**Metrobank**
You're in good hands

October 28, 2024

**Atty. Stefanie Ann B. Go**
Officer-in-Charge, Disclosure Department
The Philippine Stock Exchange, Inc.
6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

**Dear Atty. Go:**

We hereby submit a copy of our SEC Form 17-Q for the period ended September 30, 2024.

Very truly yours,

[redacted]

**Renato K. De Borja, Jr.**
**Senior Vice President/Controller**
**and Deputy Head of Financial and**
**Control Sector**

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

# COVER SHEET

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SEC Registration Number

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

(Company's Full Name)

G T T o w e r I n t e r n a t i o n a l , 6 8 1 3
A y a l a A v e . , c o r n e r H . V . D e l a
C o s t a S t . , B r g y . B e l - A i r , 1 2 2 7
M a k a t i C i t y

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

**Renato K. De Borja, Jr.**

(Contact Person)

[redacted]

(Company Telephone Number)

1 2 3 1

*Month* *Day*

(Fiscal Year)

1 7 - Q

(Form Type)

*Month* *Day*

(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

**As of 09.30.2024**

**2,942**

Total No. of Stockholders

Domestic Foreign

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To be accomplished by SEC Personnel concerned

File Number LCU

Document ID Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

**SEC Number 20573**
*File Number______*

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**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)**

[redacted]
**(Telephone Number)**

**December 31**
**(Fiscal year ending)**

**17-Q**
**(Form Type)**

**(Amendment Designation, if applicable)**

**September 30, 2024**
**(Period Ended Date)**

**None**
**(Secondary License Type and File Number)**

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

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

1. For the quarterly period ended : **September 30, 2024**
2. Commission Identification Number : **20573**
3. BIR Tax Identification No. : **000-477-863**
4. Exact name of issuer as specified in its charter : **METROPOLITAN BANK & TRUST COMPANY**
5. Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
6. Industry Classification Code : [ ] (SEC Use Only)
7. Address of issuer's principal office : **GT Tower International, 6813 Ayala Ave., corner H.V. Dela Costa St., Brgy. Bel-Air, 1227, Makati City**
8. Issuer's telephone number, including area code : [redacted]
9. Former name, former address and former fiscal year, if changed since last report: **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

| Title of Each Class | No. of Shares of Common Stock Outstanding | Amount of Debt Outstanding (Unpaid Subscriptions) |
|---|---|---|
| **Common Shares** | **4,497,415,555 shares** | **None** |

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

**Yes [ x ]** **No [ ]**

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

12. Indicate by check mark whether the registrant:

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

**Yes [ x ]** **No [ ]**

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

**Yes [ x ]** **No [ ]**

## PART I - FINANCIAL INFORMATION

**Item 1. Financial Statements**

Attached are the following:

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

**Item 2. Management's Discussion and Analysis of Consolidated Financial Position and Results of Operations** - Annex 7

## PART II - OTHER INFORMATION

I. Control of Registrant

The following stockholders own more than 5% of the total outstanding number of shares issued as of September 30, 2024:

| NAME OF STOCKHOLDER | TOTAL NUMBER OF SHARES HELD | PERCENT TO TOTAL NUMBER OF SHARES ISSUED |
|---|---|---|
| GT Capital Holdings, Inc. | 1,670,611,010 | 37.15% |
| PCD Nominee Corporation (Filipino)* | 1,200,328,298 | 26.69% |
| PCD Nominee Corporation (Non-Filipino)* | 993,373,443 | 22.09% |

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

As of September 30, 2024, public ownership on the Bank was at 48.02%. Out of the total shares issued, 22.12% represents foreign ownership.

II. Pending Legal Proceedings

As of September 30, 2024, there are isolated suits and claims relating to the Group's banking operations and labor-related cases which are pending. In the opinion of management, these suits and claims, if decided adversely, will not involve sums having a material effect on the Group's financial statements.

III. Board Resolutions

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

## SIGNATURES

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

**METROPOLITAN BANK & TRUST COMPANY**
By:

[redacted]

**RENATO K. DE BORJA, JR.**
**Senior Vice President/Controller and Deputy Head of Financial and Control Sector**

[redacted]

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

October 28, 2024

**SUBSCRIBED AND SWORN** to before me this OCT 2 8 2024, affiants exhibiting to me their respective Passport with the following details:

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

[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. 119;
Page No. [illegible];
Book No. [illegible];
Series of 2024

METROPOLITAN BANK & TRUST COMPANY
AND SUBSIDIARIES

# Interim Condensed Consolidated Financial Statements

As of September 30, 2024 (Unaudited) and December 31, 2023 (Audited)
and for the nine months ended September 30, 2024 and 2023 (Unaudited)

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

| | **(Unaudited) September 30, 2024** | (Audited) December 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| Cash and Other Cash Items | **₱ 26,574** | ₱ 39,431 |
| Due from Bangko Sentral ng Pilipinas (BSP) | **187,315** | 207,807 |
| Due from Other Banks | **45,159** | 90,535 |
| Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA) (Note 11) | **44,438** | 72,979 |
| Investment Securities at | | |
| Fair Value Through Profit or Loss (FVTPL) | **326,046** | 74,856 |
| Fair Value Through Other Comprehensive Income (FVOCI) | **486,028** | 536,623 |
| Amortized Cost | **467,182** | 470,638 |
| Loans and Receivables | **1,672,893** | 1,537,166 |
| Property and Equipment | **27,282** | 27,243 |
| Investments in Associates and a Joint Venture | **6,831** | 6,241 |
| Goodwill | **4,716** | 4,720 |
| Investment Properties | **7,895** | 8,107 |
| Deferred Tax Assets | **15,478** | 14,171 |
| Other Assets | **17,228** | 14,385 |
| | **₱ 3,335,065** | ₱ 3,104,902 |
| **LIABILITIES AND EQUITY** | | |
| **LIABILITIES** | | |
| **Deposit Liabilities** | | |
| Demand | **₱ 587,741** | ₱ 586,345 |
| Savings | **835,806** | 853,028 |
| Time | **860,892** | 925,885 |
| Long-Term Negotiable Certificates (Note 6) | **-** | 17,514 |
| | **2,284,439** | 2,382,772 |
| Bills Payable and Securities Sold Under Repurchase Agreements (SSURA) (Note 7) | **423,080** | 156,896 |
| Derivative Liabilities | **12,657** | 16,865 |
| Manager's Checks and Demand Drafts Outstanding | **7,172** | 7,048 |
| Income Taxes Payable | **5,544** | 3,601 |
| Accrued Interest and Other Expenses | **21,820** | 19,785 |
| Bonds Payable (Note 8) | **104,494** | 70,089 |
| Non-equity Non-controlling Interest | **-** | 10,260 |
| Other Liabilities | **85,065** | 70,848 |
| | **2,944,271** | 2,738,164 |
| **EQUITY** | | |
| **Equity Attributable to Equity Holders of the Parent Company** | **380,138** | 356,665 |
| **Non-controlling Interest** | **10,656** | 10,073 |
| | **390,794** | 366,738 |
| | **₱ 3,335,065** | ₱ 3,104,902 |

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

| | (Unaudited) | | | |
|---|---|---|---|---|
| | **Quarter Ended September 30** | | **Nine Months Ended September 30** | |
| | **2024** | 2023 | **2024** | 2023 |
| **INTEREST INCOME ON** | | | | |
| Loans and receivables | **₱ 30,741** | ₱ 27,069 | **₱ 88,786** | ₱ 76,411 |
| Trading and investment securities | **13,787** | 11,916 | **41,065** | 33,236 |
| Deposits with banks and others | **335** | 741 | **2,060** | 2,787 |
| | **44,863** | 39,726 | **131,911** | 112,434 |
| **INTEREST AND FINANCE CHARGES** | | | | |
| Deposit liabilities | **12,652** | 11,332 | **36,518** | 29,624 |
| Bills payable and SSURA, bonds payable, subordinated debt and others | **4,459** | 1,736 | **9,672** | 5,574 |
| | **17,111** | 13,068 | **46,190** | 35,198 |
| **NET INTEREST INCOME** | **27,752** | 26,658 | **85,721** | 77,236 |
| **PROVISION FOR CREDIT AND IMPAIRMENT LOSSES** | **2,490** | 2,291 | **3,524** | 6,798 |
| **NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES** | **25,262** | 24,367 | **82,197** | 70,438 |
| **OTHER INCOME** | | | | |
| Service charges, fees and commissions | **4,356** | 4,155 | **12,538** | 12,210 |
| Trading, securities and foreign exchange gain - net | **5,999** | 538 | **5,629** | 3,599 |
| Miscellaneous | **1,708** | 3,328 | **5,925** | 7,146 |
| | **12,063** | 8,021 | **24,092** | 22,955 |
| **OTHER EXPENSES** | | | | |
| Compensation and fringe benefits | **8,413** | 6,954 | **23,148** | 20,488 |
| Occupancy and equipment-related cost | **543** | 535 | **1,676** | 1,507 |
| Miscellaneous | **11,641** | 10,077 | **32,165** | 29,245 |
| | **20,597** | 17,566 | **56,989** | 51,240 |
| **INCOME BEFORE INCOME TAX** | **16,728** | 14,822 | **49,300** | 42,153 |
| **PROVISION FOR INCOME TAX** | **4,338** | 3,754 | **12,890** | 9,879 |
| **NET INCOME** | **₱ 12,390** | ₱ 11,068 | **₱ 36,410** | ₱ 32,274 |
| **Attributable to :** | | | | |
| Equity holders of the Parent Company | **₱ 12,124** | ₱ 10,888 | **₱ 35,729** | ₱ 31,786 |
| Non-controlling interest | **266** | 180 | **681** | 488 |
| | **₱ 12,390** | ₱ 11,068 | **₱ 36,410** | ₱ 32,274 |
| **Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 13 of Annex 5)** | **₱ 2.70** | ₱ 2.42 | **₱ 7.95** | ₱ 7.07 |

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

| | Quarter Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| **NET INCOME** | ₱ **12,390** | ₱ 11,068 | ₱ **36,410** | ₱ 32,274 |
| **OTHER COMPREHENSIVE INCOME, NET OF TAX** | | | | |
| **Items that may not be reclassified to profit or loss:** | | | | |
| Change in net unrealized gain (loss) on equity securities at FVOCI | **(9)** | 20 | **391** | 202 |
| Change in remeasurement loss on retirement liability | **(7)** | (13) | **(23)** | (51) |
| | **(16)** | 7 | **368** | 151 |
| **Items that may be reclassified to profit or loss:** | | | | |
| Change in net unrealized gain on debt securities at FVOCI | **12,951** | 1,209 | **9,393** | 5,706 |
| Change in equity in other comprehensive gain (loss) of investees | **216** | (172) | **25** | 231 |
| Translation adjustment and others | **(252)** | 426 | **399** | (730) |
| | **12,915** | 1,463 | **9,817** | 5,207 |
| **TOTAL COMPREHENSIVE INCOME** | ₱ **25,289** | ₱ 12,538 | ₱ **46,595** | ₱ 37,632 |
| **Total Comprehensive Income attributable to :** | | | | |
| Equity holders of the Parent Company | ₱ **24,985** | ₱ 12,362 | ₱ **45,890** | ₱ 37,183 |
| Non-controlling interest | **304** | 176 | **705** | 449 |
| | ₱ **25,289** | ₱ 12,538 | ₱ **46,595** | ₱ 37,632 |

*ANNEX 3*

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

**As of September 30, 2024 and 2023**
(In Million Pesos)
(Unaudited)

| | Common Stock | Capital Paid in Excess of Par Value | Surplus | Surplus Reserves | Treasury Stocks | Net Unrealized Gain (Loss) on Investment Securities at FVOCI | Equity in Other Comprehensive Income (Loss) of Investees | Remeasurement Losses on Retirement Plan | Translation Adjustment and Others | TOTAL | Non-Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance, January 1, 2024** | **₱89,948** | **₱85,252** | **₱204,896** | **₱2,752** | **(₱70)** | **(₱10,065)** | **₱116** | **(₱7,491)** | **(₱8,673)** | **₱356,665** | **₱10,073** | **₱366,738** |
| Total comprehensive income (loss) for the period | - | - | 35,729 | - | - | 9,750 | 25 | (14) | 400 | 45,890 | 705 | 46,595 |
| Transfer to surplus reserves | - | - | (83) | 83 | - | - | - | - | - | - | - | - |
| Cash dividends | - | - | (22,487) | - | - | - | - | - | - | (22,487) | (122) | (22,609) |
| Realized loss on sale of FVOCI | - | - | (97) | - | - | 97 | - | - | - | - | - | - |
| Acquisition of Parent Company shares held by a mutual fund subsidiary | - | - | - | - | (244) | - | - | - | - | (244) | - | (244) |
| Disposal of Parent Company shares held by mutual fund subsidiary | - | - | - | - | 314 | - | - | - | - | 314 | - | 314 |
| **Balance, September 30, 2024** | **₱89,948** | **₱85,252** | **₱217,958** | **₱2,835** | **₱-** | **(₱218)** | **₱141** | **(₱7,505)** | **(₱8,273)** | **₱380,138** | **₱10,656** | **₱390,794** |
| | | | | | | | | | | | | |
| **Balance, January 1, 2023** | **₱89,948** | **₱85,252** | **₱176,374** | **₱2,613** | **(₱72)** | **(₱23,076)** | **(₱145)** | **(₱4,404)** | **(₱7,982)** | **₱318,508** | **₱9,582** | **₱328,090** |
| Total comprehensive income (loss) for the period | - | - | 31,786 | - | - | 5,903 | 229 | (34) | (701) | 37,183 | 449 | 37,632 |
| Transfer to surplus reserves | - | - | (91) | 91 | - | - | - | - | - | - | - | - |
| Cash dividends | - | - | (13,492) | - | - | - | - | - | - | (13,492) | (112) | (13,604) |
| Realized loss on sale of FVOCI | - | - | (84) | - | - | 84 | - | - | - | - | - | - |
| Acquisition of Parent Company shares held by a mutual fund subsidiary | - | - | - | - | (4) | - | - | - | - | (4) | - | (4) |
| Disposal of Parent Company shares held by mutual fund subsidiary | - | - | - | - | 6 | - | - | - | - | 6 | - | 6 |
| **Balance, September 30, 2023** | **₱89,948** | **₱85,252** | **₱194,493** | **₱2,704** | **(₱70)** | **(₱17,089)** | **₱84** | **(₱4,438)** | **(₱8,683)** | **₱342,201** | **₱9,919** | **₱352,120** |

*ANNEX 4*

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

| | | (Unaudited) | | |
|---|---|---|---|---|
| | | For the Nine Months Ended September 30 | | |
| | | 2024 | | 2023 |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | | |
| Income before income tax | ₱ | 49,300 | ₱ | 42,153 |
| Adjustments for : | | | | |
| Provision for credit and impairment losses | | 3,524 | | 6,798 |
| Trading and securities gain on investment securities | | (1,614) | | (157) |
| Depreciation and amortization | | 4,302 | | 4,264 |
| Share in net income of associates and a joint venture | | (616) | | (622) |
| Profit from assets sold | | (655) | | (1,941) |
| Unrealized market valuation loss (gain) on financial assets and liabilities at FVTPL | | (3,900) | | 601 |
| Gain on initial recognition of investment properties and chattel properties acquired in foreclosure | | (746) | | (605) |
| Amortization of software cost | | 848 | | 840 |
| Amortization of discount on subordinated debt, bonds payable and lease liabilities | | 475 | | 385 |
| Dividends | | (157) | | (223) |
| Changes in operating assets and liabilities: | | | | |
| Increase in : | | | | |
| Investment securities at FVTPL | | (251,498) | | (8,153) |
| Loans and receivables | | (139,567) | | (23,790) |
| Other assets | | (3,573) | | (9,007) |
| Increase (decrease) in: | | | | |
| Deposit liabilities | | (98,338) | | 125,747 |
| Bills payable-deposit substitutes | | (8) | | (1,027) |
| Manager's checks and demand drafts outstanding | | 124 | | 540 |
| Accrued interest and other expenses | | 2,035 | | 3,825 |
| Non-equity non-controlling interest | | (10,260) | | (839) |
| Other liabilities | | 16,723 | | (3,075) |
| Net cash provided by (used in) operations | | (433,601) | | 135,714 |
| Dividends received | | 157 | | 223 |
| Income taxes paid | | (13,579) | | (8,047) |
| Net cash provided by (used in) operating activities | | (447,023) | | 127,890 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Acquisitions of: | | | | |
| Investment securities at FVOCI | | (626,691) | | (439,758) |
| Investments securities at amortized cost | | (1,011) | | (151,743) |
| Property and equipment | | (2,708) | | (2,791) |
| Cash dividends from investees | | 288 | | - |
| Proceeds from sale of: | | | | |
| Investment securities at FVOCI | | 690,010 | | 459,635 |
| Property and equipment | | 445 | | 262 |
| Investment properties | | 967 | | 2,534 |
| Decrease in interbank loans receivable and SPURA | | 1,626 | | 598 |
| Proceeds from maturity of investment securities at amortized cost | | 2,643 | | 448 |
| Net cash provided by (used in) investing activities | | 65,569 | | (130,815) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Settlements of bills payable | | (3,569,964) | | (2,579,350) |
| Availments of bills payable and SSURA | | 3,836,161 | | 2,557,345 |
| Proceeds from issuance of bonds payable | | 57,448 | | |
| Settlements of bonds payable | | (23,717) | | (18,398) |
| Cash dividends paid | | (22,487) | | (13,485) |
| Payment of lease liabilities | | (1,661) | | (1,623) |
| Proceeds from disposal of Parent Company shares by mutual fund subsidiaries | | 314 | | 6 |
| Acquisition of Parent Company shares by a mutual fund subsidiary | | (244) | | (4) |
| Net cash provided by (used in) financing activities | | 275,850 | | (55,509) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | | (105,604) | | (58,434) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | | | | |
| Cash and other cash items | | 39,431 | | 40,683 |
| Due from BSP | | 207,807 | | 252,628 |
| Due from other banks | | 90,586 | | 75,513 |
| Interbank loans receivable and SPURA | | 63,682 | | 65,786 |
| | | 401,506 | | 434,610 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | | | | |
| Cash and other cash items | | 26,574 | | 26,078 |
| Due from BSP | | 187,315 | | 266,675 |
| Due from other banks | | 45,213 | | 52,877 |
| Interbank loans receivable and SPURA (Note 11) | | 36,800 | | 30,546 |
| | ₱ | 295,902 | ₱ | 376,176 |

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

## 1. Corporate Information

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

The Bank and its subsidiaries (the Group) are engaged in all aspects of banking, financing, leasing, and stock brokering. As of September 30, 2024, the Group has 956 branches, 1,303 Automated Teller Machines (ATMs) in the branches (on-site) and 1,001 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 deposit, 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 Significant Accounting Policies

Basis of Preparation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Groups' annual audited financial statements as at December 31, 2023.

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

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

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The respective functional currencies of the subsidiaries are presented under Basis of Consolidation.

Presentation of Financial Statements

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

Basis of Consolidation

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

The following are the wholly and majority-owned foreign and domestic subsidiaries of the Bank as of September 30, 2024:

| Subsidiary | Effective Percentage of Ownership | Country of Incorporation | Functional Currency |
|---|---|---|---|
| Financial Markets: | | | |
| Domestic: | | | |
| First Metro Investment Corporation (FMIC) and Subsidiaries | 99.27 | Philippines | PHP |
| Philippine Savings Bank (PSBank) | 88.38 | Philippines | PHP |
| ORIX Metro Leasing and Finance Corporation (ORIX Metro) and Subsidiaries | 59.85 | Philippines | PHP |
| Foreign: | | | |
| Metropolitan Bank (China) Ltd (MBCL) | 100.00 | China | Chinese Yuan |
| Metropolitan Bank (Bahamas) Limited (Metrobank Bahamas)** | 100.00 | The Bahamas | United States Dollar (USD) |
| First Metro International Investment Company Limited and Subsidiary | 100.00 | Hong Kong | Hong Kong Dollar (HKD) |
| Remittances: | | | |
| Metro Remittance (Hong Kong) Limited | 100.00 | Hong Kong | HKD |
| Metro Remittance (Singapore) Pte. Ltd. | 100.00 | Singapore | Singapore Dollar |
| Metro Remittance (UK) Limited | 100.00 | United Kingdom | Great Britain Pound |
| First Metro Holdings USA, Inc. (formerly Metro Remittance (USA), Inc.) | 100.00 | United States of America (USA) | USD |
| Metro Remittance (Japan) Co., Ltd. | 100.00 | Japan | Japanese Yen |
| Real Estate: | | | |
| Circa 2000 Homes, Inc. * | 100.00 | Philippines | PHP |
| Others: | | | |
| First Metro Insurance and Reinsurance Brokers, Inc. | 100.00 | Philippines | PHP |
| Philbancor Venture Capital Corporation * | 60.00 | Philippines | PHP |

* In process of dissolution.

** In process of liquidation

First Metro Holdings USA, Inc. (formerly Metro Remittance (USA), Inc.)

On July 24, 2024, the stockholders of First Metro Holdings USA, Inc. approved the change in business name of the Company from Metro Remittance (USA), Inc. to First Metro Holdings USA, Inc. through an amendment of its Articles of Incorporation (AOI). The amended AOI was approved by the California's Secretary of State on August 30, 2024.

First Metro Insurance and Reinsurance Brokers, Inc. (FMIRBI)

On August 29, 2023, the BOD of the Parent Company approved the establishment of First Metro Insurance and Reinsurance Brokers, Inc. as an independent and wholly owned subsidiary subject to the approval of the BSP, Insurance Commission and Securities and Exchange Commission. This was approved by the BSP on December 11, 2023 subject to certain conditions. On April 11, 2024, the Securities and Exchange Commission approved the incorporation of FMIRBI. As of September 30, 2024, FMIRBI is in the process of obtaining approval from the Insurance Commission.

FMIC

On August 22, 2024, FMIC disposed of its remaining interest on the following subsidiaries: First Metro Save and Learn Dollar Bond Fund, Inc. (FMSLDBF), First Metro Philippine Equity Exchange Traded Fund, Inc. (FMPEETFI), First Metro Save and Learn Equity Fund, Inc. (FMSALEF), First Metro Save and Learn Balanced Fund, Inc. (FMSALBF), First Metro Save and Learn Fixed Income Fund (FMSLFIF) and First

Metro Save and Learn Money Market Fund, Inc. (FMSLMMF). The total redemption price of all disposals for the year amounted to ₱1.9 billion. As of August 22, 2024, FMIC no longer has control or significant influence over the subsidiaries and these have been deconsolidated.

On April 1, 2024, the BOD of FMIC declared a cash dividend amounting to ₱1.50 billion or ₱201.38 per share payable to all stockholders of record as of April 30, 2024 and paid on June 30, 2024.

MBCL

Upon completion of the regulatory requirements, on May 20, 2024, the Parent Company infused an additional investment of RMB200.0 million to MBCL as approved by the Bangko Sentral ng Pilipinas (BSP) on December 11, 2023.

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

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

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company: (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary; (b) derecognizes the carrying amount of any non-controlling interest; (c) derecognizes the related other comprehensive income (OCI) recorded in equity and recycles the same to statement of income or ‘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 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% of the total shares of the Bank as of September 30, 2024 and December 31, 2023.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the audited annual consolidated financial statements as of and for the year ended December 31, 2023, except for the adoption of the following amended standards, which became effective beginning January 1, 2024.

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

- Amendments to PAS 1, *Presentation of Financial Statements, 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*

Significant Accounting Judgments and Estimates
The preparation of the financial statements in compliance with PAS 34 requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting judgments and estimates of the Group have been disclosed in the 2023 audited financial statements.

## 3. Financial Risk Management

Compared with December 31, 2023, there have been no changes in the financial risk exposures that materially affect the unaudited interim condensed consolidated financial statements of the Group as of September 30, 2024. The Group has exposures to the following risks from its use of financial instruments: (a) credit; (b) liquidity; and (c) market risks. Related discussions below should be read in conjunction with Note 4, Financial Risk and Capital Management, of the Group's 2023 audited financial statements.

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

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.

<u>Market Risk</u>
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.

Subsidiaries with trading books perform daily mark-to-market valuation and VaR calculations for their exposures. Risk exposures are bounded by a system of risk limits and monitoring tools to effectively manage these risks.

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures and by doing stress testing analysis. These processes address potential product concentration risks, monitor portfolio 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 and methodologies.

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.ΔEVE) and Sensitivity Analysis.

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

EaR measures the possible decline in the Group's net interest income as a result of adverse interest rate movements, given the current repricing profile. It is a tool used to evaluate the sensitivity of the accrual portfolio to changes in interest rates in the adverse direction over the next twelve (12) months.

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

The 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.

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.

## 4. Fair Value Measurement

Financial Instruments
The methods and assumptions used by the Group in estimating the fair values of financial assets and financial liabilities have been consistently applied in the unaudited interim condensed consolidated financial statements. These are:

*Cash and other cash items, due from BSP and other banks and interbank loans receivable and SPURA* – 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 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, Foreign Exchange (FX) rates, Credit Default Swap (CDS) rates, FX volatilities and spot and forward FX rates) and are implemented through validated calculation engines.

*Loans and receivables* - Fair values of the Group's loans and receivables are estimated using the discounted cash flow methodology, using current incremental lending rates for similar types of loans. Where the instrument reprices on a quarterly basis or has a relatively short maturity, the carrying amounts approximate fair values.

*Liabilities* - Fair values are estimated using the discounted cash flow methodology using the Group's current borrowing rate for similar borrowings with maturities consistent with those remaining for the liability being valued, if any. The carrying 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.

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

| | September 30, 2024 (Unaudited) | | | | |
|---|---|---|---|---|---|
| | **Carrying Value** | **Level 1** | **Level 2** | **Level 3** | **Total Fair Value** |
| **Assets Measured at Fair Value** | | | | | |
| **Financial Assets** | | | | | |
| Investment securities at FVTPL | | | | | |
| FVTPL investments | | | | | |
| Debt securities | | | | | |
| Government | ₱202,425 | ₱202,425 | ₱- | ₱- | ₱202,425 |
| BSP | 66,581 | 66,581 | - | - | 66,581 |
| Treasury notes and bonds | 26,328 | 26,328 | - | - | 26,328 |
| Treasury bills | 6,217 | 6,217 | - | - | 6,217 |
| Private | 4,679 | 4,679 | - | - | 4,679 |
| | 306,230 | 306,230 | - | - | 306,230 |
| Equity securities | 226 | 226 | - | - | 226 |
| Derivative assets | | | | | |
| Cross currency swaps | 9,571 | - | 9,571 | - | 9,571 |
| Currency forwards | 7,695 | - | 7,695 | - | 7,695 |
| Interest rate swaps | 1,946 | - | 1,946 | - | 1,946 |
| Bond futures | 340 | - | 340 | - | 340 |
| Put option | 20 | - | 20 | - | 20 |
| Call option | 18 | - | 18 | - | 18 |
| | 19,590 | - | 19,590 | - | 19,590 |
| | 326,046 | 306,456 | 19,590 | - | 326,046 |
| Investment securities at FVOCI | | | | | |
| Debt securities | | | | | |
| Treasury notes and bonds | 363,316 | 349,688 | 13,628 | - | 363,316 |
| Government | 81,879 | 81,879 | - | - | 81,879 |
| Private | 29,988 | 29,988 | - | - | 29,988 |
| BSP | 7,965 | 7,965 | - | - | 7,965 |
| Treasury bills | 822 | 822 | - | - | 822 |
| | 483,970 | 470,342 | 13,628 | - | 483,970 |
| Equity securities | 2,058 | 1,773 | 285 | - | 2,058 |
| | 486,028 | 472,115 | 13,913 | - | 486,028 |
| | ₱812,074 | ₱778,571 | ₱33,503 | ₱- | ₱812,074 |
| **Assets for which Fair Values are Disclosed** | | | | | |
| **Financial Assets** | | | | | |
| Investment securities at amortized cost | | | | | |
| Treasury notes and bonds | ₱416,234 | ₱417,365 | ₱7,218 | ₱- | ₱424,583 |
| Government | 49,712 | 48,578 | 282 | - | 48,860 |
| Private | 1,236 | 1,233 | - | - | 1,233 |
| | 467,182 | 467,176 | 7,500 | - | 474,676 |
| Loans and receivable – net | | | | | |
| Receivables from customers | | | | | |
| Commercial loans | 1,228,609 | - | - | 1,392,107 | 1,392,107 |
| Credit card | 136,987 | - | - | 136,987 | 136,987 |
| Auto loans | 104,457 | - | - | 137,946 | 137,946 |
| Residential mortgage loans | 93,922 | - | - | 163,392 | 163,392 |
| Trade | 59,687 | - | - | 59,687 | 59,687 |
| Others | 15,757 | - | - | 16,406 | 16,406 |
| | 1,639,419 | - | - | 1,906,525 | 1,906,525 |
| Unquoted debt securities | 41 | - | - | 41 | 41 |
| Sales contract receivable | 22 | - | - | 22 | 22 |
| | 1,639,482 | - | - | 1,906,588 | 1,906,588 |
| **Other assets** | 1,303 | 987 | 107 | 279 | 1,373 |
| | ₱2,107,967 | ₱468,163 | ₱7,607 | ₱1,906,867 | ₱2,382,637 |

| | September 30, 2024 (Unaudited) | | | | |
|---|---|---|---|---|---|
| | **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 | ₱5,550 | - | ₱5,550 | - | ₱5,550 |
| Cross currency swaps | 4,817 | - | 4,817 | - | 4,817 |
| Interest rate swaps | 2,198 | - | 2,198 | - | 2,198 |
| Credit default swaps | 54 | - | 54 | - | 54 |
| Put option | 26 | - | 26 | - | 26 |
| Call option | 12 | - | 12 | - | 12 |
| | ₱12,657 | ₱- | ₱12,657 | ₱- | ₱12,657 |
| **Liabilities for which Fair Values are Disclosed** | | | | | |
| **Financial Liabilities** | | | | | |
| Deposit liabilities | | | | | |
| Time | ₱860,892 | ₱- | ₱- | ₱863,606 | ₱863,606 |
| | 860,892 | - | - | 863,606 | 863,606 |
| Bills payable and SSURA | 423,080 | - | - | 423,174 | 423,174 |
| Bonds payable | 104,494 | 103,309 | - | 2,398 | 105,707 |
| Other liabilities | | | | | |
| Deposits on lease contracts | 691 | - | - | 691 | 691 |
| | ₱1,389,157 | ₱103,309 | ₱- | ₱1,289,869 | ₱1,393,178 |

| | December 31, 2023 (Audited) | | | | |
|---|---|---|---|---|---|
| | **Carrying Value** | **Level 1** | **Level 2** | **Level 3** | **Total Fair Value** |
| **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 |

| | December 31, 2023 (Audited) | | | | |
|---|---|---|---|---|---|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total Fair Value |
| **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 receivable – 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 |
| **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 |

As of September 30, 2024 and December 31, 2023, there were no transfers between levels of the fair value hierarchy.

## 5. Segment Information

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with segment representing a strategic business unit. Operating segments are reported in accordance with internal reporting to the Senior Management who is responsible for allocating resources to the segments and assessing its performance. The 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 interest income and interest expense. The Group has no significant customers which contributes 10.00% or more of the consolidated revenue net of interest expense. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate which approximates the cost of funds. The following table presents revenue and income information of operating segments presented in accordance with PFRS and segment assets and liabilities as of and for the periods ended September 30, 2024 and 2023.

| | Consumer Banking | Corporate Banking | Investment Banking | Treasury | Branch Banking | Others | Total |
|---|---|---|---|---|---|---|---|
| **Period Ended September 30, 2024 (Unaudited)** | | | | | | | |
| **Results of Operations** | | | | | | | |
| Net interest income (expense) | | | | | | | |
| Third party | **₱19,701** | **₱52,963** | **₱-** | **₱15,371** | **(₱3,392)** | **₱1,078** | **₱85,721** |
| Intersegment | **(5,063)** | **(42,023)** | **-** | **(965)** | **48,051** | **-** | **-** |
| Net interest income after intersegment transaction | **14,638** | **10,940** | **-** | **14,406** | **44,659** | **1,078** | **85,721** |
| Non-interest income | **7,695** | **849** | **82** | **4,648** | **4,678** | **5,524** | **23,476** |
| Revenue - net of interest expense | **22,333** | **11,789** | **82** | **19,054** | **49,337** | **6,602** | **109,197** |
| Non-interest expense | **15,007** | **1,578** | **4** | **5,408** | **18,461** | **20,055** | **60,513** |
| Income (loss) before share in net income of associates and a joint venture | **7,326** | **10,211** | **78** | **13,646** | **30,876** | **(13,453)** | **48,684** |
| Share in net income of associates and a joint venture | **-** | **60** | **-** | **-** | **-** | **556** | **616** |
| Benefit from (provision for) income tax | **61** | **(754)** | **-** | **(7,484)** | **62** | **(4,775)** | **(12,890)** |
| Non-controlling interest in net income of consolidated subsidiaries | **-** | **-** | **-** | **-** | **-** | **(681)** | **(681)** |
| **Net income (loss)** | **₱7,387** | **₱9,517** | **₱78** | **₱6,162** | **₱30,938** | **(₱18,353)** | **₱35,729** |

| | Consumer Banking | Corporate Banking | Investment Banking | Treasury | Branch Banking | Others | Total |
|---|---|---|---|---|---|---|---|
| **Statement of Financial Position** | | | | | | | |
| Total assets | **₱258,455** | **₱1,276,396** | **₱-** | **₱1,346,654** | **₱195,885** | **₱257,675** | **₱3,335,065** |
| Total liabilities | **₱142,907** | **₱965,928** | **₱-** | **₱1,300,755** | **₱276,762** | **₱257,919** | **₱2,944,271** |
| **Other Segment Information** | | | | | | | |
| Capital expenditures | **₱202** | **₱42** | **₱-** | **₱47** | **₱47** | **₱2,867** | **₱3,205** |
| Depreciation and amortization | **₱396** | **₱245** | **₱-** | **₱66** | **₱1,775** | **₱2,668** | **₱5,150** |
| Provision for credit and impairment losses | **₱6,342** | **(₱3,113)** | **₱-** | **(₱4)** | **₱295** | **₱4** | **₱3,524** |
| | | | | | | | |
| Period Ended September 30, 2023 (Unaudited) | | | | | | | |
| **Results of Operations** | | | | | | | |
| Net interest income (expense) | | | | | | | |
| Third party | ₱17,600 | ₱44,297 | ₱- | ₱17,343 | (₱3,656) | ₱1,652 | ₱77,236 |
| Intersegment | (3,775) | (35,654) | - | (4,831) | 44,260 | - | - |
| Net interest income after intersegment transaction | 13,825 | 8,643 | - | 12,512 | 40,604 | 1,652 | 77,236 |
| Non-interest income | 7,068 | 958 | 152 | 2,437 | 4,862 | 6,857 | 22,334 |
| Revenue - net of interest expense | 20,893 | 9,601 | 152 | 14,949 | 45,466 | 8,509 | 99,570 |
| Non-interest expense | 11,124 | 4,583 | 18 | 4,292 | 18,033 | 19,988 | 58,038 |
| Income (loss) before share in net income of associates and a joint venture | 9,769 | 5,018 | 134 | 10,657 | 27,433 | (11,479) | 41,532 |
| Share in net income of associates and a joint venture | - | 85 | - | - | - | 536 | 621 |
| Provision for income tax | 148 | (524) | - | (6,385) | 137 | (3,255) | (9,879) |
| Non-controlling interest in net income of consolidated subsidiaries | - | - | - | - | - | (488) | (488) |
| **Net income (loss)** | ₱9,917 | ₱4,579 | ₱134 | ₱4,272 | ₱27,570 | (₱14,686) | ₱31,786 |
| **Statement of Financial Position** | | | | | | | |
| Total assets | ₱221,126 | ₱1,078,812 | ₱- | ₱1,213,847 | ₱172,327 | ₱270,867 | ₱2,956,979 |
| Total liabilities | ₱121,432 | ₱1,006,390 | ₱- | ₱1,148,192 | ₱275,414 | ₱53,431 | ₱2,604,859 |
| **Other Segment Information** | | | | | | | |
| Capital expenditures | ₱220 | ₱32 | ₱- | ₱126 | ₱42 | ₱3,072 | ₱3,492 |
| Depreciation and amortization | ₱283 | ₱222 | ₱- | ₱48 | ₱1,682 | ₱2,870 | ₱5,105 |
| Provision for credit and impairment losses | ₱4,530 | ₱1,286 | ₱- | (₱1) | ₱227 | ₱756 | ₱6,798 |

Non-interest income consists of service charges, fees and commissions, profit from assets sold, trading and securities gain (loss), and foreign exchange gain (loss) - net, income from trust operations, leasing, dividends and miscellaneous income. Non-interest expense consists of compensation and fringe benefits, taxes and licenses, provision for credit and impairment losses, depreciation and amortization, occupancy and equipment-related costs, amortization of software costs and miscellaneous expenses.

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

As of September 30, 2024 and December 31, 2023, the total outstanding LTNCDs of the Group amounted to nil and ₱17.51 billion, respectively. Significant terms of these LTNCDs have been disclosed in the 2023 audited financial statements.

The ₱3.75 billion and ₱8.68 billion LTNCD of the Parent Company and ₱5.08 billion LTNCD of PSBank matured on July 20, 2024, April 4, 2024 and February 9, 2024, respectively.

## 7. Securities Sold Under Repurchase Agreement

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

| | **September 30, 2024 (Unaudited)** | | December 31, 2023 (Audited) | |
|---|---|---|---|---|
| | **Transferred Securities** | **SSURA** | Transferred Securities | SSURA |
| Investment securities at FVTPL | **₱171,684** | **₱169,782** | ₱- | ₱- |
| Investment securities at FVOCI | | | | |
| Government | **59,623** | **51,812** | 115,803 | 101,291 |
| Private | **-** | **-** | 2,294 | 2,294 |
| Investment securities at Amortized Cost | **151,745** | **133,606** | 35,925 | 31,215 |
| | **₱383,052** | **₱355,200** | ₱154,022 | ₱134,800 |

## 8. Bonds Payable

This account consists of the following:

| Issue Date | Maturity Date | Interest Rate | Face Value | Carrying value<br>**September 30, 2024 (Unaudited)** | Carrying value<br>December 31, 2023 (Audited) |
|---|---|---|---|---|---|
| Parent Company | | | | | |
| Fixed Rate Bonds: | | | | | |
| October 28, 2022 | April 28, 2024 | 5.00% | ₱23,717 | **₱-** | ₱23,676 |
| June 4, 2021 | September 4, 2026 | 3.60% | 19,000 | **18,946** | 18,924 |
| USD Senior Unsecured Note: | | | | | |
| July 15, 2020 | January 15, 2026 | 2.125% | US$500 | **27,891** | 27,489 |
| March 6, 2024 | March 6, 2029 | 5.375% | 500 | **27,729** | - |
| March 6, 2024 | March 6, 2034 | 5.500% | 500 | **27,531** | - |
| | | | | **102,097** | 70,089 |
| Fixed Rate Bonds: | | | | | |
| MBCL | | | | | |
| June 25, 2024 | June 25, 2027 | 2.600% | CNY300 | **2,397** | - |
| | | | | **₱104,494** | ₱70,089 |

Significant terms of these bonds have been disclosed in the 2023 audited financial statements.

*Parent Company*
*USD Senior Unsecured Notes due 2029*
On March 6, 2024, the Parent Company issued US$500 million senior unsecured notes with an issue price at 99.879% face value, which bear an interest rate of 5.375% per annum and will mature on March 6, 2029. The interest of the notes for the entire term are payable semi-annually in arrears on March 6 and September 6 of each year, commencing on September 6, 2024.

*USD Senior Unsecured Notes due 2034*
On March 6, 2024, the Parent Company issued US$500 million senior unsecured notes with an issue price at 99.25% face value, which bear an interest rate of 5.50% per annum and will mature on March 6, 2034. The interest of the notes for the entire term are payable semi-annually in arrears on March 6 and September 6 of each year, commencing on September 6, 2024.

*MBCL*
On June 25, 2024, MBCL issued CNY300 million bonds with an issue price at 100 face value, which bear an interest rate at 2.6% per annum and will mature on June 26, 2027. The interest of the bonds for the entire term are payable annually commencing on June 27, 2024.

## 9. Capital Stock

As of September 30, 2024 and December 31, 2023, this account consists of (amount in millions, except par value and number of shares):

| | Shares | Amount |
|---|---|---|
| Authorized | | |
| Common stock - ₱20.00 par value | **6,000,000,000** | |
| Preferred stock - ₱20.00 par value | **1,000,000,000** | |
| Common stock issued and outstanding | **4,497,415,555** | **₱89,948** |

As of September 30, 2024 and December 31, 2023, treasury shares totaling nil and 1,289,543, respectively, represent shares of the Parent Company held by mutual fund subsidiary of FMIC.

Details of the Bank's cash dividend distributions from 2022 to 2024 follow:

| Date of Declaration | Per Share | Total Amount (In Millions) | Record date | Payment date |
|---|---|---|---|---|
| February 21, 2024 | ₱1.50 (regular) | ₱6,746 | September 5, 2024 | September 20, 2024 |
| February 21, 2024 | 1.50 (regular) | 6,746 | March 8, 2024 | March 25, 2024 |
| February 21, 2024 | 2.00 (special) | 8,995 | March 8, 2024 | March 25, 2024 |
| 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 |

On February 21, 2024, the BOD of the Parent Company 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. 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 were paid on March 25, 2024 to all stockholders of record as of March 8, 2024. The second tranche of the regular cash dividend of ₱1.50 per share was paid on September 20, 2024 to all stockholders of record as of September 5, 2024.

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.

Significant information on capital issuances have been disclosed in the 2023 audited financial statements.

## 10. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control or common significant influence such as subsidiaries and associates of subsidiaries or other related parties. Related parties may be individuals or corporate entities and are classified as entities with significant influence, subsidiaries, associates, other related parties and key personnel.

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

The Parent Company has a Related Party Transactions Committee (RPTC) and a Related Party Transactions Management Committee (RPTMC), both of which are created to assist the BOD in ensuring that transactions with related parties are reviewed to assess risks and are subjected to appropriate restrictions to ensure that these are conducted at arm's-length terms and that corporate or business resources of the Parent Company are not misappropriated or misapplied. After appropriate review, RPTMC (through RPTC) and RPTC disclose all information and endorses to the BOD with recommendations, the proposed related party transactions. The members of the RPTC are appointed annually by the BOD, composed of at least three (3) Board non-executive members, two (2) of whom should be independent directors, including the Chairman. Currently, RPTC is composed of three (3) independent directors (including the Committee's Chairman); the head of Internal Audit Group (as Resource Person); and the Compliance Officer (as the Committee Secretary) and meets monthly or as the need arises. On the other hand, RPTMC members who are appointed annually by the President is currently composed of six (6) members. RPTC's and RPTMC's review of the proposed related party transactions considers the following:

a. Identity and relationship of the parties involved in the transaction;
b. Terms of the transaction and whether these are no less favorable than terms generally available to an unrelated third party under the same circumstances;
c. Business purpose, timing, rationale and benefits of the transaction;
d. Approximate monetary value of the transaction and the approximate monetary value of the related party's interest in the transaction;
e. Valuation methodology used and alternative approaches to valuation of the transaction;
f. Information concerning potential counterparties in the transaction;
g. Description of provisions or limitations imposed as a result of entering into the transaction;
h. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the transaction;
i. Impact to a director's independence;
j. Extent that such transaction or relationship would present an improper conflict of interest; and
k. The availability of others sources of comparable products or services.

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 the related party transaction to RPTC.

Major subsidiaries, which include FMIC, PSBank and MBCL, have their own respective RPTCs which assist their respective BODs in ensuring that transactions with related parties are reviewed to assess risks and are subjected to appropriate restrictions to ensure that these are conducted at arm's-length terms and that their corporate or business resources are not misappropriated or misapplied.

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

BSP Circular Nos. 560, 654 and 914 provide the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks which require that the total outstanding loans, other credit accommodations and guarantees to each of the bank's/quasi-bank's subsidiaries and affiliates shall not exceed 10.00% while a separate individual limit of 25.00% for those engaged in energy and power generation, of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% or 12.50%, respectively, of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank as reported to the BSP. As of September 30, 2024 and December 31, 2023, 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 8.70% and 12.34%, respectively, of the Parent Company's net worth. The Parent Company has no outstanding loans, other credit accommodations and guarantees to subsidiaries and affiliates engaged in energy and power generation.

Details on significant related party transactions of the Group as of September 30, 2024, December 31, 2023 and September 30, 2023 follow (transactions with subsidiaries have been eliminated in the unaudited interim condensed consolidated financial statement):

| Category | Amount | Terms and Conditions/Nature |
|---|---|---|
| **Transactions Affecting Statements of Financial Position** | | |
| **September 30, 2024 (Unaudited)** | | |
| **Entity with Significant Influence Over the Group** | | |
| Outstanding Balance: | | |
| Deposit liabilities* | **₱993** | With annual fixed interest rates ranging from 0.05% to 5.25% including time deposits with maturity terms of 21 to 32 days |
| Volume: | | |
| Deposit liabilities | **(1,538)** | Generally similar to terms and conditions above |
| **Subsidiaries** | | |
| Outstanding Balance: | | |
| Receivables from customers* | **₱1,492** | Unsecured, with ECL of ₱5.7 million; with annual fixed interest rates from 5.70% to 6.10% and maturity terms from 2 to 346 days |
| Accounts receivable | **340** | Non-interest bearing receivables on ATM, remittance and rental fees |
| Other receivables | **18** | Non-interest bearing receivables on rental fees |
| Deposit liabilities* | **5,715** | With annual fixed interest rates ranging from 0.05% to 5.80% including time deposits with maturity terms ranging from 1 to 90 days |
| Bills payable* | **7,000** | Peso borrowing subject to annual fixed interest rate of 6.13% with maturity term of 1 day |
| Volume: | | |
| Investment in subsidiaries | **1,601** | Additional investment to MBCL |
| Dividends from subsidiaries | **2,338** | Dividends received from PSBank and FMIC |
| Interbank loans receivable | **(8,641)** | Generally similar to terms and conditions above |
| Receivables from customers | **(227)** | Generally similar to terms and conditions above |
| Accounts receivable | **170** | Generally similar to terms and conditions above |
| Deposit liabilities | **(124)** | Generally similar to terms and conditions above |
| Bills payable | **7,000** | Generally similar to terms and conditions above |
| Securities transactions | | |
| Purchases | **8,049** | Outright purchases of investment securities at FVTPL and FVOCI |
| Sales | **24,020** | Outright sale of investment securities at FVTPL and FVOCI |
| Foreign currency | | |
| Buy | **3,692** | Outright purchases of foreign currency |
| Sell | **15,164** | Outright sale of foreign currency |
| **Associates** | | |
| **Outstanding Balance:** | | |
| Receivable from customers* | **₱1,832** | Unsecured, with ECL of ₱7.4 million; with annual fixed interest rates ranging from 5.58 % to 6.55% and maturity terms from 183 to 730 days |
| Deposit liabilities* | **2,079** | With annual fixed interest rates ranging from 0.05% to 5.00% including time deposits with maturity terms from 35 to 357 days |
| Volume: | | |
| Receivables from customers | **(199)** | Generally similar to terms and conditions above |
| Deposit liabilities | **(1,167)** | Generally similar to terms and conditions above |
| Securities transactions | | |
| Outright purchases | **458** | Outright purchases of FVTPL securities and FVOCI investments |
| Outright sales | **2,907** | Outright sale of investment securities at FVTPL and FVOCI |
| Foreign currency | | |
| Buy | **485** | Outright purchases of foreign currency |
| Sell | **1,096** | Outright sale of foreign currency |

| Category | Amount | Terms and Conditions/Nature |
|---|---|---|
| **Other Related Parties** | | |
| Outstanding Balance: | | |
| Receivables from customers* | **₱35,096** | Secured – ₱6.2 billion, unsecured – ₱28.9 billion, with ECL of ₱264.7 million, with annual fixed interest rates ranging from 3.80% to 8.16% and maturity terms from 1 day to 5 years |
| Assets held under joint operations | **143** | Parcels of land and former branch sites of the Parent Company contributed to joint operations |
| Deposit liabilities* | **15,078** | With annual fixed rates ranging from 0.05% to 6.00% including time deposits with maturity terms from 3 to 360 days |
| Volume: | | |
| Receivables from customers | **(2,802)** | Generally similar to terms and conditions above |
| Deposit liabilities | **(2,442)** | Generally similar to terms and conditions above |
| Contingent | | |
| Others | **1** | Bank guaranty with indemnity agreement |
| Securities transactions | | |
| Outright purchases | **175** | Outright purchases of FVTPL securities |
| Outright sales | **798** | Outright sale of investment securities at FVTPL |
| Foreign currency | | |
| Buy | **615** | Outright purchases of foreign currency |
| Sell | **99,766** | Outright sale of foreign currency |
| **Key Personnel** | | |
| Outstanding Balance: | | |
| Receivables from customers | **₱138** | Secured – ₱121.8 million, unsecured – ₱30.0 million, no impairment. With annual fixed interest rate ranging from 6.00% to 9.00% and maturity terms from 1 to 16 years |
| Deposit liabilities | **708** | With various terms and with minimum annual interest rate of 0.05% |
| Volume: | | |
| Deposit liabilities | **110** | Generally similar to terms and conditions above |
| | | |
| **December 31, 2023 (Audited)** | | |
| **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 from 19 to 30 days |
| Volume: | | |
| Deposit liabilities | **(6,514)** | Generally similar to terms and conditions above |
| 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 |
| 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 |
| Accounts receivable | **170** | Non-interest bearing receivables on remittance and rental fees |
| Other receivables | **8** | Non-interest bearing receivables on rental fees |
| 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 |
| Treasury stock | **70** | Parent Company's shares held by FMIC's mutual fund subsidiary |
| 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 |
| 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 |

| 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 |
| 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 |
| Volume: | | |
| Receivable from customers | **1,324** | Generally similar to terms and conditions above |
| Deposit liabilities | **1,169** | Generally similar to terms and conditions above |
| 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 |
| Deposit liabilities* | **17,520** | With annual fixed interest rates ranging from 0.05% to 6.00% including time deposits with maturity terms from 4 to 360 days |
| Volume: | | |
| Receivable from customers | **3,265** | Generally similar to terms and conditions above |
| Deposit liabilities | **(13,618)** | Generally similar to terms and conditions above |
| 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 |
| Deposit liabilities | **397** | With various terms and minimum annual interest rate of 0.05% |
| Volume: | | |
| Deposit liabilities | **65** | Generally similar to terms and conditions above |

| | | |
|---|---|---|
| **Transactions Affecting Statements of Income** | | |
| **September 30, 2024 (Unaudited) - Amount** | | |
| **Entity with Significant Influence Over the Group** | | |
| Interest expense | **₱24** | On deposit liabilities |
| **Subsidiaries** | | |
| Interest income | **₱91** | On receivables from customers and interbank loans receivables |
| Service charges, fees and commissions | **14** | Income on transactional fees |
| Trading and securities loss - net | **(130)** | Net loss from securities transactions |
| Foreign exchange loss – net | **(17)** | Net loss from foreign exchange transactions |
| Leasing income | **7** | From leasing agreements with various lease terms |
| Miscellaneous income | **135** | Information technology and other fees |
| Interest expense | **134** | On deposit liabilities and bills payable |
| **Associates** | | |
| Interest income | **₱94** | On receivables from customers |
| Foreign exchange gain - net | **4** | Net gain from foreign exchange transactions |
| Interest expense | **2** | Interest expense on deposit liabilities |
| **Other Related Parties** | | |
| Interest income | **₱1,608** | On receivables from customers |
| Foreign exchange loss - net | **(28)** | Net loss from foreign exchange transactions |
| Interest expense | **109** | On deposit liabilities |
| Lease payments | **184** | Payments for leasing agreements with various lease terms |
| **Key Personnel** | | |
| Interest income | **₱3** | On receivables from customers |

| **September 30, 2023 (Unaudited) - Amount** | | |
|---|---|---|
| **Entity with Significant Influence Over the Group** | | |
| Interest expense | **₱56** | On deposit liabilities |
| **Subsidiaries** | | |
| Interest income | **₱370** | On receivables from customers and interbank loans receivables |
| Service charges, fees and commissions | **21** | Income on transactional fees |
| Trading and securities gain - net | **551** | Net gain from securities transactions |
| Foreign exchange loss - net | **(11)** | Net loss from foreign exchange transactions |
| Leasing income | **6** | From leasing agreements with various lease terms |
| Miscellaneous income | **115** | Information technology and other fees |
| Interest expense | **94** | On deposit liabilities and bills payable |
| **Associates** | | |
| Interest income | **₱59** | On receivables from customers |
| Trading and securities gain - net | **42** | Net gain from securities transactions |
| Foreign exchange gain - net | **4** | Net gain from foreign exchange transactions |
| Leasing income | **1** | From leasing agreements with various lease terms |
| Interest expense | **1** | Interest expense on deposit liabilities |
| **Other Related Parties** | | |
| Interest income | **₱1,252** | On receivables from customers |
| Foreign exchange gain - net | **212** | Net gain from foreign exchange transactions |
| Profit from assets sold | **1,299** | Gain on sale of ROPA |
| Interest expense | **133** | On deposit liabilities and lease liabilities |
| Lease payments | **189** | Rental payments with various lease terms |
| **Key Personnel** | | |
| Interest income | **₱3** | On receivables from customers |

* including accrued interest

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

Government bonds with total face value of ₱60.0 million (classified as 'Investment securities at amortized cost' as of September 30, 2024 and December 31, 2023) are pledged by PSBank to the Parent Company to secure the latter's payroll account with PSBank. Also, as of September 30, 2024 and December 31, 2023, 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 deposits to the Parent Company.

<u>Transactions with retirement plans</u>

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 ₱100.8 million and ₱127.1 million for the period ended September 30, 2024 and 2023, respectively. As of September 30, 2024 and 2023, the Parent Company sold securities totaling ₱4.9 billion and ₱8.0 billion, respectively, to its related party retirement plans and recognized minimal trading gain in 2024 and ₱0.3 million trading loss in 2023, and has also purchased securities totalling ₱4.3 billion and ₱6.9 billion as of September 30, 2024 and 2023, respectively. Further, as of September 30, 2024 and December 31, 2023, the total outstanding deposit liabilities of the Group to these related party retirement funds amounted to ₱38.0 million and ₱120.2 million, respectively. Interest expense on deposit liabilities amounted to ₱0.8 million and ₱24.8 million in September 30, 2024 and 2023, respectively.

As of September 30, 2024 and December 31, 2023, the related party retirement plans also hold investments in: (a) the equity shares of various companies within the Group amounting to ₱150.0 million and ₱138.7 million, respectively, with unrealized trading gain of ₱1.6 million in 2024 and unrealized trading loss of ₱31.7 million in 2023; (b) mutual funds and trust funds of various companies within the Group amounting to ₱1.8 billion and ₱1.4 billion, respectively, with unrealized trading gains of ₱71.1 million and ₱108.7 million, respectively; and (c) corporate bonds of the Parent Company amounting to nil and ₱49.4 million, respectively, with unrealized trading gains of nil and ₱0.2 million, respectively. Further, for the period ended September 30, 2024 and 2023, disposals of various investments in equity shares, mutual and trust funds realized net trading gain amounting to ₱54.0 million in 2024 and incurred net trading loss amounting to ₱8.3 million in 2023. The related party retirement plans also recognized dividend income of ₱2.1 million and ₱1.4 million in September 30, 2024 and 2023, respectively.

## 11. Notes to Statements of Cash Flows

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

| | September 30 | |
|---|---|---|
| | **2024** | 2023 |
| Interbank loans receivables and SPURA | **₱44,513** | ₱37,941 |
| Interbank loans receivables and SPURA not considered as cash and cash equivalents | **(7,713)** | (7,395) |
| | **₱36,800** | ₱30,546 |

## 12. Commitments and Contingent Liabilities

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

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

| | **September 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Trust Banking Group accounts | **₱547,578** | ₱497,607 |
| Credit card lines | **313,639** | 276,839 |
| Unused commercial letters of credit | **54,246** | 50,476 |
| Undrawn commitments - facilities to lend | **48,120** | 53,729 |
| Bank guaranty with indemnity agreement | **14,409** | 11,732 |
| Outstanding guarantees | **5,808** | 6,637 |
| Credit line certificate with bank commission | **4,239** | 3,963 |
| Inward bills for collection | **2,539** | 1,662 |
| Outstanding shipside bonds/airway bills | **1,611** | 1,436 |
| Outward bills for collection | **770** | 639 |
| Late deposits/payments received | **529** | 944 |
| Confirmed export letters of credits | **53** | 44 |
| Others | **29,036** | 32,729 |
| | **₱1,022,577** | ₱938,437 |

There are isolated suits and claims relating to the Group's banking operations and labor-related cases which are pending. 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.

## 13. Financial Performance

The basis of calculation for earnings per share attributable to equity holdings of the Parent Company follows (amounts in millions except for earnings per share):

| | For the Period Ended September 30 | | For the Year Ended |
|---|---|---|---|
| | **2024** | 2023 | December 31, 2023 |
| | (Unaudited) | | (Audited) |
| a. Net income attributable to equity holders of the Parent Company | **₱35,729** | ₱31,786 | ₱42,238 |
| 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) | **₱7.95** | ₱7.07 | ₱9.39 |

As of September 30, 2024 and 2023 and December 31, 2023, there were no outstanding dilutive potential common shares.

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

| | For the Period Ended September 30 | | For the Year Ended |
|---|---|---|---|
| | **2024** | 2023 | December 31, 2023 |
| | (Unaudited) | | (Audited) |
| Return on average equity | **12.93%** | 12.83% | 12.51% |
| Return on average assets | **1.48%** | 1.46% | 1.42% |
| Net interest margin on average earning assets | **3.90%** | 3.93% | 3.90% |

## 14. Other Matters

The Group has no significant matters to report on the following during the period ended September 30, 2024:

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 interim operations;
c. Issuances, repurchases and repayments of debt and equity securities except for the issuances of the USD 1.0 billion senior unsecured notes of the Parent Company and the CNY 300.0 million bonds of MBCL as discussed in Note 8; maturity of the ₱23.7 billion fixed rate bonds of the Parent Company as discussed in Note 8; and the maturities of the Parent Company's ₱3.75 billion and ₱8.68 billion LTNCD and PSBank's ₱5.08 billion LTNCD as discussed in Note 6;
d. Unusual items as to nature, size or incidents affecting assets, liabilities, equity, net income or cash flows except for the payments of cash dividends by the Parent Company as discussed in Note 9; and
e. Effect of changes in the composition of the Group during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations except for FMIC's disposal of its remaining interest on the mutual fund subsidiaries and the investment of the Parent Company on a newly established subsidiary, the FMIRBI as discussed in Note 2.

## 15. Subsequent Event

a. On October 17, 2024, the BOD of PSBank declared a 7.50% regular cash dividend for the third quarter of 2024 amounting to ₱320.14 million or ₱0.75 per share payable on November 18, 2024 to all stockholders of record as of November 4, 2024.

*ANNEX 6*

**METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES**
**FINANCIAL INDICATORS**
**AS OF AND FOR THE PERIOD ENDED SEPTEMBER 30, 2024 AND 2023**

| RATIO | | FORMULA | 2024 | 2023 |
|---|---|---|---|---|
| a) | Liquidity Ratio | Liquid Assets / Total Assets | 47.49% | 48.89% |
| b) | Loans to Deposits Ratio | Total Loans / Total Deposit Liabilities | 74.40% | 62.64% |
| c) | Debt to Equity Ratio | Total Liabilities / Total Equity Attributable to Equity Holders of the Parent Company | 774.53% | 761.21% |
| d) | Asset to Equity Ratio | Total Assets / Total Equity Attributable to Equity Holders of the Parent Company | 877.33% | 864.11% |
| e) | Return on Average Equity | Net Income Attributable to Equity Holders of the Parent Company / Average Equity | 12.93% | 12.83% |
| f) | Return on Average Assets | Net Income Attributable to Equity Holders of the Parent Company / Average Assets | 1.48% | 1.46% |
| g) | Net Interest Margin on Average Earning Assets | Net Interest Income / Average Earning Assets | 3.90% | 3.93% |
| h) | Operating Efficiency Ratio | Total Operating Expenses / Net Operating Income | 52.19% | 51.46% |
| i) | Interest Coverage Ratio | Earnings Before Interest and Taxes / Interest Expense | 206.73% | 219.76% |
| j) | Net Profit Margin | Net Income / Total Gross Income | 23.34% | 23.84% |
| k) | Capital Adequacy Ratio | Total Qualifying Capital / Total Risk-Weighted Assets | 17.10% | 18.42% |
| l) | Common Equity Tier 1 Ratio | Net Tier 1 Capital / Total Risk-Weighted Assets | 16.30% | 17.59% |

# METROPOLITAN BANK & TRUST COMPANY
# SEC FORM 17 – Q
# FOR THE PERIOD ENDED SEPTEMBER 30, 2024

## ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED FINANCIAL POSITION AND RESULTS OF OPERATIONS

### Key Performance Indicators

***Financial Ratios***

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

| | For the Period Ended September 30, 2024 (Unaudited) | | | | |
|---|---|---|---|---|---|
| | **Group** | **Metrobank** | **FMIC** | **ORIX METRO** | **PSBank** |
| Earnings per share | ₱7.95 | ₱7.95 | ₱110.59* | ₱7.30 | ₱9.38 |
| Return on equity | 12.93% | 12.91% | 7.61% | 6.75% | 12.77% |
| Return on assets | 1.48% | 1.64% | 4.50% | 3.91% | 2.34% |
| Operating efficiency ratio | 52.19% | 49.71% | 75.73% | 77.18% | 60.10% |
| Non-performing loans ratio | 1.59% | 1.42% | Nil | 14.49% | 2.78% |

| | For the Period Ended September 30, 2023 (Unaudited) | | | | |
|---|---|---|---|---|---|
| | **Group** | **Metrobank** | **FMIC** | **ORIX METRO** | **PSBank** |
| Earnings per share | ₱7.07 | ₱7.07 | ₱21.81* | ₱3.04 | ₱7.89 |
| Return on equity | 12.83% | 12.80% | 2.93% | 2.97% | 11.71% |
| Return on assets | 1.46% | 1.65% | 1.46% | 1.35% | 1.80% |
| Operating efficiency ratio | 51.46% | 48.58% | 76.65% | 83.43% | 58.63% |
| Non-performing loans ratio | 1.74% | 1.49% | Nil | 15.23% | 3.37% |

** 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 shares to 16 million shares with increase in par value from ₱10 to ₱500 per share.*

<u>*Earnings Per Share*</u>
Basic earnings per share (EPS) is computed by dividing the net income by the weighted average number of common shares outstanding after giving retroactive effect to stock dividends declared, stock rights exercised and stock splits made during the period, if any. As of September 30, 2024 and 2023, the Parent Company had no shares of stock that had a dilutive effect on its basic earnings per share.

The increase in the Group's EPS from ₱7.07 to ₱7.95 was mainly due to the 12.40% increase in net income attributable to the equity holders of the Parent Company from ₱31.79 billion for the period ended September 30, 2023 to ₱35.73 billion for the same period in 2024.

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

ROE of the Group for the period ended September 30, 2024 was higher at 12.93% compared with 12.83% for the same period in 2023 due to the combined effect of the 12.40% increase in the net income attributable to equity holders of the Parent Company and increase in average equity.

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

ROA went up to 1.48% for the period ended September 30, 2024 from 1.46% for the same period in 2023 due to the combined effect of the 12.40% increase in the net income attributable to equity holders of the Parent Company and increase in average assets.

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

For the period ended September 30, 2024, the Group's operating efficiency ratio is slightly up by 73 basis points to 52.19% from 51.46% for the same period in 2023 due to the net effect of the 11.22% increase in operating expenses although operating income improved by 9.67%.

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

As of September 30, 2024 and 2023, NPL ratio of the Group was at 1.59% and 1.74%, respectively.

**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 September 30, 2024, the contractual maturity profile of assets and liabilities shows that the Bank has at its disposal about ₱1.37 trillion of cash inflows in the next twelve months from its portfolio of cash, placements with banks, debt securities and receivable from customers. This will cover 66.99% of the ₱2.04 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 84.53% 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**
These events are discussed in Annex 5 under Note 12 - Commitments and Contingent Liabilities of the General Notes to the Interim Condensed Consolidated Financial Statements.

**Material Off-Balance Sheet Transactions, Arrangements or Obligations**
The summary of contingencies and commitments at their peso-equivalent contractual amounts arising from off-balance sheet items are discussed in Annex 5 under Note 12 - Commitments and Contingent Liabilities of the General Notes to the Interim Condensed Consolidated Financial Statements. Likewise, the summary of obligations are discussed in Note 6 - LTNCD; Note 8 - Bonds Payable and Note 9 - Capital Stock.

**Material Commitments for Capital Expenditures**
For the year 2024, the Bank estimates to incur capital expenditures of about ₱3.0 to ₱5.0 billion, of which 70% is estimated to be incurred for information technology.

**<u>Material Events or Uncertainties</u>**

The registrant has nothing to report on the following for the period ended September 30, 2024:

1. Any known trends or demands, commitments, events or uncertainties that will have a material impact on liquidity or that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations, except as disclosed in Annex 5 under Note 14 - Other Matters; and Note 15 - Subsequent Events of the General Notes to the Interim Condensed Consolidated Financial Statements;

2. Any seasonal aspects that had a material effect on the financial condition or results of operations; and

3. Any significant element of income or loss that did not arise from continuing operations.

**<u>Material Changes in Financial Statements Accounts</u>**

***Financial Condition***

***<u>September 30, 2024 (Unaudited) vs. December 31, 2023 (Audited)</u>***
As of September 30, 2024, the unaudited consolidated total assets of the Metrobank Group stood at ₱3.34 trillion and grew by ₱230.16 billion or 7.41% compared with the ₱3.10 trillion audited consolidated total assets as of December 31, 2023.

Cash and Other Cash Items decreased by ₱12.86 billion or 32.61% due to the lower level of cash requirements of the Parent Company compared with that of year-end. Due from BSP decreased by ₱20.49 billion or 9.86% driven by lower level of term and overnight deposits partially offset by higher level of regular demand deposit placements maintained with BSP. Due from Other Banks decreased by ₱45.38 billion or 50.12% 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 ₱28.54 billion or 39.11% on account of lower balance of SPURA partially offset by higher balance of interbank loans.

Total investment securities which consisted of FVTPL, FVOCI and securities at amortized cost represents 38.36% and 34.85% of the Group's total assets as of September 30, 2024 and December 31, 2023, respectively, amounted to ₱1.28 trillion and ₱1.08 trillion, respectively, and went up by ₱197.14 billion or 18.22%. The increase was driven by the higher portfolio of FVTPL securities consisting of HFT securities and derivative assets amounting to ₱306.46 billion and ₱19.59 billion, respectively, as of September 30, 2024 compared with ₱52.93 billion and ₱21.92 billion, respectively, as of December 31, 2023. Portfolios of FVOCI securities and securities at amortized cost are lower by ₱50.60 billion and ₱3.46 billion, respectively, due to disposals and maturities.

Net loans and receivables, representing 50.16% and 49.51% of the Group's total assets as of September 30, 2024 and December 31, 2023, respectively, grew by ₱135.73 billion or 8.83% driven by the growths in corporate, consumer and credit card portfolios.

Investments in Associates and a Joint Venture went up by ₱0.59 billion or 9.45% due to the net income and other comprehensive income contributed by the associates of FMIC. Deferred tax assets increased by ₱1.31 billion or 9.22% from ₱14.17 billion to ₱15.48 billion due to movements on temporary tax differences. Other Assets increased by ₱2.84 billion or 19.76% from ₱14.39 billion to ₱17.23 billion primarily due to increase in prepaid insurance and placements in trust for E-money transactions.

On the liability side, the unaudited consolidated total liabilities of the Metrobank Group went up by ₱206.11 billion or 7.53% from ₱2.74 trillion as of December 31, 2023 to ₱2.94 trillion as of September 30, 2024.

Deposit liabilities represent 77.59% and 87.02% of the consolidated total liabilities as of September 30, 2024 and December 31, 2023, respectively, wherein, low cost deposits represent 62.31% and 60.41% of the Group's total deposits, respectively. The Group's deposit level, sourced by the Bank, PSBank and MBCL reached ₱2.28 trillion as of September 30, 2024, a decrease of ₱98.33 billion or 4.13% from ₱2.38 trillion as of December 31, 2023. The decrease was driven by the lower level of time deposit which decreased by ₱64.99 billion or 7.02% and the ₱17.51 billion LTNCDs (₱12.43 billion for the Parent Company and ₱5.08 billion for PSBank) as discussed in Note 6 of Annex 5.

Bills Payable and SSURA went up by ₱266.18 billion or 169.66% wherein the level of SSURA increased from ₱134.80 billion as of December 31, 2023 to ₱355.20 billion as of September 30, 2024. Derivative Liabilities which represent mark-to-market of foreign currency forwards, interest rate swaps, cross currency swaps, foreign currency options, bond futures and credit default swaps with negative fair value decreased by ₱4.21 billion or 24.95%. Income taxes payable increased by ₱1.94 billion mainly due to accrual of corporate income tax.

Accrued Interest and Other Expenses went up by ₱2.04 billion or 10.29% due to increases in accruals of other bank expenses and interests particularly on time deposits. Bonds payable increased by ₱34.41 billion or 49.09% on account of the Parent Company's new US$1.0 billion senior unsecured notes issuance reduced by the maturity of its ₱23.72 billion fixed rate bonds plus the issuance of CNY300 million bonds of MBCL as discussed in Note 8 of Annex 5. In 2024, FMIC disposed off its remaining interest on the mutual fund subsidiaries (not attributed to the Group) as discussed in Note 2 of Annex 5, which caused the zero balance in "Non-equity Non-controlling interest" account. Other liabilities increased by ₱14.22 billion or 20.07% on account of higher balances of marginal deposits, bills purchased contra account, retirement benefit liability and accounts payable.

Non-controlling interest increased by ₱0.58 billion or 5.79%. Further, equity attributable to equity holders of the Parent Company increased by ₱23.47 billion or 6.58% mainly on account of the ₱35.73 billion net income reported during the period and the ₱9.75 billion net unrealized gain recognized on FVOCI investments offset by the ₱22.49 billion total cash dividends paid by the Parent Company.

***Results of Operations***

***<u>Quarter Ended September 2024 vs. Quarter Ended September 2023 (Unaudited)</u>***

Net income attributable to equity holders of the Parent Company for the quarter ended September 30, 2024 amounted to ₱12.12 billion and improved by ₱1.24 billion or 11.35% from the ₱10.89 billion net income reported in the same quarter of the previous year. The improvement was driven by the following:

Interest income went up by ₱5.14 billion or 12.93% on account of higher interest income on loans and receivables by ₱3.67 billion and on investment securities by ₱1.87 billion offset by lower interest income on deposit with banks. Meanwhile, increase in interest expense on deposit liabilities particularly on time deposits by ₱1.32 billion and in interest expense on borrowings by ₱2.72 billion (which includes the interest on the new USD1.0 billion senior unsecured notes issued by the Parent Bank and the CNY300 million bonds issued by MBCL) accounted for the ₱4.04 billion or 30.94% increase in interest and finance charges. As a result, net interest income improved by ₱1.09 billion or by 4.10%.

Other operating income of ₱12.06 billion was higher by ₱4.04 billion or 50.39% from ₱8.02 billion in 2023 on account of the ₱5.46 billion increase in net trading, securities and foreign exchange gain, ₱0.20 billion increase in fee-based income offset by the ₱1.62 billion decrease in miscellaneous income driven by the lower income realized from the sale of ROPA.

Total operating expenses increased by ₱3.03 billion or 17.25% from ₱17.57 billion to ₱20.60 billion due to increases in manpower cost by ₱1.46 billion and miscellaneous expenses by ₱1.56 billion particularly on taxes and licenses. Total provision for credit and impairment losses of the Group was higher for the quarter ended September 30, 2024 or amounted to ₱2.49 billion compared with ₱2.29 billion provision in 2023. Provision for income tax was higher by ₱0.58 billion from ₱3.75 billion to ₱4.34 billion due to increases in corporate and final taxes.

Income attributable to non-controlling interests went up to ₱266 million from ₱180 million or by ₱86 million or 47.78% due to higher net income of majority owned subsidiaries.

Total comprehensive income stood at ₱25.29 billion for the quarter ended September 30, 2024 or increased by ₱12.75 billion from ₱12.54 billion for the quarter ended September 30, 2023 mainly due to the ₱11.74 billion increase in net unrealized gain recognized on FVOCI investments and the ₱1.32 billion increase in net income offset by the ₱0.68 billion decrease in translation adjustment. This caused the total comprehensive income attributable to equity holders of the Parent Company to increase by ₱12.62 billion from ₱12.36 billion for the quarter ended September 30, 2023 to ₱24.99 billion for the quarter ended September 30, 2024. Total comprehensive income attributable to non-controlling interest increased by ₱128 million or 72.73%.

***Period Ended September 2024 vs. Period Ended September 2023 (Unaudited)***

Net income attributable to equity holders of the Parent Company for the period ended September 30, 2024 amounted to ₱35.73 billion and improved by ₱3.94 billion or 12.40% from the ₱31.79 billion net income reported in the same period of the previous year. The improvement was driven by the following:

Interest income went up by ₱19.48 billion or 17.32% on account of higher interest income on loans and receivables by ₱12.38 billion, and investment securities by ₱7.83 billion reduced by lower interest income on deposit with banks and others by ₱0.73 billion. Meanwhile, increase in interest expense on deposit liabilities particularly on time deposits by ₱6.89 billion and in interest expense on borrowings by ₱4.10 billion (which includes the interest on the new USD denominated senior unsecured notes issued by the Parent Bank and the bonds issued by MBCL) accounted for the increase of ₱10.99 billion or 31.23% in interest and finance charges. As a result, net interest income improved by ₱8.49 billion or by 10.99%.

Other operating income of ₱24.09 billion increased by ₱1.14 billion or 4.95% from ₱22.96 billion in 2023 on account of the ₱2.03 billion increase in net trading, securities and foreign exchange gain and the ₱0.33 billion increase in fee-based income offset by the ₱1.22 billion decrease in miscellaneous income driven by the lower income realized from the sale of ROPA.

Total operating expenses increased by ₱5.75 billion or 11.22% from ₱51.24 billion to ₱56.99 billion due to increases in manpower cost by ₱2.66 billion, occupancy and equipment-related expenses by ₱0.17 billion and miscellaneous expenses by ₱2.92 billion particularly on taxes and licenses, information technology and advertising. Total provision for credit and impairment losses of the Group amounted to ₱3.52 billion for the period ended September 30, 2024 or ₱3.27 billion lower compared with ₱6.80 billion provision in 2023. Provision for income tax was higher by ₱3.01 billion from ₱9.88 billion to ₱12.89 billion due to net movements in corporate, final and deferred income taxes.

Income attributable to non-controlling interests went up to ₱681 million from ₱488 million or by ₱193 million or 39.55% due to higher net income of majority owned subsidiaries.

Total comprehensive income went up by ₱8.96 billion from ₱37.63 billion for the period ended September 30, 2023 to ₱46.60 billion for the same period in 2024 due to the ₱4.14 billion increase in net income, ₱3.69 billion increase in net unrealized gain recognized on FVOCI investments and ₱1.13 billion increase in translation adjustment. This caused the total comprehensive income attributable to equity holders of the Parent Company to increase by ₱8.71 billion from ₱37.18 billion for the period ended September 30, 2023 to ₱45.89 billion for the period ended September 30, 2024. Total comprehensive income attributable to non-controlling interest increased by ₱256 million or 57.02%.

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

**AGING OF ACCOUNTS RECEIVABLE**
**(IN MILLIONS)**
**AS OF SEPTEMBER 30, 2024**

| NO. OF DAYS OUTSTANDING | | AMOUNT |
|---|---|---|
| 1-90 | ₱ | 11,920 |
| 91-180 | | 101 |
| 181-360 | | 136 |
| OVER 360 | | 3,938 |
| GRAND TOTAL | ₱ | 16,095 |