaps	**3,638**	**–**	**3,638**	**–**	**3,638**
Bond futures	**40**	**–**	**40**	**–**	**40**
Put option	**34**	**–**	**34**	**–**	**34**
Call option	**12**	**–**	**12**	**–**	**12**
	21,922	**–**	**21,922**	**–**	**21,922**
	74,856	**52,934**	**21,922**	**–**	**74,856**
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	**366,864**	**365,054**	**1,810**	**–**	**366,864**
Government	**71,444**	**70,893**	**551**	**–**	**71,444**
BSP	**50,889**	**50,889**	**–**	**–**	**50,889**
Private	**45,151**	**45,096**	**55**	**–**	**45,151**
Treasury bills	**355**	**355**	**–**	**–**	**355**
	534,703	**532,287**	**2,416**	**–**	**534,703**
Equity securities	**1,920**	**1,694**	**226**	**–**	**1,920**
	536,623	**533,981**	**2,642**	**–**	**536,623**
	₱611,479	**₱586,915**	**₱24,564**	**₱–**	**₱611,479**
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	**₱417,868**	**₱413,330**	**₱7,802**	**₱–**	**₱421,132**
Government	**49,419**	**47,719**	**287**	**–**	**48,006**
Private	**3,063**	**3,013**	**–**	**–**	**3,013**
Treasury bills	**288**	**291**	**–**	**–**	**291**
	470,638	**464,353**	**8,089**	**–**	**472,442**
Loans and receivables - net					
Receivables from customers					
Commercial loans	**1,132,348**	**–**	**–**	**1,198,380**	**1,198,380**
Credit card	**124,963**	**–**	**–**	**124,963**	**124,963**
Auto loans	**91,880**	**–**	**–**	**102,256**	**102,256**
Residential mortgage loans	**91,711**	**–**	**–**	**113,754**	**113,754**
Trade loans	**51,033**	**–**	**–**	**51,033**	**51,033**
Others	**12,263**	**–**	**–**	**12,907**	**12,907**
	1,504,198	**–**	**–**	**1,603,293**	**1,603,293**
Unquoted debt securities	**545**	**–**	**–**	**558**	**558**
Sales contract receivable	**29**	**–**	**–**	**30**	**30**
	1,504,772	**–**	**–**	**1,603,881**	**1,603,881**
Other assets	**386**	**–**	**–**	**472**	**472**
	1,975,796	**464,353**	**8,089**	**1,604,353**	**2,076,795**
Non-Financial Assets					
Investment properties	**8,107**	**–**	**–**	**16,113**	**16,113**
Residual value of leased assets	**470**	**–**	**–**	**430**	**430**
	8,577	**–**	**–**	**16,543**	**16,543**
	₱1,984,373	**₱464,353**	**₱8,089**	**₱1,620,896**	**₱2,093,338**

	Consolidated				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Currency forwards	**₱9,629**	–	**₱9,629**	**₱–**	**₱9,629**
Cross-currency swaps	**5,900**	–	**5,900**	–	**5,900**
Interest rate swaps	**1,086**	–	**1,086**	–	**1,086**
Bond futures	**143**	–	**143**	–	**143**
Credit default swaps	**53**	–	**53**	–	**53**
Put option	**36**	–	**36**	–	**36**
Call option	**18**	–	**18**	–	**18**
Non-equity non-controlling interest	**10,260**	–	**10,260**	–	**10,260**
	₱27,125	**₱–**	**₱27,125**	**₱–**	**₱27,125**
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	**₱925,885**	**₱–**	**₱–**	**₱929,288**	**₱929,288**
LTNCD	**17,514**	**8,657**	**3,723**	**5,112**	**17,492**
	943,399	**8,657**	**3,723**	**934,400**	**946,780**
Bills payable and SSURA	**156,896**	–	–	**157,139**	**157,139**
Subordinated debts	–	–	–	–	–
Bonds payable	**70,089**	**68,352**	–	–	**68,352**
Other Liabilities					
Deposits on lease contracts	**783**	–	–	**734**	**734**
	₱1,171,167	**₱77,009**	**₱3,723**	**₱1,092,273**	**₱1,173,005**
2022					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Government	₱14,500	₱14,500	₱–	₱–	₱14,500
Treasury notes and bonds	12,767	12,767	–	–	12,767
Private	3,858	3,858	–	–	3,858
Treasury bills	564	564	–	–	564
BSP	308	308	–	–	308
	31,997	31,997	–	–	31,997
Equity securities	7,163	7,163	–	–	7,163
Derivative assets					
Cross-currency swaps	13,691	–	13,691	–	13,691
Currency forwards	6,670	–	6,670	–	6,670
Interest rate swaps	3,618	–	3,618	–	3,618
Call option	288	–	288	–	288
Put option	138	–	138	–	138
Bond futures	34	–	34	–	34
	24,439	–	24,439	–	24,439
	63,599	39,160	24,439	–	63,599
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	333,117	332,935	182	–	333,117
Government	77,137	71,043	6,094	–	77,137
BSP	67,857	67,857	–	–	67,857
Private	50,037	49,704	333	–	50,037
Treasury bills	557	557	–	–	557
	528,705	522,096	6,609	–	528,705
Equity securities	1,759	1,543	216	–	1,759
	530,464	523,639	6,825	–	530,464
	₱594,063	₱562,799	₱31,264	₱–	₱594,063
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	₱269,501	₱257,739	₱6,553	₱–	₱264,292
Government	44,542	42,078	304	–	42,382
Private	3,484	3,379	–	–	3,379
Treasury bills	249	248	–	–	248
	317,776	303,444	6,857	–	310,301

(Forward)

	Consolidated				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Loans and receivables - net					
Receivables from customers					
Commercial loans	₱1,060,043	₱–	₱–	₱1,048,067	₱1,048,067
Credit card	97,296	–	–	97,296	97,296
Residential mortgage loans	91,646	–	–	116,776	116,776
Auto loans	75,682	–	–	86,138	86,138
Trade loans	60,322	–	–	60,322	60,322
Others	11,056	–	–	11,798	11,798
	1,396,045	–	–	1,420,397	1,420,397
Unquoted debt securities	812	–	–	823	823
Sales contract receivable	29	–	–	27	27
	1,396,886	–	–	1,421,247	1,421,247
Other assets	191	–	–	264	264
	1,714,853	303,444	6,857	1,421,511	1,731,812
Non-Financial Assets					
Investment properties	7,901	–	–	16,346	16,346
Residual value of leased assets	623	–	–	583	583
	8,524	–	–	16,929	16,929
	₱1,723,377	₱303,444	₱6,857	₱1,438,440	₱1,748,741
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Cross-currency swaps	₱7,721	₱–	₱7,721	₱–	₱7,721
Currency forwards	7,315	–	7,315	–	7,315
Interest rate swaps	1,383	–	1,383	–	1,383
Call option	286	–	286	–	286
Put option	142	–	142	–	142
Credit default swaps	15	–	15	–	15
Bond futures	3	–	3	–	3
Non-equity non-controlling interest	10,139	–	10,139	–	10,139
	₱27,004	₱–	₱27,004	₱–	₱27,004
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱715,415	₱–	₱–	₱717,722	₱717,722
LTNCD	26,158	20,947	–	5,355	26,302
	741,573	20,947	–	723,077	744,024
Bills payable and SSURA	91,322	–	–	91,765	91,765
Subordinated debts	1,169	–	–	1,187	1,187
Bonds payable	88,409	81,388	–	4,631	86,019
Other liabilities					
Deposits on lease contracts	979	–	–	931	931
	₱923,452	₱102,335	₱–	₱821,591	₱923,926

	Parent Company				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
2023					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Government	**₱16,068**	**₱16,068**	**–**	**–**	**₱16,068**
BSP	**13,937**	**13,937**	**–**	**–**	**13,937**
Treasury notes and bonds	**8,951**	**8,951**	**–**	**–**	**8,951**
Private	**4,386**	**4,386**	**–**	**–**	**4,386**
Treasury bills	**1,174**	**1,174**	**–**	**–**	**1,174**
	44,516	**44,516**	**–**	**–**	**44,516**
Equity securities	**64**	**64**	**–**	**–**	**64**
Derivative assets					
Currency forwards	**10,116**	**–**	**10,116**	**–**	**10,116**
Cross-currency swaps	**8,082**	**–**	**8,082**	**–**	**8,082**
Interest rate swaps	**3,638**	**–**	**3,638**	**–**	**3,638**
Bond futures	**40**	**–**	**40**	**–**	**40**
Put option	**33**	**–**	**33**	**–**	**33**
Call option	**12**	**–**	**12**	**–**	**12**
	21,921	**–**	**21,921**	**–**	**21,921**
	66,501	**44,580**	**21,921**	**–**	**66,501**

(Forward)

	Parent Company				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Investment securities at FVOCI					
Debt securities:					
Treasury notes and bonds	**₱360,273**	**₱360,273**	**₱–**	**₱–**	**₱360,273**
Government	**71,289**	**70,737**	**552**	**–**	**71,289**
Private	**10,252**	**10,197**	**55**	**–**	**10,252**
	441,814	**441,207**	**607**	**–**	**441,814**
Equity securities	**860**	**771**	**89**	**–**	**860**
	442,674	**441,978**	**696**	**–**	**442,674**
	₱509,175	**₱486,558**	**₱22,617**	**₱–**	**₱509,175**
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	**₱400,420**	**₱403,880**	**₱–**	**₱–**	**₱403,880**
Government	**38,017**	**37,441**	**–**	**–**	**37,441**
	438,437	**441,321**	**–**	**–**	**441,321**
Loans and receivables - net					
Receivables from customers					
Commercial loans	**1,058,588**	**–**	**–**	**1,040,100**	**1,040,100**
Credit card	**124,963**	**–**	**–**	**124,963**	**124,963**
Residential mortgage loans	**51,496**	**–**	**–**	**52,050**	**52,050**
Trade loans	**47,279**	**–**	**–**	**47,279**	**47,279**
Auto loans	**20,740**	**–**	**–**	**21,024**	**21,024**
Others	**10,457**	**–**	**–**	**10,457**	**10,457**
	1,313,523	**–**	**–**	**1,295,873**	**1,295,873**
Unquoted debt securities	**102**	**–**	**–**	**102**	**102**
Sales contract receivable	**23**	**–**	**–**	**23**	**23**
	1,313,648	**–**	**–**	**1,295,998**	**1,295,998**
	1,752,085	**441,321**	**–**	**1,295,998**	**1,737,319**
Non-Financial Assets					
Investment properties	**3,597**	**–**	**–**	**8,267**	**8,267**
	₱ 1,755,682	**₱441,321**	**₱–**	**₱1,304,265**	**₱1,745,586**
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Currency forwards	**₱9,629**	**₱–**	**₱9,629**	**₱–**	**₱9,629**
Cross-currency swaps	**5,900**	**–**	**5,900**	**–**	**5,900**
Interest rate swaps	**1,085**	**–**	**1,085**	**–**	**1,085**
Bond futures	**143**	**–**	**143**	**–**	**143**
Credit default swaps	**53**	**–**	**53**	**–**	**53**
Put option	**34**	**–**	**34**	**–**	**34**
Call option	**18**	**–**	**18**	**–**	**18**
	₱16,862	**₱–**	**₱16,862**	**₱–**	**₱16,862**
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	**₱757,204**	**₱–**	**₱–**	**₱757,204**	**₱757,204**
LTNCD	**12,430**	**8,657**	**3,723**	**–**	**12,380**
	769,634	**8,657**	**3,723**	**757,204**	**769,584**
Bills payable and SSURA	**141,081**	**–**	**–**	**141,081**	**141,081**
Bonds payable	**70,089**	**68,352**	**–**	**–**	**68,352**
	₱980,804	**₱77,009**	**₱3,723**	**₱898,285**	**₱979,017**
2022					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Treasury notes and bonds	₱12,293	₱12,293	₱–	₱–	₱12,293
Government	14,425	14,425	–	–	14,425
Private	3,587	3,587	–	–	3,587
Treasury bills	564	564	–	–	564
BSP	308	308	–	–	308
	31,177	31,177	–	–	31,177
Equity securities	48	48	–	–	48

(Forward)

	Parent Company				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Derivative assets					
Cross-currency swaps	₱13,691	₱–	₱13,691	₱–	₱13,691
Currency forwards	6,664	–	6,664	–	6,664
Bond futures	34	–	34	–	34
Interest rate swaps	3,618	–	3,618	–	3,618
Put option	136	–	136	–	136
Call option	288	–	288	–	288
	24,431	–	24,431	–	24,431
	55,656	31,225	24,431	–	55,656
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	329,146	329,146	–	–	329,146
Government	77,056	70,962	6,094	–	77,056
Private	11,120	10,787	333	–	11,120
	417,322	410,895	6,427	–	417,322
Equity securities	725	635	90	–	725
	418,047	411,530	6,517	–	418,047
	₱473,703	₱442,755	₱30,948	₱–	₱473,703
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Government	₱32,018	₱31,000	₱–	₱–	₱31,000
Treasury notes and bonds	253,090	248,799	–	–	248,799
	285,108	279,799	–	–	279,799
Loans and receivables - net					
Receivables from customers					
Commercial loans	989,444	–	–	974,061	974,061
Residential mortgage loans	50,672	–	–	51,095	51,095
Auto loans	18,276	–	–	18,537	18,537
Credit card	97,296	–	–	97,296	97,296
Trade loans	58,762	–	–	58,762	58,762
Others	9,422	–	–	9,422	9,422
	1,223,872	–	–	1,209,173	1,209,173
Unquoted debt securities	165	–	–	165	165
Sales contract receivable	18	–	–	18	18
	1,224,055	–	–	1,209,356	1,209,356
	1,509,163	279,799	–	1,209,356	1,489,155
Non-Financial Assets					
Investment properties	3,310	–	–	8,708	8,708
	₱1,512,473	₱279,799	₱–	₱1,218,064	₱1,497,863
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Cross-currency swaps	₱7,721	₱–	₱7,721	₱–	₱7,721
Interest rate swaps	1,380	–	1,380	–	1,380
Currency forwards	7,310	–	7,310	–	7,310
Bond futures	3	–	3	–	3
Credit default swaps	15	–	15	–	15
Put option	140	–	140	–	140
Call option	286	–	286	–	286
	₱16,855	₱–	₱16,855	₱–	₱16,855
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱528,914	₱–	₱–	₱528,914	₱528,914
LTNCD	21,080	20,948	–	–	20,948
	549,994	20,948	–	528,914	549,862
Bills payable and SSURA	76,456	–	–	76,456	76,456
Bonds payable	83,761	81,387	–	–	81,387
Subordinated debts	1,169	–	–	1,187	1,187
	₱711,380	₱102,335	₱–	₱606,557	₱708,892

As of December 31, 2023 and 2022, there were no transfers between levels of the fair value hierarchy.

When fair values of listed equity and debt securities, as well as publicly traded derivatives at the statement of financial position date are based on quoted market prices or binding dealer price quotations, without any adjustments for transaction costs, the instruments are included within Level 1 of the hierarchy.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models. Instruments included in Level 3 include those for which there is currently no active market.

6. Segment Information

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with segment representing a strategic business unit. Operating segments are reported in accordance with internal reporting to the Senior Management who is responsible for allocating resources to the segments and assessing its performance. The financial reporting basis used in the internal reporting is PFRS.

The Group's business segments follow:

- Consumer Banking - principally providing consumer type loans and support for effective sourcing and generation of consumer business;
- Corporate Banking - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Investment Banking - principally arranging structured financing, and providing services relating to privatizations, initial public offerings, mergers and acquisitions; and providing advisory services primarily aimed to create wealth to individuals and institutions;
- Treasury - principally providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and corporate banking;
- Branch Banking - principally handling branch deposits and providing loans and other loan related businesses for domestic middle market clients; and
- Others - principally handling other services including but not limited to remittances, leasing, account financing, and other support services. Other operations of the Group comprise the operations and financial control groups.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense. The Group has no significant customers which contributes 10.00% or more of the consolidated revenue net of interest expense. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate which approximates the cost of funds.

The following table presents revenue and income information of operating segments presented in accordance with PFRS and segment assets and liabilities:

	Consumer Banking	Corporate Banking	Investment Banking	Treasury	Branch Banking	Others	Total
2023							
Results of Operations							
Net interest income (expense)							
Third party	**₱22,753**	**₱60,783**	**₱–**	**₱22,303**	**(₱3,092)**	**₱2,223**	**₱104,970**
Intersegment	**(5,230)**	**(49,330)**	–	**(4,485)**	**59,045**	–	–
Net interest income after intersegment transactions	**17,523**	**11,453**	–	**17,818**	**55,953**	**2,223**	**104,970**
Non-interest income	**9,707**	**1,250**	**198**	**2,336**	**6,385**	**8,628**	**28,504**
Revenue - net of interest expense	**27,230**	**12,703**	**198**	**20,154**	**62,338**	**10,851**	**133,474**
Non-interest expense	**15,974**	**6,258**	**50**	**5,403**	**23,841**	**26,974**	**78,500**
Income (loss) before share in net income of subsidiaries, associates and a JV	**11,256**	**6,445**	**148**	**14,751**	**38,497**	**(16,123)**	**54,974**
Share in net income of subsidiaries, associates and a JV	–	**86**	–	–	–	**789**	**875**
Provision for income tax	**257**	**(726)**	–	**(8,769)**	**258**	**(3,910)**	**(12,890)**
Non-controlling interest in net income of consolidated subsidiaries	–	–	–	–	–	**(721)**	**(721)**
Net income (loss)	**₱11,513**	**₱5,805**	**₱148**	**₱5,982**	**₱38,755**	**(₱19,965)**	**₱42,238**
Statement of Financial Position							
Total assets	**₱234,876**	**₱1,178,680**	**₱–**	**₱1,256,486**	**₱181,312**	**₱253,548**	**₱3,104,902**
Total liabilities	**₱125,072**	**₱1,118,249**	**₱–**	**₱1,200,606**	**₱273,011**	**₱21,226**	**₱2,738,164**
Other Segment Information							
Capital expenditures	**₱451**	**₱47**	**₱–**	**₱179**	**₱72**	**₱3,956**	**₱4,705**
Depreciation and amortization	**₱413**	**₱335**	**₱–**	**₱90**	**₱2,308**	**₱3,776**	**₱6,922**
Provision for credit and impairment losses	**₱6,415**	**₱1,797**	**₱–**	**(₱5)**	**₱175**	**₱596**	**₱8,978**
2022							
Results of Operations							
Net interest income (expense)							
Third party	₱14,728	₱38,478	₱–	₱22,951	₱7,211	₱2,161	₱85,529
Intersegment	(2,727)	(24,893)	–	320	27,300	–	–
Net interest income after intersegment transactions	12,001	13,585	–	23,271	34,511	2,161	85,529
Non-interest income	9,400	1,081	165	2,974	6,388	6,785	26,793
Revenue - net of interest expense	21,401	14,666	165	26,245	40,899	8,946	112,322
Non-interest expense	13,507	5,269	9	3,856	21,978	24,489	69,108
Income (loss) before share in net income of subsidiaries, associates and a JV	7,894	9,397	156	22,389	18,921	(15,543)	43,214
Share in net income of subsidiaries, associates and a JV	–	83	–	(27)	–	648	704
Provision for income tax	(138)	(413)	–	(5,292)	(305)	(4,472)	(10,620)
Non-controlling interest in net income of consolidated subsidiaries	–	–	–	–	–	(522)	(522)
Net income (loss)	₱7,756	₱9,067	₱156	₱17,070	₱18,616	(₱19,889)	₱32,776
Statement of Financial Position							
Total assets	₱187,083	₱1,095,896	₱–	₱1,103,122	₱180,212	₱276,777	₱2,843,090
Total liabilities	₱102,803	₱1,061,101	₱–	₱1,034,000	₱273,942	₱43,154	₱2,515,000
Other Segment Information							
Capital expenditures	₱409	₱99	₱–	₱124	₱58	₱3,003	₱3,693
Depreciation and amortization	₱358	₱320	₱–	₱64	₱2,001	₱3,233	₱5,976
Provision for credit and impairment losses	₱5,721	₱1,375	₱–	(₱19)	₱207	₱828	₱8,112
2021							
Results of Operations							
Net interest income (expense)							
Third party	₱15,933	₱33,099	₱–	₱16,426	₱8,686	₱905	₱75,049
Intersegment	(686)	(20,912)	–	(7,029)	28,627	–	–
Net interest income after intersegment transactions	15,247	12,187	–	9,397	37,313	905	75,049
Non-interest income	7,413	962	251	4,108	5,341	7,756	25,831
Revenue - net of interest expense	22,660	13,149	251	13,505	42,654	8,661	100,880
Non-interest expense	18,212	4,939	57	3,939	20,456	23,704	71,307
Income (loss) before share in net income of subsidiaries, associates and a JV	4,448	8,210	194	9,566	22,198	(15,043)	29,573

(Forward)

	Consumer Banking	Corporate Banking	Investment Banking	Treasury	Branch Banking	Others	Total
Share in net income of subsidiaries, associates and a JV	₱–	₱44	₱–	₱–	₱–	₱524	₱568
Provision for income tax	(505)	(340)	–	(3,607)	(723)	(2,602)	(7,777)
Non-controlling interest in net income of consolidated subsidiaries	–	–	–	–	–	(208)	(208)
Net income (loss)	₱3,943	₱7,914	₱194	₱5,959	₱21,475	(₱17,329)	₱22,156
Statement of Financial Position							
Total assets	₱167,422	₱941,197	₱–	₱969,133	₱163,077	₱261,987	₱2,502,816
Total liabilities	₱80,472	₱926,853	₱–	₱873,507	₱263,724	₱30,528	₱2,175,084
Other Segment Information							
Capital expenditures	₱261	₱56	₱–	₱113	₱31	₱3,361	₱3,822
Depreciation and amortization	₱614	₱321	₱–	₱55	₱2,111	₱3,329	₱6,430
Provision for credit and impairment losses	₱10,790	₱8	₱–	₱–	₱184	₱852	₱11,834

Non-interest income consists of service charges, fees and commissions, profit from assets sold, trading and securities gain/(loss) - net, foreign exchange gain (loss) - net, income from trust operations, leasing, dividends and miscellaneous income. Non-interest expense consists of compensation and fringe benefits, taxes and licenses, provision for credit and impairment losses, depreciation and amortization, occupancy and equipment-related costs, amortization of software costs, and miscellaneous expenses.

Geographical Information
The Group operates in four geographic markets: Philippines, Asia other than Philippines, USA and Europe (Note 2).

The following tables show the distribution of Group's external net operating income and non-current assets allocated based on the location of the customers and assets, respectively, for the years ended December 31:

	Philippines	**Asia (Other than Philippines)**	**USA**	**Europe**	**Total**
2023					
Interest income	**₱147,670**	**₱5,766**	**₱176**	**₱–**	**₱153,612**
Interest expense	**46,416**	**2,213**	**13**	–	**48,642**
Net interest income	**101,254**	**3,553**	**163**	–	**104,970**
Non-interest income	**26,445**	**1,531**	**487**	**41**	**28,504**
Provision for credit and impairment losses	**(8,697)**	**(281)**	–	–	**(8,978)**
Total external net operating income	**₱119,002**	**₱4,803**	**₱650**	**₱41**	**₱124,496**
Non-current assets	**₱33,672**	**₱515**	**₱154**	**₱3**	**₱34,344**
2022					
Interest income	₱97,745	₱4,516	₱109	₱–	₱102,370
Interest expense	14,858	1,936	47	–	16,841
Net interest income	82,887	2,580	62	–	85,529
Non-interest income	25,308	956	492	37	26,793
Provision for credit and impairment losses	(7,812)	(300)	–	–	(8,112)
Total external net operating income	₱100,383	₱3,236	₱554	₱37	₱104,210
Non-current assets	₱33,764	₱490	₱11	₱3	₱34,268
2021					
Interest income	₱83,584	₱3,587	₱6	₱–	₱87,177
Interest expense	10,921	1,205	2	–	12,128
Net interest income	72,663	2,382	4	–	75,049
Non-interest income	24,477	829	490	35	25,831
Provision for credit and impairment losses	(11,601)	(232)	(1)	–	(11,834)
Total external net operating income	₱85,539	₱2,979	₱493	₱35	₱89,046
Non-current assets	₱31,613	₱586	₱9	₱3	₱32,211

Non-current assets consist of property and equipment excluding ROU assets, investment properties, chattel properties acquired in foreclosure, software costs and assets held under joint operations.

7. Interbank Loans Receivable and Securities Purchased Under Resale Agreements

This account consists of:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Interbank loans receivable - net (Note 32)	**₱35,313**	₱45,008	**₱29,230**	₱39,451
SPURA	**37,666**	28,736	**29,956**	26,084
	₱72,979	₱73,744	**₱59,186**	₱65,535

As of December 31, 2023 and 2022, the allowance for credit losses for interbank loans receivable amounted to ₱35.8 million and ₱18.7 million, respectively, for the Group and ₱32.8 million and ₱14.4 million, respectively, for the Parent Company (Note 15).

In 2023, 2022 and 2021, the interest rates of the interbank loans receivables ranged from 0.00% to 6.25%, 0.00% to 5.90%, and 0.00% to 4.90%, respectively, for the Group, and 0.00% to 6.25%, 0.00% to 5.05%, and 0.00% to 3.30%, respectively, for the Parent Company.

8. Trading and Investment Securities

This account consists of:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Investment securities at:				
FVTPL	**₱74,856**	₱63,599	**₱66,501**	₱55,656
FVOCI (Note 17 & 29)	**536,623**	530,464	**442,674**	418,047
Amortized cost (Note 17 & 29)	**470,638**	317,776	**438,437**	285,108
	₱1,082,117	₱911,839	**₱947,612**	₱758,811

Investment securities at FVTPL consist of the following:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
HFT investments				
Debt securities				
Government	**₱16,264**	₱14,500	**₱16,068**	₱14,425
BSP	**13,937**	308	**13,937**	308
Treasury notes and bonds	**10,096**	12,767	**8,951**	12,293
Private	**4,659**	3,858	**4,386**	3,587
Treasury bills	**1,174**	564	**1,174**	564
	46,130	31,997	**44,516**	31,177
Equity securities	**6,804**	7,163	**64**	48
	52,934	39,160	**44,580**	31,225
Derivative assets	**21,922**	24,439	**21,921**	24,431
	₱74,856	₱63,599	**₱66,501**	₱55,656

The following are the fair values of the Parent Company's derivative financial instruments recorded as 'Derivative assets/liabilities', together with the notional amounts. The notional amount is the amount or quantity of a derivative's underlying asset, and is the basis upon which changes in the value are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2023 and 2022 and are not indicative of either market risk or credit risk.

	Derivative Assets	Derivative Liabilities	Notional Amount	Average Forward Rate (in every USD 1)
December 31, 2023				
Freestanding derivatives:				
Currency forwards				
BOUGHT:				
USD	**₱357**	**₱4,750**	**USD 7,141**	**₱56.01**
CNY	**54**	**253**	**CNY 1,476**	**CNY 6.93**
EUR	**121**	–	**EUR 68**	**EUR 0.92**
THB	**1**	–	**THB 17**	**THB 34.46**
GBP	**77**	–	**GBP 34**	**GBP 0.81**
AUD	**71**	–	**AUD 43**	**AUD 1.53**
JPY	**3,288**	**2,777**	**JPY 340,874**	**JPY 140.68**
SGD	**24**	–	**SGD 40**	**SGD 1.33**
SOLD:				
USD	**2,247**	**530**	**USD 4,214**	**₱55.90**
CNY	**300**	**44**	**CNY 2,262**	**CNY 6.97**
JPY	**3,559**	**621**	**JPY 157,170**	**JPY 133.02**
EUR	**14**	**168**	**EUR 260**	**EUR 0.91**
MXN	–	1	**MXN 1**	**MXN 18.60**
THB	–	**3**	**THB 93**	**THB 34.86**
CHF	–	**5**	**CHF 3**	**CHF 0.86**
HKD	**2**	**2**	**HKD 495**	**HKD7.80**
SGD	–	**53**	**SGD 101**	**SGD 1.33**
TRY	–	–	**TRY 1**	**TRY 30.36**
DKK	–	**1**	**DKK 4**	**DKK 6.92**
CAD	–	**86**	**CAD 86**	**CAD 1.35**
AUD	–	**141**	**AUD 90**	**AUD 1.53**
GBP	**1**	**194**	**GBP 147**	**GBP 0.80**
NZD	–	–	**NZD 0.2**	**NZD 1.58**
Interest rate swaps - PHP	**139**	**235**		
Interest rate swaps - USD	**3,470**	**700**		
Interest rate swaps - EUR	**29**	**129**		
Interest rate swaps - JPY	**–**	**21**		
Cross-currency swaps – PHP	**267**	**4,470**		
Cross-currency swaps - USD	**5,673**	**885**		
Cross-currency swaps - EUR	**1,930**	**42**		
Cross-currency swaps - JPY	**57**	**503**		
Cross-currency swaps - GBP	**155**	**–**		
OTC FX Options - USD	**33**	**40**		
OTC FX Options - AUD	**1**	**1**		
OTC FX Options - EUR	**11**	**11**		
OTC FX Options - NZD	**–**	**–**		
Credit default swaps	–	**53**		
Bond Futures	**40**	**143**		
	₱21,921	**₱16,862**		
December 31, 2022				
Freestanding derivatives:				
Currency forwards				
BOUGHT:				
USD	₱1,836	₱2,833	USD 3,120	₱56.14
CNY	34	235	CNY 670	CNY 6.70
EUR	157	17	EUR 133	EUR 0.95
THB	11	–	THB 134	THB 36.21
GBP	4	–	GBP 1	GBP 0.86
AUD	–	1	AUD 5	AUD 1.48
JPY	605	428	JPY 89,139	JPY 132.50
CAD	–	–	CAD 15	CAD 1.36
CHF	–	–	CHF 2	CHF 0.93
SOLD:				
USD	2,760	2,617	USD 4,392	₱56.05
CNY	296	41	CNY 1,621	CNY 6.81
JPY	523	1,007	JPY 77,221	JPY 133.48
EUR	405	86	EUR 410	EUR 0.92
MXN	–	–	MXN 1	MXN 19.57
THB	–	16	THB 257	THB 35.85
CHF	–	1	CHF 3	CHF 0.93
HKD	1	–	HKD 315	HKD 7.59
SGD	–	5	SGD 37	SGD 1.35

	Derivative Assets	Derivative Liabilities	Notional Amount	Average Forward Rate (in every USD 1)
TRY	₱–	₱–	TRY 1	TRY 19.87
DKK	–	–	DKK 3	DKK 6.94
CAD	6	10	CAD 107	CAD 1.36
AUD	–	8	AUD 41	AUD 1.49
GBP	26	4	GBP 34	GBP 0.82
NZD	–	1	NZD 7	NZD 1.59
Interest rate swaps - PHP	193	1,263	₱56,585	
Interest rate swaps - FX	3,425	117	USD 1,828	
Cross-currency swaps - PHP	83	6,666	₱66,783	
Cross-currency swaps - USD	13,008	254	USD 2,762	
Cross-currency swaps - EUR	385	522	EUR 502	
Cross-currency swaps - JPY	215	279	JPY 21,670	
Credit default swaps	–	15	USD 66	
Over-the-counter FX options – AUD	15	14	AUD 26	
Over-the-counter FX options - EUR	90	90	EUR 60	
Over-the-counter FX options - GBP	34	33	GBP 30	
Over-the-counter FX options - NZD	38	38	NZD 40	
Over-the-counter FX options - USD	247	251	USD 360	
Bond Futures - FCDU	34	3	USD 134	
	₱24,431	₱16,855		

As of December 31, 2023 and 2022, the Group's derivative assets include currency forwards, FX options and cross-currency swaps entered into by the subsidiaries amounting to ₱1.6 million and ₱8.6 million, respectively. As of December 31, 2023 and 2022, the Group's derivative liabilities include currency forwards, cross-currency swaps and FX options entered into by the subsidiaries amounting to ₱3.7 million and ₱9.8 million, respectively.

Investment securities at FVOCI as of December 31, 2023 and 2022 consist of the following:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Debt securities				
Treasury notes and bonds (Note 17)	**₱366,864**	₱333,117	**₱360,273**	₱329,146
Government (Note 17)	**71,444**	77,137	**71,289**	77,056
BSP	**50,889**	67,857	–	–
Private	**45,151**	50,037	**10,252**	11,120
Treasury bills	**355**	557	–	–
	534,703	528,705	**441,814**	417,322
Equity securities	**1,920**	1,759	**860**	725
	₱536,623	₱530,464	**₱442,674**	₱418,047

The equity securities are irrevocably designated at FVOCI as these are held for long term-strategic purpose rather than for trading. These equity securities include golf club shares and non-marketable equity securities. In 2023 and 2022, as part of its risk management, the Group disposed equity securities at FVOCI with total carrying value of ₱94.1 million and ₱6.8 million, respectively, and recognized gain (loss) on disposal charged against 'Surplus' of (₱84.6 million) and ₱1.4 million, respectively. Dividends recognized for the disposed equity securities in 2023 and 2022 amounted to nil and ₱0.2 million, respectively.

Outstanding equity securities at FVOCI as of December 31, 2023 and 2022 generated dividends amounting to ₱47.8 million and ₱42.5 million, respectively for the Group, and ₱14.9 million and ₱7.8 million, respectively, for the Parent Company.

As of December 31, 2023 and 2022, the ECL on debt securities at FVOCI (included in 'Net unrealized gain (loss) on investment securities at FVOCI') amounted to ₱809.5 million and ₱740.8 million respectively, for the Group and the Parent Company (Note 15).

As of December 31, 2023 and 2022, investment securities at FVOCI include floating and fixed rate private notes with total carrying value of USD 11.0 million and USD10.8 million, respectively (with peso equivalent of ₱606.4 million and ₱604.0 million, respectively) which are pledged by the Parent Company's New York Branch in compliance with the regulatory requirements of the Federal Deposit Insurance Corporation and the Office of the Controller of the Currency in New York.

Movements in net unrealized gains (losses), including share in net unrealized gains (losses) of subsidiaries (Note 11), presented under 'Equity' in the statements of financial position are as follows:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Balance at January 1	**(₱23,133)**	(₱3,799)	**(₱23,076)**	(₱3,751)
Unrealized gain (loss) recognized in OCI	**14,533**	(20,824)	**14,400**	(20,782)
Amounts realized in surplus	**85**	(1)	**85**	(1)
Amounts realized in profit or loss	**(153)**	(697)	**(87)**	(676)
	(8,668)	(25,321)	**(8,678)**	(25,210)
Tax (Note 28)	**(1,438)**	2,188	**(1,387)**	2,134
Balance at December 31	**(₱10,106)***	(₱23,133)*	**(₱10,065)**	(₱23,076)

* *Includes share of non-controlling interest in unrealized losses amounting to ₱41.6 million and ₱56.8 million, respectively, as of December 31, 2023 and 2022.*

Investment securities at amortized cost as of December 31, 2023 and 2022 consist of the following:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Treasury notes and bonds (Note 17)	**₱417,868**	₱269,501	**₱400,420**	₱253,090
Government (Note 17)	**49,790**	45,009	**38,378**	32,470
Private	**3,067**	3,488	–	–
Treasury bills	**288**	249	–	–
	471,013	318,247	**438,798**	285,560
Less: allowance for credit losses (Note 15)	**375**	471	**361**	452
	₱470,638	₱317,776	**₱438,437**	₱285,108

Interest income on investment securities at FVOCI and at amortized cost consists of:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Investment securities at FVOCI	**₱18,015**	₱15,997	₱15,868	**₱13,536**	₱13,157	₱14,133
Investment securities at amortized cost	**25,599**	9,941	1,028	**24,118**	8,844	407
	₱43,614	₱25,938	₱16,896	**₱37,654**	₱22,001	₱14,540

In 2023, 2022 and 2021, foreign currency-denominated trading and investment securities bear nominal annual interest rates ranging from 0.10% to 10.63% for the Group and the Parent Company while peso-denominated trading and investment securities bear nominal annual interest rates ranging from 2.38% to 18.25%, 2.38% to 18.25%, and 1.38% to 18.25%, respectively, for the Group and from 2.38% to 18.25% for the Parent Company.

Trading and securities gain/(loss) - net consists of:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Investment securities at FVTPL	**₱1,799**	(₱4,128)	(₱767)	**₱1,708**	(₱3,515)	(₱1,046)
Derivative assets/liabilities – net	**(1,922)**	9,369	582	**(1,923)**	9,373	571
Debt securities at FVOCI	**153**	697	3,691	**87**	676	3,676
Investment securities of amortized cost	**–**	–	12	**–**	–	–
	30	5,938	3,518	**(128)**	6,534	3,201
Income (loss) attributable to non-equity non-controlling interests (Note 21)	**(124)**	463	(152)	**–**	–	–
	(₱94)	₱6,401	₱3,366	**(₱128)**	₱6,534	₱3,201

Trading gains on debt securities at FVOCI represent realized gains previously reported in OCI.

9. Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Receivables from customers (Note 32)				
Commercial loans (Note 13)	**₱1,166,207**	₱1,093,972	**₱1,085,887**	₱1,016,378
Credit card	**146,261**	116,161	**146,261**	116,161
Residential mortgage loans	**93,541**	94,076	**52,274**	51,888
Auto loans	**96,387**	79,573	**21,304**	18,874
Trade loans	**51,618**	61,090	**47,864**	59,530
Others (Note 13)	**13,032**	11,857	**10,684**	9,589
	1,567,046	1,456,729	**1,364,274**	1,272,420
Less unearned discounts and capitalized interest	**15,637**	13,538	**13,545**	10,970
	1,551,409	1,443,191	**1,350,729**	1,261,450
Unquoted debt securities				
Private	**829**	1,033	**386**	386
Government	**105**	170	**105**	170
	934	1,203	**491**	556
Accrued interest receivable (Note 32)	**20,895**	15,788	**17,396**	12,241
Accounts receivable (Note 32)	**15,094**	9,333	**7,655**	6,500
Sales contract receivable	**32**	31	**25**	20
Other receivables	**396**	281	**2**	3
	1,588,760	1,469,827	**1,376,298**	1,280,770
Less allowance for credit losses (Note 15)	**51,594**	51,445	**40,962**	41,210
	₱1,537,166	₱1,418,382	**₱1,335,336**	₱1,239,560

Receivables from customers consist of:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Loans and discounts	**₱1,506,507**	₱1,389,001	**₱1,307,524**	₱1,206,039
Less unearned discounts and capitalized interest	**15,637**	13,538	**13,545**	10,970
	1,490,870	1,375,463	**1,293,979**	1,195,069
Customers' liabilities under letters of credit (LC)/trust receipts	**50,953**	59,280	**47,199**	57,719
Bills purchased (Note 21)	**9,586**	8,448	**9,551**	8,662
	₱1,551,409	₱1,443,191	**₱1,350,729**	₱1,261,450

As of December 31, 2023 and 2022, receivables from customers of the Group include lease contract receivables amounting ₱2.0 billion and ₱2.6 billion, respectively (Note 13) and notes receivable financed amounting to ₱14.1 billion and ₱17.9 billion, respectively.

Interest income on loans and receivables consists of:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Receivables from customers (Note 32)	**₱77,831**	₱53,269	₱49,615	**₱63,831**	₱40,810	₱35,320
Receivables from cardholders	**18,272**	12,843	11,728	**18,272**	12,843	11,728
Lease contract receivables	**1,738**	2,019	2,585	–	–	–
Customers' liabilities under LC/trust receipts	**2,503**	1,773	1,137	**2,503**	1,773	1,137
Others	**195**	277	460	**183**	270	452
	₱100,539	₱70,181	₱65,525	**₱84,789**	₱55,696	₱48,637

As of December 31, 2023 and 2022, 80.68% and 82.44%, respectively, of the total receivables from customers of the Group, and 89.17% and 90.70%, respectively, of the total receivables from customers of the Parent Company are subject to periodic interest repricing. In 2023, 2022 and 2021, the remaining peso receivables from customers earn annual fixed interest rates ranging from 3.00% to 41.72%, from 4.70% to 38.80%, and from 3.50% to 24.00%, respectively for the Group, and 12.00% to 36.00%, 6.00% to 24.00%, and 6.00% to 12.80% for the Parent Company, while foreign currency-denominated receivables from customers earn annual fixed interest rates ranging from 1.00% to 36.00%, from 1.05% to 24.00% and from 0.98% to 24.00%, respectively for the Group and 3.00% to 36.00%, 1.05% to 24.00% and 0.98% to 24.00%, respectively for the Parent Company.

10. Property and Equipment

The composition and movements in the account follow:

	Consolidated						
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**BUC**	**ROU Assets**	**Total**
2023							
Cost							
Balance at January 1	**₱5,942**	**₱16,679**	**₱21,093**	**₱4,646**	**₱425**	**₱9,019**	**₱57,804**
Additions	–	**23**	**2,651**	**455**	**622**	**2,253**	**6,004**
Disposals/early termination	–	–	**(1,391)**	**(6)**	–	**(1,000)**	**(2,397)**
Reclassification/others	**(1)**	**455**	**(7)**	**249**	**(720)**	**(327)**	**(351)**
Balance at December 31	**5,941**	**17,157**	**22,346**	**5,344**	**327**	**9,945**	**61,060**
Accumulated depreciation and amortization							
Balance at January 1	–	**8,238**	**14,537**	**3,992**	–	**3,876**	**30,643**
Depreciation and amortization	–	**762**	**2,431**	**320**	–	**1,863**	**5,376**
Disposals/early termination	–	–	**(1,233)**	**(6)**	–	**(966)**	**(2,205)**
Reclassification/others	–	**6**	**(2)**	**(4)**	–	**(5)**	**(5)**
Balance at December 31	–	**9,006**	**15,733**	**4,302**	–	**4,768**	**33,809**
Allowance for impairment losses	–	**8**	–	–	–	–	**8**
Net book value at December 31	**₱5,941**	**₱8,143**	**₱6,613**	**₱1,042**	**₱327**	**₱5,177**	**₱27,243**
2022							
Cost							
Balance at January 1	₱5,797	₱16,339	₱19,377	₱4,999	₱219	₱7,348	₱54,079
Additions	–	7	2,508	70	531	2,360	5,476
Disposals/early termination	–	–	(1,801)	(208)	–	(594)	(2,603)
Reclassification/others	145	333	1,009	(215)	(325)	(95)	852
Balance at December 31	5,942	16,679	21,093	4,646	425	9,019	57,804
Accumulated depreciation and amortization							
Balance at January 1	–	7,574	13,714	4,085	–	2,915	28,288
Depreciation and amortization	–	568	2,271	240	–	1,514	4,593
Disposals/early termination	–	–	(1,601)	(208)	–	(516)	(2,325)
Reclassification/others	–	96	153	(125)	–	(37)	87
Balance at December 31	–	8,238	14,537	3,992	–	3,876	30,643
Allowance for impairment losses	–	8	–	–	–	–	8
Net book value at December 31	₱5,942	₱8,433	₱6,556	₱654	₱425	₱5,143	₱27,153

	Parent Company						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	BUC	ROU Assets	Total
2023							
Cost							
Balance at January 1	**₱4,805**	**₱15,318**	**₱11,225**	**₱2,976**	**₱425**	**₱5,755**	**₱40,504**
Additions	–	**8**	**1,137**	**414**	**622**	**1,579**	**3,760**
Disposals/early termination	–	–	**(414)**	–	–	**(632)**	**(1,046)**
Reclassification/others	**(1)**	**458**	**4**	**253**	**(720)**	**(344)**	**(350)**
Balance at December 31	**4,804**	**15,784**	**11,952**	**3,643**	**327**	**6,358**	**42,868**
Accumulated depreciation and amortization							
Balance at January 1	–	**7,525**	**8,023**	**2,479**	–	**2,212**	**20,239**
Depreciation and amortization	–	**720**	**1,168**	**251**	–	**1,147**	**3,286**
Disposals	–	–	**(363)**	–	–	**(632)**	**(995)**
Reclassification/others	–	**6**	**7**	**(3)**	–	**(3)**	**7**
Balance at December 31	–	**8,251**	**8,835**	**2,727**	–	**2,724**	**22,537**
Allowance for impairment losses	–	**8**	–	–	–	–	**8**
Net book value at December 31	**₱4,804**	**₱7,525**	**₱3,117**	**₱916**	**₱327**	**₱3,634**	**₱20,323**
2022							
Cost							
Balance at January 1	₱4,660	₱14,987	₱10,075	₱3,187	₱219	₱4,335	₱37,463
Additions	–	5	752	8	531	1,621	2,917
Disposals/early termination	–	–	(607)	–	–	(262)	(869)
Reclassification/others	145	326	1,005	(219)	(325)	61	993
Balance at December 31	4,805	15,318	11,225	2,976	425	5,755	40,504
Accumulated depreciation and amortization							
Balance at January 1	–	6,908	7,313	2,456	–	1,556	18,233
Depreciation and amortization	–	525	1,079	154	–	828	2,586
Disposals	–	–	(521)	–	–	(253)	(774)
Reclassification/others	–	92	152	(131)	–	81	194
Balance at December 31	–	7,525	8,023	2,479	–	2,212	20,239
Allowance for impairment losses	–	8	–	–	–	–	8
Net book value at December 31	₱4,805	₱7,785	₱3,202	₱497	₱425	₱3,543	₱20,257

As of December 31, 2023 and 2022, the cost of fully depreciated property and equipment still in use amounted to ₱8.2 billion and ₱7.8 billion, respectively, for the Group, and ₱5.4 billion and ₱5.0 billion, respectively, for the Parent Company.

11. Investments in Subsidiaries, Associates and a Joint Venture

Investments in subsidiaries consist of:

	2023	2022
Acquisition cost		
PSBank	**₱13,076**	₱13,076
FMIC	**11,751**	11,751
MBCL	**10,079**	10,079
Circa	**837**	837
MR USA	**365**	365
ORIX Metro	**265**	265
MR Japan	**102**	102
MR UK	**31**	31
MRHL	**26**	26
MRSPL	**17**	17
Others	**25**	25
	36,574	36,574

(Forward)

	2023	2022
Accumulated equity in net income		
Balance at January 1	**₱34,775**	₱31,725
Share in net income	**5,237**	4,182
Dividends	**(1,132)**	(1,132)
Balance at December 31	**38,880**	34,775
Equity in net unrealized loss on investment securities at FVOCI	**(437)**	(1,939)
Equity in net unrealized gain on remeasurement of retirement plan and translation adjustment and others	**1,606**	2,514
Equity in realized loss on sale of equity securities at FVOCI	**(255)**	(170)
Allowance for impairment loss (Note 15)	**(474)**	–
Carrying value		
PSBank	**35,333**	32,669
FMIC	**20,658**	20,288
MBCL	**14,735**	13,800
ORIX Metro	**4,021**	3,861
Circa	**276**	259
MRSPL	**192**	182
MR USA	**199**	182
MRHL	**107**	128
MR Japan	**65**	77
MR UK	**39**	38
Others	**269**	270
	₱75,894	₱71,754

Allowance for impairment loss amounting to ₱474 million pertains to investment in FMIC.

The following subsidiaries have material non-controlling interests as of December 31, 2023 and 2022:

	Country of Incorporation and Principal Place of Business	Principal Activities	Effective Ownership of Non-Controlling Interest 2023	2022
ORIX Metro	Philippines	Leasing, Financing	**40.15%**	40.15%
PSBank	Philippines	Banking	**11.62%**	11.62%

The following table presents financial information of subsidiaries with material non-controlling interests as of December 31, 2023 and 2022:

	2023		2022	
	PSBank	ORIX Metro	PSBank	ORIX Metro
Statement of Financial Position				
Total assets	**₱238,433**	**₱18,321**	₱264,421	₱23,436
Total liabilities	**198,279**	**8,273**	227,281	13,789
Non-controlling interest	**5,849**	**4,053**	5,499	3,892
Statement of Income				
Gross income	**21,029**	**4,699**	18,241	4,979
Operating income	**15,145**	**4,261**	15,020	4,392
Net income	**4,531**	**463**	3,678	235
Net income attributable to non-controlling interest	**526**	**188**	427	94
Total comprehensive income	**4,295**	**399**	3,526	242

	2023 PSBank	2023 ORIX Metro	2022 PSBank	2022 ORIX Metro
Statement of Cash Flows				
Net cash provided by (used in) operating activities	**₱(38,300)**	**₱4,696**	₱(1,613)	₱2,727
Net cash generated (used in) investing activities	**20,754**	**(751)**	(13,786)	(834)
Net cash used in financing activities	**(7,378)**	**(4,418)**	(653)	(1,579)
Net increase (decrease) in cash and cash equivalents	**(24,924)**	**(473)**	(16,052)	314
Cash and cash equivalents at beginning of year	**45,079**	**1,616**	61,131	1,302
Cash and cash equivalents at end of year	**20,154**	**1,143**	45,079	1,616

Investment in CIRCA

On May 4, 2022, the stockholders of CIRCA 2000 Homes, Inc. approved the shortening of its corporate term to end on December 31, 2024 through an amendment of its Articles of Incorporation (AOI). The amended AOI was approved by the SEC on June 10, 2022.

Investment in Orix Metro

On April 20, 2022, the BOD of Orix Metro approved the voluntary surrender of its quasi banking license. This was approved by the BSP on June 23, 2022.

Investment in FMIC

On September 15, 2023, the SEC approved the following amendments on the Articles of Incorporation of FMIC:

1. Deletion of the primary purpose pertaining to the quasi- banking and trust activities of FMIC in view of BSP's approval to surrender its quasi-bank and trust license on March 25, 2021;

2. Decrease in the number of authorized common shares of FMIC from 800,000,000 to 16,000,000 shares and increase in the par value from ₱10.00 to ₱500.00 per share.

As of December 31, 2023 and 2022, the carrying amount of goodwill of the Group amounted to ₱4.7 billion, of which ₱4.5 billion pertains to the goodwill arising from the acquisition of the then Solidbank Corporation, which was merged with FMIC.

	Principal Activities	Consolidated 2023	Consolidated 2022	Parent Company 2023	Parent Company 2022
Acquisition cost:					
Lepanto Consolidated Mining Company (LCMC) (13.36% effectively owned)	Mining	**₱2,527**	₱2,527	**₱–**	₱–
SMFC (26.52% effectively owned)*	Financing	**610**	610	**–**	–
Northpine Land, Inc. (NLI) (20.00% owned)	Real estate developer	**232**	232	**232**	232
Taal Land Inc. (TLI) (35.00% owned)	Real estate	**178**	178	**178**	178
Cathay International Resources Corporation (CIRC) (34.49% effectively owned)	Investment house	**175**	175	**–**	–
AXA Philippines Life and General Insurance Corporation (AXA Philippines) [formerly Philippine AXA Life Insurance Corporation (PALIC)] (27.97% effectively owned)	Insurance	**172**	172	**–**	–
SMBC Metro Investment Corporation (SMBC Metro) (30.00% owned)	Investment house	**180**	180	**180**	180
Others		**42**	42	**–**	–
		4,116	4,116	**590**	590
Accumulated equity in net income:					
Balance at January 1		**2,970**	2,708	**251**	265
Share in net income		**875**	704	**44**	(14)
Dividends		**(314)**	(442)	**–**	–
Balance at December 31		**3,531**	2,970	**295**	251
Equity in other comprehensive income (losses)		**116**	(146)	**1**	1
Return of investment - SMBC Metro		**(180)**	(180)	**(180)**	(180)
Allowance for impairment losses (Note 15)		**(1,342)**	(883)	**(101)**	(101)

(Forward)

	Principal Activities	Consolidated 2023	Consolidated 2022	Parent Company 2023	Parent Company 2022
Carrying value					
LCMC		**₱494**	₱962	**₱–**	₱–
SMFC		**870**	816	**–**	–
NLI		**563**	519	**563**	519
TLI		**18**	18	**18**	18
AXA Philippines		**4,222**	3,498	**–**	–
SMBC Metro		**24**	24	**24**	24
Others		**50**	40	**–**	–
		₱6,241	₱5,877	**₱605**	₱561

* *Represents investment in a JV of the Group and effective ownership interest of the Parent Company through PSBank.*

The principal place of business of these associates is in the Philippines.

Investment of FMIC in LCMC
FMIC has the ability to exercise significant influence through a 5-year agreement with Philex Mining Corporation to jointly vote their 16.7% ownership. As of December 31, 2023 and 2022, LCMC-A shares are trading at ₱0.08 per share and ₱0.109 per share, respectively, and LCMC-B shares are trading at ₱0.078 per share and ₱0.107 per share, respectively. As of December 31, 2023 and 2022, there has been a significant decline in the fair value of the shares compared to the acquisition cost. In 2023 and 2022, the Group recognized impairment loss on the investment in LCMC amounting to ₱458.3 million and ₱211.6 million, respectively (Note 3).

Investment in NLI
On November 27, 2019, the stockholders of NLI approved the shortening of its corporate term to end on December 31, 2021, but subsequently approved on March 24, 2021 to extend the term up to June 30, 2022. NLI filed the amended Articles of Incorporation (for the shortening of its corporate term up to January 30, 2022) with SEC and this was approved by the SEC on July 6, 2021.

The following tables present financial information of significant associates and a JV:

	Statements of Financial Position		Statements of Income and Other Comprehensive Income				
	Total Assets	Total Liabilities	Gross Income	Operating Income (Loss)	Net Income (Loss)	OCI	Total Comprehensive Income (Loss)
December 31, 2023							
AXA Philippines	**₱177,539**	**₱162,503**	**₱18,746**	**₱3,436**	**₱2,647**	**₱831**	**₱3,478**
LCMC	**8,404**	**4,094**	**2,470**	**13**	**19**	**–**	**19**
NLI	**2,988**	**264**	**56**	**(54)**	**221**	**–**	**221**
SMFC	**7,711**	**4,805**	**1,803**	**288**	**215**	**(32)**	**183**
CIRC	**1,814**	**1,442**	**484**	**(109)**	**(109)**	**–**	**(109)**
December 31, 2022							
AXA Philippines	₱157,294	₱144,736	₱16,254	₱3,428	₱2,594	(₱280)	₱2,314
LCMC	8,651	4,436	1,842	(386)	(374)	–	(374)
NLI	2,737	236	72	(151)	(75)	–	(75)
SMFC	6,796	4,075	1,549	389	278	33	311
CIRC	2,022	1,558	334	(115)	(115)	–	(115)

Major assets of significant associates and a JV include the following:

	2023	2022
AXA Philippines		
Cash and cash equivalents	**₱9,342**	₱6,665
Loans and receivables - net	**1,668**	878
Investment securities at FVTPL	**1,896**	1,832
Investment securities at FVOCI	**20,362**	15,669

(Forward)

	2023	2022
Property and equipment	**461**	523
LCMC		
Inventories	**₱468**	₱493
Investments and advances	**864**	970
Mine exploration cost	**10**	10
Property, plant and equipment - net	**5,685**	5,769
NLI		
Cash and cash equivalents	**1,148**	502
Real estate properties	**984**	1,173
Receivables - net	**821**	1,025
SMFC		
Cash and cash equivalents	**738**	436
Receivables - net	**6,433**	6,202
CIRC		
Cash and cash equivalents	**91**	111
Receivables - net	**70**	74
Property, plant and equipment - net	**1,087**	1,166
Condominium units for sale/inventories	**181**	206

Dividends declared by investee companies of the Parent Company follow:

Subsidiary/Associate	Date of Declaration	Per Share	Total Amount	Record Date	Payment Date
2023					
Subsidiaries					
Cash Dividend					
PSBank	**January 26,2023**	**₱0.75**	**₱320**	**February 10, 2023**	**February 27, 2023**
PSBank	**April 27,2023**	**0.75**	**320**	**May 15, 2023**	**May 29, 2023**
PSBank	**July 20,2023**	**0.75**	**320**	**August 4, 2023**	**August 22, 2023**
PSBank	**October 19, 2023**	**0.75**	**320**	**November 8, 2023**	**November 20, 2023**
2022					
Subsidiaries					
Cash Dividend					
PSBank	January 17, 2022	₱0.75	₱320	February 2, 2022	February 16, 2022
PSBank	April 25, 2022	0.75	320	May 11, 2022	May 25, 2022
PSBank	July 21, 2022	0.75	320	August 5, 2022	August 22, 2022
PSBank	October 20, 2022	0.75	320	November 7, 2022	November 21, 2022

Dividends declared by significant investee companies of PSBank and FMIC follow:

Subsidiary/Associate	Date of Declaration	Per Share	Total Amount	Record Date	Payment Date
2023					
Associates					
Cash Dividend					
AXA Philippines	**December 13,2023**	**₱100**	**₱1,000**	**December 29, 2023**	**January 17, 2024**
SMFC	**June 23,2023**	**9.60**	**192**	**July 10, 2023**	**July 19, 2023**
FMSBC	**May 31,2023**	**17.75**	**30**	**May 31, 2023**	**August 29, 2023**
FAMI	**June 22,2023**	**67.00**	**100**	**June 30, 2023**	**December 15, 2023**
2022					
Associates					
Cash Dividend					
AXA Philippines	November 28, 2022	₱142	₱1,420	December 21, 2022	December 21, 2022
SMFC	June 24, 2022	5.01	102	July 11, 2022	July 20, 2022
FMSBC	May 27, 2022	35.50	60	May 31, 2022	August 25, 2022
FAMI	September 30, 2022	8.00	12	September 30, 2022	December 28, 2022

12. **Investment Properties**

This account consists of foreclosed real estate properties and investments in real estate:

	Consolidated					
	2023			2022		
	Land	**Buildings and Improvements**	**Total**	Land	Buildings and Improvements	Total
Cost						
Balance at January 1	**₱5,285**	**₱5,156**	**₱10,441**	₱5,387	₱4,494	₱9,881
Additions	**477**	**995**	**1,472**	410	1,489	1,899
Disposals	**(532)**	**(706)**	**(1,238)**	(427)	(915)	(1,342)
Reclassification/others	–	–	–	(85)	88	3
Balance at December 31	**5,230**	**5,445**	**10,675**	5,285	5,156	10,441
Accumulated depreciation and amortization						
Balance at January 1	–	**1,104**	**1,104**	–	1,140	1,140
Depreciation and amortization	–	**161**	**161**	–	139	139
Disposals	–	**(105)**	**(105)**	–	(175)	(175)
Balance at December 31	–	**1,160**	**1,160**	–	1,104	1,104
Allowance for impairment losses (Note 15)						
Balance at January 1	**1,229**	**207**	**1,436**	1,244	170	1,414
Provision for (reversal of) impairment loss	–	**12**	**12**	(8)	112	104
Disposals	**(8)**	**(32)**	**(40)**	(7)	(77)	(84)
Reclassification/others	–	–	–	–	2	2
Balance at December 31	**1,221**	**187**	**1,408**	1,229	207	1,436
Net book value at December 31	**₱4,009**	**₱4,098**	**₱8,107**	₱4,056	₱3,845	₱7,901

	Parent Company					
	2023			2022		
	Land	**Buildings and Improvements**	**Total**	Land	Buildings and Improvements	Total
Cost						
Balance at January 1	**₱3,329**	**₱1,562**	**₱4,891**	₱3,396	₱1,409	₱4,805
Additions	**280**	**506**	**786**	115	346	461
Disposals	**(366)**	**(117)**	**(483)**	(182)	(193)	(375)
Balance at December 31	**3,243**	**1,951**	**5,194**	3,329	1,562	4,891
Accumulated depreciation and amortization						
Balance at January 1	–	**584**	**584**	–	631	631
Depreciation and amortization	–	**60**	**60**	–	39	39
Disposals	–	**(38)**	**(38)**	–	(86)	(86)
Balance at December 31	–	**606**	**606**	–	584	584
Allowance for impairment losses (Note 15)						
Balance at January 1	**959**	**38**	**997**	965	38	1,003
Disposals	**(6)**	**–**	**(6)**	(6)	–	(6)
Balance at December 31	**953**	**38**	**991**	959	38	997
Net book value at December 31	**₱2,290**	**₱1,307**	**₱3,597**	₱2,370	₱940	₱3,310

As of December 31, 2023 and 2022, foreclosed investment properties still subject to redemption period by the borrowers amounted to ₱1.1 billion and ₱1.6 billion, respectively, for the Group, and ₱462.2 million and ₱189.9 million, respectively, for the Parent Company.

As of December 31, 2023 and 2022, aggregate market value of investment properties amounted to ₱16.1 billion and ₱16.3 billion, respectively, for the Group, and ₱8.3 billion and ₱8.7 billion, respectively, for the Parent Company, of which ₱9.1 billion and ₱9.4 billion, respectively, for the Group, and ₱8.1 billion and ₱8.5 billion, respectively, for the Parent Company were determined by independent external appraisers. Information about the fair value measurement of investment properties are also presented in Note 5.

Rental income on investment properties (included in 'Leasing income' in the statements of income) in 2023, 2022 and 2021 amounted to ₱92.8 million, ₱86.4 million and ₱90.0 million, respectively, for the Group (Note 13).

Direct operating expenses on investment properties that generated rental income (included under 'Litigation expenses') in 2023, 2022 and 2021 amounted to ₱24.0 thousand, ₱68.2 thousand and ₱47.3 thousand, respectively, for the Group. Direct operating expenses on investment properties that did not generate rental income (included under 'Litigation expenses') in 2023, 2022 and 2021 amounted to ₱389.7 million, ₱230.6 million and ₱223.3 million, respectively, for the Group and ₱78.6 million, ₱42.9 million and ₱57.1 million, respectively, for the Parent Company (Note 25).

Net gains from sale of investment properties (included in 'Profit from assets sold' in the statements of income) in 2023, 2022 and 2021 amounted to ₱1.7 billion, ₱442.6 million and ₱432.6 million, respectively, for the Group, and ₱1.6 billion, ₱208.4 million and ₱117.7 million, respectively, for the Parent Company.

13. Leases

Group as a Lessee

As of December 31, 2023 and 2022, 59.51% and 59.40%, respectively, of the Parent Company's branch sites are under lease arrangements. Also, some of its subsidiaries lease the premises occupied by their Head Offices and most of their branches. The lease contracts are for periods ranging from 2 to 30 years and some are renewable at the Group's option under certain terms and conditions. Various lease contracts include escalation clauses, which bear an annual rent increase of 2% to 20% in 2023 and 2022. As of December 31, 2023 and 2022, the Group has no contingent rent payable.

The carrying amounts of lease liabilities (included in 'Other Liabilities' in Note 21) are as follows:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Balance at January 1	**₱5,661**	₱5,084	**₱3,845**	₱3,185
Additions	**2,253**	2,360	**1,579**	1,621
Expiry/early termination	**(6)**	(19)	**–**	(11)
Accretion of interest	**340**	256	**223**	142
Payments	**(2,121)**	(1,968)	**(1,302)**	(1,115)
Others	**(363)**	(52)	**(327)**	23
Balance at December 31	**₱5,764**	₱5,661	**₱4,018**	₱3,845

The Group and the Parent Company recognized the following:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Interest expense on lease liabilities	**₱340**	₱256	₱244	**₱223**	₱142	₱137
Rent expense from short-term leases and leases of low-value assets*	**725**	841	813	**698**	633	612

* *Included under 'Occupancy and equipment -related cost'*

Future minimum rentals payable under non-cancelable leases follows:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Within one year	**₱1,454**	₱1,772	**₱847**	₱905
After one year but not more than five years	**3,209**	3,291	**1,908**	2,233
More than five years	**2,060**	1,299	**1,967**	1,176
	₱6,723	₱6,362	**₱4,722**	₱4,314

As of December 31, 2023 and 2022, the Parent Company has undiscounted potential future rental payments arising from extension options expected not to be exercised and thus, not included in the calculation of lease liability amounting to ₱67.6 million.

Group as a Lessor
The Group has entered into commercial property leases on its investment property portfolio, consisting of the Group's available office spaces and investment properties and lease agreements over various items of machinery and equipment which are non-cancelable and have remaining non-cancelable lease terms of between one to seven years. In 2023, 2022 and 2021, leasing income on investment properties amounted to ₱1.9 billion, ₱1.9 billion and ₱1.8 billion, respectively, for the Group, and ₱78.3 million, ₱80.3 million and ₱103.8 million, respectively, for the Parent Company.

Future minimum rentals receivable under non-cancelable operating leases follows:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Within one year	**₱1,304**	₱1,959	**₱55**	₱48
After one year but not more than five years	**1,058**	1,750	**90**	35
More than five years	**10**	-	**-**	-
	₱2,372	₱3,709	**₱145**	₱83

Finance Leases
Lease contract receivables under finance leases, which are accounts of ORIX Metro, are due in monthly installments with terms ranging from one to seven years. These are broken down as follows (Note 9):

	2023	2022
Within one year	**₱382**	₱477
After one year but not more than five years	**1,591**	2,149
Greater than five years	**–**	3
	₱1,973	₱2,629

14. **Other Assets**

This account consists of:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Investment in SPVs	**₱8,857**	₱8,857	**₱8,857**	₱8,857
Software costs - net	**3,344**	3,540	**2,995**	3,119
Customized system development cost	**2,321**	615	**2,321**	615
Prepaid expenses	**1,338**	1,255	**1,004**	953
Creditable withholding tax	**1,228**	1,103	**479**	403
Chattel properties acquired in foreclosure - net	**826**	598	**72**	97
Documentary and postage stamps on hand	**482**	457	**459**	428
Residual value of leased assets	**470**	623	**–**	–
Returned checks and other cash items	**448**	345	**433**	333
Assets held under joint operations (Note 32)	**219**	219	**219**	219
Miscellaneous (Note 27)	**5,137**	3,529	**3,764**	2,491
	24,670	21,141	**20,603**	17,515
Less allowance for impairment losses	**10,285**	10,286	**10,274**	10,278
	₱14,385	₱10,855	**₱10,329**	₱7,237

Investment in SPVs represents subordinated notes issued by Cameron Granville 3 Asset Management, Inc. and LNC 3 Asset Management, Inc. with face amount of ₱9.4 billion and ₱2.6 billion, respectively. These notes are non-interest bearing and payable over five (5) years starting April 1, 2006, with rollover of two (2) years at the option of the note issuers. The subordinated notes have gross carrying amount of ₱8.9 billion and are fully provided with allowance for impairment losses.

Movements in software costs account follow:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Cost				
Balance at January 1	**₱10,563**	₱8,660	**₱8,187**	₱6,426
Additions	**954**	577	**835**	439
Disposals/reclassification/others	**(16)**	1,326	**(9)**	1,322
Balance at December 31	**11,501**	10,563	**9,013**	8,187
Accumulated amortization				
Balance at January 1	**7,023**	6,062	**5,068**	4,273
Amortization	**1,134**	984	**945**	818
Disposals/others	**–**	(23)	**5**	(23)
Balance at December 31	**8,157**	7,023	**6,018**	5,068
Net book value at December 31	**₱3,344**	₱3,540	**₱2,995**	₱3,119

Movements in chattel properties acquired in foreclosure follow:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Cost				
Balance at January 1	**₱821**	₱993	**₱113**	₱31
Additions	**2,546**	2,425	**75**	111
Disposals/others	**(2,308)**	(2,597)	**(96)**	(29)
Balance at December 31	**1,059**	821	**92**	113
Accumulated depreciation and amortization				
Balance at January 1	**221**	275	**14**	12
Depreciation and amortization	**251**	260	**20**	10
Disposals/others	**(240)**	(314)	**(15)**	(8)
Balance at December 31	**232**	221	**19**	14
Allowance for impairment losses	**1**	2	**1**	2
Net book value at December 31	**₱826**	₱598	**₱72**	₱97

Assets held under joint operations are parcels of land and former branch sites of the Parent Company which were contributed to separate joint operations with FLI and Federal Land Orix Corporation (Note 32). These are carried at costs, which are lower than the net realizable values.

As of December 31, 2023, 2022 and 2021, the Group recognized (reversed) provision for credit losses on non-financial other assets amounting to ₱104.0 million, ₱13.1 million, and (₱22.0 million), respectively (Note 15).

15. **Allowance for Credit and Impairment Losses**

An analysis of changes in the ECL allowances in 2023 and 2022 is as follows:

	Consolidated			
	Due from Other Banks	**Interbank Loans Receivable**	**Investment Securities at FVOCI**	**Investment Securities at Amortized Cost**
2023				
ECL allowance, January 1, 2023	**₱41**	**₱19**	**₱741**	**₱471**
Asset derecognized or repaid	**(41)**	**(19)**	–	–
New asset originated	**51**	**36**	–	–
Changes in assumptions	–	–	**68**	**(96)**
ECL allowance, December 31, 2023	**₱51**	**₱36**	**₱809**	**₱375**
2022				
ECL allowance, January 1, 2022	₱31	₱28	₱358	₱31
Asset derecognized or repaid	(31)	(28)	–	–
New asset originated	41	19	–	–
Changes in assumptions	–	–	383	440
ECL allowance, December 31, 2022	₱41	₱19	₱741	₱471

	Consolidated			
	Receivables from Customers			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
Commercial loans				
ECL allowance, January 1, 2023	**₱7,739**	**₱8,668**	**₱14,918**	**₱31,325**
Newly originated assets that remained in Stage 1 as at year-end	**4,717**	–	–	**4,717**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**765**	**948**	**1,713**
Assets derecognized or repaid	**(4,132)**	**(1,201)**	**(2,359)**	**(7,692)**
Amounts written off	–	–	**(1,265)**	**(1,265)**
Transfers to/(from) Stage 1	**(20)**	–	–	**(20)**
Transfers to/(from) Stage 2	–	**(499)**	–	**(499)**
Transfers to/(from) Stage 3	–	–	**1,341**	**1,341**
Changes in assumptions	**775**	**1,164**	**95**	**2,034**
ECL allowance, December 31, 2023	**9,079**	**8,897**	**13,678**	**31,654**
Residential mortgage loans				
ECL allowance, January 1, 2023	**368**	**743**	**1,212**	**2,323**
Newly originated assets that remained in Stage 1 as at year-end	**106**	–	–	**106**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**5**	**4**	**9**
Assets derecognized or repaid	**(28)**	**(91)**	**(418)**	**(537)**
Transfers to/(from) Stage 1	**(7)**	–	–	**(7)**
Transfers to/(from) Stage 2	–	**15**	–	**15**
Transfers to/(from) Stage 3	–	–	**(148)**	**(148)**
Changes in assumptions	**67**	**46**	**(134)**	**(21)**
ECL allowance, December 31, 2023	**506**	**718**	**516**	**1,740**
Auto loans				
ECL allowance, January 1, 2023	**1,782**	**715**	**1,316**	**3,813**
Newly originated assets that remained in Stage 1 as at year-end	**1,609**	–	–	**1,609**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**164**	**188**	**352**
Assets derecognized or repaid	**(158)**	**(245)**	**(469)**	**(872)**
Amounts written off	–	–	**(156)**	**(156)**
Transfers to/(from) Stage 1	**(99)**	–	–	**(99)**
Transfers to/(from) Stage 2	–	**11**	–	**11**
Transfers to/(from) Stage 3	–	–	**96**	**96**
Changes in assumptions	**(944)**	**79**	**592**	**(273)**
ECL allowance, December 31, 2023	**2,190**	**724**	**1,567**	**4,481**

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Credit card				
ECL allowance, January 1, 2023	**₱2,778**	**₱3,119**	**₱2,371**	**₱8,268**
Newly originated assets that remained in Stage 1 as at year-end	**267**	–	–	**267**
Assets derecognized or repaid	**(34)**	**(124)**	**(85)**	**(243)**
Amounts written off	–	–	**(5,286)**	**(5,286)**
Transfers to/(from) Stage 1	**96**	–	–	**96**
Transfers to/(from) Stage 2	–	**(1,064)**	–	**(1,064)**
Transfers to/(from) Stage 3	–	–	**967**	**967**
Changes in assumptions	**(1,205)**	**857**	**5,514**	**5,166**
ECL allowance, December 31, 2023	**1,902**	**2,788**	**3,481**	**8,171**
Trade loans				
ECL allowance, January 1, 2023	**440**	**14**	**314**	**768**
Newly originated assets that remained in Stage 1 as at year-end	**281**	–	–	**281**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**16**	**1**	**17**
Assets derecognized or repaid	**(440)**	**(12)**	**(8)**	**(460)**
Changes in assumptions	–	**2**	**(23)**	**(21)**
ECL allowance, December 31, 2023	**281**	**20**	**284**	**585**
Other loans				
ECL allowance, January 1, 2023	**128**	**257**	**264**	**649**
Newly originated assets that remained in Stage 1 as at year-end	**60**	–	–	**60**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**62**	**14**	**76**
Assets derecognized or repaid	**(30)**	**(37)**	**(4)**	**(71)**
Amounts written off	**–**	–	**(160)**	**(160)**
Transfers to/(from) Stage 1	**26**	–	–	**26**
Transfers to/(from) Stage 2	–	**(50)**	–	**(50)**
Transfers to/(from) Stage 3	–	–	**24**	**24**
Changes in assumptions	**(89)**	**(8)**	**123**	**26**
ECL allowance, December 31, 2023	**95**	**224**	**261**	**580**
Total receivables from customers				
ECL allowance, January 1, 2023	**13,235**	**13,516**	**20,395**	**47,146**
Newly originated assets that remained in Stage 1 as at year-end	**7,040**	–	–	**7,040**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**1,012**	**1,155**	**2,167**
Assets derecognized or repaid	**(4,822)**	**(1,710)**	**(3,343)**	**(9,875)**
Amounts written off	–	–	**(6,867)**	**(6,867)**
Transfers to/(from) Stage 1	**(4)**	–	–	**(4)**
Transfers to/(from) Stage 2	–	**(1,587)**	–	**(1,587)**
Transfers to/(from) Stage 3	–	–	**2,280**	**2,280**
Changes in assumptions	**(1,396)**	**2,140**	**6,167**	**6,911**
ECL allowance, December 31, 2023	**₱14,053**	**₱13,371**	**₱19,787**	**₱47,211**
2022				
Commercial loans				
ECL allowance, January 1, 2022	₱7,414	₱11,481	₱13,016	₱31,911
Newly originated assets that remained in Stage 1 as at year-end	4,318	–	–	4,318
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	1,406	2,820	4,226
Assets derecognized or repaid	(3,721)	(3,560)	(3,320)	(10,601)
Amounts written off	–	–	(2,322)	(2,322)
Transfers to/(from) Stage 1	(125)	–	–	(125)
Transfers to/(from) Stage 2	–	(1,528)	–	(1,528)
Transfers to/(from) Stage 3	–	–	4,489	4,489
Changes in assumptions	(147)	869	235	957
ECL allowance, December 31, 2022	7,739	8,668	14,918	31,325
Residential mortgage loans				
ECL allowance, January 1, 2022	422	556	1,474	2,452
Newly originated assets that remained in Stage 1 as at year-end	76	–	–	76
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	4	13	17
Assets derecognized or repaid	(27)	(119)	(405)	(551)
Amounts written off	–	–	(1)	(1)
Transfers to/(from) Stage 1	(229)	–	–	(229)
Transfers to/(from) Stage 2	–	39	–	39

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
Transfers to/(from) Stage 3	₱–	₱–	(₱148)	(₱148)
Changes in assumptions	126	263	279	668
ECL allowance, December 31, 2022	368	743	1,212	2,323
Auto loans				
ECL allowance, January 1, 2022	1,733	1,471	1,796	5,000
Newly originated assets that remained in Stage 1 as at year-end	1,278	–	–	1,278
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	105	55	160
Assets derecognized or repaid	(176)	(420)	(744)	(1,340)
Amounts written off	–	–	(626)	(626)
Transfers to/(from) Stage 1	(320)	–	–	(320)
Transfers to/(from) Stage 2	–	(285)	–	(285)
Transfers to/(from) Stage 3	–	–	496	496
Changes in assumptions	(733)	(156)	339	(550)
ECL allowance, December 31, 2022	1,782	715	1,316	3,813
Credit card				
ECL allowance, January 1, 2022	2,410	2,634	1,694	6,738
Newly originated assets that remained in Stage 1 as at year-end	84	–	–	84
Assets derecognized or repaid	(19)	(86)	(56)	(161)
Amounts written off	–	–	(3,215)	(3,215)
Transfers to/(from) Stage 1	240	–	–	240
Transfers to/(from) Stage 2	–	(895)	–	(895)
Transfers to/(from) Stage 3	–	–	654	654
Changes in assumptions	63	1,466	3,294	4,823
ECL allowance, December 31, 2022	2,778	3,119	2,371	8,268
Trade loans				
ECL allowance, January 1, 2022	143	118	256	517
Newly originated assets that remained in Stage 1 as at year-end	440	–	–	440
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	8	225	233
Assets derecognized or repaid	(142)	(103)	(167)	(412)
Transfers to/(from) Stage 1	(1)	–	–	(1)
Transfers to/(from) Stage 2	–	1	–	1
Changes in assumptions	–	(10)	–	(10)
ECL allowance, December 31, 2022	440	14	314	768
Other loans				
ECL allowance, January 1, 2022	57	408	709	1,174
Newly originated assets that remained in Stage 1 as at year-end	65	–	–	65
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	61	10	71
Assets derecognized or repaid	(8)	(80)	(58)	(146)
Amounts written off	–	–	(453)	(453)
Transfers to/(from) Stage 1	65	–	–	65
Transfers to/(from) Stage 2	–	(129)	–	(129)
Transfers to/(from) Stage 3	–	–	66	66
Changes in assumptions	(51)	(3)	(10)	(64)
ECL allowance, December 31, 2022	128	257	264	649
Total receivables from customers				
ECL allowance, January 1, 2022	12,179	16,668	18,945	47,792
Newly originated assets that remained in Stage 1 as at year-end	6,261	–	–	6,261
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	1,584	3,123	4,707
Assets derecognized or repaid	(4,093)	(4,368)	(4,750)	(13,211)
Amounts written off	–	–	(6,617)	(6,617)
Transfers to/(from) Stage 1	(370)	–	–	(370)
Transfers to/(from) Stage 2	–	(2,797)	–	(2,797)
Transfers to/(from) Stage 3	–	–	5,557	5,557
Changes in assumptions	(742)	2,429	4,137	5,824
ECL allowance, December 31, 2022	₱13,235	₱13,516	₱20,395	₱47,146

	Consolidated			
	Other Receivables			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
ECL allowance, January 1, 2023	**₱71**	**₱21**	**₱820**	**₱912**
Newly originated assets that remained in Stage 1 as at year-end	**34**	–	–	**34**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**10**	**163**	**173**
Assets derecognized or repaid	**(33)**	**(6)**	**(35)**	**(74)**
Transfers to/(from) Stage 2	–	**(1)**	–	**(1)**
Transfers to/(from) Stage 3	–	–	**12**	**12**
Changes in assumptions	**67**	**3**	**(77)**	**(7)**
ECL allowance, December 31, 2023	**₱139**	**₱27**	**₱883**	**₱1,049**
2022				
ECL allowance, January 1, 2022	₱465	₱18	₱1,133	₱1,616
Newly originated assets that remained in Stage 1 as at year-end	41	–	–	41
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	3	3	6
Assets derecognized or repaid	(31)	(3)	(686)	(720)
Amounts written off	–	–	(34)	(34)
Transfers to/(from) Stage 1	(403)	–	–	(403)
Transfers to/(from) Stage 2	–	4	–	4
Transfers to/(from) Stage 3	–	–	400	400
Changes in assumptions	(1)	(1)	4	2
ECL allowance, December 31, 2022	₱71	₱21	₱820	₱912

	Consolidated			
	Loan Commitments and Financial Guarantees			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
ECL allowance, January 1, 2023	**₱934**	**₱256**	**₱–**	**₱1,190**
Newly originated assets that remained in Stage 1 as at year-end	**178**	–	–	**178**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**4**	–	**4**
Assets derecognized or repaid	**(41)**	**(22)**	–	**(63)**
Transfers to/(from) Stage 1	**60**	–	–	**60**
Transfers to/(from) Stage 2	–	**(60)**	–	**(60)**
Changes in assumptions	**(282)**	**48**	–	**(234)**
ECL allowance, December 31, 2023	**₱849**	**₱226**	**₱–**	**₱1,075**
2022				
ECL allowance, January 1, 2022	₱826	₱378	₱1	₱1,205
Newly originated assets that remained in Stage 1 as at year-end	309	–	–	309
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	1	–	1
Assets derecognized or repaid	(122)	(41)	(1)	(164)
Transfers to/(from) Stage 1	103	–	–	103
Transfers to/(from) Stage 2	–	(102)	–	(102)
Changes in assumptions	(182)	20	–	(162)
ECL allowance, December 31, 2022	₱934	₱256	₱–	₱1,190

	Parent Company			
	Due from Other Banks	**Interbank Loans Receivable**	**Investment Securities at FVOCI**	**Investment Securities at Amortized Cost**
2023				
ECL allowance, January 1, 2023	**₱23**	**₱15**	**₱741**	**₱452**
Changes in assumptions	**13**	**18**	**68**	**(91)**
ECL allowance, December 31, 2023	**₱36**	**₱33**	**₱809**	**₱361**
2022				
ECL allowance, January 1, 2022	₱22	₱5	₱358	₱5
Changes in assumptions	1	10	383	447
ECL allowance, December 31, 2022	₱23	₱15	₱741	₱452

	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
2023					
Commercial loans					
ECL allowance, January 1, 2023	**₱5,258**	**₱8,561**	**₱11,224**	**₱1,633**	**₱26,676**
Newly originated assets that remained in Stage 1 as at year-end	**3,208**	–	–	–	**3,208**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**740**	**352**	–	**1,092**
Assets derecognized or repaid	**(3,158)**	**(1,084)**	**(1,522)**	–	**(5,764)**
Amounts written off	–	–	**(145)**	**(927)**	**(1,072)**
Transfers to/(from) Stage 1	**(15)**	–	–	–	**(15)**
Transfers to/(from) Stage 2	–	**(538)**	–	–	**(538)**
Transfers to/(from) Stage 3	–	–	**1,375**	–	**1,375**
Changes in assumptions	**834**	**1,157**	**345**	**(267)**	**2,069**
ECL allowance, December 31, 2023	**6,127**	**8,836**	**11,629**	**439**	**27,031**
Residential mortgage loans					
ECL allowance, January 1, 2023	**121**	**195**	**900**	–	**1,216**
Newly originated assets that remained in Stage 1 as at year-end	**63**	–	–	–	**63**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**1**	–	–	**1**
Assets derecognized or repaid	**(17)**	**(46)**	**(385)**	–	**(448)**
Transfers to/(from) Stage 1	**5**	–	–	–	**5**
Transfers to/(from) Stage 2	–	**(17)**	–	–	**(17)**
Transfers to/(from) Stage 3	–	–	**(129)**	–	**(129)**
Changes in assumptions	**140**	**11**	**(65)**	–	**86**
ECL allowance, December 31, 2023	**312**	**144**	**321**	–	**777**
Auto loans					
ECL allowance, January 1, 2023	**75**	**146**	**377**	–	**598**
Newly originated assets that remained in Stage 1 as at year-end	**95**	–	–	–	**95**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**47**	**2**	–	**49**
Assets derecognized or repaid	**(25)**	**(62)**	**(120)**	–	**(207)**
Amounts written off	–	–	**(10)**	–	**(10)**
Transfers to/(from) Stage 1	**8**	–	–	–	**8**
Transfers to/(from) Stage 2	–	**(17)**	–	–	**(17)**
Transfers to/(from) Stage 3	–	–	**17**	–	**17**
Changes in assumptions	**19**	**1**	**11**	–	**31**
ECL allowance, December 31, 2023	**172**	**115**	**277**	–	**564**
Credit card					
ECL allowance, January 1, 2023	**2,779**	**3,119**	**2,370**	–	**8,268**
Newly originated assets that remained in Stage 1 as at year-end	**267**	–	–	–	**267**
Assets derecognized or repaid	**(34)**	**(124)**	**(85)**	–	**(243)**
Amounts written off	–	–	**(5,286)**	–	**(5,286)**
Transfers to/(from) Stage 1	**96**	–	–	–	**96**
Transfers to/(from) Stage 2	–	**(1,064)**	–	–	**(1,064)**
Transfers to/(from) Stage 3	–	–	**968**	–	**968**
Changes in assumptions	**(1,206)**	**857**	**5,514**	–	**5,165**
ECL allowance, December 31, 2023	**1,902**	**2,788**	**3,481**	–	**8,171**
Trade loans					
ECL allowance, January 1, 2023	**440**	**14**	**314**	–	**768**
Newly originated assets that remained in Stage 1 as at year-end	**281**	–	–	–	**281**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**16**	**1**	–	**17**
Assets derecognized or repaid	**(440)**	**(12)**	**(8)**	–	**(460)**
Changes in assumptions	–	**2**	**(23)**	–	**(21)**
ECL allowance, December 31, 2023	**281**	**20**	**284**	–	**585**
Other loans					
ECL allowance, January 1, 2023	**9**	–	**43**	–	**52**
Newly originated assets that remained in Stage 1 as at year-end	**4**	–	–	–	**4**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	–	**1**	–	**1**
Assets derecognized or repaid	–	–	**(2)**	–	**(2)**
Accounts written off	–	–	**(47)**	–	**(47)**
Changes in assumptions	**(13)**	**6**	**77**	–	**70**
ECL allowance, December 31, 2023	–	**6**	**72**	–	**78**

(Forward)

	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Total receivables from customers					
ECL allowance, January 1, 2023	**₱8,682**	**₱12,035**	**₱15,228**	**₱1,633**	**₱37,578**
Newly originated assets that remained in Stage 1 as at year-end	**3,918**	–	–	–	**3,918**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**804**	**356**	–	**1,160**
Assets derecognized or repaid	**(3,674)**	**(1,328)**	**(2,122)**	–	**(7,124)**
Amounts written off			**(5,488)**	**(927)**	**(6,415)**
Transfers to/(from) Stage 1	**94**	–	–	–	**94**
Transfers to/(from) Stage 2	–	**(1,636)**	–	–	**(1,636)**
Transfers to/(from) Stage 3	–	–	**2,231**	–	**2,231**
Changes in assumptions	**(226)**	**2,034**	**5,859**	**(267)**	**7,400**
ECL allowance, December 31, 2023	**₱8,794**	**₱11,909**	**₱16,064**	**₱439**	**₱37,206**
2022					
Commercial loans					
ECL allowance, January 1, 2022	₱4,904	₱11,214	₱8,068	₱3,276	₱27,462
Newly originated assets that remained in Stage 1 as at year-end	3,301	–	–	–	3,301
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	1,379	1,849	–	3,228
Assets derecognized or repaid	(2,824)	(3,458)	(3,043)	(8)	(9,333)
Amounts written off	–	–	(284)	(1,638)	(1,922)
Transfers to/(from) Stage 1	(101)	–	–	–	(101)
Transfers to/(from) Stage 2	–	(1,437)	–	–	(1,437)
Transfers to/(from) Stage 3	–	–	4,373	–	4,373
Changes in assumptions	(22)	863	261	3	1,105
ECL allowance, December 31, 2022	5,258	8,561	11,224	1,633	26,676
Residential mortgage loans					
ECL allowance, January 1, 2022	96	396	1,316	–	1,808
Newly originated assets that remained in Stage 1 as at year-end	18	–	–	–	18
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	–	10	–	10
Assets derecognized or repaid	(21)	(91)	(304)	–	(416)
Amounts written off	–	–	(1)	–	(1)
Transfers to/(from) Stage 1	3	–	–	–	3
Transfers to/(from) Stage 2	–	(125)	–	–	(125)
Transfers to/(from) Stage 3	–	–	(217)	–	(217)
Changes in assumptions	25	15	96	–	136
ECL allowance, December 31, 2022	121	195	900	–	1,216
Auto loans					
ECL allowance, January 1, 2022	77	288	664	–	1,029
Newly originated assets that remained in Stage 1 as at year-end	37	–	–	–	37
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	51	1	–	52
Assets derecognized or repaid	(43)	(125)	(258)	–	(426)
Amounts written off	–	–	(9)	–	(9)
Transfers to/(from) Stage 1	(4)	–	–	–	(4)
Transfers to/(from) Stage 2	–	(70)	–	–	(70)
Transfers to/(from) Stage 3	–	–	(34)	–	(34)
Changes in assumptions	8	2	13	–	23
ECL allowance, December 31, 2022	75	146	377	–	598
Credit card					
ECL allowance, January 1, 2022	2,410	2,633	1,695	–	6,738
Newly originated assets that remained in Stage 1 as at year-end	84	–	–	–	84
Assets derecognized or repaid	(19)	(85)	(57)	–	(161)
Amounts written off	–	–	(3,215)	–	(3,215)
Transfers to/(from) Stage 1	241	–	–	–	241
Transfers to/(from) Stage 2	–	(895)	–	–	(895)
Transfers to/(from) Stage 3	–	–	654	–	654
Changes in assumptions	63	1,466	3,293	–	4,822
ECL allowance, December 31, 2022	2,779	3,119	2,370	–	8,268

(Forward)

	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Trade loans					
ECL allowance, January 1, 2022	₱143	₱118	₱256	₱–	₱517
Newly originated assets that remained in Stage 1 as at year-end	440	–	–	–	440
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	7	224	–	231
Assets derecognized or repaid	(142)	(103)	(167)	–	(412)
Transfers to/(from) Stage 1	(1)	–	–	–	(1)
Transfers to/(from) Stage 2	–	1	–	–	1
Changes in assumptions	–	(9)	1	–	(8)
ECL allowance, December 31, 2022	440	14	314	–	768
Other loans					
ECL allowance, January 1, 2022	–	–	39	–	39
Transfers to/(from) Stage 3	–	–	2	–	2
Changes in assumptions	9	–	2	–	11
ECL allowance, December 31, 2022	9	–	43	–	52
Total receivables from customers					
ECL allowance, January 1, 2022	7,630	14,649	12,038	3,276	37,593
Newly originated assets that remained in Stage 1 as at year-end	3,880	–	–	–	3,880
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	1,437	2,084	–	3,521
Assets derecognized or repaid	(3,049)	(3,862)	(3,829)	(8)	(10,748)
Amounts written off	–	–	(3,509)	(1,638)	(5,147)
Transfers to/(from) Stage 1	138	–	–	–	138
Transfers to/(from) Stage 2	–	(2,526)	–	–	(2,526)
Transfers to/(from) Stage 3	–	–	4,778	–	4,778
Changes in assumptions	83	2,337	3,666	3	6,089
ECL allowance, December 31, 2022	₱8,682	₱12,035	₱15,228	₱1,633	₱37,578

	Parent Company			
	Other Receivables			
	Stage 1	Stage 2	Stage 3	Total
2023				
ECL allowance, January 1, 2023	**₱49**	**₱3**	**₱794**	**₱846**
Newly originated assets that remained in Stage 1 as at year-end	**20**	–	–	**20**
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	**8**	**153**	**161**
Assets derecognized or repaid	**(31)**	**(2)**	**(20)**	**(53)**
Amounts written off	–	–	**(1)**	**(1)**
Transfers to/(from) Stage 3	–	–	**9**	**9**
Changes in assumptions	**79**	**3**	**(90)**	**(8)**
ECL allowance, December 31, 2023	**₱117**	**₱12**	**₱845**	**₱974**
2022				
ECL allowance, January 1, 2022	₱48	₱6	₱821	₱875
Newly originated assets that remained in Stage 1 as at year-end	26	–	–	26
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	1	1	2
Assets derecognized or repaid	(23)	(3)	–	(26)
Amounts written off	–	–	(34)	(34)
Transfers to/(from) Stage 2	–	(1)	–	(1)
Transfers to/(from) Stage 3	–	–	2	2
Changes in assumptions	(2)	–	4	2
ECL allowance, December 31, 2022	₱49	₱3	₱794	₱846

	Parent Company			
	Loan Commitments and Financial Guarantees			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2023				
ECL allowance, January 1, 2023	**₱841**	**₱256**	**₱–**	**₱1,097**
Newly originated assets that remained in Stage 1 as at year- end	**187**	–	–	**187**
Newly originated assets that moved to Stage 2 as at year-end	–	**4**	–	**4**
Assets derecognized or repaid	**(41)**	**(22)**	–	**(63)**
Transfers to/(from) Stage 1	**60**	–	–	**60**
Transfers to/(from) Stage 2	–	**(60)**	–	**(60)**
Changes in assumptions	**(278)**	**48**	–	**(230)**
ECL allowance, December 31, 2023	**₱769**	**₱226**	**₱–**	**₱995**
2022				
ECL allowance, January 1, 2022	₱826	₱378	₱1	₱1,205
Newly originated assets that remained in Stage 1 as at year- end	215	–	–	215
Newly originated assets that moved to Stage 2 as at year-end	–	1	–	1
Assets derecognized or repaid	(122)	(41)	(1)	(164)
Transfers to/(from) Stage 1	104	–	–	104
Transfers to/(from) Stage 2	–	(102)	–	(102)
Changes in assumptions	(182)	20	–	(162)
ECL allowance, December 31, 2022	₱841	₱256	₱–	₱1,097

The amounts of "transfers to (from)" include the changes in the ECL on the exposures transferred from one stage to another during the year.

As of December 31, 2023 and 2022, the ECL allowances on loan commitments and financial guarantees are included in 'Miscellaneous liabilities' under 'Other liabilities' (Note 21).

The ECL allowance on accounts receivables of the Group and the Parent Company based on their aging as of December 31, 2023 and 2022 follows:

	Consolidated		Parent Company	
Age of accounts receivables	**2023**	2022	**2023**	2022
Up to 1 month	**₱69**	₱103	**₱63**	₱57
> 1 to 2 months	**3**	7	**1**	1
> 2 to 3 months	**1**	9	–	1
More than 3 months	**3,261**	3,268	**2,718**	2,727
Total ECL	**₱3,334**	₱3,387	**₱2,782**	₱2,786

Below is the breakdown of provision for (reversal of) credit and impairment losses:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Financial assets and other credit-related exposures:						
Loans and receivables	**₱7,996**	₱7,777	₱11,651	**₱6,187**	₱5,740	₱7,683
Investment securities at FVOCI	**(62)**	29	18	–	–	–
Interbank loans receivable	**(1)**	(10)	27	–	–	–
Due from other banks	**(4)**	(13)	–	–	–	–
	7,929	7,783	11,696	**6,187**	5,740	7,683
Non-financial assets:						
Investment properties	**12**	104	28	–	–	–
Goodwill	**474**	–	–	–	–	–
Investments in associates and a joint venture	**459**	212	132	**474**	–	–
Other assets	**104**	13	(22)	–	–	–
	1,049	329	138	**474**	–	–
	₱8,978	₱8,112	₱11,834	**₱6,661**	₱5,740	₱7,683

With the foregoing level of allowance for credit and impairment losses, management believes that the Group has sufficient allowance to take care of any losses that the Group may incur from the non-collection or non-realization of its receivables and other risk assets.

16. Deposit Liabilities

The LTNCDs of the Group and the Parent Company consist of the following:

BSP Approval Date	Interest Rate	Issue Date	Maturity Date	2023	2022
Parent Company					
August 12, 2016	3.50%	September 19, 2016	September 19, 2023	**₱–**	₱8,650
August 12, 2016	3.88%	July 20, 2017	July 20, 2024	**3,750**	3,750
July 19, 2018	5.38%	October 4, 2018	April 4, 2024	**8,680**	8,680
				12,430	21,080
PSBank					
July 13, 2018	5.00%	August 9, 2018	February 9, 2024	**5,084**	5,078
				₱17,514	₱26,158

As of December 31, 2023 and 2022, 17.27% and 19.18%, respectively, of the total interest-bearing deposit liabilities of the Group, and 14.04% and 11.32%, respectively, of the total interest-bearing deposit liabilities of the Parent Company are subject to periodic interest repricing. In 2023, 2022 and 2021 the outstanding peso deposit liabilities (excluding LTNCDs above) of the Group and the Parent Company earn annual fixed interest rates ranging from 0.06% to 6.59%, while the outstanding foreign currency-denominated deposit liabilities earn annual fixed interest rates ranging from 0.00% to 8.84%, from 0.00% to 8.84% and from 0.00% to 3.75%, respectively for the Group and from 0.00% to 8.84%, from 0.00% to 8.84%, and from 0.00% to 2.50%, respectively, for the Parent Company.

Interest expense on deposit liabilities consists of:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
CASA	**₱987**	₱932	₱1,155	**₱769**	₱732	₱935
Time	**39,043**	9,277	2,803	**32,042**	5,482	749
LTNCD	**1,090**	1,211	1,544	**829**	915	1,151
	₱41,120	₱11,420	₱5,502	**₱33,640**	₱7,129	₱2,835

<u>Reserve Requirement</u>
In 2020, BSP Circular Nos. 1082 and 1092 were issued reducing the reserve requirements against deposit and deposit substitute liabilities. Non-FCDU deposit liabilities of the Parent Company and deposit substitutes of FMIC (until March 24, 2021) and ORIX Metro are subject to required reserves of 12% from 14% effective reserve week April 3, 2020 while non-FCDU deposit liabilities of PSBank are subject to required reserves of 3% from 4% effective reserve week July 31, 2020. Reserves requirement for peso-denominated LTNCDs are still at 4%. The required reserves can be kept in the form of deposits maintained in the demand deposit accounts with the BSP and any government securities used as compliance until they mature. Further, BSP Circular No. 1100 issued in 2020 and amended by BSP Circular No. 1155 issued in 2022 allowing banks to use peso denominated loans that are granted after March 15, 2020 to (1) micro-small-and-medium-enterprises (MSMEs) and (2) large enterprises excluding banks and non-bank financial institutions with quasi-banking functions that met the definition of MSMEs/large enterprise as alternative compliance with the reserve requirements. The use of MSMEs loans/loans to large enterprises as allowable alternative compliance with reserve requirements was available until June 30, 2023 only. The Parent Company and PSBank were in compliance with the reserve requirements as of December 31, 2023 and 2022.

The total statutory and liquidity reserves (included in 'Due from BSP' account) as reported to the BSP are as follows:

	2023	2022
Parent Company	**₱198,061**	₱215,074
PSBank	**9,746**	37,554
	₱207,807	₱252,628

17. Bills Payable and Securities Sold Under Repurchase Agreements

This account consists of borrowings from:

	Consolidated		**Parent Company**	
	2023	2022	**2023**	2022
SSURA	**₱134,800**	₱67,120	**₱132,234**	₱65,934
Foreign banks	**16,637**	14,367	**7,282**	8,151
Local banks	**5,446**	8,767	**1,554**	1,985
Deposit substitutes	**13**	1,068	**11**	386
	₱156,896	₱91,322	**₱141,081**	₱76,456

Interbank borrowings with foreign and local banks are mainly short-term borrowings. Deposit substitutes pertain to borrowings from the public.

The following are the carrying values of government debt securities (Note 8) pledged and transferred under SSURA transactions of the Group and the Parent Company:

	Consolidated				**Parent Company**			
	2023		2022		**2023**		2022	
	Transferred Securities	**SSURA**	Transferred Securities	SSURA	**Transferred Securities**	**SSURA**	Transferred Securities	SSURA
Investment securities at FVOCI								
Government	**₱115,803**	**₱101,291**	₱59,094	₱46,847	**₱115,803**	**₱101,291**	₱59,094	₱46,847
Private	**2,294**	**2,294**	–	–	–	–	–	–
Investment securities at amortized cost	**35,925**	**31,215**	22,441	20,273	**35,654**	**30,943**	21,255	19,087
	₱154,022	**₱134,800**	₱81,535	₱67,120	**₱151,457**	**₱132,234**	₱80,349	₱65,934

The Group's peso borrowings are subject to annual fixed interest rates ranging from 2.90% to 6.45%, from 2.60% to 6.88% and from 3.50%% to 7.00% in 2023, 2022 and 2021, respectively, while the Group's foreign currency-denominated borrowings are subject to annual fixed interest rates ranging from 0.00% to 7.50%, from 0.00% to 6.58% and from 0.36% to 3.40% in 2023, 2022 and 2021, respectively. For the Parent Company, the peso borrowings are subject to annual fixed interest rates ranging from 4.13% to 4.75%, 3.75% to 6.88% and 3.50% to 7.00% in 2023, 2022 and 2021, respectively, while the foreign currency-denominated borrowings are subject to annual fixed interest rates ranging from 0.00% to 7.50%, from 0.00% to 6.58% and from 0.36% to 0.44% in 2023, 2022 and 2021, respectively.

Interest expense on bills payable (included in the 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others' in the statements of income) in 2023, 2022 and 2021 amounted to ₱3.9 billion, ₱1.8 billion and ₱1.9 billion, respectively, for the Group and ₱3.4 billion, ₱1.1 billion and ₱512.7 million, respectively, for the Parent Company.

18. Accrued Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Accrued interest (Note 32)	**₱7,302**	₱3,776	**₱5,904**	₱2,581
Accrued other expenses	**12,483**	10,180	**9,770**	7,621
	₱19,785	₱13,956	**₱15,674**	₱10,202

Accrued other expenses include accruals for compensation and fringe benefits, rentals, percentage and other taxes, professional fees, advertising and information technology expenses and other expenses.

19. Bonds Payable

This account consists of the following scripless fixed rate bonds:

				Carrying Value	
Issue Date	Maturity Date	Interest Rate	Face Value	**2023**	2022
Parent Company					
Fixed Rated Bonds					
October 28, 2022	April 28, 2024	5.00%	₱23,717	**₱23,676**	₱23,546
June 4, 2021	September 4, 2026	3.60%	19,000	**18,924**	18,894
October 24, 2019	April 24, 2023	4.50%	13,750	**–**	13,740
USD Senior Unsecured Notes					
July 15, 2020	January 15, 2026	2.125%	US$500	**27,489**	27,581
				70,089	83,761
Fixed Rated Bonds					
PSBank					
February 4, 2020	February 4, 2023	4.50%	4,650	**–**	4,648
				₱70,089	₱88,409

Specific terms of these bonds follow:

Parent Company

- ₱23.7 billion fixed rate bonds issued on October 28, 2022 with issue price at 100% face value, which bear an interest rate of 5.00% per annum, payable quarterly in arrears on January 28, April 28, July 28 and October 28 of each year, commencing on January 28, 2023. The bonds will mature on April 28, 2024. Total bond issuance costs amounted to ₱194.8 million.
- ₱19.0 billion fixed rate bonds issued on June 4, 2021 with issue price at 100% face value, which bear an interest rate of 3.60% per annum, payable quarterly in arrears on March 4, June 4, September 4 and December 4 of each year, commencing on September 4, 2021. The bonds will mature on September 4, 2026. Total bond issuance costs amounted to ₱156.0 million.
- ₱13.75 billion fixed rate bonds issued on October 24, 2019 with issue price at 100% face value, which bear an interest rate of 4.50% per annum, payable quarterly in arrears on January 24, April 24, July 24 and October 24 of each year, commencing on October 24, 2019. The bonds matured on April 24, 2023. Total bond issuance costs amounted to ₱122.1 million.
- US$500 million senior unsecured notes issued on July 15, 2020 with issue price at 99.096% face value, which bear an interest rate of 2.125% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, commencing on January 15, 2021. The bonds will mature on January 15, 2026. Total bond issuance costs amounted to ₱484.9 million.

PSBank

- ₱4.65 billion fixed rate bonds issued on February 4, 2020 with issue price at 100% face value, which bear an interest rate of 4.50% per annum, payable quarterly in arrears on February 4, May 4, August 4 and November 4 of each year, commencing on May 4, 2020. The bonds matured on February 4, 2023. Total bond issuance costs amounted to ₱42.7 million.

Interest expense on bonds payable in 2023, 2022 and 2021 amounted to ₱3.1 billion, ₱3.0 billion and ₱4.4 billion, respectively, for the Group, and ₱3.1 billion, ₱2.8 billion and ₱3.8 billion, respectively, for the Parent Company. As of December 31, 2023 and 2022, unamortized bond issue costs amounted to ₱313.1 million and ₱585.7 million, respectively, for the Group, and ₱313.1 million and ₱584.1 million, respectively, for the Parent Company.

Reserve Requirement

Peso-denominated bonds are subject to reserves equivalent to 3% in 2023 and 2022. The Parent Company and PSBank were in compliance with such requirements as of December 31, 2023 and 2022.

20. **Subordinated Debts**

This account consists of the Parent Company's Peso Notes:

			Carrying Value		Market Value	
	Maturity Date	**Face Value**	**2023**	2022	**2023**	2022
2023	December 20, 2023	₱1,170	₱–	₱1,169	₱–	₱1,187

2023 Peso Notes - issued by Metrobank Card Corporation on December 20, 2013 at 100.00% of the principal amount of ₱1.2 billion (absorbed by the Parent Company on January 3, 2020 relative to the merger)

- Bear interest at 6.21% per annum payable quarterly in arrears every 20th of March, June, September and December each year, commencing on March 20, 2014.
- Basel III - compliant unsecured subordinated notes qualified as Tier 2 capital as approved by the BSP on February 17, 2013.
- In case of insolvency or liquidation of MCC, the notes will be subordinated in the right of payment of principal and interest to all depositors and other creditors of MCC, except those creditors expressed to rank equally with, or behind holders of the notes.
- If a non-viability trigger event occurs, MCC shall immediately write down some or all of the notes in accordance with the BSP's determination.
- Subject to the written approval of the BSP, MCC may redeem all and not less than the entire outstanding 2023 Notes, at a redemption price equal to the face value together with the accrued and unpaid interest based on the interest rate. The notes matured on December 20, 2023.

In 2023 and 2022, the Parent Company is in compliance with the terms and conditions upon which these subordinated notes have been issued.

In 2023, 2022 and 2021, interest expense on subordinated debts included in 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others' amounted to ₱71.2 million, ₱73.7 million and ₱73.7 million (including amortization of debt issue cost and premium of ₱1.0 million, ₱1.1 million and ₱1.1 million).

21. Non-equity Non-controlling Interest and Other Liabilities

Non-equity Non-controlling Interest
This account arises when mutual funds are consolidated and where the Group holds less than 100.00% of the investment in these funds. When this occurs, the Group acquires a liability in respect of non-controlling interests in the funds of which the Group has control. Such non-controlling interests are distinguished from equity non-controlling interests in that the Group does not hold an equity stake in such funds. Further, income (loss) attributable to non-equity non-controlling interests amounting to (₱124.0 million), ₱462.7 million, and (₱152.4 million) in 2023, 2022 and 2021, respectively, is included under 'Trading and securities gain (loss) - net' in the statements of income (Note 8).

Other Liabilities
This account consists of:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Accounts payable	**₱27,490**	₱22,660	**₱14,167**	₱13,665
Marginal deposits	**10,756**	14,864	**551**	894
Bills purchased - contra (Note 9)	**9,486**	8,209	**9,444**	8,209
Lease liability (Note 13)	**5,764**	5,661	**4,018**	3,845
Retirement liability (Note 27)	**2,698**	72	**2,553**	–
Other credits	**1,717**	1,628	**1,547**	1,459
Deferred revenues (Note 25)	**1,511**	1,273	**1,511**	1,273
Outstanding acceptances	**1,498**	1,287	**1,498**	1,287
Withholding taxes payable	**1,044**	789	**894**	651
Deposits on lease contracts	**783**	979	–	–
Miscellaneous (Notes 11 and 15)	**8,101**	6,615	**6,556**	5,666
	₱70,848	₱64,037	**₱42,739**	₱36,949

Deferred revenues include deferral and recognition of loyalty points program transactions and membership fees and dues for credit card business. Miscellaneous liabilities include provision on committed lines (Note 15), due to the Treasurer of the Philippines and interoffice float items.

22. Maturity Profile of Assets and Liabilities

The following tables present the assets and liabilities by contractual maturity and settlement dates:

	Consolidated					
	2023			2022		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Financial Assets - at gross						
Cash and other cash items	**₱39,431**	**₱–**	**₱39,431**	₱40,683	₱–	₱40,683
Due from BSP	**207,807**	–	**207,807**	252,628	–	252,628
Due from other banks	**90,586**	–	**90,586**	75,513	–	75,513
Interbank loans receivable and SPURA	**73,015**	–	**73,015**	73,563	200	73,763
Investment securities at FVTPL	**58,247**	**16,609**	**74,856**	50,566	13,033	63,599
Investment securities at FVOCI	**223,336**	**313,287**	**536,623**	180,368	350,096	530,464
Investment securities at amortized cost	**6,745**	**464,268**	**471,013**	6,089	312,158	318,247
Loans and receivables (Note 9)						
Receivables from customers	**725,367**	**841,679**	**1,567,046**	717,539	739,190	1,456,729
Unquoted debt securities	**829**	**105**	**934**	704	499	1,203
Accrued interest receivable	**20,895**	**–**	**20,895**	15,787	1	15,788
Accounts receivable	**15,064**	**30**	**15,094**	9,333	–	9,333
Sales contract receivable	**22**	**10**	**32**	19	12	31
Other receivables	**391**	**5**	**396**	281	–	281

(Forward)

	Consolidated					
	2023			2022		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Other assets (Note 14)						
Investments in SPVs	**₱8,857**	**₱–**	**₱8,857**	₱8,857	₱–	₱8,857
Returned checks and other cash items	**448**	–	**448**	345	–	345
Miscellaneous	**4**	**26**	**30**	740	26	766
	1,471,044	**1,636,019**	**3,107,063**	1,433,015	1,415,215	2,848,230
Non-Financial Assets - at gross						
Property and equipment (Note 10)	–	**61,060**	**61,060**	–	57,804	57,804
Investments in associates and a JV (Note 11)	–	**7,583**	**7,583**	–	6,760	6,760
Investment properties (Note 12)	–	**10,675**	**10,675**	–	10,441	10,441
Deferred tax assets (Note 28)	–	**14,171**	**14,171**	–	13,362	13,362
Goodwill (Note 11)	–	**6,403**	**6,403**	–	6,403	6,403
Assets held under joint operations (Note 14)	–	**219**	**219**	–	219	219
Residual value of leased asset (Note 14)	**233**	**237**	**470**	268	355	623
Other assets (Note 14)	**3,048**	**19,988**	**23,036**	2,815	14,762	17,577
	3,281	**120,336**	**123,617**	3,083	110,106	113,189
	₱1,474,325	**₱1,756,355**	**3,230,680**	₱1,436,098	₱1,525,321	2,961,419
Less:						
Unearned discounts and capitalized interest (Note 9)			**15,637**			13,538
Accumulated depreciation and amortization (Notes 10, 12 and 14)			**43,358**			38,991
Allowance for credit and impairment losses (Notes 10, 11, 12, 14, and 15)			**66,783**			65,800
			₱3,104,902			₱2,843,090
Financial Liabilities						
Deposit liabilities						
Demand	**₱586,345**	**₱–**	**₱586,345**	₱581,473	₱–	₱581,473
Savings	**853,028**	–	**853,028**	898,078	–	898,078
Time	**907,578**	**18,307**	**925,885**	696,549	18,866	715,415
LTNCD (Note 16)	**17,514**	–	**17,514**	8,650	17,508	26,158
	2,364,465	**18,307**	**2,382,772**	2,184,750	36,374	2,221,124
Bills payable and SSURA (Note 17)	**156,891**	**5**	**156,896**	89,409	1,913	91,322
Derivative liabilities (Note 8)	**12,427**	**4,438**	**16,865**	8,870	7,995	16,865
Manager's checks and demand drafts outstanding	**7,048**	–	**7,048**	6,501	–	6,501
Accrued interest and other expenses	**18,059**	–	**18,059**	12,869	–	12,869
Subordinated debts (Note 20)	–	–	–	1,169	–	1,169
Bonds payable (Note 19)	**23,676**	**46,413**	**70,089**	18,388	70,021	88,409
Non-equity non-controlling interest (Note 21)	**10,260**	–	**10,260**	10,139	–	10,139
Other liabilities (Note 21)						
Accounts payable	**27,490**	–	**27,490**	22,660	–	22,660
Marginal deposits	**10,756**	–	**10,756**	14,864	–	14,864
Bills purchased - contra	**9,486**	–	**9,486**	8,209	–	8,209
Lease liability	**1,463**	**4,301**	**5,764**	1,491	4,170	5,661
Outstanding acceptances	**1,498**	–	**1,498**	1,287	–	1,287
Deposits on lease contracts	**412**	**371**	**783**	441	538	979
Dividends payable	**89**	–	**89**	90	–	90
	2,644,020	**73,835**	**2,717,855**	2,381,137	121,011	2,502,148
Non-Financial Liabilities						
Retirement liability (Notes 21 and 27)	**–**	**2,698**	**2,698**	–	72	72
Income taxes payable	**3,601**	–	**3,601**	1,478	–	1,478
Accrued interest and other expenses	**1,726**	**–**	**1,726**	1,087	–	1,087
Withholding taxes payable (Note 21)	**1,044**	–	**1,044**	789	–	789
Deferred tax and other liabilities (Notes 21 and 28)	**9,221**	**2,019**	**11,240**	7,797	1,629	9,426
	15,592	**4,717**	**20,309**	11,151	1,701	12,852
	₱2,659,612	**₱78,552**	**₱2,738,164**	₱2,392,288	₱122,712	₱2,515,000

	Parent Company					
	2023			2022		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Financial Assets - at gross						
Cash and other cash items	**₱37,692**	**₱–**	**₱ 37,692**	₱38,701	₱–	₱38,701
Due from BSP	**198,061**	–	**198,061**	215,074	–	215,074
Due from other banks	**65,868**	–	**65,868**	56,698	–	56,698
Interbank loans receivable and SPURA	**59,219**	–	**59,219**	65,350	200	65,550
Investment securities at FVTPL	**57,820**	**8,681**	**66,501**	42,623	13,033	55,656
Investment securities at FVOCI	**136,641**	**306,033**	**442,674**	73,980	344,067	418,047
Investment securities at amortized cost	**3,861**	**434,937**	**438,798**	3,883	281,677	285,560
Loans and receivables						
Receivables from customers	**656,593**	**707,681**	**1,364,274**	655,840	616,580	1,272,420
Unquoted debt securities	**386**	**105**	**491**	386	170	556
Accrued interest receivable	**17,396**	**–**	**17,396**	12,240	1	12,241
Accounts receivable	**7,655**	–	**7,655**	6,500	–	6,500
Sales contract receivable	**15**	**10**	**25**	13	7	20
Other receivables	**2**	–	**2**	3	–	3
Other assets						
Investments in SPVs	**8,857**	–	**8,857**	8,857	–	8,857
Returned checks and other cash items	**433**	–	**433**	333	–	333
Miscellaneous	**4**	–	**4**	1,074	–	1,074
	1,250,503	**1,457,447**	**2,707,950**	1,181,555	1,255,735	2,437,290
Non-Financial Assets - at gross						
Property and equipment	–	**42,868**	**42,868**	–	40,504	40,504
Investments in subsidiaries	–	**76,368**	**76,368**	–	71,754	71,754
Investments in associates	–	**706**	**706**	–	662	662
Investment properties	–	**5,194**	**5,194**	–	4,891	4,891
Deferred tax assets	–	**11,900**	**11,900**	–	12,274	12,274
Assets held under joint operations	–	**219**	**219**	–	219	219
Other assets	**1,942**	**16,394**	**18,336**	1,784	11,541	13,325
	1,942	**153,649**	**155,591**	1,784	141,845	143,629
	₱1,252,445	**₱1,611,096**	**2,863,541**	₱1,183,339	₱1,397,580	2,580,919
Less:						
Unearned discounts and capitalized interest			**13,545**			10,970
Accumulated depreciation and amortization			**29,180**			25,905
Allowance for credit and impairment losses			**54,450**			54,295
			₱2,766,366			₱2,489,749
Financial Liabilities						
Deposit liabilities						
Demand	**₱536,772**	**₱–**	**₱536,772**	₱536,516	₱–	₱536,516
Savings	**807,153**	–	**807,153**	851,860	–	851,860
Time	**756,662**	**542**	**757,204**	527,987	927	528,914
LTNCD (Note 16)	**12,430**	–	**12,430**	8,650	12,430	21,080
	2,113,017	**542**	**2,113,559**	1,925,013	13,357	1,938,370
Bills payable and SSURA (Note 17)	**141,076**	**5**	**141,081**	76,446	10	76,456
Derivative liabilities (Note 8)	**12,424**	**4,438**	**16,862**	8,860	7,995	16,855
Manager's and demand drafts outstanding	**5,533**	–	**5,533**	5,487	–	5,487
Accrued interest and other expenses	**13,948**	–	**13,948**	9,115	–	9,115
Subordinated debts (Note 20)	–	–	–	1,169	–	1,169
Bonds payable (Note 19)	**23,676**	**46,413**	**70,089**	13,740	70,021	83,761
Other liabilities (Note 21)						
Accounts payable	**14,167**	–	**14,167**	13,665	–	13,665
Bills purchased - contra	**9,444**	–	**9,444**	8,209	–	8,209
Lease liability	**734**	**3,284**	**4,018**	792	3,053	3,845
Outstanding acceptances	**1,498**	–	**1,498**	1,287	–	1,287
Marginal deposits	**551**		**551**	894	–	894
	2,336,068	**54,682**	**2,390,750**	2,064,677	94,436	2,159,113
Non-Financial Liabilities						
Retirement benefit liability	**–**	**2,553**	**2,553**	–	–	–
Income taxes payable	**3,479**	–	**3,479**	1,307	–	1,307
Accrued interest and other expenses	**1,726**	**–**	**1,726**	1,087	–	1,087
Withholding taxes payable (Note 21)	**894**	–	**894**	651	–	651
Other liabilities (Note 21)	**7,983**	**1,631**	**9,614**	6,939	1,459	8,398
	14,082	**4,184**	**18,266**	9,984	1,459	11,443
	₱2,350,150	**₱58,866**	**₱2,409,016**	₱2,074,661	₱95,895	₱2,170,556

23. **Capital Stock**

As of December 31, 2023 and 2022, this account consists of (amounts in millions, except par value and number of shares):

	Shares	Amount
Authorized		
Common stock – ₱20.00 par value	6,000,000,000	
Preferred stock – ₱20.00 par value	1,000,000,000	
Common stock issued and outstanding		
Balance at January 1 and December 31	4,497,415,555	₱89,948

As of December 31, 2023 and 2022, treasury shares totaling 1,289,543 and 1,328,487, respectively, represent shares of the Parent Company held by FMIC's mutual fund subsidiary (Note 32).

Preferred shares are non-voting except as provided by law; have preference over Common Shares in the distribution of dividends; subject to such terms and conditions as may be determined by the BOD and to the extent permitted by applicable law, may or may not be redeemable; and shall have such other features as may be determined by the BOD at the time of issuance.

On March 15, 2013, the BOD of the Parent Company approved (a) the amendment of the Articles of Incorporation (AOI) to increase the authorized capital stock and (b) the declaration of 30.00% stock dividend, which were ratified by the stockholders representing at least 2/3 of the outstanding capital stock on April 15, 2013. These were subsequently approved by the BSP on May 15, 2013 and by the SEC on August 13, 2013. Following this, the authorized capital stock of the Parent Company increased from ₱50.0 billion to ₱100.0 billion consisting of 4.0 billion common shares and 1.0 billion preferred shares, both with par value of ₱20.00 per share. The 30.00% stock dividend equivalent to 633,415,049 common shares amounting to ₱12.7 billion represents at least the minimum 25.00% subscribed and paid-up capital for the increase in the authorized capital stock referred to above which was issued/paid on September 16, 2013 with record date on September 3, 2013. On September 10, 2013, the PSE approved the listing of such additional common shares.

On January 21, 2015, the Parent Company's BOD approved the Stock Rights Offer (SRO) by way of issuance from the unissued portion of the authorized capital stock which was noted by BSP with the issuance of a letter of no objection to the Rights Issue on February 17, 2015. On February 24, 2015, the SEC confirmed the exemption of this issuance of ₱32.0 billion worth of common shares from the registration requirements under Section 8 of the SRC. On February 25, 2015, the PSE approved the listing of up to 500.0 million common shares to cover the SRO to all stockholders of record as of March 18, 2015. On April 7, 2015, following regulatory approvals, the Parent Company concluded the ₱32.0 billion SRO, involving 435,371,720 common shares with par value of ₱20.00 priced at ₱73.50 per share and listed with the PSE on the same date. The difference between the issued price and the par value is recognized as 'Capital paid in excess of par value'.

On January 17, 2018, the Parent Company's BOD approved the SRO by way of issuance of up to a maximum of 819,827,214 common shares to raise additional capital of up to ₱60.0 billion. This was noted by the BSP with the issuance of a letter of no objection to the rights issue on January 29, 2018. On April 4, 2018, following the regulatory approvals, the Parent Company concluded the ₱60.0 billion SRO, involving 799,842,250 common shares with par value of ₱20.00 priced at ₱75.00 per share and listed on the PSE on April 12, 2018. Transaction costs on the SRO amounting to ₱878.2 million were charged against 'Capital paid in excess of par value'.

On February 13, 2019, the BOD of the Parent Company approved (a) the amendment of the AOI to increase the authorized capital stock from ₱100.0 billion to ₱140.0 billion and (b) the declaration of a 13% stock dividend equivalent to 517,401,955 shares amounting to ₱10.3 billion representing the minimum 25% subscription and paid-up capital for the increase in the authorized capital stock which were ratified by the stockholders representing at least 2/3 of the outstanding capital stock on April 24, 2019. These were approved by the BSP on August 8, 2019 and by the SEC on October 4, 2019. Following this, the authorized capital stock of the Parent Company increased from ₱100.0 billion to ₱140.0 billion consisting of 6.0 billion common shares and 1.0 billion preferred shares, both with par value of ₱20.0 per share. On October 16, 2019, the Parent Company received the SEC Order fixing the Record Date of the 13% stock dividend on October 31, 2019. The 13% stock dividend was issued on November 26, 2019 with record date on October 31, 2019. On November 19, 2019, the PSE approved the listing of such stock dividend.

All issued and outstanding shares of the Parent Company are listed with the PSE (Note 1). As of December 31, 2023 and 2022, there are 2,950 and 2,954 holders, respectively, of the listed shares of the Parent Company, with share price closed at ₱51.30 and ₱54.00 a share, respectively.

The history of share issuances during the last ten years follows:

Year	Issuance	Listing Date	Number of Shares Issued
2019	Stock dividend	November 26, 2019	517,400,519
2018	Stock rights	April 12, 2018	799,842,250
2015	Stock rights	April 7, 2015	435,371,720
2013	Stock dividend	September 16, 2013	633,415,049

Details of the Parent Company's cash dividend distributions from 2021 to 2023 follow:

Date of Declaration	Per Share	Total Amount	Record Date	Payment Date
February 22, 2023	₱0.80 (regular)	₱3,598	September 8, 2023	September 22, 2023
February 22, 2023	0.80 (regular)	3,598	March 17, 2023	March 31, 2023
February 22, 2023	1.40 (special)	6,296	March 17, 2023	March 31, 2023
February 23, 2022	0.80 (regular)	3,598	September 9, 2022	September 23, 2022
February 23, 2022	0.80 (regular)	3,598	March 17, 2022	March 31, 2022
February 23, 2022	1.40 (special)	6,296	March 17, 2022	March 31, 2022
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

On February 23, 2022, the BOD of the Parent Company approved a new dividend policy of increasing the regular cash dividends from ₱1.00 to ₱1.60 per share for the year, payable on semi-annual basis at ₱0.80 per share.

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 16 issued in September 2023 differs to a certain extent from the computation following BSP guidelines.

24. Surplus Reserves

This account consists of:

	2023	2022
Reserve for trust business (Note 29)	**₱2,164**	₱2,046
Reserve for self-insurance	**588**	567
	₱2,752	₱2,613

In compliance with existing BSP regulations, 10.0% of the Parent Company's income from trust business is appropriated to surplus reserves. This yearly appropriation is required until the surplus reserve for trust business equals 20.0% of the Parent Company's regulatory net worth.

Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation by and other unlawful acts of the Parent Company's personnel or third parties.

25. Other Operating Income and Expenses

Service Charges, Fees and Commissions

The table below presents the disaggregation of service charges, fees and commission by business segment:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Consumer banking	**₱8,036**	₱7,234	₱5,749	**₱7,486**	₱6,735	₱5,247
Branch banking	**4,017**	3,978	3,391	**2,898**	2,860	2,428
Corporate banking	**1,007**	920	876	**937**	851	801
Investment banking/treasury	**750**	823	698	**552**	658	374
Others*	**2,580**	2,080	2,704	**1,206**	669	1,285
	₱16,390	₱15,035	₱13,418	**₱13,079**	₱11,773	₱10,135

**Others include the remittance business of the Group and the Parent Company.*

The remaining performance obligations on revenue contracts with customers of the Group under PFRS 15, which are expected to be recognized beyond one year amounting to ₱943.3 million and ₱757.1 million (included in 'Deferred revenues' under 'Other liabilities') as of December 31, 2023 and 2022, respectively, refer to the customer loyalty program of the Parent Company. The customer loyalty points have no expiration and redemptions can go beyond one year.

Miscellaneous Income and Expenses

In 2023, 2022 and 2021, miscellaneous income includes gain on initial recognition of investment properties and other non-financial assets amounting to ₱836.1 million, ₱1.3 billion and ₱812.5 million, respectively, for the Group, and ₱104.6 million, ₱82.7 million and ₱41.0 million, respectively, for the Parent Company; recovery on charged-off assets amounting to ₱1.2 billion, ₱1.2 billion and ₱1.4 billion, respectively, for the Group, and ₱856.4 million, ₱858.5 million and ₱1.0 billion, respectively, for the Parent Company; and IT service fees and other income amounting to ₱471.1 million, ₱645.4 million and ₱797.2 million, respectively, for the Group, and ₱294.3 million, ₱328.2 million and ₱565.5 million, respectively, for the Parent Company (Note 32).

Miscellaneous expenses consist of:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Security, messengerial, janitorial and other services	**₱4,570**	₱3,458	₱3,540	**₱4,054**	₱2,975	₱3,110
Insurance	**4,490**	4,063	3,897	**3,925**	3,454	3,232
Information technology (Note 32)	**2,641**	2,020	1,555	**2,317**	1,688	1,286
Advertising	**1,878**	1,380	809	**1,796**	1,288	767
Management, professional and supervision fees	**1,665**	1,411	1,471	**1,350**	1,139	1,220
Repairs and maintenance	**692**	659	625	**267**	242	316
Litigation (Note 12)	**587**	906	985	**296**	427	469
Communications	**545**	539	624	**327**	304	364
Transportation and travel	**455**	349	291	**369**	283	231
Entertainment, amusement and representation (EAR) (Note 28)	**448**	336	215	**392**	284	167
Stationery and supplies used	**380**	411	356	**311**	300	279
Others*	**2,560**	3,438	3,528	**1,711**	2,531	2,585
	₱20,911	₱18,970	₱17,896	**₱17,115**	₱14,915	₱14,026

** Other expenses mainly include membership fees, donation, freight charges and other business expenses.*

26. Notes to Statements of Cash Flows

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

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Interbank loans receivable and SPURA	**₱73,015**	₱73,763	₱70,475	**₱59,219**	₱65,550	₱55,999
Interbank loans receivable and SPURA not considered as cash and cash equivalents	**(9,333)**	(7,977)	(14,413)	**(477)**	(5,993)	(9,971)
	₱63,682	₱65,786	₱56,062	**₱58,742**	₱59,557	₱46,028

Significant non-cash transactions of the Group and the Parent Company include:
- Additions to ROU assets as disclosed in Note 10;
- Foreclosures of properties or additions to investment and chattel properties as disclosed in Notes 12 and 14, respectively;
- Reclassifications of BUC and Furniture, Fixtures and Equipment (FFE) (Note 10);
- Reclassifications of software cost from customized system development costs (Note 14).

The table below provides for the changes in liabilities arising from financing activities in 2023, 2022 and 2021:

	Consolidated			
	Beginning	**Net Cash Flows**	**Others**	**Ending**
2023				
Bills payable and SSURA (Note 17)	**₱91,322**	**₱66,629**	**(₱1,055)**	**₱156,896**
Bonds payable (Note 19)	**88,409**	**(18,400)**	**80**	**70,089**
Subordinated debts (Note 20)	**1,169**	**(1,170)**	**1**	**–**
Dividends payable (Note 21)	**90**	**(1)**	–	**89**
Total liabilities from financing activities	**₱180,990**	**₱47,058**	**(₱974)**	**₱227,074**
2022				
Bills payable and SSURA (Note 17)	₱70,334	₱23,432	(₱2,444)	₱91,322
Bonds payable (Note 19)	79,823	6,023	2,563	88,409
Subordinated debts (Note 20)	1,168	–	1	1,169
Dividends payable (Note 21)	90	–	–	90
Total liabilities from financing activities	₱151,415	₱29,455	₱120	₱180,990
2021				
Bills payable and SSURA (Note 17)	₱139,614	(₱63,687)	(₱5,593)	₱70,334
Bonds payable (Note 19)	91,397	(13,366)	1,792	79,823
Subordinated debts (Note 20)	1,167	–	1	1,168
Dividends payable (Note 21)	90	–	–	90
Total liabilities from financing activities	₱232,268	(₱77,053)	(₱3,800)	₱151,415

	Parent Company			
	Beginning	**Net Cash Flows**	**Others**	**Ending**
2023				
Bills payable and SSURA (Note 17)	**₱76,456**	**₱65,000**	**(₱375)**	**₱141,081**
Bonds payable (Note 19)	**83,761**	**(13,750)**	**78**	**70,089**
Subordinated debts (Note 20)	**1,169**	**(1,170)**	1	–
Total liabilities from financing activities	**₱161,386**	**₱50,080**	**(₱296)**	**₱211,170**
2022				
Bills payable and SSURA (Note 17)	₱52,514	₱24,123	(₱181)	₱76,456
Bonds payable (Note 19)	75,189	6,023	2, 549	83,761
Subordinated debts (Note 20)	1,168	–	1	1,169
Total liabilities from financing activities	₱128,871	₱30,146	₱2,369	₱161,386

	Parent Company			
	Beginning	Net Cash Flows	Others	Ending
2021				
Bills payable and SSURA (Note 17)	₱108,651	(₱54,808)	(₱1,329)	₱52,514
Bonds payable (Note 19)	76,355	(2,906)	1,740	75,189
Subordinated debts (Note 20)	1,167	–	1	1,168
Total liabilities from financing activities	₱186,173	(₱57,714)	₱412	₱128,871

Others include the effect of cash flows of liabilities arising from operating activities.

27. Retirement Plan and Other Employee Benefits

The Parent Company and most of its subsidiaries have funded non-contributory defined benefit retirement plans covering all their respective permanent and full-time employees. Benefits are based on the employee's years of service and final plan salary.

For employees of the Parent Company, retirement from service is compulsory upon the attainment of the 55th birthday or 30th year of service, whichever comes first.

The existing regulatory framework, RA No. 7641, *Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Parent Company and most of its subsidiaries meet the minimum retirement benefit specified under RA No. 7641.

The principal actuarial assumptions used in determining retirement liability of the Parent Company and significant subsidiaries are shown below:

	Parent Company	FMIC	PSBank	ORIX Metro
As of January 1, 2023				
Average remaining working life	**9.49 years**	**7 to 9years**	**9 Years**	**10 to 24 years**
Discount rate	**7.12%**	**6.95% to 7.20%**	**7.11%**	**7.30% to 7.60%**
Future salary increases	**7.00%**	**5.75% to 6.00%**	**5.50%**	**7.00%**
As of January 1, 2022				
Average remaining working life	10.76 years	7 to 10 years	9 years	11 to 24 years
Discount rate	5.06%	4.75% to 5.13%	4.94%	5.0% to 5.6%
Future salary increases	6.00%	4.0% to 5.0%	4.00%	7.00%

Discount rates used in computing for the present value of the DBO of the Parent Company and significant subsidiaries as of December 31, 2023 and 2022 follow:

	Parent Company	FMIC	PSBank	ORIX Metro
2023	**6.08%**	**6.03% to 6.09%**	**6.06%**	**6.50%**
2022	7.12%	6.95% to 7.20%	7.11%	7.30% to 7.60%

The net retirement liability (asset) of the Group and the Parent Company is presented in the following accounts in the statements of financial position:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Other assets (Note 14)	**(₱212)**	(₱487)	**₱–**	(₱95)
Other liabilities (Note 21)	**2,910**	72	**2,553**	–
	₱2,698	(₱415)	**₱2,553**	(₱95)

The defined benefit plan exposes the Group and the Parent Company to actuarial risk, such as longevity risk, interest rate risk and market (investment risk).

The fair value of plan assets by each class as at the end of the statement of financial position date are as follows:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Cash and cash equivalents	**₱90**	₱945	**₱1**	₱44
Investment securities				
Debt securities (Note 32)	**22,113**	18,925	**17,699**	15,689
Equity securities (Note 32)	**2,715**	3,871	**2,530**	3,642
Unit investment trust fund and others (Note 32)	**518**	449	**438**	395
Total investment securities	**25,346**	23,245	**20,667**	19,726
Other assets	**293**	251	**225**	224
Total assets	**25,729**	24,441	**20,893**	19,994
Total liabilities and expected withdrawals	**(40)**	(14)	**(36)**	(11)
Fair value of net plan assets	**₱25,689**	₱24,427	**₱20,857**	₱19,983

Changes in net defined benefit liability (asset) are as follows:

Consolidated	**Present Value of DBO**	**Fair Value of Plan Assets**	**Net Retirement Liability/(Asset)**
January 1, 2023	**₱24,012**	**(₱24,427)**	**(₱415)**
Net benefit cost			
Current service cost	**1,808**	–	**1,808**
Net interest	**1,568**	**(1,694)**	**(126)**
Sub-total	**3,376**	**(1,694)**	**1,682**
Benefits paid	**(2,951)**	**2,951**	–
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	–	**219**	**219**
Actuarial changes arising from experience adjustments	**737**	–	**737**
Actuarial changes arising from changes in financial/demographic assumptions	**3,213**	**21**	**3,234**
Sub-total	**3,950**	**240**	**4,190**
Contributions paid	–	**(2,759)**	**(2,759)**
December 31, 2023	**₱28,387**	**(₱25,689)**	**₱2,698**

Parent Company	**Present Value of DBO**	**Fair Value of Plan Assets**	**Net Retirement Liability/(Asset)**
January 1, 2023	**₱19,888**	**(₱19,983)**	**(₱95)**
Net benefit cost			
Current service cost	**1,488**	–	**1,488**
Net interest	**1,288**	**(1,369)**	**(81)**
Sub-total	**2,776**	**(1,369)**	**1,407**
Benefits paid	**(2,629)**	**2,629**	**–**
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	–	**171**	**171**
Actuarial changes arising from experience adjustments	**672**	–	**672**
Actuarial changes arising from changes in financial/demographic assumptions	**2,703**	–	**2,703**
Sub-total	**3,375**	**171**	**3,546**
Contributions paid	–	**(2,305)**	**(2,305)**
December 31, 2023	**₱23,410**	**(₱20,857)**	**₱2,553**

Consolidated	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability/(Asset)
January 1, 2022	₱24,883	(₱26,180)	(₱1,297)
Net benefit cost			
Current service cost	1,913	–	1,913
Past service cost	(17)	–	(17)
Net interest	1,230	(1,310)	(80)
Sub-total	3,126	(1,310)	1,816
Benefits paid	(1,754)	1,754	–
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	–	1,718	1,718
Actuarial changes arising from experience adjustments	(559)	–	(559)
Actuarial changes arising from changes in financial/demographic assumptions	(1,684)	93	(1,591)
Sub-total	(2,243)	1,811	(432)
Contributions paid	–	(502)	(502)
December 31, 2022	₱24,012	(₱24,427)	(₱415)

Parent Company	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability/(Asset)
January 1, 2022	₱20,782	(₱21,769)	(₱987)
Net benefit cost			
Current service cost	1,582	–	1,582
Net interest	1,034	(1,083)	(49)
Sub-total	2,616	(1,083)	1,533
Benefits paid	(1,377)	1,377	–
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	–	1,492	1,492
Actuarial changes arising from experience adjustments	(654)	–	(654)
Actuarial changes arising from changes in financial/demographic assumptions	(1,479)	–	(1,479)
Sub-total	(2,133)	1,492	(641)
December 31, 2022	₱19,888	(₱19,983)	(₱95)

In 2023, 2022 and 2021, deferred tax on remeasurements on retirement plans charged to OCI amounted to ₱460.0 million, ₱108.0 million, and ₱413.8 million, respectively, for the Group, and ₱250.0 million, ₱160.0 million and ₱323.8 million, respectively, for the Parent Company (Note 28).

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the balance of DBO as of December 31, 2023 and 2022, assuming all other assumptions were held constant:

	Parent Company	FMIC	PSBank	ORIX Metro
As of December 31, 2023				
Discount rate				
+100 basis points (bps)	**(₱1,450)**	**(₱18)**	**(₱273)**	**(₱71)**
- 100 bps	**1,640**	**20**	**809**	**84**
Salary increase rate				
+100 bps	**1,513**	**21**	**325**	**82**
- 100 bps	**(1,373)**	**(20)**	**(292)**	**(71)**
Turnover rate				
+20% of actual rate	**(365)**	**(6)**	**(41)**	–
-20% of actual rate	**398**	**7**	**46**	–
As of December 31, 2022				
Discount rate				
+100 basis points (bps)	(₱1,102)	(₱14)	(₱220)	(₱56)
- 100 bps	1,231	16	249	66
Salary increase rate				
+100 bps	1,131	17	266	65
- 100 bps	(1,041)	(17)	(239)	(57)
Turnover rate				
+20% of actual rate	(189)	(4)	(4)	–
-20% of actual rate	195	6	4	–

The Group and the Parent Company expect to contribute to the defined benefit retirement plans the required funding for normal cost in 2024 amounting to ₱401.0 million and ₱20.7 million, respectively.

The average duration of the DBO of the Group as of December 31, 2023 and 2022 are as follows:

	Parent Company	FMIC	PSBank	ORIX Metro
2023	**9.62 years**	**6.14 to 11.46 years**	**9.57 years**	**7.6 to 10.9 years**
2022	8.26 years	6.57 to 11.04 years	9.27 years	8.2 to 10.3 years

Shown below is the maturity analysis of the undiscounted benefit payments:

	Parent Company	FMIC	PSBank	ORIX Metro
As of December 31, 2023				
Less than 1 year	**₱3,201**	**₱61**	**₱332**	**₱26**
1 to less than 5 years	**11,876**	**218**	**1,611**	**276**
5 to less than 10 years	**12,239**	**250**	**2,435**	**370**
10 to less than 15 years	**18,095**	**226**	**3,183**	–
15 to less than 20 years	**16,063**	**167**	**2,464**	–
20 years and above	**19,355**	**180**	**1,994**	–
As of December 31, 2022				
Less than 1 year	₱3,241	₱30	₱283	₱52
1 to less than 5 years	11,414	176	1,408	248
5 to less than 10 years	11,525	249	2,247	284
10 to less than 15 years	13,006	208	2,719	–
15 to less than 20 years	13,189	160	2,489	–
20 years and above	14,277	160	1,745	–

In addition, the Parent Company has a Provident Plan which is a supplementary contributory retirement plan to and forms part of the main plan, the Retirement Plan, for the exclusive benefit of eligible employees of the Parent Company in the Philippines. Based on the provisions of the plan, upon retirement or resignation, a member shall be entitled to receive as retirement or resignation benefits 100.00% of the accumulated value of the personal contribution plus a percentage of the accumulated value arising from the Parent Company's contributions in accordance with the completed number of years serviced. The Parent Company's contribution to the Provident Fund in 2023 and 2022 amounted to ₱342.2 million and ₱321.2 million, respectively.

As of December 31, 2023 and 2022, the retirement funds of the Group's employees amounting to ₱25.7 billion and ₱24.4 billion, respectively, are being managed by its trust banking unit. The Parent Company has a Trust Committee that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the retirement plan. Certain members of the BOD of the Parent Company are represented in the Trust Committee.

28. **Income and Other Taxes**

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

On March 26, 2021, Republic Act (RA) No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate for large corporations from 30.00% to 25.00% effective July 1, 2020. With the implementation of this Act, the allowable deduction for interest expense was reduced from 33% to 20% of the interest income subjected to final tax.

The regulations also provide for Minimum Corporate Income Tax (MCIT) of 2.00% (provided that effective July 1, 2020 until June 30, 2023, the rate shall be 1%) on modified gross income and allow Net Operating Loss carry-over (NOLCO). The MCIT and NOLCO may be applied against the Parent Company's and its domestic subsidiaries' income tax liability and taxable income, respectively, over a three-year period from the year of inception. RA No. 11494 or the Bayanihan to Recover as One Act (Bayanihan Act) extended the allowable carry-over period of NOLCO to the next five (5) consecutive years following the year of loss for losses incurred during the taxable years 2020 and 2021. The NOLCO for such can be carried over as deduction even after the expiration of the Bayanihan Act, provided that same are claimed within the next five (5) consecutive taxable years immediately following the year of the loss.

Current tax regulations also provide for the ceiling on the amount of EAR expense (Note 25) that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and its domestic subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue.

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

Following are the applicable taxes and tax rates for the foreign branches of the Parent Company:

Foreign Branches	Tax Rates
USA - New York Branch	21.00% federal income tax; 9% state tax; city tax of 7.25% in 2022-2023 and 6.50% in 2021 ; 2.175% MTA tax
Japan - Tokyo and Osaka Branches	23.20% income tax; various rates for business taxes and local business taxes,
Korea - Seoul and Pusan Branches	income tax of 20.90%in 2023 and 22.00% in 2021-2022; 0.50% education tax,
Taiwan – Taipei Branch	20.00% income tax; 5.00% gross business receipts tax; 5.0% value-added tax

The provision for income tax consists of:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Current:						
Final tax	**₱9,606**	₱5,323	₱3,488	**₱8,315**	₱4,535	₱3,060
RCIT*	**4,323**	3,423	2,702	**3,873**	2,913	2,317
MCIT	**3**	2	2	–	–	–
	13,932	8,748	6,192	**12,188**	7,448	5,377
Deferred*	**(1,042)**	1,872	1,585	**(128)**	1,593	421
	₱12,890	₱10,620	₱7,777	**₱12,060**	₱9,041	₱5,798

** Includes income taxes of foreign subsidiaries.*

Components of net deferred tax assets of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Deferred tax asset on:				
Allowance for credit and impairment losses	**₱10,644**	₱9,278	**₱8,824**	₱8,398
Unamortized past service cost	**1,507**	1,743	**1,316**	1,466
Unrealized mark-to-market losses	**242**	1,272	**35**	1,047
Accrued Expenses	**1,007**	693	**970**	627
Unrealized foreign exchange losses	**–**	396	–	408
Accumulated depreciation of investment properties	**261**	245	**121**	116
Deferred membership/awards	**310**	278	**294**	278
Retirement liability	**1,024**	179	**638**	–
NOLCO	**–**	3	–	–
MCIT	**–**	1	–	–
Others	**203**	180	**105**	100
	15,198	14,268	**12,303**	12,440
Deferred tax liability on:				
Unrealized gain on initial measurement of investment properties	**537**	541	**137**	132
Leasing Income differential between finance and operating lease	**163**	266	–	–
Retirement asset	**53**	84	–	24
Unrealized foreign exchange gains	**266**	–	**266**	–
Others	**8**	15	**–**	10
	1,027	906	**403**	166
Net deferred tax assets	**₱14,171**	₱13,362	**₱11,900**	₱12,274

In 2023 and 2022, deferred tax credited to OCI amounted to ₱233 million and ₱2.14 billion, respectively, for the Group, and ₱502 billion and ₱1.98 billion, respectively, for the Parent Company.

The Parent Company and certain subsidiaries did not recognize deferred tax assets on the following temporary differences:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Allowance for credit and impairment losses	**₱9,534**	₱14,781	**₱8,857**	₱8,857
NOLCO	**2,416**	1,465	**899**	435
MCIT	**14**	7	–	–
	₱11,964	₱16,253	**₱9,756**	₱9,292

The Group believes that it is not reasonably probable that the tax benefits of these temporary differences will be realized in the future.

There are no income tax consequences attaching to the payment of dividends by the Group to its shareholders. There are no temporary differences arising from undistributed profits of subsidiaries, branches, associates and a JV.

Details of the excess MCIT credits of the Group follow:

		Consolidated		
Inception Year	Expiry Year	Amount	Used/Expired	Balance
2020	2025	₱6	₱3	₱3
2021	2026	3	–	3
2022	2025	3	–	3
2023	2026	4	–	1
		₱16	₱2	₱14

As of December 31, 2023, details of the Group and the Parent Company's NOLCO follow:

		Consolidated			Parent Company		
Inception Year	Expiry Year	Amount	Used/Expired	Balance	Amount	Used/Expired	Balance
2020	2025	₱232	₱41	₱191	₱–	₱–	₱–
2021	2026	331	–	331	58	–	58
2022	2025	901	2	899	377	–	377
2023	2026	995	–	995	464	–	464
		₱2,459	₱43	₱2,416	₱899	₱–	₱899

A reconciliation of the statutory income tax rates and the effective income tax rates follows:

	Consolidated			**Parent Company**		
	2023	2022	2021	**2023**	2022	2021
Statutory income tax rate	**25%**	25%	25.00%	**25%**	25%	25.00%
Tax effects of:						
Tax-paid, tax-exempt and other non-taxable income	**(6.83)**	(3.06)	(4.68)	**(6.16)**	(2.46)	(2.72)
Non-deductible interest expense	**4.04**	2.63	2.97	**3.59**	2.75	2.86
FCDU income	**(0.90)**	(1.90)	(3.34)	**(0.95)**	(2.42)	(3.28)
Change in unrecognized deferred tax assets	**(1.32)**	0.10	9.62	**–**	–	5.19
Effect of change in tax rate	**–**	–	(7.29)	**–**	–	(6.31)
Others - net	**3.09**	1.41	3.52	**0.73**	(1.25)	–
Effective income tax rate	**23.08%**	24.18%	25.80%	**22.21%**	21.62%	20.74%

29. Trust Operations

Properties held by the Parent Company and PSBank in fiduciary or agency capacity for their customers are not included in the accompanying statements of financial position since these are not their resources.

In compliance with current banking regulations relative to the Parent Company and PSBank's trust functions, the following are government securities deposited with the BSP:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Investment securities at amortized cost	**₱7,559**	₱7,511	**₱7,559**	₱7,511
Investment securities at FVOCI	**124**	181	**–**	–
	₱7,683	₱7,692	**₱7,559**	₱7,511

30. Commitments and Contingent Liabilities

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. No material losses are anticipated as a result of these transactions. The summary of contingencies and commitments at their peso-equivalent contractual amounts arising from off-balance sheet items follows:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Trust Banking Group accounts (Note 29)	**₱497,607**	₱510,510	**₱485,425**	₱505,715
Credit card lines	**276,839**	233,331	**276,839**	233,331
Undrawn commitments - facilities to lend	**53,729**	24,578	**53,729**	24,578
Unused commercial letters of credit (Note 32)	**50,476**	49,097	**45,558**	45,740
Bank guaranty with indemnity agreement (Note 32)	**11,732**	18,023	**11,732**	18,023
Outstanding guarantees	**6,637**	3,769	**6,637**	3,769
Credit line certificate with bank commission	**3,963**	4,771	**3,963**	4,771
Inward bills for collection	**1,662**	2,071	**1,661**	2,071
Outstanding shipside bonds/airway bills	**1,436**	1,294	**656**	1,294
Late deposits/payments received	**944**	1,047	**943**	1,047
Outward bills for collection	**639**	710	**559**	707
Confirmed export letters of credits	**44**	278	**-**	43
Others	**32,729**	35,709	**602**	1,004
	₱938,437	₱885,188	**₱888,304**	₱842,093

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

31. Earnings per Share

The basis of calculation for earnings per share attributable to equity holdings of the Parent Company follows (amounts in millions, except for earnings per share):

	2023	2022	2021
a. Net income attributable to equity holders of the Parent Company	**₱42,238**	₱32,776	₱22,156
b. Weighted average number of outstanding common shares of the Parent Company	**4,496**	4,496	4,496
c. Basic/diluted earnings per share (a/b)	**₱9.39**	₱7.29	₱4.93

32. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control or common significant influence such as subsidiaries and associates of subsidiaries or other related parties. Related parties may be individuals or corporate entities and are classified as entities with significant influence, subsidiaries, associates, other related parties and key personnel (Notes 2 and 11).

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

The Parent Company has a Related Party Transactions Committee (RPTC) and a Related Party Transactions Management Committee (RPTMC), both of which are created to assist the BOD in ensuring that transactions with related parties are reviewed to assess risks and are subjected to appropriate restrictions to ensure that these are conducted at arm's-length terms and that corporate or business resources of the Parent Company are not misappropriated or misapplied. After appropriate review, RPTMC (through RPTC) and RPTC disclose all information and endorses to the BOD with recommendations, the proposed related party transactions. The members of the RPTC are appointed annually by the BOD, composed of at least three (3) Board non-executive members, two (2) of whom should be independent directors, including the Chairman. Currently, RPTC is composed of three (3) independent directors (including the Committee's Chairman); the head of Internal Audit Group (as Resource Person); and the Compliance Officer (as the Committee Secretary) and meets monthly or as the need arises. On the other hand, RPTMC members are appointed annually by the President, composed of at least four (4) members. RPTC's and RPTMC's review of the proposed related party transactions considers the following:

a. Identity and relationship of the parties involved in the transaction;
b. Terms of the transaction and whether these are no less favorable than terms generally available to an unrelated third party under the same circumstances;
c. Business purpose, timing, rationale and benefits of the transaction;
d. Approximate monetary value of the transaction and the approximate monetary value of the related party's interest in the transaction;
e. Valuation methodology used and alternative approaches to valuation of the transaction;
f. Information concerning potential counterparties in the transaction;
g. Description of provisions or limitations imposed as a result of entering into the transaction;
h. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the transaction;
i. Impact to a director's independence;
j. Extent that such transaction or relationship would present an improper conflict of interest; and
k. The availability of other sources of comparable products or services.

The committees ensured that all related party transactions for the financial year are conducted in fair and at arm's-length terms.

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 such 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.

Details on significant related party transactions of the Group and the Parent Company follow (transactions with subsidiaries have been eliminated in the consolidated financial statements):

	Consolidated	
Category	Amount	Terms and Conditions/Nature
2023		
Entity with Significant Influence Over the Group		
Outstanding Balance:		
Deposit liabilities*	**₱2,531**	With annual fixed interest rates ranging from 0.05% to 5.00%, including time deposits with maturity terms ranging from 19 to 30 days (Note 16)
Amount/Volume:		
Deposit liabilities	**(6,514)**	Generally similar to terms and conditions above
Interest expense	**59**	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Sales	**29**	Outright sale of FVTPL
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	**₱8,641**	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 3.51% to 6.25% with maturity terms from 8 to 153 days (Note 7)
Receivables from customers*	**1,719**	Unsecured, with ECL of ₱7.1 million; With annual fixed interest rates ranging from 0.00% to 6.45% and maturity terms ranging from 4 to 240 days (Note 9)
Accounts receivable	**170**	Non-interest bearing receivables on remittance and rental fees (Note 9)
Other receivables	**8**	Non-interest bearing receivables on rental fees (Note 9)
Deposit liabilities*	**5,839**	With annual fixed interest rates ranging from 0.05% to 5.96% including time deposits with maturity terms ranging from 4 to 91 days (Note 16)
Treasury stock	**70**	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Amount/Volume:		
Interbank loans receivable	**(2,565)**	Generally similar to terms and conditions above
Receivables from customers	**(1,618)**	Generally similar to terms and conditions above
Accounts receivable	**(50)**	Generally similar to terms and conditions above
Deposit liabilities	**(152)**	Generally similar to terms and conditions above
Interest income	**401**	Interest income on receivables from customers and interbank loan receivables (Notes 7 and 9)
Service charges, fees and commissions	**29**	Income on transactional fees
Trading and securities gain - net	**1,002**	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	**(13)**	Net loss from foreign exchange transactions
Leasing income	**8**	Income from leasing agreements with various lease terms
Miscellaneous income	**171**	Information technology services and other fees (Note 25)
Interest expense	**272**	Interest expense on deposit liabilities and bills payable (Note 16 and 17)
Securities transactions		
Purchases	**43,789**	Outright purchases of investment securities at FVTPL and FVOCI
Sales	**77,931**	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	**6,181**	Outright purchases of foreign currency
Sell	**11,052**	Outright sale of foreign currency

(Forward)

	Consolidated	
Category	Amount	Terms and Conditions/Nature
Associates		
Outstanding Balance:		
Receivables from customers	**₱2,031**	Unsecured, with ECL of ₱9.4 million; With annual fixed interest rates ranging from 6.30% to 6.55% and maturity terms ranging from 183 to 730 days (Note 9)
Deposit liabilities*	**2,699**	With annual fixed interest rates ranging from 0.05% to 5.13% including time deposits with maturity terms ranging from 32 to 45 days (Note 16)
Amount/Volume:		
Receivables from customers	**1,324**	Generally similar to terms and conditions above
Deposit liabilities	**1,169**	Generally similar to terms and conditions above
Interest Income	**91**	Interest income on receivables from customers (Note 9)
Trading and securities gain - net	**69**	Net gain from securities transactions (Note 8)
Foreign exchange gain- net	**4**	Net gain from foreign exchange transactions
Leasing income	**2**	Income from leasing agreements with various lease terms
Interest expense	**1**	Interest expense on deposit liabilities
Securities transactions		
Outright purchases	**2,460**	Outright purchases of FVTPL securities and FVOCI investments
Outright sales	**7,024**	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	**311**	Outright purchases of foreign currency
Sell	**1,197**	Outright sale of foreign currency
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	**₱37,898**	Unsecured with ECL of ₱192.2 million, annual fixed interest rates ranging from 3.20% to 7.37% and maturity terms ranging from 9 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. (Note 14)
Deposit liabilities*	**17,520**	With annual fixed interest rates ranging from 0.05% to 6.00% including time deposits with maturity terms ranging from 4 to 360 days (Note 16)
Amount/Volume:		
Receivables from customers	**3,265**	Generally similar to terms and conditions above
Deposit liabilities	**(13,618)**	Generally similar to terms and conditions above
Interest income	**2,112**	Interest income on receivables from customers (Note 9)
Foreign exchange gain - net	**159**	Net gain from foreign exchange transactions
Profits from assets sold	**1,299**	Gain on sale of ropa
Interest expense	**65**	Interest expense on deposit liabilities (Note 16)
Lease payments	**249**	Payments for leasing agreements with various lease terms.
Securities transactions		
Outright Purchases	**225**	Outright purchases of investment securities at FVTPL
Outright Sales	**1,332**	Outright sale of investment securities at FVTPL
Foreign currency		
Buy	**6,852**	Outright purchases of foreign currency
Sell	**129,951**	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	**₱139**	Secured - ₱108.4 million, unsecured - ₱30.6 million, no impairment; With annual fixed interest rates ranging from 0.00% to 9.00% and maturity terms from 1 to 19 years (Note 9)
Deposit liabilities	**397**	With various terms and minimum annual interest rate of 0.05% (Note 16)
Amount/Volume:		
Deposit liabilities	**65**	Generally similar to terms and conditions above
Interest income	**4**	Interest income on receivables from customers (Note 9)
2022		
Entity with Significant Influence Over the Group		
Outstanding Balance:		
Deposit liabilities*	₱9,045	With annual fixed interest rates ranging from 0.00% to 4.88%, including time deposits with maturity terms ranging from 30 to 34 days (Note 16)
Amount/Volume:		
Deposit liabilities	7,717	Generally similar to terms and conditions above
Bills payable	(108)	Generally similar to terms and conditions above
Interest expense	12	Interest expense on deposit liabilities (Note 16)

Category	Consolidated Amount	Terms and Conditions/Nature
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	₱11,206	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 1.10% to 5.05% with maturity terms from 31 to 243 days (Note 7)
Receivables from customers*	3,337	Unsecured, with ECL of ₱4.50 million; With annual fixed interest rates ranging from 0.00% to 5.50% and maturity terms ranging from 5 to 210 days (Note 9)
Accounts receivable	220	Non-interest bearing receivables on remittance and rental fees (Note 9)
Other receivables	15	Non-interest bearing receivables on remittance (Note 9)
Deposit liabilities*	5,991	With annual fixed interest rates ranging from 0.00% to 5.00% including time deposits with maturity terms ranging from 5 to 91 days (Note 16)
Treasury stock	72	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Dividends declared	1,132	Dividend declared by PSBank (Note 11)
Amount/Volume:		
Interbank loans receivable	2,442	Generally similar to terms and conditions above
Receivables from customers	3,002	Generally similar to terms and conditions above
Accounts receivable	84	Generally similar to terms and conditions above
Deposit liabilities	(279)	Generally similar to terms and conditions above
Bills payable	(40)	Generally similar to terms and conditions above
Interest income	157	Interest income on receivables from customers and interbank loan receivables (Notes 7 and 9)
Service charges, fees and commissions	38	Income on transactional fees
Trading and securities gain - net	540	Net gain from securities transactions (Note 8)
Foreign exchange gain - net	16	Net gain from foreign exchange transactions
Leasing income	26	Income from leasing agreements with various lease terms
Miscellaneous income	151	Information technology services and other fees (Note 25)
Interest expense	33	Interest expense on deposit liabilities and bills payable (Note 16 and 17)
Securities transactions		
Purchases	39,085	Outright purchases of investment securities at FVTPL and FVOCI
Sales	49,996	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	13,937	Outright purchases of foreign currency
Sell	4,745	Outright sale of foreign currency
Associates		
Outstanding Balance:		
Receivables from customers	₱707	Unsecured, with ECL of ₱1.58 million; With annual fixed interest rates ranging from 0.00% to 5.55% and maturity terms ranging from 60 to 273 days (Note 9)
Deposit liabilities*	2,077	With annual fixed interest rates ranging from 0.00% to 5.13% including time deposits with maturity terms ranging from 31 to 357 days (Note 16)
Amount/Volume:		
Receivables from customers	66	Generally similar to terms and conditions above
Deposit liabilities	(27)	Generally similar to terms and conditions above
Interest Income	13	Interest income on receivables from customers (Note 9)
Trading and securities gain - net	6	Net gain from securities transactions (Note 8)
Leasing income	21	Income from leasing agreements with various lease terms
Interest expense	2	Interest expense on deposit liabilities
Securities transactions		
Outright purchases	342	Outright purchases of FVTPL securities and FVOCI investments
Outright sales	1,210	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	335	Outright purchases of foreign currency
Sell	935	Outright sale of foreign currency

Category	Consolidated Amount	Terms and Conditions/Nature
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	₱34,633	Secured - ₱7.18 billion, unsecured - ₱27.46 billion, with ECL of ₱98.59 million. With annual fixed interest rates ranging from 0.00% to 6.84% and maturity terms ranging from 2 days to 5 years (Note 9)
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	31,138	With annual fixed interest rates ranging from 0.00% to 4.88% including time deposits with maturity terms ranging from 5 to 359 days (Note 16)
Amount/Volume:		
Receivables from customers	3,270	Generally similar to terms and conditions above
Deposit liabilities	8,985	Generally similar to terms and conditions above
Interest income	1,261	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	(160)	Net loss from foreign exchange transactions
Interest expense	59	Interest expense on deposit liabilities (Note 16)
Lease payments	40	Payments for leasing agreements with various lease terms.
Contingent		
Unused commercial LCs	58	LC transactions with various terms
Foreign currency		
Buy	9,308	Outright purchases of foreign currency
Sell	120,202	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	117	Secured - ₱89.88 million, unsecured - ₱27.46 million, no impairment; With annual fixed interest rates ranging from 0.00% to 9.00% and maturity terms from 1 to 19 years (Note 9)
Deposit liabilities	332	With various terms and minimum annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	26	Generally similar to terms and conditions above
Deposit liabilities	63	Generally similar to terms and conditions above
Interest income	3	Interest income on receivables from customers (Note 9)
2021		
Entity with Significant Influence Over the Group		
Outstanding Balance:		
Deposit liabilities*	₱1,328	With annual fixed interest rates ranging from 0.00% to 0.30%, including time deposits with maturity terms from 22 to 31 days (Note 16)
Bills payable*	108	Peso borrowings subject to annual fixed interest rates of 0.13% with maturity term of 33 days (Note 17)
Amount/Volume:		
Deposit liabilities	(658)	Generally similar to terms and conditions above
Bills payable	1	Generally similar to terms and conditions above
Interest expense	1	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	₱8,764	Foreign currency-denominated lending, which earn annual fixed interest rates ranging from 0.43% to 3.30% with maturity terms from 17 to 359 days (Note 7)
Investment securities at		
FVTPL	2	Treasury notes and private bonds purchased from FMIC
FVOCI	20	Treasury note purchased from PSBank
Receivables from customers*	335	Unsecured, with ECL of ₱1.0 million; with annual fixed interest rates ranging from 0.00% to 3.50% and maturity terms from 3 to 179 days (Note 9)
Accounts receivable	136	Non-interest bearing receivables on service fees, remittance, rental fees and common use service area fees (Note 9)
Other receivables	3	Accrued rent receivable from PSBank
Deposit liabilities*	6,270	With annual fixed interest rates ranging from 0.00% to 0.25%, including time deposits with maturity terms of 59 days (Note 16)
Bills payable*	40	Peso borrowings subject to annual fixed interest rates of 0.13% with maturity terms from 30 to 31 days (Note 17)
Treasury stock	70	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)

	Consolidated	
Category	**Amount**	**Terms and Conditions/Nature**
Dividends declared	₱1,132	Dividend declared by PSBank (Note 11)
Amount/Volume:		
Interbank loans receivable	2,352	Generally similar to terms and conditions above
Receivables from customers	(4,636)	Generally similar to terms and conditions above
Accounts receivable	(8)	Generally similar to terms and conditions above
Deposit liabilities	2,897	Generally similar to terms and conditions above
Bills payable	3	Generally similar to terms and conditions above
Interest income	206	Interest income on receivables from customers and interbank loan receivables (Notes 7 and 9)
Service charges, fees and commissions	31	Income on transactional fees
Trading and securities gain - net	36	Net gain from securities transactions (Note 8)
Foreign exchange gain - net	6	Net gain from foreign exchange transactions
Leasing income	22	Income from leasing agreements with various lease terms
Miscellaneous income	180	Information technology services and other fees
Interest expense	14	Interest expense on deposit liabilities, bills payable (Notes 16 and 17)
Securities transactions		
Purchases	15,071	Outright purchases of investment securities at FVTPL and FVOCI
Sales	20,714	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	12,281	Outright purchases of foreign currency
Sell	4,295	Outright sale of foreign currency
Associates		
Outstanding Balance:		
Receivables from customers	₱641	Unsecured; with annual fixed interest rates of 2.34% and maturity terms of 60 days (Note 9)
Deposit liabilities*	2,104	With annual fixed interest rates ranging from 0.00% to 0.25%, including time deposits with maturity terms from 31 to 357 days (Note 16)
Amount/Volume:		
Receivables from customers	635	Generally similar to terms and conditions above
Deposit liabilities	(819)	Generally similar to terms and conditions above
Interest Income	10	Interest income on receivables from customers (Note 9)
Trading and securities gain - net	1	Net gain from securities transactions (Note 8)
Leasing income	18	Income from leasing agreements with various lease terms
Securities transactions		
Outright purchases	15	Outright purchases of FVTPL securities and FVOCI investments
Outright sales	3,121	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Sell	1,318	Outright sale of foreign currency
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	₱31,363	Secured - ₱5.4 billion, unsecured - ₱25.9 billion, with ECL of ₱143.0 million; with annual fixed interest rates ranging from 2.50% to 5.00% and maturity terms from 30 days to 5 years (Note 9)
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	22,153	With annual fixed interest rates ranging from 0.00% to 1.83%, including time deposits with maturity terms from 1 to 182 days (Note 16)
Amount/Volume:		
Receivables from customers	(2,642)	Generally similar to terms and conditions above
Deposit liabilities	3,797	Generally similar to terms and conditions above
Bills payable	(77)	Generally similar to terms and conditions above
Interest income	1,028	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	(59)	Net loss from foreign exchange transactions
Leasing income	8	Income from leasing agreements with various lease terms
Interest expense	2	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Contingent		
Unused commercial LCs	10	LC transactions with various terms
Others	2	Bank guaranty with indemnity agreement
Securities transactions - outright purchases	26	Outright purchases of FVTPL securities and FVOCI investments

	Consolidated	
Category	**Amount**	**Terms and Conditions/Nature**
Foreign currency		
Buy	₱324	Outright purchases of foreign currency
Sell	71,710	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	₱91	Secured - ₱64.5 million, unsecured - ₱26.7 million, no impairment; with annual fixed interest rates ranging from 0.00% to 9.00% and maturity terms from 1 to 19 years (Note 9)
Deposit liabilities	269	With various terms and minimum annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	8	Generally similar to terms and conditions above
Deposit liabilities	(45)	Generally similar to terms and conditions above
Interest income	3	Interest income on receivables from customers (Note 9)

* *Includes accrued interest*

	Parent Company	
Category	**Amount**	**Terms and Conditions/Nature**
2023		
Entities with Significant Influence		
Outstanding Balance:		
Deposit liabilities*	**₱2,531**	With annual fixed interest rate ranging from 0.05% to 5.00% including time deposits with maturity terms ranging from 19 to 30 days (Note 16)
Amount/Volume:		
Deposit liabilities	**(6,514)**	Generally similar to terms and conditions above
Interest expense	**59**	Interest expense on deposit liabilities (Note 16)
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	**₱8,641**	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 3.51% to 5.05% with maturity terms from 31 to 243 days with minimal expected credit loss (Note 7)
Receivables from customers*	**1,719**	Unsecured, with ECL of ₱7.1 million; With annual fixed interest rates ranging from 0.00% to 6.45% and maturity terms ranging from 4 to 240 days (Note 9)
Accounts receivable	**93**	Non-interest bearing receivables on remittance and rental fees (Note 9)
Other receivables	**8**	Non-interest bearing receivables on rental fees (Note 9)
Deposit liabilities*	**4,715**	With annual fixed interest rates ranging from 0.05% to 5.96% including time deposits with maturity terms ranging from 4 to 91 days (Note 16)
Treasury stock	**70**	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Amount/Volume:		
Interbank loans receivable	**(2,565)**	Generally similar to terms and conditions above
Receivables from customers	**(1,618)**	Generally similar to terms and conditions above
Accounts receivable	**(91)**	Generally similar to terms and conditions above
Deposit liabilities	**(1,276)**	Generally similar to terms and conditions above
Interest income	**401**	Interest income on receivables from customers and interbank loans receivables (Note 7 and 9)
Service charges, fees and commissions	**1**	Income from transactional fees
Trading and securities gain - net	**998**	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	**(13)**	Net loss from foreign exchange transactions
Leasing income	**8**	Income from leasing agreements with various lease terms
Miscellaneous income	**170**	Information technology services and other fees (Note 25)
Interest expense	**125**	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Purchases	**43,656**	Outright purchases of investment securities at FVTPL and FVOCI
Sales	**77,497**	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	**6,181**	Outright purchases of foreign currency
Sell	**11,052**	Outright sale of foreign currency

	Parent Company	
Category	Amount	Terms and Conditions/Nature
Associates		
Outstanding Balance:		
Receivables from customers	**₱2,031**	Unsecured, with ECL of P9.4 million; With annual fixed interest rates ranging from 6.30% to 6.55% and maturity terms ranging from 183 to 730 days (Note 9)
Deposit liabilities*	**2,699**	With annual fixed interest rates ranging from 0.05% to 5.13% including time deposits with maturity terms from 32 to 45 days (Note 16)
Amount/Volume:		
Receivables from customers	**1,324**	Generally similar to terms and conditions above
Deposit liabilities	**741**	Generally similar to terms and conditions above
Interest Income	**91**	Interest income on receivables from customers
Trading and securities gain - net	**69**	Net gain from securities transactions (Note 8)
Foreign exchange gain - net	**4**	Net gain from foreign exchange transactions
Leasing income	**2**	Income from leasing agreements with various lease terms
Interest expense	**1**	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Outright purchases	**2,350**	Outright purchases of HFT securities and AFS investments
Outright sales	**3,446**	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	**311**	Outright purchase of foreign currency
Sell	**1,197**	Outright sale of foreign currency
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	**₱37,898**	Unsecured, with ECL of ₱192.2 million. With annual fixed interest rates ranging from 3.20% to 7.37% and maturity terms ranging from 9 days to 5 years (Note 9)
Assets held under joint operations	**219**	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	**17,520**	With annual fixed interest rates ranging from 0.05% to 6.00% including time deposits with maturity terms ranging from 5 to 360 days (Note 16)
Amount/Volume:		
Receivables from customers	**3,265**	Generally similar to terms and conditions above
Deposit liabilities	**(11,212)**	Generally similar to terms and conditions above
Interest income	**2,112**	Interest income on receivables from customers (Note 9)
Foreign exchange gain - net	**159**	Net gain from foreign exchange transactions
Interest expense	**65**	Interest expense on deposit liabilities (Note 16)
Foreign currency		
Buy	**6,852**	Outright purchases of foreign currency
Sell	**129,951**	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	**₱124**	Secured - ₱88.89 million and unsecured - ₱15.96 million, no impairment; With annual fixed interest rates ranging from 0.00% to 9.00% and maturity terms from 5 to 19 years (Note 9)
Deposit liabilities	**397**	With various terms and minimum annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	**19**	Generally similar to terms and conditions above
Deposit liabilities	**65**	Generally similar to terms and conditions above
Interest income	**3**	Interest income on receivables from customers (Note 9)
2022		
Entities with Significant Influence		
Outstanding Balance:		
Deposit liabilities*	₱9,045	With annual fixed interest rate ranging from 0.00% to 4.88% including time deposits with maturity terms ranging from 30 to 34 days (Note 16)
Amount/Volume:		
Deposit liabilities	7,717	Generally similar to terms and conditions above
Interest expense	12	Interest expense on deposit liabilities (Note 16)

Category	Parent Company Amount	Parent Company Terms and Conditions/Nature
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	₱11,206	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 1.10% to 5.05% with maturity terms from 31 to 243 days with minimal expected credit loss (Note 7)
Receivables from customers*	3,337	Unsecured, with ECL of ₱4.50 million; With annual fixed interest rates ranging from 0.00% to 5.50% and maturity terms ranging from 5 to 210 days (Note 9)
Accounts receivable	184	Non-interest bearing receivables on remittance and rental fees (Note 9)
Other receivables	15	Non-interest bearing receivables on remittance (Note 9)
Deposit liabilities*	5,991	With annual fixed interest rates ranging from 0.00% to 5.00% including time deposits with maturity terms ranging from 5 to 91 days (Note 16)
Treasury stock	72	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Dividends declared	1,132	Dividends declared by PSBank (Note 11)
Amount/Volume:		
Interbank loans receivable	2,442	Generally similar to terms and conditions above
Receivables from customers	3,083	Generally similar to terms and conditions above
Accounts receivable	51	Generally similar to terms and conditions above
Deposit liabilities	(279)	Generally similar to terms and conditions above
Interest income	157	Interest income on receivables from customers and interbank loans receivables (Note 7 and 9)
Service charges, fees and commissions	3	Income from transactional fees
Trading and securities gain - net	539	Net gain from securities transactions (Note 8)
Foreign exchange gain - net	16	Net gain from foreign exchange transactions
Leasing income	8	Income from leasing agreements with various lease terms
Miscellaneous income	150	Information technology services and other fees (Note 25)
Interest expense	33	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Purchases	37,043	Outright purchases of investment securities at FVTPL and FVOCI
Sales	49,841	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	13,937	Outright purchases of foreign currency
Sell	4,745	Outright sale of foreign currency
Associates		
Outstanding Balance:		
Receivables from customers	₱707	Unsecured, with ECL of P1.58 million; With annual fixed interest rates ranging from 0.00% to 5.55% and maturity terms ranging from 60 to 273 days (Note 9)
Deposit liabilities*	1,958	With annual fixed interest rates ranging from 0.00% to 5.13% including time deposits with maturity terms from 32 to 357 days (Note 16)
Amount/Volume:		
Receivables from customers	66	Generally similar to terms and conditions above
Deposit liabilities	256	Generally similar to terms and conditions above
Interest Income	13	Interest income on receivables from customers
Trading and securities gain - net	6	Net gain from securities transactions (Note 8)
Leasing income	3	Income from leasing agreements with various lease terms
Interest expense	2	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Outright purchases	140	Outright purchases of HFT securities and AFS investments
Outright sales	263	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	335	Outright purchase of foreign currency
Sell	935	Outright sale of foreign currency

	Parent Company	
Category	**Amount**	**Terms and Conditions/Nature**
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	₱34,633	Secured - ₱7.18 billion, unsecured - ₱27.46 billion, with ECL of ₱98.59 million; With annual fixed interest rates ranging from 0.00% to 6.84% and maturity terms ranging from 2 days to 5 years (Note 9)
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	28,732	With annual fixed interest rates ranging from 0.00% to 4.88% including time deposits with maturity terms ranging from 5 to 359 days (Note 16)
Amount/Volume:		
Receivables from customers	3,270	Generally similar to terms and conditions above
Deposit liabilities	14,067	Generally similar to terms and conditions above
Interest income	1,261	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	(160)	Net loss from foreign exchange transactions
Interest expense	59	Interest expense on deposit liabilities (Note 16)
Lease Payments	40	Payments for leasing agreements with various lease terms
Contingent		
Unused commercial LCs	58	LC transactions with various terms
Foreign currency		
Buy	9,308	Outright purchases of foreign currency
Sell	120,202	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	₱105	Secured - ₱88.89 million and unsecured - ₱15.96 million, no impairment; With annual fixed interest rates ranging from 0.00% to 9.00% and maturity terms from 1 to 19 years (Note 9)
Deposit liabilities	332	With various terms and minimum annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	26	Generally similar to terms and conditions above
Deposit liabilities	63	Generally similar to terms and conditions above
Interest income	2	Interest income on receivables from customers (Note 9)
2021		
Entities with Significant Influence		
Outstanding Balance:		
Deposit liabilities*	₱1,328	With annual fixed interest rate ranging from 0.00% to 0.30%, including time deposits with maturity terms of 22 to 31 days (Note 16)
Amount/Volume:		
Deposit liabilities	(658)	Generally similar to terms and conditions above
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	₱8,764	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 0.43% to 3.30% with maturity terms from 17 to 359 days with minimal expected credit loss (Note 7)
Investment Securities at		
FVTPL	2	Treasury notes and private bonds purchased from FMIC (Note 8)
FVOCI	20	Treasury note purchased from PSBank (Note 8)
Receivables from customers*	254	Unsecured, with ECL of ₱1.0 million; With annual fixed interest rates ranging from 0.00% to 3.50% and maturity terms from 3 to 179 days (Note 9)
Accounts receivable	133	Non-interest bearing receivables on service fees, remittance, rental fees and common use service area fees (Note 9)
Other receivables	3	Accrued rent receivable from PSBank
Deposit liabilities*	6,270	With annual fixed interest rates ranging from 0.00% to 0.25%, including time deposits with maturity terms of 59 days (Note 16)
Treasury stock	70	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Dividend declared	1,132	Dividend declared by PSBank (Note 11)
Amount/Volume:		
Interbank loans receivable	2,352	Generally similar to terms and conditions above
Receivables from customers	(4,717)	Generally similar to terms and conditions above
Accounts receivable	13	Generally similar to terms and conditions above
Deposit liabilities	2,897	Generally similar to terms and conditions above
Interest income	206	Interest income on receivables from customers and interbank loans receivables (Note 9)

Category	Parent Company Amount	Terms and Conditions/Nature
Service charges, fees and commissions	₱3	Income from transactional fees
Trading and securities gain - net	36	Net gain from securities transactions (Note 8)
Foreign exchange gain - net	6	Net gain from foreign exchange transactions
Leasing income	6	Income from leasing agreements with various lease terms
Miscellaneous income	180	Information technology services and other fees (Note 25)
Interest expense	2	Interest expense on deposit liabilities, bills payable and interbank loans payable (Notes 16 and 17)
Securities transactions		
Purchases	11,800	Outright purchases of investment securities at FVTPL and FVOCI
Sales	20,634	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	12,281	Outright purchases of foreign currency
Sell	4,295	Outright sale of foreign currency
Associates		
Outstanding Balance:		
Receivables from customers	641	Unsecured; with annual fixed interest rates of 2.34% and maturity terms of 60 days (Note 9)
Deposit liabilities*	1,702	With annual fixed interest rates ranging from 0.00% to 0.25%, including time deposits with maturity terms of 34 to 357 days (Note 16)
Amount/Volume:		
Receivables from customers	635	Generally similar to terms and conditions above
Deposit liabilities	(350)	Generally similar to terms and conditions above
Interest Income	10	Interest income on receivables from customers (Note 9)
Leasing income	1	Income from leasing agreements with various lease terms
Securities transactions		
Outright purchases	15	Outright purchases of investment securities at FVTPL and FVOCI
Outright sales	845	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Sell	1,318	Outright sale of foreign currency
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	₱31,363	Secured - ₱5.4 billion, unsecured - ₱25.9 billion, with ECL of ₱143.0 million; with annual fixed interest rates ranging from 2.50% to 5.00% and maturity terms from 30 days to 5 years (Note 9)
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	14,665	With annual fixed interest rates ranging from 0.00% to 0.40%, including time deposits with maturity terms of 3 to 182 days (Note 16)
Amount/Volume:		
Receivables from customers	(2,641)	Generally similar to terms and conditions above
Deposit liabilities	(3,389)	Generally similar to terms and conditions above
Interest income	1,028	Interest income on receivables from customers
Foreign exchange loss - net	(59)	Net loss from foreign exchange transactions
Leasing income	8	Income from leasing agreements with various lease terms
Interest expense	1	Interest expense on deposit liabilities (Note 16)
Contingent		
Unused commercial LCs	10	LC transactions with various terms
Others	2	Bank guaranty with indemnity agreement
Foreign currency		
Buy	324	Outright purchases of foreign currency
Sell	71,710	Outright sale of foreign currency

Category	Parent Company Amount	Terms and Conditions/Nature
Key Personnel		
Outstanding Balance:		
Receivables from customers	₱91	Secured - ₱64.5 million, unsecured - ₱26.7 million, no impairment; with annual fixed interest rates ranging from 0.00% to 9.00% and maturity terms from 1 to 19 years (Note 9)
Deposit liabilities	269	With various terms and minimum annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	8	Generally similar to terms and conditions above
Deposit liabilities	(45)	Generally similar to terms and conditions above
Interest income	3	Interest income on receivables from customers (Note 9)

* *Includes accrued interest*

As of December 31, 2023 and 2022, government bonds with total face value of ₱60.0 million (classified as 'Investment securities at amortized cost as of December 31, 2023 and 2022), are pledged by PSBank to the Parent Company to secure the latter's payroll account with PSBank. Also, the Parent Company has assigned to PSBank government securities with total face value of ₱3.5 billion (classified as 'Investment securities at amortized cost') to secure PSBank's deposits to the Parent Company

Receivables from customers and deposit liabilities and their related statement of financial position and statement of income accounts resulted from the lending and deposit-taking activities of the Group and the Parent Company. Together with the sale of investment properties, borrowings, contingent accounts including derivative transactions, outright purchases and sales of securities and foreign currency buy and sell, leasing of office premises, securing of insurance coverage on loans and property risk, and other management services rendered, these are conducted in the normal course of business, at arm's-length transactions and are generally settled in cash. The amounts and related volumes and changes are presented in the summary above. Terms of receivables from customers, deposit liabilities and borrowings are also disclosed in Notes 9, 16 and 17, respectively, while other related party transactions above have been referred to their respective note disclosures.

The compensation of the key management personnel of the Group and the Parent Company follows:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Short-term employee benefits	**₱4,734**	₱4,232	₱3,817	**₱3,832**	₱3,303	₱2,902
Post-employment benefits	**116**	140	120	**81**	86	84
	₱4,850	₱4,372	₱3,937	**₱3,913**	₱3,392	₱2,986

Director's fees and bonuses of the Parent Company in 2023, 2022 and 2021 amounted to ₱70.2 million, ₱68.1 million and ₱68.0 million, respectively.

Transactions with Retirement Plans

Under PFRS, certain post-employment benefit plans are considered as related parties. The Parent Company has business relationships with a number of related party retirement plans pursuant to which it provides trust and management services to these plans. Certain trustees of the plans are either officers or directors of the Parent Company and/or the subsidiaries. Income earned by the Parent Company from such services amounted to ₱160.2 million, ₱127.0 million and ₱98.2 million in 2023, 2022 and 2021, respectively. In 2023, 2022 and 2021, the Parent Company purchased securities totaling ₱8.1 billion, ₱7.4 billion and ₱4.9 billion, respectively, from its related party retirement plans and also sold securities totaling ₱10.4 billion, ₱13.0 billion and ₱6.1 billion, respectively, and recognized net trading losses of ₱0.4 million and ₱8.0 million in 2023 and 2022, and net trading gains of ₱15.1 million in 2021, respectively. Further, as of December 31, 2023 and 2022, the total outstanding deposit liabilities of the Group from these related party retirement funds amounted to ₱120.2 million and ₱515.2 million, respectively. Interest expense on deposit liabilities amounted to ₱25.3 million, ₱2.9 million and ₱0.4 million in 2023, 2022 and 2021, respectively.

As of December 31, 2023 and 2022, the related party retirement plans also hold investments in the equity shares of various companies within the Group amounting to ₱138.7 million and ₱181.8 million, respectively, with unrealized trading losses of ₱31.7 million and ₱76.0 million, respectively, and investments in mutual funds and trust funds of various companies within the Group amounting to ₱1.4 billion and ₱440.7 million, respectively, with unrealized trading gains of ₱108.7 million in 2023 and unrealized trading losses of ₱6.2 million in 2022, respectively. Further as of December 31, 2023, investments in the corporate bonds of the Parent Company by the related party retirement plans amounted to ₱49.4 million with unrealized trading gain of ₱0.2 million. In 2023, 2022 and 2021, realized trading gains/(losses) recognized by the related party retirement plans amounted to (₱5.9 million), (₱3.7 million) and ₱2.2 million, respectively, and dividend income recognized amounted to ₱1.4 million, ₱1.2 million, and ₱1.5 million, respectively.

33. **Foreign Exchange**

Closing rates as of December 31 and WAR for each of the year ended December 31 are as follows:

	BAP		
	2023	2022	2021
Closing	**₱55.37**	₱55.76	₱51.00
WAR	**55.63**	54.50	49.28

34. **Other Matters**

The Group has no significant matters to report in 2023 on the following:

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 cyclicality of operations.
c. Issuances, repurchases and repayments of debt and equity securities except for the maturities of the ₱8.65 billion LTNCD of the Parent Company as discussed in Note 16; the ₱13.75 billion fixed rate bonds of the Parent Company and the ₱4.65 billion fixed rate bonds of PSBank as discussed on Note 19; and the ₱1.17 billion subordinated debts of the Parent Company as discussed in Note 20.
d. Unusual items as to nature, size or incidents affecting assets, liabilities, equity, net income or cash flows except for the payment of cash dividends by the Parent Company, as discussed in Note 23.
e. Effect of changes in the composition of the Group during the year, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

35. Subsequent Events

a. On January 18, 2024, the BOD of PSBank declared a 7.50% regular cash dividend for the fourth quarter of 2023 amounting to ₱320.14 million or ₱0.75 per share payable on February 19, 2024 to all stockholders at record date as of February 2, 2024.
b. On February 9, 2024, the ₱5.1 billion LTNCD of PSBank matured.
c. On February 21, 2024, the BOD of the Parent Company approved a new dividend policy of increasing the regular cash dividends from ₱1.60 per share to ₱3.00 per share for the year, payable on a semi-annual basis at ₱1.50 per share. In addition, a special cash dividend of ₱2.00 per share was also declared. The first tranche of the regular cash dividend of ₱1.50 per share and special cash dividend of ₱2.00 per share are payable on March 25, 2024 to all stockholders of record as of March 8, 2024.

36. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were authorized for issue by the BOD on February 21, 2024.

37. Report on the Supplementary Information Required under BSP Circular No. 1074

Supplementary Information Under BSP Circular No. 1074
On January 8, 2020, the Monetary Board approved the amendments to the relevant provisions of the Manual of Regulations for Banks and Manual of Regulations for Foreign Exchange Transactions. Among the provisions is the requirement to include the following additional information to the Audited Financial Statements.

a. *Quantitative indicators of financial performance*
The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Return on average equity [(1)]	**12.51%**	10.29%	6.89%	**12.49%**	10.27%	6.88%
Return on average assets [(2)]	**1.42%**	1.23%	0.89%	**1.61%**	1.41%	1.03%
Net interest margin on average earning assets [(3)]	**3.90%**	3.56%	3.39%	**3.83%**	3.47%	3.14%

[(1)] Net income attributable to equity holders of the Parent Company for the year divided by average total equity attributable to the Parent Company.
[(2)] Net income attributable to equity holders of the Parent Company for the year divided by average total assets.
[(3)] Net interest income for the year divided by average interest-earning assets.

b. *Description of capital instrument issued*
The Group and the Parent Company consider its common stock and subordinated debts as capital instruments eligible as Tier 1 and Tier 2 capitals.

c. *Significant Credit Exposures*
Significant credit exposures as to industry, gross of unearned discount and capitalized interest, follows:

	Consolidated				Parent Company			
	2023		2022		**2023**		2022	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Real estate activities	**₱294,634**	**18.80**	₱218,151	14.98	**₱243,298**	**17.83**	₱180,654	14.20
Wholesale and retail trade, repair of motor vehicles and motorcycles	**204,743**	**13.07**	214,484	14.73	**188,900**	**13.85**	196,394	15.43
Manufacturing	**182,083**	**11.62**	189,407	13.00	**179,011**	**13.12**	185,372	14.57
Financial and insurance activities	**154,732**	**9.88**	141,035	9.68	**150,463**	**11.03**	137,208	10.78
Information and communication	**100,198**	**6.39**	111,759	7.67	**100,085**	**7.34**	111,661	8.78
Electricity, gas, steam and air conditioning supply	**71,806**	**4.58**	64,833	4.45	**69,855**	**5.12**	63,006	4.95
Transportation and storage	**67,081**	**4.28**	46,545	3.20	**60,062**	**4.40**	38,659	3.04
Construction	**64,362**	**4.11**	59,114	4.06	**45,484**	**3.33**	43,200	3.40
Agriculture, forestry, and fishing	**23,223**	**1.48**	20,805	1.43	**21,876**	**1.60**	18,939	1.49
Administrative and support service activities	**21,405**	**1.37**	14,185	0.97	**5,136**	**0.38**	4,271	0.34
(Forward)								
Accommodation and food service activities	**₱17,455**	**1.11**	₱21,617	1.49	**₱17,230**	**1.26**	₱21,404	1.68
Water supply, sewerage, waste management and remediation activities	**14,730**	**0.94**	5,729	0.39	**14,656**	**1.07**	5,675	0.45
Activities of household employees	**2,342**	**0.15**	54,733	3.76	**2,155**	**0.16**	51,791	4.07
Other service activities	**1,819**	**0.12**	3,752	0.25	**1,819**	**0.13**	312	0.02
Mining and quarrying	**1,623**	**0.10**	1,034	0.07	**1,312**	**0.10**	553	0.04
Arts, entertainment and recreation	**1,606**	**0.10**	1,172	0.08	**1,527**	**0.11**	793	0.06
Professional scientific and technical activities	**1,508**	**0.10**	15,404	1.06	**1,316**	**0.10**	927	0.07
Human health and social work activities	**795**	**0.05**	2,950	0.20	**569**	**0.04**	2,655	0.21
Education	**475**	**0.03**	801	0.05	**345**	**0.03**	683	0.05
Others	**340,426**	**21.72**	269,219	18.48	**259,175**	**19.00**	208,263	16.37
	₱1,567,046	**100.00**	₱1,456,729	100.00	**₱1,364,274**	**100.00**	₱1,272,420	100.00

The Group considers that concentration of credit exists when total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio.

d. *Breakdown of loans*

The following table shows information relating to receivables from customers by collateral, gross of unearned discounts and capitalized interest:

	Consolidated				Parent Company			
	2023		2022		**2023**		2022	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Secured by:								
Other securities	**₱262,418**	**16.74**	₱263,540	18.09	**₱262,418**	**19.24**	₱263,540	20.71
Chattel	**93,544**	**5.97**	86,128	5.91	**19,899**	**1.46**	17,760	1.40
Real estate	**88,400**	**5.64**	90,259	6.20	**57,233**	**4.20**	59,898	4.71
Equity securities	**52,186**	**3.33**	45,867	3.15	**6,544**	**0.48**	5,270	0.41
Deposit hold-out	**37,781**	**2.41**	42,721	2.93	**37,183**	**2.72**	42,124	3.31
Others	**13,573**	**0.87**	14,958	1.03	**454**	**0.03**	374	0.03
	547,902	**34.96**	543,473	37.31	**383,731**	**28.13**	388,966	30.57
Unsecured	**1,019,144**	**65.04**	913,256	62.69	**980,543**	**71.87**	883,454	69.43
	₱1,567,046	**100.00**	₱1,456,729	100.00	**₱1,364,274**	**100.00**	₱1,272,420	100.00

Non-performing loans (NPLs) included in the total loan portfolio of the Group and the Parent Company, as reported to the BSP, are presented below:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Gross NPLs	**₱26,180**	₱27,341	**₱19,518**	₱20,146
Less allowance for credit losses	**18,658**	19,013	**15,372**	15,472
Net carrying amount	**₱ 7,522**	₱8,328	**₱4,146**	₱4,674

Under banking regulations, loan accounts shall be considered non-performing, even without any missed contractual payments, when they are considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal or interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Moreover, NPLs shall remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off. Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after they have become past due.

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

The following table shows information on related party loans as reported to the BSP:

	2023		2022	
	DOSRI Loans	**Related Party Loans**	DOSRI Loans	Related Party Loans
Consolidated				
Total outstanding loans	**₱7,949**	**₱61,228**	₱8,425	₱59,310
Percent of DOSRI/Related Party Loans to total loan portfolio	**0.49%**	**3.77%**	0.56%	3.91%
Percent of unsecured DOSRI/Related Party Loans to total DOSRI/Related Party Loans	**5.05%**	**98.79%**	8.70%	97.89%
Percent of past due DOSRI/Related Party Loans to total DOSRI/Related Party Loans	**0.01%**	**0.00%**	0.01%	1.41%
Percent of non-performing DOSRI/Related Party Loans to total DOSRI/Related Party Loans	**0.00%**	**0.00%**	0.01%	1.41%
Parent Company				
Total outstanding loans	**₱7,724**	**₱61,228**	₱8,197	₱59,310
Percent of DOSRI/Related Party Loans to total loan portfolio	**0.55%**	**4.34%**	0.62%	4.47%
Percent of unsecured DOSRI/Related Party Loans to total DOSRI/Related Party Loans	**2.39%**	**98.79%**	6.32%	97.89%
Percent of past due DOSRI/Related Party Loans to total DOSRI/Related Party Loans	**0.01%**	**0.00%**	0.00%	1.41%
Percent of non-performing DOSRI/Related Party Loans to total DOSRI/Related Party Loans	**0.00%**	**0.00%**	0.00%	1.41%

BSP Circular Nos. 560 and 654 provide the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks which require that the total outstanding loans, other credit accommodations and guarantees to each of the bank's/quasi-bank's subsidiaries and affiliates shall not exceed 10.00%, while a separate individual limit of 25.00% for those engaged in energy and power generation, of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% or 12.50%, respectively, of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank as reported to the BSP. As of December 31, 2023 and 2022, 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 12.34% and 13.50%, respectively, of the Parent Company's net worth. The Parent Company has no outstanding loans, other credit accommodations and guarantees to subsidiaries and affiliates engaged in energy and power generation.

Total interest income on DOSRI loans in 2023, 2022 and 2021 amounted to ₱461.9 million, ₱264.8 million and ₱257.0 million, respectively, for the Group, and ₱457.1 million, ₱259.4 million and ₱251.4 million, respectively, for the Parent Company.

f. *Secured Liabilities and Assets Pledged as Security*

The following are the carrying values of government debt securities pledged and transferred under SSURA transactions of the Group and the Parent Company:

	Consolidated				Parent Company			
	2023		2022		**2023**		2022	
	Transferred Securities	**SSURA**	Transferred Securities	SSURA	**Transferred Securities**	**SSURA**	Transferred Securities	SSURA
Investment securities at FVOCI								
Government	**₱115,803**	**₱101,291**	₱59,094	₱46,847	**₱115,803**	**₱101,291**	₱59,094	₱46,847
Private	**2,294**	**2,294**	–	–	–	–	–	–
Investment securities at amortized cost	**35,925**	**31,215**	22,441	20,273	**35,654**	**30,943**	21,255	19,087
	₱154,022	**₱134,800**	₱81,535	₱67,120	**₱151,457**	**₱132,234**	₱80,349	₱65,934

g. *Contingencies and commitments arising from off-balance sheet items*

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

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Trust Banking Group accounts (Note 29)	**₱497,607**	₱510,510	**₱485,425**	₱505,715
Credit card lines	**276,839**	233,331	**276,839**	233,331
Undrawn commitments - facilities to lend	**53,729**	24,578	**53,729**	24,578
Unused commercial letters of credit (Note 32)	**50,476**	49,097	**45,558**	45,740
Bank guaranty with indemnity agreement (Note 32)	**11,732**	18,023	**11,732**	18,023
Outstanding guarantees	**6,637**	3,769	**6,637**	3,769
Credit line certificate with bank commission	**3,963**	4,771	**3,963**	4,771
Inward bills for collection	**1,662**	2,071	**1,661**	2,071
Outstanding shipside bonds/airway bills	**1,436**	1,294	**656**	1,294
Late deposits/payments received	**944**	1,047	**943**	1,047
Outward bills for collection	**639**	710	**559**	707
Confirmed export letters of credits	**44**	278	**-**	43
Others	**32,729**	35,709	**602**	1,004
	₱938,437	₱885,188	**₱888,304**	₱842,093

38. Report on the Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

<u>Supplementary Information Under RR No. 15-2010</u>

On November 25, 2010, the BIR issued RR No. 15-2010 to amend certain provisions of RR No. 21-2002 which provides that starting 2010, the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

The Parent Company reported the following types of taxes for the year ended December 31, 2023 included under 'Taxes and licenses' account in the statement of income:

GRT	₱5,267
DST	3,493
Local taxes	216
Real estate tax	104
Others	418
	₱9,498

Details of the total withholding taxes remittances for the taxable year December 31, 2023 follow:

Taxes withheld on compensation	₱2,668
Final withholding taxes	7,573
Expanded withholding taxes	1,164
	₱11,405

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Metropolitan Bank & Trust Company
GT Tower International
6813 Ayala Ave., corner H.V. Dela Costa St.,
Brgy. Bel-Air, 1227, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Metropolitan Bank & Trust Company (the Company) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 21, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Miguel U. Ballelos Jr.
Miguel U. Ballelos, Jr.
Partner
CPA Certificate No. 109950
Tax Identification No. 241-031-088
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-114-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10079903, January 5, 2024, Makati City

February 21, 2024

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
FINANCIAL INDICATORS
AS OF DECEMBER 31, 2023 AND 2022

RATIO	FORMULA	2023	2022
a) Liquidity Ratio	Liquid Assets / Total Assets	48.08%	47.64%
b) Loans to Deposits Ratio	Total Loans / Total Deposit Liabilities	65.77%	65.59%
c) Debt to Equity Ratio	Total Liabilities / Total Equity Attributable to Equity Holders of the Parent Company	767.71%	789.62%
d) Asset to Equity Ratio	Total Assets / Total Equity Attributable to Equity Holders of the Parent Company	870.54%	892.63%
e) Return on Average Equity	Net Income Attributable to Equity Holders of the Parent Company / Average Equity	12.51%	10.29%
f) Return on Average Assets	Net Income Attributable to Equity Holders of the Parent Company / Average Assets	1.42%	1.23%
g) Net Interest Margin on Average Earning Assets	Net Interest Income / Average Earning Assets	3.90%	3.56%
h) Operating Efficiency Ratio	Total Operating Expenses / Net Operating Income	52.09%	54.30%
i) Interest Coverage Ratio	Earnings Before Interest and Taxes / Interest Expense	214.82%	360.79%
j) Net Profit Margin	Net Income / Total Income	23.48%	25.64%
k) Capital Adequacy Ratio	Total Qualifying Capital / Total Risk-Weighted Assets	18.28%	17.68%
l) Common Equity Tier 1 Ratio	Net Tier 1 Capital / Total Risk-Weighted Assets	17.44%	16.83%