

April 30, 2024

Mr. Norberto T. Moreno, Jr.
OIC, Disclosure Department
The Philippine Stock Exchange, Inc.
6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Dear Mr. Moreno:

We hereby submit a copy of our SEC Form 17-Q for the period ended March 31, 2024.

Very truly yours,



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

[illegible]

(Company's Full Name)

[illegible]

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

Renato K. De Borja, Jr.

(Contact Person)

██████████

(Company Telephone Number)

1	2
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3	1
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Month *Day*
(Fiscal Year)

1	7	-	Q	
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(Form Type)

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Month *Day*
(Annual Meeting)

NONE

(Secondary License Type, If Applicable)

Markets and Securities
Regulation Department

Dept. Requiring this Doc.

Amended Articles Number/Section

As of 03.31.2024
2,947

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

STAMPS

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Remarks: Please use BLACK ink for scanning purposes.

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)

March 31, 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 : **March 31, 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

<u>Title of Each Class</u>	<u>No. of Shares of Common Stock Outstanding</u>	<u>Amount of Debt Outstanding (Unpaid Subscriptions)</u>
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 (Loss)	-	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 March 31, 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)*	1,274,141,915	28.33%
PCD Nominee Corporation (Non-Filipino)*	923,114,564	20.53%

* 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 March 31, 2024, public ownership on the Bank was at 48.02%. Out of the total shares issued, 20.56% represents foreign ownership.

II. Pending Legal Proceedings

As of March 31, 2024, several suits and claims relating to the Group's lending operations and labor-related cases remain unsettled. In the opinion of management, these suits and claims, if decided adversely, will not involve sums having a material effect on the Group's financial statements.

III. Board Resolutions

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

SIGNATURES

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

METROPOLITAN BANK & TRUST COMPANY

By:



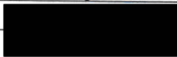
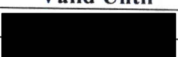
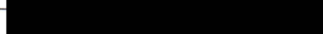
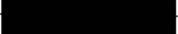
RENATO K. DE BORJA, JR.
Senior Vice President/Controller
and Deputy Head of Financial and Control
Sector



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

April 30, 2024

SUBSCRIBED AND SWORN to before me this **APR 30 2024**, affiants exhibiting to me their respective Passport with the following details:

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

Doc. No. 83 ;
Page No. 18 ;
Book No. IV ;
Series of 2024



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



METROPOLITAN BANK & TRUST COMPANY
AND SUBSIDIARIES

Interim Condensed Consolidated Financial Statements

As of March 31, 2024 (Unaudited) and December 31, 2023 (Audited)
and for the quarters ended March 31, 2024 and 2023 (Unaudited)

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

	(Unaudited)	(Audited)
	March 31,	December 31,
	2024	2023
ASSETS		
Cash and Other Cash Items	₱ 26,115	₱ 39,431
Due from Bangko Sentral ng Pilipinas (BSP)	194,135	207,807
Due from Other Banks	78,357	90,535
Interbank Loans Receivable and Securities Purchased		
Under Resale Agreements (SPURA) (Note 11)	35,358	72,979
Investment Securities at		
Fair Value Through Profit or Loss (FVTPL)	208,931	74,856
Fair Value Through Other Comprehensive Income (FVOCI)	531,054	536,623
Amortized Cost	470,630	470,638
Loans and Receivables	1,563,536	1,537,166
Property and Equipment	27,158	27,243
Investments in Associates and a Joint Venture	6,349	6,241
Goodwill	4,720	4,720
Investment Properties	8,054	8,107
Deferred Tax Assets	14,211	14,171
Other Assets	17,605	14,385
	₱ 3,186,213	₱ 3,104,902
LIABILITIES AND EQUITY		
LIABILITIES		
Deposit Liabilities		
Demand	₱ 560,025	₱ 586,345
Savings	831,719	853,028
Time	970,659	925,885
Long-Term Negotiable Certificates (Note 6)	12,430	17,514
	2,374,833	2,382,772
Bills Payable and Securities Sold Under Repurchase		
Agreements (SSURA) (Note 7)	193,308	156,896
Derivative Liabilities	13,556	16,865
Manager's Checks and Demand Drafts Outstanding	8,068	7,048
Income Taxes Payable	5,502	3,601
Accrued Interest and Other Expenses	19,334	19,785
Bonds Payable (Note 8)	125,984	70,089
Non-equity Non-controlling Interest	10,177	10,260
Other Liabilities	79,527	70,848
	2,830,289	2,738,164
EQUITY		
Equity Attributable to Equity Holders of the Parent Company	345,694	356,665
Non-controlling Interest	10,230	10,073
	355,924	366,738
	₱ 3,186,213	₱ 3,104,902

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

(Unaudited)				
Quarters Ended March 31				
	2024		2023	
INTEREST INCOME ON				
Loans and receivables	P 28,340	P		23,588
Trading and investment securities	13,107			10,207
Deposits with banks and others	1,329			1,300
	42,776			35,095
INTEREST AND FINANCE CHARGES				
Deposit liabilities	11,837			7,920
Bills payable and SSURA, bonds payable, subordinated debts and others	2,244			2,306
	14,081			10,226
NET INTEREST INCOME	28,695			24,869
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	562			2,392
NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	28,133			22,477
OTHER INCOME				
Service charges, fees and commissions	3,881			4,087
Trading, securities and foreign exchange gains - net	683			2,117
Miscellaneous	2,019			1,922
	6,583			8,126
OTHER EXPENSES				
Compensation and fringe benefits	7,425			6,737
Occupancy and equipment-related cost	586			493
Miscellaneous	9,989			9,665
	18,000			16,895
INCOME BEFORE INCOME TAX	16,716			13,708
PROVISION FOR INCOME TAX	4,521			3,093
NET INCOME	P 12,195	P		10,615
Attributable to :				
Equity holders of the Parent Company	P 11,997	P		10,482
Non-controlling interest	198			133
	P 12,195	P		10,615
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 13 of Annex 5)	P 2.67	P		2.33

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

	Quarters Ended March 31	
	2024	2023
NET INCOME	₱ 12,195	₱ 10,615
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX		
Items that may not be reclassified to profit or loss:		
Change in net unrealized gain on equity securities at FVOCI	303	106
Change in remeasurement loss on retirement plan	(7)	(22)
	296	84
Items that may be reclassified to profit or loss:		
Change in net unrealized gain (loss) on investment in debt securities at FVOCI	(694)	4,789
Change in equity in other comprehensive gain (loss) of investees	(103)	234
Translation adjustment and others	13	(622)
	(784)	4,401
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	₱ 11,707	₱ 15,100
Attributable to:		
Equity holders of the Parent Company	₱ 11,513	14,967
Non-controlling interest	194	133
	₱ 11,707	15,100

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

As of March 31, 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	-	-	11,997	-	-	(389)	(102)	(4)	11	11,513	194	11,707
Transfer to surplus reserves	-	-	(26)	26	-	-	-	-	-	-	-	-
Cash dividends	-	-	(22,487)	-	-	-	-	-	-	(22,487)	(37)	(22,524)
Realized loss on Sale of FVOCI	-	-	(97)	-	-	97	-	-	-	-	-	-
Disposal of Parent Company shares held by mutual fund subsidiary	-	-	-	-	3	-	-	-	-	3	-	3
Balance, March 31, 2024	₱89,948	₱85,252	₱194,283	₱2,778	(₱67)	(₱10,357)	₱14	(₱7,495)	(₱8,662)	₱345,694	₱10,230	₱355,924
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	-	-	10,482	-	-	4,891	232	(16)	(622)	14,967	133	15,100
Transfer to surplus reserves	-	-	(32)	32	-	-	-	-	-	-	-	-
Cash dividends	-	-	(13,492)	-	-	-	-	-	-	(13,492)	(37)	(13,529)
Acquisition of Parent Company shares held by a mutual fund subsidiary	-	-	-	-	(1)	-	-	-	-	(1)	-	(1)
Disposal of Parent Company shares held by mutual fund subsidiary	-	-	-	-	4	-	-	-	-	4	-	4
Balance, March 31, 2023	₱89,948	₱85,252	₱173,332	₱2,645	(₱69)	(₱18,185)	₱87	(₱4,420)	(₱8,604)	₱319,986	₱9,678	₱329,664

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

	(Unaudited)	
	Quarters Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	P 16,716	P 13,708
Adjustments for :		
Provision for credit and impairment losses	562	2,392
Trading and securities gain on investment securities	(102)	(62)
Depreciation and amortization	1,428	1,404
Share in net income of associates and a joint venture	(220)	(221)
Profit from assets sold	(259)	(133)
Unrealized market valuation (gain)/loss on financial assets and liabilities at FVTPL	(961)	463
Gain on initial recognition of investment properties and chattel properties acquired in foreclosure	(275)	(190)
Amortization of software cost	285	272
Amortization of discount on subordinated debt, bonds payable and lease liabilities	156	139
Dividends	(98)	(133)
Changes in operating assets and liabilities:		
Decrease (increase) in :		
Investment securities at FVTPL	(136,423)	(6,239)
Loans and receivables	(27,194)	33,288
Other assets	(3,409)	(5,902)
Increase (decrease) in:		
Deposit liabilities	(7,939)	42,222
Bills payable-deposit substitutes	(7)	(877)
Manager's checks and demand drafts outstanding	1,020	140
Accrued interest and other expenses	(451)	448
Non-equity non-controlling interest	(83)	(550)
Other liabilities	2,666	(1,072)
Net cash provided by (used in) operations	(154,588)	79,097
Dividends received	341	133
Income taxes paid	(2,861)	(2,053)
Net cash provided by (used in) operating activities	(157,108)	77,177
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Investment securities at FVOCI	(295,504)	(151,212)
Investments securities at amortized cost	(1,011)	(136,329)
Property and equipment	(803)	(995)
Proceeds from sale of:		
Investment securities at FVOCI	300,705	192,894
Property and equipment	129	109
Investment properties	356	312
Decrease (increase) in interbank loans receivable and SPURA	2,752	(2,361)
Proceeds from maturity of investment securities at amortized cost	1,355	312
Net cash provided by (used in) investing activities	7,979	(97,270)
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlements of bills payable	(795,066)	(1,024,531)
Availments of bills payable and SSURA	831,485	1,021,125
Proceeds from issuance of bonds payable	55,024	-
Maturity of bonds payable	-	(4,650)
Cash dividends paid	(15,778)	(9,931)
Payment of principal portion of lease liabilities	(538)	(567)
Proceeds from disposal of Parent Company shares by mutual fund subsidiaries	3	4
Acquisition of Parent Company shares by a mutual fund subsidiary	-	(1)
Net cash provided by (used in) financing activities	75,130	(18,551)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(73,999)	(38,644)
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	26,115	27,041
Due from BSP	194,135	248,572
Due from other banks	78,404	61,264
Interbank loans receivable and SPURA (Note 11)	28,853	59,089
	P 327,507	P 395,966

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 March 31, 2024, the Group has 957 branches, 1,298 Automated Teller Machines (ATMs) in the branches (on-site) and 1,027 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 change 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 March 31, 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
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:			
Philbancor Venture Capital Corporation *	60.00	Philippines	PHP

* In process of dissolution.

** In process of liquidation

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full at consolidation. 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 March 31, 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 March 31, 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.

Market Risk

Market risk is the possibility of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, and other market factors. Market risk originates from holdings in foreign currencies, debt securities and derivatives transactions.

Depending on the business model for the product, that is, whether they belong to the trading book or banking book, the Group applies different tools and processes to manage market risk exposures. Risk limits, approved by the BOD, are enforced to monitor and control this risk. RSK, as an independent body under the ROC, performs daily market risk analyses to ensure compliance to policies and limits, while Treasury Group manages the asset/liability risks arising from both banking book and trading operations in financial markets. The ALCO, chaired by the President, manages market risks within the parameters approved by the BOD.

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

Market risk - trading book

In measuring the potential loss in its trading portfolio, the Parent Company uses Value-at-Risk (VaR). VaR is an estimate of the potential decline in the value of a portfolio, under normal market conditions, for a given “confidence level” over a specified holding period. The Parent Company measures and monitors the Trading Book VaR daily and this value is compared against the set VaR limit. Meanwhile, the Group VaR is monitored and reported monthly.

VaR methodology assumptions and parameters

Historical Simulation (HS) is used to compute the VaR. This method assumes that market rates volatility in the future will follow the same movement that occurred within the 260-day historical period. In calculating VaR, a 99.00% confidence level and a one-day holding period are assumed. This means that, statistically, within a one-day horizon, the trading losses will exceed VaR in 1 out of 100 trading days.

Like any other model, the HS method has its own limitations. To wit, it cannot predict volatility levels which did not happen in the specified historical period. The validity of the VaR model is verified through a daily backtesting analysis, which examines how frequently both actual and hypothetical daily losses exceed VaR. The result of the daily backtesting analysis is reported to the ALCO and ROC monthly.

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/tools.

The Group assesses interest rate risk in the banking book using measurement tools such as Interest Rate Repricing Gap, Earnings-at-Risk (EaR), Delta Economic Value of Equity (D.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. Δ EVE is calculated by slotting the notional repricing cash flows arising from rate-sensitive assets and liabilities into pre-defined tenor buckets. The present value of the net repricing cash flows is then calculated using various interest rate scenarios prescribed by Basel, as well as scenarios internally developed by the Parent Company.

Aside from the 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:

	March 31, 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	₱71,542	₱71,542	₱-	₱-	₱71,542
Treasury notes and bonds	61,513	61,513	-	-	61,513
BSP	42,222	42,222	-	-	42,222
Private	5,719	5,719	-	-	5,719
Treasury bills	1,567	1,567	-	-	1,567
	182,563	182,563	-	-	182,563
Equity securities	7,128	7,128	-	-	7,128
Derivative assets					
Cross currency swaps	8,938	-	8,938	-	8,938
Currency forwards	7,134	-	7,134	-	7,134
Interest rate swaps	3,013	-	3,013	-	3,013
Bond futures	86	-	86	-	86
Call option	38	-	38	-	38
Put option	31	-	31	-	31
	19,240	-	19,240	-	19,240
	208,931	189,691	19,240	-	208,931
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	359,101	350,975	8,126	-	359,101
Government	68,090	68,090	-	-	68,090
BSP	64,235	64,235	-	-	64,235
Private	37,079	37,023	56	-	37,079
Treasury bills	580	580	-	-	580
	529,085	520,903	8,182	-	529,085
Equity securities	1,969	1,687	282	-	1,969
	531,054	522,590	8,464	-	531,054
	₱739,985	₱712,281	₱27,704	₱-	₱739,985
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	₱417,380	₱409,694	₱7,026	₱-	₱416,720
Government	49,735	46,602	289	-	46,891
Private	2,965	2,931	-	-	2,931
Treasury bills	550	551	-	-	551
	470,630	459,778	7,315	-	467,093

March 31, 2024 (Unaudited)					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Loans and receivable – net					
Receivables from customers					
Commercial loans	1,157,224	-	-	1,142,032	1,142,032
Credit card	128,441	-	-	128,441	128,441
Auto loans	94,779	-	-	102,168	102,168
Residential mortgage loans	91,219	-	-	113,246	113,246
Trade	49,788	-	-	49,788	49,788
Others	9,769	-	-	10,460	10,460
	1,531,220	-	-	1,546,135	1,546,135
Unquoted debt securities	512	-	-	527	527
Sales contract receivable	27	-	-	28	28
	1,531,759	-	-	1,546,690	1,546,690
Other assets	969	586	-	464	1,050
	₱2,003,358	₱460,364	₱7,315	₱1,547,154	₱2,014,833

Liabilities Measured at Fair Value

Financial Liabilities

Financial Liabilities at FVTPL

Derivative liabilities					
Cross currency swaps	₱6,491	-	₱6,491	-	₱6,491
Currency forwards	6,094	-	6,094	-	6,094
Interest rate swaps	840	-	840	-	840
Credit default swaps	54	-	54	-	54
Call option	47	-	47	-	47
Bond futures	20	-	20	-	20
Put option	10	-	10	-	10
Non-equity non-controlling interest	10,177	-	10,177	-	10,177
	₱23,733	₱-	₱23,733	₱-	₱23,733

Liabilities for which Fair Values are Disclosed

Financial Liabilities

Deposit liabilities

Time	₱970,659	₱-	₱-	₱973,513	₱973,513
LTNCD	12,430	8,679	3,733	-	12,412
	983,089	8,679	3,733	973,513	985,925
Bills payable and SSURA	193,308	-	-	193,398	193,398
Bonds payable	125,984	124,476	-	-	124,476
Other liabilities					
Deposits on lease contracts	744	-	-	692	692
	₱1,303,125	₱133,155	₱3,733	₱1,167,603	₱1,304,491

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

December 31, 2023 (Audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Derivative assets					
Currency forwards	10,116	-	10,116	-	10,116
Cross currency swaps	8,082	-	8,082	-	8,082
Interest rate swaps	3,638	-	3,638	-	3,638
Bond futures	40	-	40	-	40
Put option	34	-	34	-	34
Call option	12	-	12	-	12
	21,922	-	21,922	-	21,922
	74,856	52,934	21,922	-	74,856
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	366,864	365,054	1,810	-	366,864
Government	71,444	70,893	551	-	71,444
BSP	50,889	50,889	-	-	50,889
Private	45,151	45,096	55	-	45,151
Treasury bills	355	355	-	-	355
	534,703	532,287	2,416	-	534,703
Equity securities	1,920	1,694	226	-	1,920
	536,623	533,981	2,642	-	536,623
	₱611,479	₱586,915	₱24,564	₱-	₱611,479
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	₱417,868	₱413,330	₱7,802	₱-	₱421,132
Government	49,419	47,719	287	-	48,006
Private	3,063	3,013	-	-	3,013
Treasury bills	288	291	-	-	291
	470,638	464,353	8,089	-	472,442
Loans and 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

December 31, 2023 (Audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Currency forwards	₱9,629	₱-	₱9,629	₱-	₱9,629
Cross currency swaps	5,900	-	5,900	-	5,900
Interest rate swaps	1,086	-	1,086	-	1,086
Bond futures	143	-	143	-	143
Credit default swaps	53	-	53	-	53
Put option	36	-	36	-	36
Call option	18	-	18	-	18
Non-equity non-controlling interest	10,260	-	10,260	-	10,260
	₱27,125	₱-	₱27,125	₱-	₱27,125
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱925,885	₱-	₱-	₱929,288	₱929,288
LTNCD	17,514	8,657	3,723	5,112	17,492
	943,399	8,657	3,723	934,400	946,780
Bills payable and SSURA	156,896	-	-	157,139	157,139
Subordinated debts	-	-	-	-	-
Bonds payable	70,089	68,352	-	-	68,352
Other liabilities					
Deposits on lease contracts	783	-	-	734	734
	₱1,171,167	₱77,009	₱3,723	₱1,092,273	₱1,173,005

As of March 31, 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 March 31, 2024 and 2023.

	Consumer Banking	Corporate Banking	Investment Banking	Treasury	Branch Banking	Others	Total
Period Ended March 31, 2024							
(Unaudited)							
Results of Operations							
Net interest income (expense)							
Third party	P6,277	P16,533	P-	P5,863	(P597)	P619	P28,695
Intersegment	(1,638)	(12,961)	-	(251)	14,850	-	-
Net interest income after intersegment transaction	4,639	3,572	-	5,612	14,253	619	28,695
Non-interest income	2,304	323	19	156	1,632	1,929	6,363
Revenue - net of interest expense	6,943	3,895	19	5,768	15,885	2,548	35,058
Non-interest expense	3,448	1,537	1	1,424	6,098	6,054	18,562
Income (loss) before share in net income of associates and a joint venture	3,495	2,358	18	4,344	9,787	(3,506)	16,496
Share in net income of associates and a joint venture	-	22	-	-	-	198	220
Provision for income tax	(12)	(236)	-	(2,610)	(53)	(1,610)	(4,521)
Non-controlling interest in net income of consolidated subsidiaries	-	-	-	-	-	(198)	(198)
Net income (loss)	P3,483	P2,144	P18	P1,734	P9,734	(P5,116)	P11,997
Statement of Financial Position							
Total assets	P241,540	P1,187,190	P-	P1,318,850	P172,561	P266,072	P3,186,213
Total liabilities	P139,709	P913,135	P-	P1,262,653	P266,342	P248,450	P2,830,289
Other Segment Information							
Capital expenditures	P63	P18	P-	P30	P14	P793	P918
Depreciation and amortization	P122	P83	P-	P17	P582	P909	P1,713
Provision for credit and impairment losses	P761	(P367)	P-	(P1)	P169	P-	P562

Period Ended March 31, 2023

(Unaudited)

Results of Operations

Net interest income (expense)							
Third party	P5,204	P13,790	P-	P5,288	P18	P569	P24,869
Intersegment	(1,289)	(10,288)	-	3,120	8,457	-	-
Net interest income after intersegment transaction	3,915	3,502	-	8,408	8,475	569	24,869
Non-interest income	2,280	373	2	1,797	1,676	1,777	7,905
Revenue - net of interest expense	6,195	3,875	2	10,205	10,151	2,346	32,774
Non-interest expense	2,718	1,565	-	1,449	6,444	7,111	19,287
Income (loss) before share in net income of associates and a joint venture	3,477	2,310	2	8,756	3,707	(4,765)	13,487
Share in net income of associates and a joint venture	-	48	-	-	-	173	221
Provision for income tax	50	(163)	-	(1,961)	52	(1,071)	(3,093)
Non-controlling interest in net income of consolidated subsidiaries	-	-	-	-	-	(133)	(133)
Net income (loss)	P3,527	P2,195	P2	P6,795	P3,759	(P5,796)	P10,482

	Consumer Banking	Corporate Banking	Investment Banking	Treasury	Branch Banking	Others	Total
Statement of Financial Position							
Total assets	₱193,657	₱1,059,623	₱-	₱1,163,141	₱175,207	₱287,563	₱2,879,191
Total liabilities	₱109,279	₱1,006,274	₱-	₱1,099,649	₱267,596	₱66,729	₱2,549,527
Other Segment Information							
Capital expenditures	₱54	₱7	₱-	₱83	₱14	₱1,005	₱1,163
Depreciation and amortization	₱88	₱82	₱-	₱15	₱547	₱944	₱1,676
Provision for credit and impairment losses	₱785	₱901	₱-	(₱5)	₱562	₱149	₱2,392

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 March 31, 2024 and December 31, 2023, the total outstanding LTNCDs of the Group amounted to ₱12.43 billion and ₱17.51 billion, respectively. Significant terms of these LTNCDs have been disclosed in the 2023 audited financial statements.

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):

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Transferred Securities	SSURA	Transferred Securities	SSURA
Investment securities at FVTPL	₱56,231	₱55,681	₱-	₱-
Investment securities at FVOCI				
Government	92,635	81,428	115,803	101,291
Private	4,399	4,399	2,294	2,294
Investment securities at Amortized cost	32,210	29,761	35,925	31,215
	₱185,475	₱171,269	₱154,022	₱134,800

8. Bonds Payable

This account consists of the following:

				Carrying value	
				March 31, 2024	December 31, 2023
Issue Date	Maturity Date	Interest Rate	Face Value	(Unaudited)	(Audited)
Parent Company					
Fixed Rate Bonds:					
October 28, 2022	April 28, 2024	5.00%	₱23,717	₱23,708	₱23,676
June 4, 2021	September 4, 2026	3.60%	19,000	18,932	18,924

Issue Date	Maturity Date	Interest Rate	Face Value	Carrying value	
				March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
USD Senior Unsecured Note:					
July 15, 2020	January 15, 2026	2.125%	US\$500	27,946	27,489
March 6, 2024	March 6, 2029	5.375%	500	27,797	-
March 6, 2024	March 6, 2034	5.500%	500	27,601	-
				₱125,984	₱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.

9. Capital Stock

As of March 31, 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 March 31, 2024 and December 31, 2023, treasury shares totaling 1,243,223 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	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 Record and Payment dates of the second tranche of the regular cash dividend of ₱1.50 per share (2nd half of the ₱3.00 per share) will be determined during the Board's Regular meeting on August 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 March 31, 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 8.64% 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 March 31, 2024, December 31, 2023 and March 31, 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		
March 31, 2024 (Unaudited)		
Entity with Significant Influence Over the Group		
<u>Outstanding Balance:</u>		
Deposit liabilities*	₱1,828	With annual fixed interest rates ranging from 0.05% to 5.00% including time deposits with maturity terms of 13 to 33 days
<u>Volume:</u>		
Deposit liabilities	(703)	Generally similar to terms and conditions above
Subsidiaries		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱2,464	Secured – ₱2.5 billion, unsecured – ₱1.2 million, with ECL of ₱9.6 million; with annual fixed interest rates from 5.90% to 6.45% and maturity terms from 2 to 311 days
Accounts receivable	283	Non-interest bearing receivables on ATM, remittance and rental fees
Other receivables	16	Non-interest bearing receivables on rental fees
Deposit liabilities*	5,886	With annual fixed interest rates ranging from 0.05% to 5.50% including time deposits with maturity terms ranging from 5 to 90 days
Treasury stock	67	Parent Company's shares held by FMIC's mutual fund subsidiary

Category	Amount	Terms and Conditions/Nature
Volume:		
Interbank loans receivable	(8,641)	Generally similar to terms and conditions above
Receivables from customers	745	Generally similar to terms and conditions above
Accounts receivable	113	Generally similar to terms and conditions above
Deposit liabilities	47	Generally similar to terms and conditions above
Securities transactions		
Purchases	8,967	Outright purchases of investment securities at FVTPL and FVOCI
Sales	12,891	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	1,180	Outright purchases of foreign currency
Sell	2,240	Outright sale of foreign currency
Associates		
Outstanding Balance:		
Receivable from customers*	₱2,037	Unsecured, with ECL of ₱9.4 million; with annual fixed interest rates ranging from 6.30 % to 6.55% and maturity terms from 183 to 730 days
Deposit liabilities*	2,185	With annual fixed interest rates ranging from 0.13% to 5.13% including time deposits with maturity terms from 32 to 357 days
Volume:		
Receivable from customers	6	Generally similar to terms and conditions above
Deposit liabilities	(1,061)	Generally similar to terms and conditions above
Securities transactions		
Outright purchases	101	Outright purchases of FVTPL securities and FVOCI investments
Outright sales	1,885	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	262	Outright purchases of foreign currency
Sell	353	Outright sale of foreign currency
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	₱32,091	Secured – ₱6.7 billion, unsecured – ₱25.4 billion, with ECL of ₱186.7 million, with annual fixed interest rates ranging from 3.20% to 7.37% and maturity terms from 6 days to 5 years
Assets held under joint operations	172	Parcels of land and former branch sites of the Parent Company contributed to joint operations
Deposit liabilities*	16,610	With annual fixed rates ranging from 0.25% to 5.60% including time deposits with maturity terms from 1 to 360 days
Volume:		
Receivables from customers	(5,807)	Generally similar to terms and conditions above
Deposit liabilities	(910)	Generally similar to terms and conditions above
Securities transactions		
Outright purchases	50	Outright purchases of FVTPL securities
Outright sales	523	Outright sale of investment securities at FVTPL
Foreign currency		
Buy	168	Outright purchases of foreign currency
Sell	36,210	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	₱138	Secured – ₱109.7 million, unsecured – ₱28.2 million, no impairment. With annual fixed interest rate ranging from 0.00% to 9.00% and maturity terms from 1 to 16 years
Deposit liabilities	534	With various terms and with minimum annual interest rate of 0.05%
Volume:		
Deposit liabilities	(64)	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

Category	Amount	Terms and Conditions/Nature
Subsidiaries		
<u>Outstanding Balance:</u>		
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
<u>Volume:</u>		
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
Associates		
<u>Outstanding Balance:</u>		
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
<u>Volume:</u>		
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		
<u>Outstanding Balance:</u>		
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
<u>Volume:</u>		
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

Category	Amount	Terms and Conditions/Nature
Key Personnel		
<u>Outstanding Balance:</u>		
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%
<u>Volume:</u>		
Deposit liabilities	65	Generally similar to terms and conditions above

Transactions Affecting Statements of Income

March 31, 2024 (Unaudited) - Amount

Entity with Significant Influence Over the Group

Interest expense	₱14	On deposit liabilities
Subsidiaries		
Interest income	₱30	On receivables from customers and interbank loans receivables
Service charges, fees and commissions	5	Income on transactional fees
Trading and securities loss - net	(10)	Net loss from securities transactions
Foreign exchange loss – net	(3)	Net loss from foreign exchange transactions
Leasing income	3	From leasing agreements with various lease terms
Miscellaneous income	45	Information technology and other fees
Interest expense	28	On deposit liabilities and bills payable
Associates		
Interest income	₱32	On receivables from customers
Foreign exchange gain - net	1	Net gain from foreign exchange transactions
Interest expense	1	Interest expense on deposit liabilities
Other Related Parties		
Interest income	₱548	On receivables from customers
Foreign exchange loss - net	(44)	Net loss from foreign exchange transactions
Interest expense	60	On deposit liabilities
Lease payments	61	Rental payments with various lease terms
Key Personnel		
Interest income	₱1	On receivables from customers

March 31, 2023 (Unaudited) - Amount

Entity with Significant Influence Over the Group

Interest expense	₱4	On deposit liabilities
Subsidiaries		
Interest income	₱97	On receivables from customers and interbank loans receivables
Service charges, fees and commissions	5	Income on transactional fees
Trading and securities gain - net	234	Net gain from securities transactions
Foreign exchange loss - net	(2)	Net loss from foreign exchange transactions
Leasing income	8	From leasing agreements with various lease terms
Miscellaneous income	83	Information technology and other fees
Interest expense	29	On deposit liabilities and bills payable
Associates		
Interest income	₱12	On receivables from customers
Leasing income	5	From leasing agreements with various lease terms
Other Related Parties		
Interest income	₱503	On receivables from customers
Foreign exchange gain - net	155	Net gain from foreign exchange transactions
Interest expense	25	On deposit liabilities
Key Personnel		
Interest income	₱2	On receivables from customers

* including accrued interest

Receivables from customers and deposit liabilities and their related statement of financial position and statement of income accounts resulted from the lending and deposit-taking activities of the Group. Together with the sale of investment properties; borrowings; contingent accounts including derivative transactions; outright purchases and sales of securities 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 March 31, 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 March 31, 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.

Transactions with retirement plans

Under PFRS, certain post-employment benefit plans are considered as related parties. The Parent Company has business relationships with a number of related party retirement plans pursuant to which it provides trust and management services to these plans. Certain trustees of the plans are either officers or directors of the Parent Company and/or the subsidiaries. Income earned by the Parent Company from such services amounted to ₱33.9 million and ₱32.4 million for the period ended March 31, 2024 and 2023, respectively. As of March 31, 2024 and 2023, the Parent Company sold securities totaling ₱1.3 billion and ₱2.7 billion, respectively, to its related party retirement plans and recognized minimal trading loss in 2024 and ₱444.0 thousand trading loss in 2023 and has also purchased securities totaling ₱337.7 million and ₱1.7 billion as of March 31, 2024 and 2023, respectively. Further, as of March 31, 2024 and December 31, 2023, the total outstanding deposit liabilities of the Group to these related party retirement funds amounted to ₱70.9 million and ₱120.2 million, respectively. Interest expense on deposit liabilities amounted to ₱0.1 million and ₱18.3 million in March 31, 2024 and 2023, respectively.

As of March 31, 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 ₱151.8 million and ₱138.7 million, respectively, with unrealized trading losses of ₱9.8 million and ₱31.7 million, respectively; (b) mutual funds and trust funds of various companies within the Group amounting to ₱818.0 million and ₱1.4 billion, respectively, with unrealized trading gains of ₱23.1 million and ₱108.7 million, respectively; and (c) corporate bonds of the Parent Company amounting to ₱49.8 million and ₱49.4 million, respectively, with unrealized trading gains of ₱1.0 million and ₱0.2 million, respectively. Further, for the period ended March 31, 2024 and 2023, disposals of various investments in equity shares, mutual and trust funds realized net trading gain amounting to ₱5.3 million and net trading loss amounting to ₱1.2 million, respectively. The related party retirement plans also recognized dividend income of ₱1.6 million for the period March 31, 2024.

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:

	March 31	
	2024	2023
Interbank loans receivables and SPURA	₱35,420	₱69,425
Interbank loans receivables and SPURA not considered as cash and cash equivalents	(6,567)	(10,336)
	₱28,853	₱59,089

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:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trust Banking Group accounts	₱503,484	₱497,607
Credit card lines	289,667	276,839
Unused commercial letters of credit	53,417	50,476
Undrawn commitments - facilities to lend	39,644	53,729
Bank guaranty with indemnity agreement	11,971	11,732
Outstanding guarantees	6,481	6,637
Inward bills for collection	3,720	1,662
Credit line certificate with bank commission	2,913	3,963
Late deposits/payments received	1,524	944
Outstanding shipside bonds/airway bills	1,520	1,436
Outward bills for collection	1,155	639
Confirmed export letters of credits	26	44
Others	31,971	32,729
	₱947,493	₱938,437

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

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 March 31		For the Year Ended
	2024	2023	December 31, 2023
	(Unaudited)		(Audited)
a. Net income attributable to equity holders of the Parent Company	₱11,997	₱10,482	₱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)	₱2.67	₱2.33	₱9.39

As of March 31, 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 March 31		For the Year Ended
	2024	2023	December 31, 2023
	(Unaudited)		(Audited)
Return on average equity	13.67%	13.13%	12.51%
Return on average assets	1.53%	1.47%	1.42%
Net interest margin on average earning assets	4.00%	3.86%	3.90%

14. Other Matters

The Group has no significant matters to report on the following during the period ended March 31, 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 cyclicity of interim operations;
- c. Issuances, repurchases and repayments of debt and equity securities except for the issuance of the USD1.0 billion senior unsecured notes of the Parent Company as discussed in Note 8;
- d. Unusual items as to nature, size or incidents affecting assets, liabilities, equity, net income or cash flows except for the payments of cash dividends by the Parent Company as discussed in Note 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.

15. Subsequent Event

- a. The ₱8.68 billion LTNCD issued by the Parent Company on October 4, 2018 which bear an interest rate of 5.375% per annum matured on April 4, 2024.
- b. The ₱23.72 billion fixed rate peso bonds issued by the Parent Company on October 28, 2022 which bear an interest rate of 5.00% per annum matured on April 28, 2024.
- c. On April 25, 2024, the BOD of PSBank declared a 7.50% regular cash dividend for the first quarter of 2024 amounting to ₱320.14 million or ₱0.75 per share payable on May 27, 2024 to all stockholders of record as of May 13, 2024.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
FINANCIAL INDICATORS
AS OF AND FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023

RATIO	FORMULA	2024	2023
a) Liquidity Ratio	Liquid Assets	48.51%	49.36%
	Total Assets		
b) Loans to Deposits Ratio	Total Loans	67.07%	62.78%
	Total Deposit Liabilities		
c) Debt to Equity Ratio	Total Liabilities	818.73%	796.76%
	Total Equity Attributable to Equity Holders of the Parent Company		
d) Asset to Equity Ratio	Total Assets	921.69%	899.79%
	Total Equity Attributable to Equity Holders of the Parent Company		
e) Return on Average Equity	Net Income Attributable to Equity Holders of the Parent Company	13.67%	13.13%
	Average Equity		
f) Return on Average Assets	Net Income Attributable to Equity Holders of the Parent Company	1.53%	1.47%
	Average Assets		
g) Net Interest Margin on Average Earning Assets	Net Interest Income	4.00%	3.86%
	Average Earning Assets		
h) Operating Efficiency Ratio	Total Operating Expenses	51.34%	51.55%
	Net Operating Income		
i) Interest Coverage Ratio	Earnings Before Interest and Taxes	218.71%	234.06%
	Interest Expense		
j) Net Profit Margin	Net Income	24.71%	24.56%
	Total Gross Income		
k) Capital Adequacy Ratio	Total Qualifying Capital	16.80%	17.61%
	Total Risk-Weighted Assets		
l) Common Equity Tier 1 Ratio	Net Tier 1 Capital	15.97%	16.77%
	Total Risk-Weighted Assets		

METROPOLITAN BANK & TRUST COMPANY
SEC FORM 17 – Q
FOR THE PERIOD ENDED MARCH 31, 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 March 31, 2024 (Unaudited)				
	Group	Metrobank	FMIC	ORIX METRO	PSBank
Earnings per share	₱2.67	₱2.67	₱47.34*	₱1.91	₱2.82
Return on equity	13.67%	13.64%	7.18%	5.41%	11.87%
Return on assets	1.53%	1.71%	3.66%	3.00%	2.04%
Operating efficiency ratio	51.34%	48.85%	61.49%	80.13%	58.97%
Non-performing loans ratio	1.66%	1.43%	Nil	15.35%	3.39%

	For the Period Ended March 31, 2023 (Unaudited)				
	Group	Metrobank	FMIC	ORIX METRO	PSBank
Earnings per share	₱2.33	₱2.33	₱0.57	₱0.64	₱2.29
Return on equity	13.13%	13.10%	4.82%	1.89%	10.43%
Return on assets	1.47%	1.67%	2.37%	0.81%	1.50%
Operating efficiency ratio	51.55%	48.79%	81.18%	81.97%	58.42%
Non-performing loans ratio	1.79%	1.49%	Nil	16.49%	3.18%

* 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.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing the net income by the weighted average number of common shares outstanding after giving retroactive effect to stock dividends declared, stock rights exercised and stock splits made during the period, if any. As of March 31, 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 ₱2.33 to ₱2.67 was mainly due to the 14.45% increase in net income attributable to the equity holders of the Parent Company from ₱10.48 billion for the period ended March 31, 2023 to ₱12.0 billion for the same period in 2024.

Return on Equity

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

ROE of the Group for the period ended March 31, 2024 was higher at 13.67% compared with 13.13% for the same period in 2023 due to the combined effect of the 14.45% increase in the net income attributable to equity holders of the Parent Company and the 10.0% 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 1.53% for the period ended March 31, 2024 from 1.47% for the same period in 2023 due to the combined effect of the 14.45% increase in the net income attributable to equity holders of the Parent Company and the 9.94% 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 March 31, 2024, the Group's operating efficiency ratio slightly improved by 21 basis points to 51.34% from 51.55% for the same period in 2023 on account of the 6.97% increase in operating income although operating expenses increased by 6.54%.

Non-Performing Loans Ratio

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

As of March 31, 2024 and 2023, NPL ratio of the Group was at 1.66% and 1.79%, 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 March 31, 2024, the contractual maturity profile of assets and liabilities shows that the Bank has at its disposal about ₱1.17 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 55.35% of the ₱2.12 trillion total deposits estimated to come due during the same period. These cash inflows exclude securities in FVTPL and FVOCI with maturities beyond one year but may easily be liquidated in an active secondary market. Including these securities, the total current assets will cover 74.94% 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.

Material Events or Uncertainties

The registrant has nothing to report on the following for the period ended March 31, 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.

Material Changes in Financial Statements Accounts

Financial Condition

March 31, 2024 (Unaudited) vs. December 31, 2023 (Audited)

As of March 31, 2024, the unaudited consolidated total assets of the Metrobank Group stood at ₱3.19 trillion and grew by ₱81.31 billion or 2.62% compared with the audited figures as of December 31, 2023.

Cash and Other Cash Items decreased by ₱13.32 billion or 33.77% due to the lower level of cash requirements of the Parent Company and PSBank compared with that of year-end in time for the holy week. Due from BSP which represents 6.09% of the Group's total assets decreased by 6.58% driven by lower level of term deposit partially offset by higher level of regular demand deposit placements maintained with BSP. Due from Other Banks decreased by ₱12.18 billion or 13.45% 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 ₱37.62 billion or 51.55% largely on account of lower balance of SPURA.

Total investment securities which consisted of FVTPL, FVOCI and securities at amortized cost represents 38.0% and 34.85% of the Group's total assets as of March 31, 2024 and December 31, 2023, respectively, amounted to ₱1.21 trillion and ₱1.08 trillion, respectively, and went up by ₱128.50 billion or 11.87%. The increase was driven by the higher portfolio of FVTPL securities consisting of HFT securities and derivative assets amounting to ₱189.69 billion and ₱19.24 billion, respectively, as of March 31, 2024 and ₱52.93 billion and ₱21.92 billion, respectively, as of December 31, 2023.

Net loans and receivables, representing 49.07% and 49.51% of the Group's total assets as of March 31, 2024 and December 31, 2023, respectively, went up by ₱26.37 billion or 1.72% driven by the growths in corporate, consumer and credit card portfolios.

Other Assets increased by ₱3.22 billion or 22.38% from ₱14.39 billion to ₱17.61 billion primarily due to the positive movements in inter-office float items and prepaid insurance.

On the liability side, the unaudited consolidated total liabilities of the Metrobank Group went up by ₱92.13 billion or 3.36% from ₱2.74 trillion as of December 31, 2023 to ₱2.83 trillion as of March 31, 2024.

Deposit liabilities represent 83.91% and 87.02% of the consolidated total liabilities as of March 31, 2024 and December 31, 2023, respectively, wherein, low cost deposits represent 58.60% and 60.41% of the Group's total deposits, respectively. The Group's deposit level, sourced by the Bank, PSBank and MBCL reached ₱2.37 trillion as of March 31, 2024, a slight decrease of ₱7.94 billion or 0.33% from ₱2.38 trillion as of December 31, 2023. The slight drop of ₱7.94 billion was driven by the maturity of

the ₱5.08 billion LTNCD of PSBank in February 2024 and the drop in CASA deposits by ₱47.63 billion partially offset by the ₱44.77 billion increase in time deposits.

Bills Payable and SSURA went up by ₱36.41 billion or 23.21% mainly on account of the increase in level of SSURA from ₱134.80 billion as of December 31, 2023 to ₱171.27 billion as of March 31, 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 ₱3.31 billion or 19.62%. The increase of ₱1.02 billion or 14.47% in Manager's Checks and Demand Drafts Outstanding resulted from the normal banking operations of the Bank and PSBank. Income taxes payable increased by ₱1.90 billion or 52.79% mainly due to accrual of corporate income tax for the first quarter of 2024.

Bonds payable increased by ₱55.90 billion or 79.75% on account of the new US\$1.0 billion senior unsecured notes issued by the Parent Company as discussed in Note 8 of Annex 5. Other liabilities increased by ₱8.68 billion or 12.25% with the large increase pertains to the second tranche of the regular cash dividends declared by the BOD of the Parent Company in February 2024 and payable in September 2024.

Further, equity attributable to equity holders of the Parent Company decreased by ₱10.97 billion or 3.08% primarily due to the ₱22.49 billion total cash dividends declared by the BOD of the Parent Company offset by the ₱12.0 billion net income reported during the period.

Results of Operations

Quarter Ended March 2024 vs. Quarter Ended March 2023 (Unaudited)

Net income attributable to equity holders of the Parent Company for the quarter ended March 31, 2024 amounted to ₱12.0 billion and improved by ₱1.52 billion or 14.45% from the ₱10.48 billion net income reported in the same quarter of the previous year. The improvement was driven by the following:

Interest income went up by ₱7.68 billion or 21.89% on account of higher interest income on loans and receivables by ₱4.75 billion, on investment securities by ₱2.90 billion and on deposit with banks and others by ₱0.03 billion. Meanwhile, increase in interest expense on deposit liabilities particularly on time deposits by ₱3.92 billion offset by decrease in interest expense on borrowings by ₱0.06 billion accounted for the increase of ₱3.86 billion or 37.70% in interest and finance charges. As a result, net interest income improved by ₱3.83 billion or by 15.38%.

Other operating income of ₱6.58 billion was lower by ₱1.54 billion or 18.99% from ₱8.13 billion in 2023 on account of the ₱1.43 billion decrease in net trading, securities and foreign exchange gain, the ₱0.21 billion lower fee-based income; and the ₱0.10 billion increase in miscellaneous income driven by the higher income realized from the sale of ROPA.

Total operating expenses increased by ₱1.11 billion or 6.54% from ₱16.90 billion to ₱18.00 billion due to increases in manpower cost by ₱0.69 billion, occupancy and equipment-related expenses by ₱0.09 billion and miscellaneous expenses by ₱0.32 billion particularly on IT-related expenses, insurance and advertising and publicity. Total provision for credit and impairment losses of the Group was lower for the quarter ended March 31, 2024 or amounted to ₱0.56 billion compared with ₱2.39 billion provision in 2023. Provision for income tax was higher by ₱1.43 billion from ₱3.09 billion to ₱4.52 billion due to increases in corporate, final and deferred income taxes.

Income attributable to non-controlling interests went up to ₱0.20 billion from ₱0.13 billion or by ₱0.07 billion or 48.87% due to higher net income of majority owned subsidiaries.

Total comprehensive income went down to ₱11.71 billion for the quarter ended March 31, 2024 or by ₱3.39 billion from ₱15.10 billion for the quarter ended March 31, 2023 mainly due to the net effect of ₱4.90 billion net unrealized gain recognized on FVOCI investments in 2023 compared with ₱391 million net unrealized loss recognized this year, partially offset by the ₱1.58 billion increase in net

income. This caused the total comprehensive income attributable to equity holders of the Parent Company to decrease by ₱3.45 billion from ₱14.97 billion for the quarter ended March 31, 2023 to ₱11.51 billion for the quarter ended March 31, 2024. Total comprehensive income attributable to non-controlling interest increased by ~~₱~~0.06 billion or 45.86%.

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

**AGING OF ACCOUNTS RECEIVABLE
(IN MILLIONS)
AS OF MARCH 31, 2024**

NO. OF DAYS OUTSTANDING	AMOUNT
1-90	₱ 9,173
91-180	94
181-360	71
OVER 360	4,323
GRAND TOTAL	₱ 13,661