

June 4, 2020

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

Dear Ms. Encarnacion:

Pursuant to the Structured Continuing Disclosure Requirements for Listed Companies of the Exchange, we hereby submit a copy of our amended SEC Form 17-A with Sustainability Report for the year ended December 31, 2019.

Very truly yours,


Marilou C. Bartolome-Cirilo
Senior Vice President/Controller

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

03 June 2020

Securities and Exchange Commission
G/F Secretariat Building
PICC Complex, Roxas Boulevard
1307 Pasay City, Philippines

ATTENTION: DIRECTOR VICENTE GRACIANO P. FELIZMENIO, JR.
Markets and Securities Regulation Department
vgpfelizmenio@sec.gov.ph | 8818-5703 Local 223

Re: SEC Form 17-A Amendment for Sustainability Report

Dear Director Felizmenio, Jr.:

Greetings! We trust that you will receive this letter in good health.

Metropolitan Bank & Trust Company (Metrobank) would like to submit the Amended Annual Report (SEC Form 17-A) to include the Sustainability Report for the year ended 31 December 2019. This is pursuant to the following SEC issuances: Memorandum Circular No.5 issued on 12 March 2020, Notice issued on 18 March 2020, and Memorandum Circular No.13 issued on 21 April 2020.

Further, we would like to certify that the following conditions have been met:

- a) The information contained herein are true and correct;
- b) The Annual Report had been filed with the SEC on 27 May 2020;
- c) The Amended Annual Report is filed solely for the purpose of submitting the attached Sustainability Report. No other changes were made to the Annual Report filed on 27 May 2020;
- d) The person signing the certification is duly authorized by the company to prepare and file the Sustainability Report.

We wish you the best in these trying times. Stay healthy and safe.

Very truly yours,



FABIAN S. DEE
President



FERNAND ANTONIO A. TANSINGCO
Treasurer / Senior Executive Vice President

COVER SHEET

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SEC Registration Number

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

(Company's Full Name)

M	e	t	r	o	b	a	n	k		P	l	a	z	a	,		S	e	n	.		G	i	l		P	u	y	a	t		
A	v	e	n	u	e	,		U	r	d	a	n	e	t	a		V	i	l	l	a	g	e	,		M	a	k	a	t	i	
C	i	t	y	,		M	e	t	r	o		M	a	n	i	l	a															

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

MARILOU C. BARTOLOME-CIRILO

(Contact Person)

8898-8805

(Company Telephone Number)

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Month Day
(Fiscal Year)

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(Form Type)

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Month Day
(Annual Meeting)

NONE

(Secondary License Type, If Applicable)

Corporation Finance Department

Dept. Requiring this Doc.

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Amended Articles Number/Section

2,986
as of 12-31-2019

Total No. of Stockholders

Total Amount of Borrowings	

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SEC Number 20573
File Number _____

METROPOLITAN BANK & TRUST COMPANY

(Company's Full Name)

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

(Company's Address)

898-8805

(Telephone Number)

December 31

(Fiscal year ending)

FORM 17-A
(ANNUAL REPORT)

(Form Type)

Amended

(Amendment Designation, if applicable)

December 31, 2019

(Period Ended Date)

None

(Secondary License Type and File Number)

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

1. For the fiscal year ended : **December 31, 2019**
2. SEC Identification Number : **20573**
3. BIR Tax Identification No. : **000-477-863**
4. Exact name of issuer as specified in its charter : **METROPOLITAN BANK & TRUST COMPANY**
5. Province, Country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
6. Industry Classification Code : _____ (SEC Use Only)
7. Address of principal office : **Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila**
8. Issuer's telephone number, including area code : **(632) 8898-8000; (632) 8898-8805**
9. Former name, former address and former fiscal year, if changed since last report : **Not applicable**
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	:	Common Stock
Number of Shares of Common Stock Outstanding	:	4,497,415,555 shares as of December 31, 2019
Amount of Debt Outstanding	:	₱2.041 trillion for the Group; ₱1.716 trillion for the Parent Company (sum of deposit liabilities, bills payable, bonds payable and subordinated debts as of December 31, 2019)
11. Are any or all of these securities listed on a Stock Exchange?

Yes ☒ No ☐

All of the securities of the issuer are listed in the Philippine Stock Exchange.
12. Check whether the issuer:
 - a. has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports.)

Yes ☒ No ☐
 - b. has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐
13. Aggregate market value of the voting stock held by non-affiliates based on closing price as of December 31, 2019:

₱145.41 billion

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1 – BUSINESS

DESCRIPTION OF BUSINESS

1. Business Development

Metropolitan Bank & Trust Company (“Metrobank” or “the Bank”) was incorporated on April 6, 1962 by a group of Filipino businessmen to provide financial services to the Filipino-Chinese community. Since its formation, the Bank has diversified its business, and to date provides a broad range of banking and collateral services to all sectors of the Philippine economy. The original Certification of Incorporation of the Bank was issued by the Securities and Exchange Commission (SEC) for a 50-year corporate term. On March 21 and November 19, 2007, the Board of Directors (BOD) of the Bank and the SEC, respectively, approved the extension of its corporate term for another 50 years or up to April 6, 2057.

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

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

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

On August 13, 2013, the SEC approved the amendment of the Articles of Incorporation of the Bank increasing its authorized capital stock from ₱50 billion to ₱100 billion composed of 4.0 billion common shares and 1.0 billion non-voting preferred shares, each with a par value of ₱20 per share. The Bank declared a 30% stock dividend equivalent to 633.4 million common shares (approved for listing by PSE on September 16, 2013) which was applied as payment for the required minimum 25% subscription to the increase in authorized capital stock. Total outstanding shares increased to 2,744,801,066 after the stock dividend.

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

On October 4, 2019, the SEC approved the amendment of the Articles of Incorporation of the Bank increasing its authorized capital stock from ₱100 billion to ₱140 billion composed of 6.0 billion common shares and 1.0 billion non-voting preferred shares, each with a par value of ₱20 per share. The Bank declared a 13% stock dividend equivalent to 517.4 million common shares (approved for listing by PSE on November 26, 2019) which was applied as payment for the required minimum 25% subscription to the increase in authorized capital stock. Total outstanding shares increased to 4,497,415,555 after the stock dividend.

2. Business of Registrant

Services/Customers/Clients

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

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

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

Contribution to Sales/Revenues

The net interest income derived from lending, investment and borrowing activities represents 72.01%, 74.32% and 72.89% of the Group's revenue net of interest and finance charges in 2019, 2018 and 2017, respectively. Other operating income (consisting of service charges, fees and commissions; net trading and securities gains; net foreign exchange gain; gain on sale of investments in an associates; leasing income; profit from assets sold; income from trust operations; dividend income; and miscellaneous income) and share in net income of associates and a joint venture account for 27.99%, 25.68% and 27.11% of the Group's revenue net of interest and finance charges in 2019, 2018 and 2017, respectively.

Contribution of Foreign Offices

The percentage contributions of the Group's offices in Asia, the United States and Europe to the Group's revenue, net of interest and finance charges, and external net operating income for the years 2019, 2018 and 2017 are as follows:

Offices in	Year	Percentage Contribution to	
		Revenue, Net	External Net Operating Income
Asia (Other than Philippines)	2019	2.62	2.68
	2018	2.67	2.69
	2017	2.36	2.44
United States	2019	0.41	0.46
	2018	0.69	0.76
	2017	0.64	0.70
Europe	2019	0.04	0.05
	2018	0.06	0.06
	2017	0.07	0.07

Significant Subsidiaries

1. First Metro Investment Corporation

FMIC is the investment banking arm of the Metrobank Group. It is an investment house incorporated in the Philippines on June 25, 1963 with principal place of business at 45th Floor, GT Tower International, Ayala

Avenue corner H.V. dela Costa Street, Makati City. On September 22, 2000, FMIC was merged with Solidbank Corporation (Solidbank). Solidbank became the surviving entity and was subsequently renamed First Metro Investment Corporation. FMIC's shares of stocks (originally Solidbank) were listed on the PSE on October 25, 1963 and were subsequently delisted effective December 21, 2012. FMIC is a 99.27%-owned subsidiary of Metrobank.

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

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

Debt Capital Markets - FMIC is widely recognized as a leader in debt capital market issuances. The company provides debt financing solutions to help achieve client objectives that normally include expansion plans, refinancing, strategic acquisitions or buy-outs, or complex project financing.

Equity Capital Markets - for years, FMIC has been actively involved in originating and underwriting Philippines equity issuances, whether private placement or public offering. The investment bank integrates its expertise and experience in structuring, execution, and distribution to provide optimal solutions for its clients' capital requirements.

Corporate Finance & Advisory - FMIC is a PSE-accredited financial advisor providing strategic advice on enhancing corporate value, selecting optimal fundraising structure, and addressing valuation issues.

- **Financial Markets Group** - the Group is responsible for the distribution and trading of financial instruments such as peso- and dollar-denominated government securities and corporate papers, as well as managing the funding and liquidity requirements of FMIC.

Government Securities and Corporate Debt Trading - as a Government Securities Eligible Dealer (GSED), FMIC is authorized by the Bureau of the Treasury and the SEC to trade government securities. Over the years, FMIC has remained a dominant selling agent in the distribution of government securities, GOCCs and other corporate issuances.

Fixed Income Distribution - as part of its participation in the underwriting of various private debt issues, FMIC also distributes and sells both government and corporate papers floated by the Bureau of the Treasury and large and prime corporations.

Money Market Placements - FMIC offers peso and dollar promissory notes (PNs). These are short-term investments with maturities ranging from 30 days to one year.

2. Philippine Savings Bank (PSBank)

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

It has outpaced some of its key competitors and is the country's second largest thrift bank in terms of assets. It mainly caters the retail and consumer markets and offers a wide range of products and services such as deposits, loans, treasury and trust functions. PSBank's network comprises 250 branches and 557 ATMs in strategic locations nationwide.

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

3. Metrobank Card Corporation (A Finance Company and General Insurance Agency) (MCC)

MCC was established in August 1985, known then as Unibancard Corporation. Its maiden product was called Unicard, a single currency credit card accepted in key establishments in the Philippines. Over the years, Unicard evolved from a locally accepted card to an internationally recognized credit card when it rode on the Mastercard scheme in 1994 and the Visa scheme in 1998. Its name was changed to Metrobank Card Corporation after a merger with AB Card and Solid Card on June 4, 2002. In October 2003, a joint venture was formed between Metrobank and Australia New Zealand Bank (ANZ), holding 60% and 40% stake, respectively.

On March 27, 2008, MCC received its license from the SEC to operate as a finance company. On June 5, 2008, the BSP issued a quasi-banking license to MCC, which allows borrowings from more than 19 lenders for the purpose of funding working capital. In 2018, Metrobank has acquired the 40% ownership interest of MCC from ANZ, making MCC a 100% wholly-owned subsidiary of Metrobank. In the same year, the Insurance Commission (IC) issued a license to MCC authorizing to act as a general life insurance agent of PALIC.

MCC has about 1.4 million cards-in-force and is one of the Philippines' leading payment solutions providers. It currently offers and issues diverse products with distinct advantages to its customers, such as core and co-branded credit cards as well as reloadable prepaid cards. MCC also offers its partner merchants a portfolio of acquiring services and payment solutions. Its principal place of business is located at The MCC Center, 6778 Ayala Avenue, Makati City.

The SEC approved the merger of MCC into Metrobank effective January 3, 2020.

4. ORIX METRO Leasing and Finance Corporation (ORIX Metro)

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

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

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

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

MBCL started its operations on March 2, 2010. Its headquarters is located in Nanjing, Jiangsu Province. It is the first wholly foreign-owned bank incorporated in Jiangsu Province, China. The former Metrobank Shanghai Branch and Pudong Sub-Branch were absorbed by MBCL. At present, aside from its Head Office, MBCL has eight (8) branches/sub-branches as follows: Nanjing Branch, Shanghai Branch, Shanghai-Pudong Sub-Branch, Changzhou Branch, Quanzhou Branch, Changzhou Xinbei Sub-Branch, Changzhou Wujin Sub-Branch and Xiamen Branch.

6. First Metro International Investment Company Limited (FMIIC)

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

7. Metro Remittance (Hong Kong) Limited

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

8. Metro Remittance (Singapore) Pte. Ltd.

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

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

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

- Metro Remittance (Canada), Inc.
The Company was established to further strengthen the Bank's presence and address the remittance needs of the growing number of Filipinos in Canada. Its branches are located in Vancouver and Toronto which opened on August 1 and November 6, 2006, respectively.
- MB Remittance Center Hawaii, Ltd.
The Company, established in 2002 and acquired by MRCI in 2005, provides money transmission services to Filipinos in Hawaii.

10. Metro Remittance (UK) Limited (MR UK)

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

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

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

Distribution Methods of Products and Services

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

1. Branches

Metrobank ended 2019 and 2018 with 707 branches. The Bank believes that it has reached its optimal state in terms of its branch network and is confident that it has the size and scale to pursue its growth plans.

2. Remittance Centers

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

2019 - New International Remittance Tie-Ups

- a. DolEx Dollar Express Inc.
- b. Harbour and Hills Financial Services Limited
- c. Jalandoni Money Changer & Remittances
- d. Prime Exchange Limited
- e. U Remit International Corporation
- f. EMZ Limited

2019 - New Local Remittance Tie-Up

- a. CashPinas Remittance Corporation
- b. Unilink Express Payments Phils. Inc.

3. ATMs

All of Metrobank's 1,788 ATMs are full-featured and allow a wide array of financial and non-financial transactions for its clients and those of BancNet member banks. Apart from being the first bank to secure EMV-chip (Euro MasterCard VISA) certification in the Philippines, it has deployed 178 Cash Accept Machines to allow clients to make real-time cash deposits to their accounts. We have installed security device in machines, thus providing more secure and convenient solutions to meet its clients' banking needs.

4. Phone Banking

Metrophone Banking is the Bank's IVRS (Interactive Voice Response System) banking platform, and one of the first electronic banking channels made available to Metrobank customers.

5. Mobile Banking

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

6. Online Banking

- Metrobank*direct* Personal is the Bank's internet browser based banking platform that allows its clients to access their accounts and make financial transactions at their own personal convenience. With more features to enhance a user's experience, such as online enrollment, Metrobank*direct* Personal now makes internet banking a truly online experience for its clients.
- Metrobank*direct* Corporate is an integrated platform that provides companies with online and real-time access to their accounts. It also helps them manage their business needs through efficient, flexible and secured designs of the best cash management solutions.

7. MBOS (Metrobank Business Online Solution) is a web-based application that will replace MetrobankDirect. Similar to MetrobankDirect, MBOS provides real-time access to client account statement and transaction history. Corporate enrolled in the facility can likewise initiate transactions at their own convenience. A fully

integrated platform that supports latest technology that the market needed. MBOS embodied new functionalities for Cash and Trade solution for corporate clients.

8. E-Government Facilities

- Tax Direct facility is a web based payment facility of Metrobank that allows both retail and corporate clients to pay their tax dues on tax returns filed through the BIR EFPS website.
- Bancnet's eGov Payment facility is a highly convenient online service that allows clients to electronically remit their monthly SSS, Philhealth and PAG-IBIG contributions and loan payments.

Competition

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

As of December 31, 2019, the Philippine universal/commercial banking sector consisted of 46 banks, including 25 foreign bank entities. In terms of classification, there are 21 universal banks and 25 commercial banks. Of the 21 universal banks, 12 are private domestic banks, three are government banks and six are branches of foreign banks. Of the 25 commercial banks, five are private domestic banks, two are subsidiaries of foreign banks and 18 are branches of foreign banks. The ten largest universal/commercial banks in the country accounted for over 80% of total assets, loans and total deposits of the universal/commercial banking system based on published statements of condition as of December 31, 2019.

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

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

Innovations and Promotions

In 2019, Metrobank Group continued to introduce campaigns and promotions to address the market's needs.

- Metrobank launched its *Meaningful Banking* campaign with an aim to elevate its promise of "You're in Good Hands," featuring its new Metrobank signature frame that serves as a visual focal point highlighting its customers' meaningful stories. In relation to the campaign, the Bank unveiled the site <https://meaningfulbanking.metrobank.com.ph/> and commenced Financial Education initiatives: *Earnest*, a website that contains bite-sized lesson cards and easy-to-read articles where clients can learn while on the go; and *Moneybasics*, a collection of simple and creative tips for clients to build up a habit of saving. At the center of MoneyBasics was #The30DayMetrobankChallenge which aims clients to build a foundation of financial stability by learning to manage debts, track expenses, and build an emergency fund.
- Metrobank partnered with AXA Philippines to offer a free one-year PHP 100,000-coverage AXA Personal Accident Insurance for accidental death or permanent disability from the moment a client opens a new deposit account at any Metrobank branch during the promotion period.
- PSBank upgraded its website and the PSBank Mobile App which now offers new digital solutions such as Mobile Check Deposit and PaSend features. *PSBank Mobile Check Deposit* facility allows users to deposit eligible local peso checks by just simply taking a photo of these via the App. *PSBank PaSend* enables PSBank depositors to conveniently send instant cash 24/7 to relatives and friends via the App, even to those without existing deposit accounts. The transferred funds can be withdrawn by the intended recipient from any PSBank or Metrobank ATM. PSBank also launched a new series of commercials in PSBank's social media

channels and different TV channels. These garnered 1 million views in PSBank's FB page in just 3 days. PSBank also deployed its first Cash Deposit Machine (CDM) in its Pasig-Mutya branch which allows customers to deposit cash 24/7 to a PSBank account with or without an ATM card.

- Metrobank Card Corporation (MCC) continued to offer premium deals and various treats through its partner merchants. In September 2019, MCC introduced *Metrobank Interactive Assist (MIA)*, a new Chatbot on Facebook Messenger that allows users to easily apply for a credit card through that platform. In October 2019, MCC launched three new credit cards - *Metrobank Vantage Card*, *Metrobank Titanium Mastercard*, and *Metrobank Rewards Plus Visa*. Select Metrobank credit cards will soon be upgraded to these new cards. In addition, MCC partnered with MEGA magazine for special feature covers and articles of select personalities for MCC's new products, which are published on Mega Magazine's digital and print platforms. MCC established new partnerships with New City Commercial Center (NCCC) and Ardeur World Marketing Corporation (Ardeur) to produce the NCCC Mastercard and Ardeur Bonus Card.
- AXA Philippines introduced new products and services including *Seamless Automated Mobile (SAM)* underwriter which automates all application forms; *Smart Traveller* with a wide range of benefits including 24-hour travel assistance, personal accident coverage up to PHP5 million, medical coverage, protection of personal belongings, and refunds for travel inconveniences; and *Car Insurance Online* – a comprehensive and customizable car insurance product with 24/7 emergency roadside assistance, online filing of claims, and even round-the-clock access to doctor consultation in case of medical emergencies. AXA also launched several marketing campaigns like the *Take Charge Campaign*, *Know You Can* featuring Serena Williams, *SM Shop & Fly Promo*, *NBA 3X | Plan & Play*, and *Teacher's Month Social Media Promo*; and forged partnerships with various organizations like the University Athletic Association of the Philippines (UAAP), Asian Institute of Management (AIM), Lockheed Group-Medocare Health Systems, Inc., Metrobank Card Corporation (MCC), and GCash Insure.
- In 2019, First Metro Asset Management Inc. (FAMI) launched the *First Metro Save & Learn F.O.C.C.U.S. (SALFOCCUS) Dynamic Fund* which aims to provide cooperative members satisfactory returns on their assets through active fund management. Additionally, FAMI created a number of promotions including the National Teacher's Month promo, *Invest and Ride* promo, Father's Day promo, *Make Your Mama Proud* promo; and tied up with a number of establishments including Grab Philippines, ECPay, and GCash. Moreover, FAMI joined the worldwide celebration of Women's Month and hosted *Smart Women Invest*, a financial and investment literacy workshop intended to motivate and empower women through the discussion of financial intelligence to help Filipinas transform from savers to investors. To deepen the relationship with clients and maximize the use of technology, FAMI introduced *Chatbot* and *FAMI LIVE!* as avenues to address clients' queries, financial dilemmas, or those seeking basic financial advice—straight from FAMI's experts.
- In collaboration with its FundsMart partners, First Metro Securities Brokerage Corporation (FMSBC) conducted a number of marketing campaigns such as the *2019 FundsMart Summer Promo*, *FundsMart First Timer's Php 500 Cashback Promo - Dollar Funds Style*, and *FundsMart first timer's Php 500 cashback promo*. FMSBC also conducted a series of webinars and actual seminars in major cities all over the country, and even in Singapore and Kuala Lumpur.

Transactions with and/or Dependence on Related Parties

Transactions with related parties and with certain directors, officers, stockholders and related interests (DOSRI) are discussed in Note 31 of the audited financial statements of the Group as presented in Exhibit 4.

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

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

1. For ATMs: Metrobank Debit Card and Metrobank Prepaid Card
2. For credit cards: Metrobank Rewards Plus Visa; Metrobank Titanium Mastercard; Metrobank Vantage Mastercard/Visa; Metrobank Femme Visa/Femme Signature Visa; Metrobank Travel Platinum Visa; Metrobank Peso Platinum Mastercard; Metrobank World Mastercard; Metrobank Dollar Mastercard;

Metrobank ON Internet Mastercard; Metrobank M Free Mastercard; Metrobank M Lite Mastercard; Metrobank Corporate Card; Toyota Mastercard; PSBank Credit Mastercard; and The Bistro Group Visa. Features: Cash2Go; Balance Transfer; Bills2Pay; M Here (Shopping Perks & Privileges); My Swipe My Treat; and Rewards.

Prepaid Card: YAZZ Reloadable Prepaid Visa; Victory Liner Premiere Prepaid Visa; NWorld Cash Card; Pisopay.com Prepaid Visa; AXA Prepaid Visa; Ardeur Bonus Card; and JAC Liner My Ride Card.

3. For phone banking: Metrophone Banking
4. For internet banking: Metrobank*Direct* and MBOS
5. For mobile banking: Metrobank Mobile Banking
6. For remittance services: Metrobank Superbilis Padala, World Cash Card, MetroRemit, PayStation, CollectAnywhere, PayAnywhere and Payroll Plus
7. For consumer lending: MetroHome and MetroCar
8. For special current account: MetroChecking Extra; MetroAccount One
9. For special savings account for kids below 18 years old.: Fun Savers Club (FSC) Regular and Spark Savings Account
10. For Trust products: Metro Money Market Fund; Metro Short Term Fund; Metro Max-3 Bond Fund; Metro Max-5 Bond Fund; Metro Corporate Bond Fund; Metro Balanced Fund; Metro Unit Paying Fund; Metro Equity Fund; Metro Philippine Equity Index Tracker Fund; Metro High Dividend Yield Fund; Metro\$ Money Market Fund; Metro\$ Short Term Fund; Metro\$ Max-3 Bond Fund; Metro\$ Max-5 Bond Fund; Metro\$ Asian Investment Grade Bond Fund; Metro World Equity Feeder Fund; Metro\$ Eurozone Equity Feeder Fund; Metro\$ US Equity Feeder Fund; Metro\$ Japan Equity Feeder Fund; Metro\$ US Investment Grade Corporate Bond Feeder Fund; Metro Aspire Bond Feeder Fund; Metro Aspire Balanced Feeder Fund and Metro Aspire Equity Feeder Fund.

Corporate licenses include the following:

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

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

Government Approval of Principal Products or Services

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

Effect of Existing or Probable Government Regulations

BSP Reporting

Regulatory Qualifying Capital

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

The Group complied with BSP Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%; capital conservation buffer of 2.50% comprised of CET1 capital and Total Capital Adequacy Ratio (CAR) of 10.00%. These ratios shall be maintained at all times. Further, BSP Circular No. 856 covers the implementing guidelines on the framework for dealing with domestic systemically important banks (DSIBs) in accordance with the Basel III standards. Banks identified as DSIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer. Compliance with this requirement was phased-in starting January 1, 2017, with full compliance on January 1, 2019.

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

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

Basel III Leverage Ratio (BLR)

BSP Circular Nos. 881 and 990 cover the implementing guidelines on the BLR framework designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.00%. The monitoring period has been set every quarter starting December 31, 2014 and extended until June 30, 2018. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

Liquidity Coverage Ratio (LCR)

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

Net Stable Funding Ratio (NSFR)

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

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

Applicable Tax Regulations

Under Philippine tax laws, the RBU of the Parent Company and its domestic subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statement of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax (DST). Income taxes include 30.00% regular corporate income tax (RCIT) and 20.00% final taxes paid, which is a final withholding tax on gross interest income from government securities and other deposit substitutes. Interest allowed as a deductible expense is reduced by an amount equivalent to 33.00% of interest income subjected to final tax.

Current tax regulations also provide for the ceiling on the amount of EAR expense (Note 25) that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. The regulations also provide for MCIT of 2.00% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group's income tax liability and taxable income, respectively, over a three-year period from the year of inception.

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

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

Research and Development Costs

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

Employees

Metrobank had 13,150 employees as of December 31, 2019. By year-end 2020, the Bank projects to have 13,690 employees.

	Officers	Rank and File	Total
As of year-end 2019:			
AVPs and up	476		476
Senior Managers and down	5,805	6,869	12,674
	6,281	6,869	13,150
By year-end 2020 (projected):			
AVPs and up	630		630
Senior Managers and down	6,445	6,615	13,060
	7,075	6,615	13,690

Majority of the registrant's rank and file employees are members of the employees' union. Benefits or incentive arrangements of the rank and file employees are covered by the Collective Bargaining Agreement (CBA) that is effective for three years. The Bank continues to ensure that its employees are properly compensated. The latest CBA that is effective for three years beginning January 2019 will end in December 2021. The Bank has not experienced any labor strikes and the management of the Bank considers its relations with its employees and the Union to be harmonious.

Risk Management

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

Risk management framework

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

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

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

Credit Risk

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

Liquidity Risk

Liquidity risk is the current and prospective risk to earnings or capital arising from the inability to meet obligations when they come due. This may be caused by the inability to liquidate assets or to obtain funding to meet 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 as well as 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 which realistically captures the behavior of the products and creates a forward-looking cash flow projection.

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

The MCO is monitored regularly to ensure that it remains within the set limits. The Bank generates and monitors daily its MCO, while the subsidiaries generate the report at least monthly. The liquidity profile of the Group is reported monthly to the Bank's ALCO and ROC. To supplement the business-as-usual scenario parameters reflected in the MCO report, the Group also conducts liquidity stress testing to determine the impact of extreme factors, scenarios and/or events to the Group's liquidity profile. Liquidity stress testing 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 exchange rates, and other market factors. Market risk originates from holdings in foreign currencies, debt securities and derivatives transactions. Depending on the business model for the product, i.e., whether they belong to the trading book or banking book, the Group applies different tools and processes to manage market risk exposures. Risk limits, approved by the BOD, are enforced to monitor and control this risk. RSK, as an independent body under the ROC, performs daily market risk analyses to ensure

compliance to policies and limits, while Treasury Group manages the asset/liability risks arising from both banking book and trading operations in financial markets. The ALCO, chaired by the President, manages market risks within the parameters approved by the BOD.

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

Market Risk - Trading Book

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

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

Market Risk - Banking Book

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

Interest rate risk

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

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

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

Foreign currency risk

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

ITEM 2 – PROPERTIES

Metrobank’s Head Office is located at Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila. The Bank owns the premises occupied by its Head Office, including most of its branches (40% of its branch sites are owned). Presented in Exhibit 1 is the list of Bank-owned nationwide branches as of December 31, 2019. The Bank also owns the premises occupied by the Cash Management Services Unit (CMSU) located at Metropolitan Technological Park which becomes the main hub of all CMSU operations and the premises occupied

by various support units including Trust Banking Group located at Metrobank Center, Bonifacio Global City, Taguig City. The Bank holds clean titles to these properties.

The Bank leases the premises occupied by many of its branches. Generally, lease contracts are for periods ranging from 1 to 25 years and are renewable under certain terms and conditions. Presented in Exhibit 2 is a summary of the Bank's nationwide branches as of December 31, 2019 that occupy leased premises.

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

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

ITEM 3 – LEGAL PROCEEDINGS

The registrant is a party to the following pending legal proceedings as of December 31, 2019:

1. Upon its own discovery, the Bank immediately caused the arrest of its Corporate Service Management Division Head, Ma. Victoria S. Lopez on July 17, 2017 for qualified theft through falsification of commercial documents. Both the Motion to Fix Bail and Motion for Reconsideration were denied. On July 24, 2017, another criminal complaint for qualified theft through falsification of commercial documents and violation of Section 55 of the General Banking Law (GBL) was filed against her and her cohorts for the abstraction of ₱900.0 million before the Regional Trial Court (RTC) of Makati City. On December 5, 2017, a third criminal case for the qualified theft through falsification of commercial documents and violation of Section 55 of GBL was filed against her, her cohorts and family members relative to the abstraction of ₱850.0 million. In addition, foreign proceedings are ongoing on the cases which were filed in the United States of America and in Singapore to preserve and recover their identified properties. Accounts receivable classified under 'Loans and Receivables' includes total identified claims of ₱1.75 billion with provisioning. Relative to this incident, the Monetary Board (MB) approved the imposition of certain sanctions to the Bank (as discussed in Note 4 of the audited financial statements of the Group) and added that the MB took into consideration the strong financial condition and immediate corrective actions of the Bank as well as its safety and soundness given the medium to long-term initiatives that improve governance, controls and compliance. The Bank does not expect this isolated incident to have long term material impact on its financial statements. Further, the Bank is reinforcing its commitment to the highest standards of integrity and upholds the protection of its customers as its main priority.

In June 2019, Ms. Lopez was found guilty of qualified theft and was sentenced accordingly. Two more convictions followed in September 2019 and October 2019. Ms. Lopez is serving her prison sentence at the Correctional Institute for Women as her convictions are already final and unappealable. Two counts of qualified theft are still pending with the RTC. In the civil case, the RTC issued judgment ordering Ms. Lopez to reconstitute the Bank.

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

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

YEAR	QUARTER ENDED	MARKET PRICES			AVERAGE
		HIGH	LOW	CLOSE	
2020	March 31	67.00	35.30	40.00	55.99
	February 29	61.30	56.05	56.05	58.79
	January 31	66.15	57.35	57.35	64.23
2019	March 31	74.60	66.55	70.71	71.36
	June 30	70.75	62.35	63.05	65.62
	September 30	69.03	59.20	60.53	63.45
	December 31	68.45	58.36	66.30	65.26
2018	March 31	104.88	83.00	85.80	93.93
	June 30	86.00	71.00	73.40	80.76
	September 30	77.45	64.00	67.00	71.73
	December 31	82.00	64.50	80.95	71.60

Closing price as of May 26, 2020 was ₱33.20 per share.

Holders

The Bank has 2,986 stockholders as of December 31, 2019.

Top Twenty Stockholders

Following are the top 20 stockholders as of December 31, 2019:

	NAME OF STOCKHOLDER	NO. OF SHARES AS OF DECEMBER 31, 2018	ADDITIONS/ (DISPOSALS)	NO. OF SHARES AS OF DECEMBER 31, 2019	PERCENT TO TOTAL NO. OF OUTSTANDING COMMON SHARES
1	GT Capital Holdings, Inc. ^a	1,447,016,063	201,486,277	1,648,502,340	36.654
2	PCD Nominee Corporation (Non-Filipino)	1,179,405,825	68,179,683	1,247,585,508	27.740
3	PCD Nominee Corporation (Filipino) ^b	695,886,863	174,591,874	870,478,737	19.355
4	Grand Titan Capital Holdings, Inc.	179,864,522	23,382,387	203,246,909	4.519
5	Philippine Securities Corp.	100,000,000	13,000,000	113,000,000	2.513
6	Nove Ferum Holdings, Inc.	67,457,450	8,769,468	76,226,918	1.695
7	82 Alpha Holdings Corporation	48,558,666	6,312,626	54,871,292	1.220
8	Neiman Rhodes Holdings, Inc.	25,315,970	3,291,076	28,607,046	0.636
9	Philippine Geiko Holdings, Inc.	25,023,304	3,253,029	28,276,333	0.629
10	Metrobank Foundation, Inc. ^c	22,460,161	2,919,820	25,379,981	0.564
11	Go, James	17,869,509	2,323,036	20,192,545	0.449
12	Ty, George Siao Kian	17,449,393	2,268,421	19,717,814	0.438
13	Ty, Alfred	15,121,879	1,965,843	17,087,722	0.380
14	Ty, Arthur ^d	13,456,030	1,749,283	15,205,313	0.338
15	Chua, Gabriel	12,812,814	-	12,812,814	0.285
16	Asia Pacific Capital Equities & Securities Corp.	9,659,228	-	9,659,228	0.215
17	Bloomingdale Enterprises, Inc.	9,239,685	(100,000)	9,139,685	0.203
18	Ty, Alesandra Vy ^e	6,816,848	886,190	7,703,038	0.171
19	Ty, Anjanette	6,528,511	843,814	7,372,325	0.164
20	Solid State Multi-Prod Corp.	5,174,831	-	5,174,831	0.115

December 31, 2019 balances are:

- a. *Inclusive of 13,374,189 shares lodged with PCD Nominee Corporation*
- b. *Net of 13,374,189 shares owned by GT Capital Holdings, Inc.; 7,465,361 shares owned by Metrobank Foundation, Inc.; 222,836 shares owned by Mr. Arthur Ty; and 259,900 shares owned by Ms. Alesandra Ty.*
- c. *Inclusive of 7,465,361 shares lodged with PCD Nominee Corporation*
- d. *Inclusive of 222,836 shares lodged with PCD Nominee Corporation*
- e. *Inclusive of 259,900 shares lodged with PCD Nominee Corporation*

As of December 31, 2019, public ownership on the Bank was at 48.766%. Of the total shares issued, 27.767% represents foreign ownership.

Dividends

There are no restrictions that limit the ability of the Bank to pay cash dividends. Details of cash dividend distribution from 2017 to 2019 follow:

Date of Declaration	Per Share	Amount (In Millions)	Record Date	Payment Date
February 13, 2019	₱1.00	₱3,980	March 1, 2019	March 14, 2019
February 21, 2018	₱1.00	₱3,180	March 8, 2018	March 16, 2018
February 22, 2017	₱1.00	₱3,180	March 9, 2017	March 23, 2017

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

Recent Sales of Unregistered or Exempt Securities

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

Compliance with Lead Practice on Corporate Governance

Corporate Governance is the cornerstone of a healthy organization. Companies with strong corporate governance practices are able to maintain high levels of trust and satisfaction of customers and stakeholders. Metrobank is upholding its commitment in strong governance as key element in creating sustainable future that goes beyond banking.

The Bank's corporate governance is anchored on the pillars of integrity, transparency, excellence, accountability and fairness coupled with the organization's corporate values. We support adoption of structures and processes that would ensure that our business is conducted ethically and comply with applicable laws and regulations.

Our staunch commitment to safeguard the long-term best interests of our shareholders and all other stakeholders translates into a corporate culture that embraces good governance practices and fiduciary duties manifested from the Bank's BOD, Senior Management and all employees.

The Board of Directors

The BOD is the highest authority in the organization. Their key purpose is to ensure the Bank's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interest of shareholders and stakeholders. It sets the tone of good governance from the top as well as corporate values, codes of conduct and other standards of appropriate behavior for itself, the senior management and other employees. Metrobank is headed by a competent Board that has collective responsibilities for leadership and control of the Bank's affairs ensuring its long-term sustainability and success. The Board oversees the overall governance framework, approves and oversees strategic objectives of the Bank and its corporate values, establishment of guidelines for acceptable level of risk, monitors management's performance against set targets and ensures appropriate controls and systems of checks and balances are in place and operating effectively.

Metrobank's Board is composed of twelve directors, ten of whom are non-executive directors, five of whom are independent directors including one female director. BSP requires a minimum of 1/3 or not less than two

representation of independent directors in the Board to which the Bank is fully compliant having independent directors that represent 42% of the Board. The Board is comprised of a diverse group of multi-talented people who combine insight and good judgment in implementing good governance. Diversity takes various forms and is inclusive of different elements such as expertise and experience, gender, ethnicity and independence. The members of the Board possess integrity, probity, physical & mental fitness, competence, relevant education, financial literacy and training, diligence, knowledge and experience.

Per Bank's By-Laws, any stockholder may submit nominations for directorial positions to the Nominations Committee. The Committee screens the nominations based on its screening policies and parameters, including among others, alignment with the strategic directions of the Bank. The Nominations Committee assesses the qualifications of the nominees guided by our By-laws, Corporate Governance Manual and relevant regulations of BSP and SEC and ensures the optimal mix of skills and talent and balanced memberships of the Board. When identifying or screening potential candidates, the Committee may use whatever resources it deems appropriate, including but not limited to, referrals from existing directors and officers, recommendations from a third-party search firm or suggestions from stockholders. They may also make use of external databases of the Institute of Corporate Directors (ICD) or other professional search firms. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director.

The Chairman of the Board and the President

The roles of the Chairman of the Board and the President are separate and held by two different people to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. Each has clearly defined responsibilities in the Bank's By-Laws and Corporate Governance Manual (CGM).

Board Meetings

The Board meets regularly to discuss performance of the Bank, strategies and other matters requiring board attention, decisions and approvals. The organizational meeting of the Board is held immediately after the Annual Stockholder's Meeting. Board-level committees are reconstituted during the organizational meeting. Regular Board meetings are held every second Wednesday of each month. Special meetings may be called at any time by the Chairman, or, in his absence, by the Vice Chairman, or pursuant to the written request of any four directors. The Office of the Corporate Secretary prepares the agenda and sends out notices and materials at least five business days before the meeting date, prepares and distributes the minutes of the previous meeting and keeps full minutes of all Board and stockholders meetings.

The directors are encouraged to attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele/videoconferencing conducted in accordance with the rules and regulations, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent them from doing so. The meeting of the Board may be conducted through modern technologies such as, but not limited to, teleconferencing and video conferencing as long as the director who is taking part in said meetings can actively participate in the deliberations on matters taken up therein. In board and committee meetings, the director should review meeting materials, and if called for, ask the necessary questions or seek clarifications and explanations.

In 2019, the Board had 13 meetings with the incumbent directors attending more than 98% of all meetings. This demonstrated the commitment of the directors and their ability to fulfill their fiduciary responsibilities.

Non-executive directors likewise meet once a year with the external auditor and heads of internal audit, compliance and risk without any senior executive present to bring independent judgment to issues of strategy, performance, resources and standards of conduct. In 2019, this was conducted on September 18, 2019.

Orientation and Continuing Education

Since the responsibilities of the directors are expanding and corporate governance norms have evolved, it is important that Bank provides the best preparation available for the directors to keep them adept in their respective roles and be prepared to address emerging opportunities and challenges. The directors should be capable of seeing company and business issues in a broad perspective.

Directors on-boarding are furnished with a copy of the Bank's Articles of Incorporation, By-Laws, Code of Conduct and the CGM. They are also provided with the general responsibility and specific duties and responsibilities of the Board and of an individual director. Directors are required to certify under oath that they have received copies and

fully understand and accept the general responsibility and specific duties. Each director certifies that he or she has all the prescribed qualifications and none of the disqualifications as a director.

Aside from the special seminar on corporate governance (at least four hours) and AML training, the Bank provides continuing education and training on trends and updates necessary to conduct the business. The trainings are conducted by BSP and SEC accredited external service providers. A formal record of all attendance of each of the directors on the training sessions is being maintained by the Corporate Secretary.

In October 2019, the Bank arranged a special training/seminar conducted by ICD which was attended by all directors and senior management of the Bank to apprise them on the significant developments in corporate governance including subject matters on data privacy, anti-money laundering, digital governance and other relevant changes/developments.

Other Measures Undertaken

1. Corporate Governance Manual

Metrobank has a strong corporate governance framework that is embodied in the CGM which sets out the roles and responsibilities within the Bank and the practices and procedures that we adopt to ensure we govern our organization to the highest standards of good governance principles.

The CGM serves as the guidebook in the implementation of the corporate governance rules and regulations. It is periodically updated for relevance and alignment with new regulatory issuances and best industry practices. The BOD, Management, Officers and Staff of the Bank fully commit themselves to the principles and practices contained in the Manual and acknowledge that the same will guide them in the development and achievement of the Bank's corporate goals.

The CGM serves as reference or guide for the Bank, its subsidiaries and affiliates for the implementation of BSP Circular Nos. 749, 757 and 969 "Guidelines in Strengthening Corporate Governance in BSP Supervised Financial Institutions", Circular No. 793 "Amendment to Align the Familial Restrictions Applicable to 'Independent Director' with the Existing Provision of the Securities Regulation Code (SRC)", BSP Memorandum No. 2013-002 "Guidelines in Assessing the Quality of Corporate Governance in BSP-Supervised Financial Institutions", SEC Memorandum Circular No. 19, s2016 "Code of Corporate Governance for Publicly Listed Companies", applicable provisions in the BSP Manual of Regulations for Banks (MORB) and other relevant references.

The Manual was revised to include changes in the regulations and approved by the Board on 17 July 2019. To enforce bank-wide compliance, a copy of the Board-approved Manual on Corporate Governance is available in the Bank's Insight Online (intranet) for easy access by the Board, Management and all employees of the Bank. Likewise, it is posted in the Bank's website to be accessible by the public.

2. Code of Conduct and Ethics for Directors and Metrobank Code of Conduct for Employees

The Bank ensures that its Directors and Employees embrace the Code of Conduct which sets forth the standards for professional and ethical behaviors expected of them when dealing with others internally and externally. The Bank's Codes of Conduct are anchored on its core values otherwise known as the PITCH which stands for **P**assion for results, **I**ntegrity, **T**eamwork, **C**ommitment to customer service, & **H**eat for the community and adhere only to the highest standards of fairness, accountability and transparency.

The members of the Board have adopted the Code of Conduct and Ethics for Directors. It describes the behavioral standards expected from a director so that he/she can better understand and meet the expectations and requirements of the organization and regulators. Included in the Code are the standards of conduct for ensuring the proper discharge of the duties and responsibilities, basic principle that a director should not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests, avoiding situations that would compromise his impartiality; maintaining professional integrity; enhancement of skills, knowledge and understanding of bank activities, etc.

In place also is the Metrobank Code of Conduct for employees which includes the principles of ensuring the proper discharge of duties and responsibilities, the avoidance of conflict of interest between the Bank's business and personal activities, the preservation of confidential information which mandates adoption of every practicable measure at all times and the prohibition of direct or indirect offering or receiving by an employee of any gift,

gratuity, other payment or entertainment from any person, be it a client, vendor, supplier, business partner or subordinate, when the gift might affect the employee's judgment or actions in the performance of his/her duties.

To enforce bank-wide compliance, the Bank's Codes of Conduct for directors and employees are posted in the Bank's intranet for easy access of all directors, officers and employees of the Bank, as well as the Bank's website.

The Codes are implemented by the Corporate Governance and Compensation Committee and the Human Resources Group and breaches are subject to appropriate disciplinary actions which may range from reprimand, suspension, termination, set forth under the Corporate Governance Manual and the Bank's Manual on Policies and Procedures in accordance with the principles of due process.

3. Board Committees

a) Anti-Money Laundering Committee

The Anti-Money Laundering Committee is tasked to assist the Board in fulfilling its oversight responsibility over the Bank's AML Compliance Management to make sure that the Bank complies with the provisions of the Anti-Money Laundering Act (AMLA), as amended, its Revised Implementing Rules and Regulations (RIRR), and BSP regulations.

b) Audit Committee

The Audit Committee (AC) assists the Board in fulfilling its statutory and fiduciary responsibilities, enhancing shareholder value, and protecting shareholder's interest through (a) effective oversight of internal and external audit functions, (b) transparency and proper reporting, (c) compliance with laws, rules and regulations; and code of conduct, and (d) adequate and effective internal controls.

c) Corporate Governance and Compensation Committee

The Corporate Governance and Compensation Committee assists the BOD in fulfilling its statutory and fiduciary responsibilities, enhancing shareholder value, and protecting shareholders' interest through (a) effective oversight on corporate governance practices, (b) ensuring the effectiveness and observance by the Board of corporate governance principles and guidelines, (c) providing oversight in the implementation of the Bank's Compliance System; (d) making recommendations to the Board regarding the continuing education of directors, assignment to board committees, succession plan for the senior officers, and the remuneration policy linked to the corporate and individual performance.

d) Executive Committee

The Executive Committee is primarily responsible for the review and approval of credit proposals and credit policies within its authority and limits. The Committee may also act on other matters as delegated by the Stockholders, and the BOD within its competence and in accordance with the By-Laws of the Bank.

e) Information Technology Steering Committee

The Information Technology Steering Committee ensures that IT strategies are consistent with the overall business objectives. As an extension of the Board, it supervises the IT Risk Management Program of the Bank and the development of policies, controls and specific accountabilities consistent with the Bank's IT Risk Management Framework. It also regularly provides adequate information to the Board regarding overall IT performance, status of major projects or other significant issues related to IT risks.

f) Nominations Committee

The Nominations Committee reviews and evaluates the qualifications of all persons nominated to the Board. Moreover, it also reviews the qualifications of those nominated to other positions requiring approval by the Board.

g) Overseas Banking Committee

The Overseas Banking Committee assists the Board in its oversight functions over the operations and financial performance of the overseas branches and subsidiaries, their compliance with the rules and regulations of their respective host countries and their adherence to the Parent Bank's business and corporate governance policies as prescribed by the BSP and SEC.

h) Related Party Transactions Committee

The Related Party Transactions Committee (RPTC) assists the Board in ensuring that transactions with related parties (including internal group transactions) are reviewed to assess risk and subject to appropriate restrictions to ensure that such are conducted at arm's-length terms and that corporate or business resources of the Bank are not misappropriated or misapplied.

i) Risk Oversight Committee

The Risk Oversight Committee, as an extension of the Board, is responsible for the development and oversight of the risk management program of the Bank and its Trust Banking Group.

j) Trust Committee

The Trust Committee is responsible for the oversight of all Trust activities and shall act within the sphere of authority as provided by the pertinent rules and regulations in the exercise of fiduciary powers under the Manual or Regulations for Banks (MORB) and BSP Circular 766 - Guidelines in Strengthening Corporate Governance and Risk Management Practices on Trust, Other Fiduciary Business, and Investment Management Activities.

4. Evaluation System

Board effectiveness can only be gauged if the Board regularly assesses its own performance and of the individual directors. At Metrobank, to determine the effectiveness of the Board, Chairman of the Board, President, Board Committees and each of the individual directors, annual evaluation of the performance is conducted using approved rating sheets. The performance rating sheet normally circulated on paper or online with questionnaires that are tailor-made to the Bank's needs and objectives. This evaluation process allows the Board to consider the accomplishments of individuals and the group of individuals within the Board and this also serves as an avenue to revisit existing process or areas in need of improvement within the Board.

The Board conducts its annual evaluation process through the Corporate Governance and Compensation Committee to assess the effectiveness of the Board, Chairman of the Board, President, Committees and each Director's performance and contributions. It has adopted an internal self-rating system and procedures to determine and measure compliance with the Manual on Corporate Governance vis-à-vis good corporate governance principles and practices: (i) Each director self-rates and collectively rates the Board and the President; (ii) Corporate Governance, Audit, Risk Oversight and other Board committees conduct self-rating. When a director or officer has multiple positions in the Group, the Corporate Governance Committee determines whether or not said director or officer is able to and has been adequately carrying out his/her duties.

The summary results of the performance evaluation are presented to the Corporate Governance and Compensation Committee and endorsed to the Board. For 2018, the overall assessment showed that the Board, Board committees, the individual directors, Chairman and President possess the right mix of backgrounds and competencies to fulfill their duties and that the Bank has fully complied with all the material requirements of the SEC Code of Corporate Governance.

5. Fair Business Transactions

The Bank conducts the business fairly and sincerely, adhering to ethical principles and refraining from unfair practices and any form of bribery or corruption, to contribute to sound social and economic development through fair competition in the market. The Bank champions the fair treatment and protection of all our stakeholders, particularly our customers, resource providers, creditors and the community in which we operate and believes that fair, professional and objective dealings forge enduring relationships.

The members of the Board conduct fair business transactions with the Bank and ensure that personal interest does not bias Board decisions. They should not take advantage of his or her position. All board members are expected to act ethically at all times, notify promptly of any material facts or potential conflict of interest and take appropriate corrective action. If transactions with the Bank cannot be avoided, these are done in the regular course of business and upon terms not less favorable to the Bank than those offered to others. Likewise, employees are prohibited from directly or indirectly engaging in any conduct or activity that may directly or indirectly be construed as inconsistent or incompatible with Metrobank's business interests.

The directors are expected to act honestly and in good faith, with loyalty and in the best interest of the Bank, its stockholders, regardless of the amount of their stockholdings, and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates. Employees are expected to effectively manage their personal affairs and avoid any situation or business endeavors arising from associations, interests or relationships that may lead to conflict or potential conflict between their personal interests and that of the Bank.

The Bank has adopted a policy concerning transactions with related parties which are reviewed by either the Related Party Transactions Management Committee, a management-level committee composed of senior officers or the RPTC, a board-level committee, depending on the materiality threshold set by the Bank. The policy aims to ensure that transactions with related parties are conducted at arm's length and that the no resources of the Bank are misappropriated. Material related party transactions require prior written approval of the members of the Board, with the exclusion of the director concerned in case the transaction involves him or his related interests.

6. Policy on Insider Trading

Metrobank, as a publicly traded company is governed by securities laws and regulations. The Bank strictly enforces and monitors compliance with its Insider Trading Policy to uphold applicable laws and ensure that the shareholders are afforded protection and that individuals do not benefit from knowledge which is not generally available to the market. The policy generally prohibits trading of securities during blackout periods by covered persons/insiders i.e. directors and employees within the Metrobank Group including their immediate family members residing with them in the same household and corporations, other entities and funds subject to their influence or control to the extent that they are considered insiders having access to material nonpublic information about the securities of companies within the Metrobank Group as well as the securities of any of their corporate clients and business partners.

The policy requires that the disclosure of Material Nonpublic Information about any of the companies within the Metrobank Group or any partner shall be made on a reasonable need-to-know basis and in furtherance of a legitimate business purpose. It further requires the reporting insiders to confirm their respective beneficial ownership of listed shares of stock in their respective companies, if any, and report any changes thereto on the next trading day from the date of the change pursuant to the requirements of the SEC and the PSE.

7. Whistle Blowing Policy

Whistleblowing policy is a sign of strong corporate governance and company culture that takes such claims seriously. As a way of strengthening the Bank's system of integrity, all employees as well as other stakeholders are encouraged to play their part by creating an atmosphere of openness and trust and have an avenue to raise concern and report whenever there are acts of fraud, malpractice, conflict of interest or violation of internal/regulatory policies, procedures and control, to the Chief Audit Executive.

The Whistle Blowing Policy may act as a deterrent to those thinking of committing wrongdoing within the Bank and may also reduce the likelihood of false accusation as the employees will understand the consequences of the disclosure.

Under the policy, the Bank shall maintain the identity of the reporting entity as confidential and retaliation against any reporting entity shall not be allowed. Consistent with the principles of good governance, the Chief Audit Executive reports to the Board's Audit Committee.

8. Interest of Stakeholders

Metrobank has a responsibility to all its stakeholders and addresses their needs. It has policies that safeguard the interests of customers & creditors, shareholders, employees, suppliers, and the environment.

a) Customer/Creditor's Welfare

The Bank recognizes that financial consumer protection is a fundamental part of corporate governance and culture. Consumer protection is not the responsibility of only one person or single unit but rather it is collective and shared responsibility of each and everyone, from its BOD, Management and all employees. The Bank remains anchored on its very purpose of ensuring customer success, by safeguarding its customers' and creditors' welfare, fulfilling their needs and by helping them achieve their goals.

The BOD provides effective oversight of the Bank's financial customer protection program. As such, the Bank has a board-approved Customer Protection Policy Manual which provides basic principles and ethical business practices that govern the conduct of the Bank in dealing with its customers, setting out the standards of consumer protection in the areas of disclosure and transparency, protection of client information, fair treatment, effective recourse and financial education. It provides assurance that the Bank and its employees comply with consumer protection laws, rules and regulations, thus ensuring that consumer protection practices are embedded in the Bank's business operations which address and prevent identified risks to the Bank and associated risk of financial harm or loss to its customers. The Manual is created to ensure that customer protection is inherent in the Bank's day-to-day operations, providing the foundation in ensuring the Bank's adherence to customer protection standards of conduct.

b) Stockholders' Rights and Protection of Minority Stockholders' Interests

The Board respects the rights of the stockholders as provided for in the Corporation Code. It promotes the rights of the stockholders, removes impediments to the exercise of those rights and provides an adequate avenue for them to seek timely redress for breach of their rights.

The Board makes available to the stockholders accurate and timely information to enable the latter make a sound judgment on all matters brought to their attention for consideration or approval. All material information about the Bank is disclosed in a timely manner to the SEC and PSE.

The Board is transparent and fair in the conduct of the annual stockholders' meetings of the Bank. The Bank encourages the stockholders to personally attend such meetings. If they cannot attend, they are apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of the right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

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

c) Policy on Health, Safety and Welfare of Employees

The Bank actively promotes a safe and healthy work environment that is conducive to the well-being and professional development of its employees. Among the programs instituted were wellness check of employees, results of which were the basis of choosing relevant health interventions for the workforce; lectures on bank security are conducted to equip personnel.

The Bank is fully committed to ensure that all employees perform their work consistently to high standards and achieve their full potential. It recognizes that training and development is fundamental to the improvement of the bank's operational performance and the achievement of the bank's strategy and goals. The Metrobank Academy provides all employees with a wide range of suitable programs to assist in their continuing professional development, so that the organization will have the right quality of people for the

business to grow and achieve its goals. The Bank strives to empower Metrobankers with the right skills, knowledge, work ethics and expertise that are relevant to the stakeholders.

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

d) Supplier/Contractor Selection

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

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

e) Environment Protection

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

f) Community Interaction

The Bank believes that it is responsible not just for its financial performance but also for the state and welfare of the larger society to which it belongs. As an institution, Metrobank gives back to the communities we serve, committed to making meaningful contributions to the economic and social development of our nation. Metrobank has comprehensive community and social responsibility programs conducted by the Metrobank Foundation and the employees through the Purple Hearts Club.

9. Corporate Governance Scorecard

The Bank's Integrated Annual Corporate Governance Report (I-ACGR) was submitted to the regulators in May 2019 and posted on the Bank's website. The I-ACGR provides a consolidated reporting tool to disclose compliance/non-compliance with the recommendations provided under the Corporate Governance Code for Publicly-Listed companies as well as CG practices under the PSE CG Guidelines and the ASEAN Corporate Governance Scorecard.

10. Plans for Improvement of Corporate Governance

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

11. Awards

- The Asian Banker Leadership Achievement Awards 2019
 - Best Managed Bank in the Philippines
- The Asian Banker Transaction Awards 2019
 - Best Foreign Exchange Bank in the Philippines
 - Best Transaction Bank in the Philippines
 - Best Trade Finance Bank in the Philippines

- The Asian Banker Philippine Awards 2019
 - Remittance Product of the Year
- The Asset Triple A Treasury, Trade, Supply Chain and Risk Management Awards 2019
 - Best Service Provider in Cash Management
- Chartered Financial Analyst (CFA) Society of the Philippines
 - Best Managed Funds of the Year (Peso Medium-Term Bond Category)
- 2019 Annual Philippine Dealing System (PDS) Awards
 - Cesar EA Virata Award for Best Securities House (Bank Category)
 - Top Dealing Participant (Corporate Securities)
 - Top Fixed-Income Dealing Participant
 - Top 5 Fixed Income Brokering Participants (Rank 5)
 - Top Brokering Participant Retail Transactions
 - Top 5 PDDTS-PvP Participants (Rank 4)
 - Top 5 Fixed-Income Cash Settlement Banks (Rank 4)
 - Special Citation for Pilot Issuance of Bank Issued Bond and Commercial Paper Program
- The Asset Benchmark Research Awards 2019
 - Top Investment Houses in Asian G3 Bonds (Rank 1)
 - Top Investment Houses in Asian Local Currency Bonds (Rank 2)
 - The most Astute Investors in Asian G3 Bonds (Rank 3)
 - Best Local Currency Bond Individual - Trading (Highly Commended)
 - Best Local Currency Bond Individual - Sales (Ranks 3, 5 & Highly Commended)
- 19th Fund Managers Association of the Philippines (FMAP) Awards & Fellowship Night
 - Best Fixed Income House (Rank 2)
 - Best Fixed Income Strategist (Rank 2)
 - Best Foreign Fixed Income Trader (Rank 2)
 - Best Local Fixed Income Trader (Rank 3)
 - Best Fixed Income Salesperson (Rank 2)
- The Bureau of Treasury GSED-Market Maker
- Institute of Corporate Directors (ICD) ASEAN Corporate Governance Scorecard Golden Arrow Recognition Ceremony 2019: Philippine Results 2018
- HR Asia Awards
 - Best Companies to Work For In Asia
- Corporate Governance Asia - 2019 Awards
 - Asian Excellence Awards - Best Investor Relations Company
 - Asian Excellence Awards - Asia's Best CEO (Investor Relations)
- 16th Annual International Business Awards
 - Bronze Stevie Award for Best Annual Report - Publicly-Held Corporations

Deviations

This is not applicable to the Group.

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

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

Details of the Group’s financial statements as of and for the years ended December 31, 2019, 2018 and 2017 are presented below.

Statements of Financial Position

(Amounts in millions)

	December 31			Increase (Decrease) 2019 vs. 2018		Increase (Decrease) 2018 vs. 2017	
	2019	2018	2017	Amount	%	Amount	%
Assets							
Cash and Other Cash Items	₱32,956	₱33,091	₱27,631	(₱135)	(0.41)	₱5,460	19.76
Due from Bangko Sentral ng Pilipinas	219,994	240,134	261,959	(20,140)	(8.39)	(21,825)	(8.33)
Due from Other Banks	54,767	45,802	31,291	8,965	19.57	14,511	46.37
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA)	72,174	50,719	45,475	21,455	42.30	5,244	11.53
Investment Securities at Fair Value Through Profit or Loss (FVTPL)	61,867	39,689	43,887	22,178	55.88	(4,198)	(9.57)
Fair Value Through Other Comprehensive Income (FVOCI)/AFS Investments	202,520	111,288	343,910	91,232	81.98	(232,622)	(67.64)
Amortized Cost	251,628	265,376	-	(13,748)	(5.18)	265,376	100.00
Loans and Receivables	1,483,568	1,391,034	1,265,469	92,534	6.65	125,565	9.92
Property and Equipment	25,700	21,954	22,362	3,746	17.06	(408)	(1.82)
Investments in Associates and a Joint Venture	6,591	5,947	5,764	644	10.83	183	3.17
Goodwill	5,200	5,200	5,200	-	-	-	-
Investment Properties	7,762	7,500	7,717	262	3.49	(217)	(2.81)
Deferred Tax Assets	10,512	10,238	9,161	274	2.68	1,077	11.76
Other Assets	15,574	15,721	10,466	(147)	(0.94)	5,255	50.21
Total Assets	₱2,450,813	₱2,243,693	₱2,080,292	₱207,120	9.23	₱163,401	7.85

Liabilities and Equity							
Liabilities							
Deposit Liabilities							
CASA	₱1,077,507	₱964,944	₱950,216	₱112,563	11.67	₱14,728	1.55
<i>Demand</i>	<i>411,873</i>	<i>355,473</i>	<i>344,708</i>	<i>56,400</i>	<i>15.87</i>	<i>₱10,765</i>	<i>3.12</i>
<i>Savings</i>	<i>665,634</i>	<i>609,471</i>	<i>605,508</i>	<i>56,163</i>	<i>9.22</i>	<i>3,963</i>	<i>0.65</i>
<i>Time</i>	<i>592,897</i>	<i>548,019</i>	<i>547,721</i>	<i>44,878</i>	<i>8.19</i>	<i>298</i>	<i>0.05</i>
Long-Term Negotiable Certificates	43,740	43,790	30,025	(50)	(0.11)	13,765	45.85
	1,714,144	1,556,753	1,527,962	157,391	10.11	28,791	1.88
Bills Payable and Securities Sold Under Repurchase Agreements	238,281	259,607	227,835	(21,326)	(8.21)	31,772	13.95
Derivative Liabilities	7,427	6,537	5,352	890	13.61	1,185	22.14
Manager's Checks and Demand Drafts Outstanding	6,806	7,565	8,054	(759)	(10.03)	(489)	(6.07)
Income Taxes Payable	4,188	2,830	3,381	1,358	47.99	(551)	(16.30)
Accrued Interest and Other Expenses	10,499	9,619	6,973	880	9.15	2,646	37.95
Bonds Payable	80,486	30,743	2,910	49,743	161.80	27,833	956.46
Subordinated Debts	7,660	26,618	26,580	(18,958)	(71.22)	38	0.14
Deferred Tax Liabilities	108	357	277	(249)	(69.75)	80	28.88
Non-equity Non-controlling Interest	6,553	6,747	8,002	(194)	(2.88)	(1,255)	(15.68)
Other Liabilities	56,170	45,613	58,876	10,557	23.14	(13,263)	(22.53)
Total Liabilities	2,132,322	1,952,989	1,876,202	179,333	9.18	76,787	4.09

	December 31			Increase (Decrease) 2019 vs. 2018		Increase (Decrease) 2018 vs. 2017	
	2019	2018	2017	Amount	%	Amount	%
Equity							
Equity Attributable to Equity Holders of the Bank							
Common stock	₱89,948	₱79,600	₱63,603	₱10,348	13.00	₱15,997	25.15
Capital paid in excess of par value	85,252	85,252	42,139	-	-	43,113	102.31
Surplus reserves	2,098	1,956	1,810	142	7.26	146	8.07
Surplus	144,154	130,550	116,786	13,604	10.42	13,764	11.79
Treasury stock	(72)	(67)	(46)	(5)	(7.46)	(21)	(45.65)
Remeasurement losses on retirement plan	(5,531)	(3,591)	(4,025)	(1,940)	(54.02)	434	10.78
Net unrealized loss on investment securities at FVOCI/AFS investments	2,629	(2,994)	(15,804)	5,623	187.81	12,810	81.06
Equity in other comprehensive income (losses) of investees	345	(27)	22	372	1,377.78	(49)	(222.73)
Translation adjustment and others	(9,269)	(7,719)	(2,530)	(1,550)	(20.08)	(5,189)	(205.10)
	309,554	282,960	201,955	26,594	9.40	81,005	40.11
Other equity reserves	-	-	(7,400)	-	-	7,400	100.00
Non-controlling Interest	8,937	7,744	9,535	1,193	15.40	(1,791)	(18.78)
Total Equity	318,491	290,704	204,090	27,787	9.56	86,614	42.44
Total Liabilities and Equity	₱2,450,813	₱2,243,693	₱2,080,292	₱207,120	9.23	₱163,401	7.85

Statements of Income

Interest Income	₱116,183	₱97,186	₱80,322	₱18,997	19.55	₱16,864	21.00
Interest and Finance Charges	39,186	28,364	18,916	10,822	38.15	9,448	49.95
Net Interest Income	76,997	68,822	61,406	8,175	11.88	7,416	12.08
Provision for Credit and Impairment Losses	10,078	7,770	7,507	2,308	29.70	263	3.50
Net Interest Income After Provision for Credit and Impairment Losses	66,919	61,052	53,899	5,867	9.61	7,153	13.27
Other Operating Income	29,054	22,910	22,147	6,144	26.82	763	3.45
Other Operating Expenses	57,906	53,656	47,475	4,250	7.92	6,181	13.02
Income Before Share in Net Income of Associates and a Joint Venture	38,067	30,306	28,571	7,761	25.61	1,735	6.07
Share in Net Income of Associates and a Joint Venture	868	874	689	(6)	(0.69)	185	26.85
Income Before Income Tax	38,935	31,180	29,260	7,755	24.87	1,920	6.56
Provision for Income Tax	10,061	7,745	7,990	2,316	29.90	(245)	(3.07)
Net Income	₱28,874	₱23,435	₱21,270	₱5,439	23.21	₱2,165	10.18
Attributable to:							
Equity holders of the Bank	₱28,055	₱22,008	₱18,223	₱6,047	27.48	₱3,785	20.77
Non-controlling interest	819	1,427	3,047	(608)	(42.61)	(1,620)	(53.17)
	₱28,874	₱23,435	₱21,270	₱5,439	23.21	₱2,165	10.18

Statements of Comprehensive Income

	December 31			Increase (Decrease) 2019 vs. 2018		Increase (Decrease) 2018 vs. 2017	
	2019	2018	2017	Amount	%	Amount	%
Net Income	₱28,874	₱23,435	₱21,270	₱5,439	23.21	₱2,165	10.18
Other Comprehensive Income for the Year, net of tax Items that may not be reclassified to profit or loss:							
Change in net unrealized loss on equity securities at FVOCI	(414)	(351)	-	(63)	(17.95)	(351)	-
Change in remeasurement gain (loss) on retirement plan	(2,039)	498	26	(2,537)	509.44	472	1,815.38
Items that may be reclassified to profit or loss:							
Change in net unrealized gain (loss) on investment on debt securities at FVOCI/AFS investments	6,142	(2,443)	(5,772)	8,585	351.41	3,329	57.67
Change in equity in other comprehensive income (loss) of investees	374	(50)	(32)	424	848.00	(18)	(56.25)
Translation adjustment and others	(399)	(309)	733	(90)	(29.13)	(1,042)	(142.16)
	6,117	(2,802)	(5,071)	8,919	318.31	2,269	44.74
Total Comprehensive Income for the Year	₱32,538	₱20,780	₱16,225	₱11,758	56.58	₱4,555	28.07
Attributable to:							
Equity holders of the Bank	₱31,212	₱19,665	₱13,365	₱11,547	58.72	₱6,300	47.14
Non-controlling Interest	1,326	1,115	2,860	211	18.92	(1,745)	(61.01)
	₱32,538	₱20,780	₱16,225	₱11,758	56.58	₱4,555	28.07

Key Performance Indicators

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

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

For the Interim Period, March 31, 2020 (unaudited)

Metrobank Group	₱67.73	₱1.36	7.98%	1.01%	4.06%
FMIC (a)	37.88	(1.24)	6.13%	2.63%	0.60%
PSBank	81.49	1.59	7.47%	1.11%	6.61%

For the Year 2019

Metrobank Group	₱68.84	₱6.24*	9.47%	1.20%	3.84%
FMIC (a)	39.66	1.08	2.62%	0.92%	0.58%
PSBank	91.38	8.03*	10.29%	1.31%	5.82%
MCC	19.48	4.91	28.63%	5.55%	13.50%

For the Year 2018

Metrobank Group	₱71.11	₱5.16*	9.08%	1.02%	3.82%
FMIC (a)	39.74	1.35	3.46%	1.07%	1.36%
PSBank	96.29	10.51*	11.38%	1.15%	5.79%
MCC	14.83	4.97	34.94%	6.30%	13.99%

* Restated to show the effect of stock dividends issued in 2019 and stock rights issued in 2018 by the Parent Company and the effect of stock rights issued by PSBank in 2019.

(a) FMIC and Subsidiaries

A separate schedule showing financial soundness indicators of the Group as of December 31, 2019 and 2018 is presented in Exhibit 5 as an attachment to this report.

Book value per share

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

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing the net income by the weighted average number of common shares outstanding after giving retroactive effect to stock dividends declared, stock rights exercised and stock splits made during the period, if any. As of December 31, 2019, 2018 and 2017, the Parent Company had no shares of stock that had a dilutive effect on its basic earnings per share.

Return on Average Equity

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

Return on Average Assets

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

Net Interest Margin

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

2019 Performance

Financial Position

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

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

Total investment securities which consisted of FVTPL, FVOCI and securities at amortized cost and represents 21.05% and 18.56% of the Group's total assets as of December 31, 2019 and 2018, respectively, went up by ₱99.66 billion or 23.94%. FVTPL securities consist of HFT securities and derivative assets amounting to ₱53.38 billion and ₱8.49 billion, respectively, as of December 31, 2019 and ₱29.04 billion and ₱10.65 billion, respectively, as of December 31, 2018. The ₱91.23 billion increase in FVOCI securities was mainly due to the net effect of the increases in investments in government bonds (₱25.87 billion) and treasury notes and bonds (₱71.01 billion). On the other hand, the ₱13.75 billion decrease in investment securities at amortized cost was due to various maturities and FMIC's disposal of HTC debt securities as discussed in Note 8 of the audited financial statements of the Group as presented in Exhibit 4.

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

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

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

The decrease of ₱0.76 billion or 10.03% in Manager's Checks and Demand Drafts Outstanding resulted from normal banking operations of the Bank and PSBank. Income taxes payable increased by ₱1.36 billion or 47.99% while Accrued Interest and Other Expenses went up by ₱0.88 billion or 9.15% due to increase in accruals of other bank expenses. Bonds payable increased by ₱49.74 billion or 161.80% on account of the ₱17.50 billion, ₱11.25 billion and ₱13.75 billion fixed rate bonds issued by the Parent Company on April 11, 2019, July 3, 2019 and October 24, 2019, respectively; the ₱6.30 billion fixed rate bonds issued by PSBank on July 24, 2019; and the ₱4.16 billion fixed rate bonds issued by ORIX Metro on November 15, 2019 reduced by the maturity of the ₱2.92 billion fixed rate bonds of FMIC in August 2019. Details of these bonds are discussed in Note 19 of the audited financial statements of the Group as presented in Exhibit 4. On June 27, 2019 and August 23, 2019, the Parent Company and PSBank redeemed their 2024 Peso Notes amounting to ₱16.0 billion and ₱3.0 billion, respectively, ahead of its maturity, which caused the decrease in Subordinated Debts. Deferred tax liabilities decreased by ₱0.25 billion or 69.75%.

Other Liabilities increased by ₱10.56 billion or 23.14% primarily due to the recognition of lease liability as a result of the adoption of PFRS 16 (₱4.04 billion) and increases in marginal deposits (₱2.14 billion), bills purchased contra (₱1.92 billion) and accounts payable (₱1.81 billion).

The ₱1.19 billion or 15.40% increase in equity of non-controlling interest was attributed to the net income generated by the majority-owned subsidiaries for the year ended December 31, 2019 and the net effect of PSBank's stock rights in January 2019 and the increase in the ownership of the Bank. Equity attributable to equity holders of the Parent Company increased by ₱26.59 billion or 9.40% mainly due to the net effect of the net income reported during the year and improvement in net unrealized gain on FVOCI.

Results of Operations

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

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

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

Total operating expenses increased by ₱4.25 billion or 7.92% from ₱53.66 billion to ₱57.91 billion with higher compensation and fringe benefits by ₱1.34 billion or 5.98%, taxes and licenses by ₱1.44 billion or 16.44%, depreciation and amortization of ₱1.45 billion or 35.60%, of which ₱1.30 billion pertains to the depreciation expense recognized in 2019 due to the adoption of PFRS 16 (resulted in the decline in occupancy and equipment related expenses by ₱1.33 billion), and miscellaneous expenses by ₱1.34 billion or 8.80%. Provision for credit and impairment losses increased by ₱2.31 billion from ₱7.77 billion to ₱10.08 billion and provision for income tax was higher by ₱2.32 billion from ₱7.75 billion to ₱10.06 billion due to net movements in corporate, final and deferred income taxes.

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

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

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

2018 Performance

Financial Position

As of December 31, 2018, the Metrobank Group posted a 7.85% growth in total assets from ₱2.08 trillion as of December 31, 2017 to ₱2.24 trillion. Total liabilities of the Group increased to ₱1.95 trillion from ₱1.88 trillion or by 4.09%. Moreover, equity attributable to equity holders of the Parent Company was higher by ₱81.01 billion or 40.11% from ₱201.96 billion to ₱282.96 billion.

Cash and Other Cash Items increased by ₱5.46 billion or 19.76% due to the higher level of cash requirements of the Parent Company. Due from BSP which represents 10.70% of the Group's total assets decreased by ₱21.83 billion or

8.33% due to reserve cuts in 2018. Due from Other Banks increased by ₱14.51 billion or 46.37% as a result of the net movements in the balances maintained with various local and foreign banks. Interbank Loans Receivable and SPURA went up by ₱5.24 billion or 11.53% primarily due to increase in balance of securities under resale agreement with BSP.

Total investment securities which consisted of FVTPL, FVOCI (AFS in 2017) and securities at amortized cost which represents 18.56% and 18.64% of the Group's total assets as of December 31, 2018 and 2017, respectively, went up by ₱28.56 billion or 7.36%. As a result of the adoption of the classification and measurement requirements of PFRS 9, the Group classified debt securities held under AFS investments as at January 1, 2018 as either at amortized cost for securities belonging to portfolios managed under a hold to collect business model or at FVOCI.

Loans and Receivables, representing 62.0% and 60.83% of the Group's total assets as of December 31, 2018 and 2017, respectively, went up by ₱125.57 billion or 9.92% driven by the strong demand for loans from all segments. Non-performing loans were at 1.20% as of December 31, 2018. Deferred Tax Assets (DTA) increased by ₱1.08 billion or 11.76% primarily attributable to allowance for credit and impairment losses. Other Assets increased by ₱5.26 billion or 50.21% from ₱10.47 billion to ₱15.72 billion primarily due to the increases in miscellaneous assets (inclusive of the funding for retirement) and interoffice float items.

Deposit liabilities represent 79.71% and 81.44% of the consolidated total liabilities as of December 31, 2018 and 2017, respectively, wherein, low cost deposits represent 61.98% and 62.19% of the Group's total deposits, respectively. The Group's deposit level, sourced by the Bank, PSBank and MBCL reached ₱1.56 trillion as of December 31, 2018, an increase of ₱28.79 billion or 1.88% from ₱1.53 trillion as of December 31, 2017. The increment came from CASA by ₱14.73 billion or 1.55%, time deposits by ₱0.30 billion or 0.05% and from the issuances of LTNCDs by the Bank for ₱8.68 billion and by PSBank for ₱5.08 billion on October 4 and August 9, 2018, respectively.

Bills Payable and SSURA representing 13.29% and 12.14% of the Group's total liabilities as of December 31, 2018 and 2017, respectively, went up by ₱31.77 billion or 13.95% due to the net effect of higher balances of borrowings from foreign banks by ₱18.48 billion, local banks by ₱4.07 billion and SSURA by ₱30.67 billion reduced by the decreases in borrowings from BSP by ₱6.50 billion and deposits substitutes by ₱14.95 billion. Derivative Liabilities which represent mark-to-market of foreign currency forwards, interest rate swaps, cross currency swaps and foreign currency options with negative fair value increased by ₱1.19 billion or 22.14%.

The decrease of ₱0.49 billion or 6.07% in Manager's Checks and Demand Drafts Outstanding resulted from normal banking operations of the Bank and PSBank. Income taxes payable decreased by ₱0.55 billion or 16.30% while Accrued Interest and Other Expenses went up by ₱2.65 billion or 37.95% due to increases in accruals of other bank expenses and interests on deposit liabilities. Bonds payable increased by ₱27.83 billion on account of the ₱10.00 billion and ₱18.00 billion fixed rate bonds issued by the Parent Company on November 9 and December 17, 2018, respectively, which bear an interest rate of 7.15% per annum and will mature on November 9, 2020. Deferred tax liabilities increased by ₱0.08 billion or 28.88%. Non-equity Non-controlling Interest representing the portion of net income and net assets of the mutual fund subsidiaries of FMIC not attributed to the Group went down by ₱1.26 billion or 15.68% on account of the net decline in income of these mutual funds.

Other Liabilities decreased by ₱13.26 billion or 22.53% primarily due to the settlement of the ₱14.80 billion liability on the agreed purchase of 40% stake in MCC and the funding of the ₱3.40 billion retirement liability, partially offset by the ₱1.00 billion increase in marginal deposits and the ₱2.60 billion unsecured notes issued by ORIX Metro on October 29, 2018.

Equity attributable to equity holders of the Parent Company increased by ₱81.01 billion or 40.11% due to the net effect of the ₱59.1 billion net proceeds from the stock rights issued by the Parent Company on April 12, 2018, net income reported during the year, net impact of PFRS 9 adoption on Surplus and net unrealized loss on FVOCI/AFS investments, and the ₱3.18 billion cash dividends declared and paid during the year. The Group also recognized additional equity reserves (included in "Translation adjustment and others") for the difference between the acquisition price and the acquired remaining non-controlling interest of 20% in MCC. The acquisition of the remaining 20% interest in MCC was completed on September 4, 2018 ("second tranche") and the Group recognized equity reserves (included in "Translation adjustment and others") for the difference between the acquisition price and the acquired non-controlling interest amounting to ₱5.1 billion. Other accounts affected by this transaction were "other equity reserves" and "non-controlling interest".

Results of Operations

Net income attributable to equity holders of the Bank amounted to ₱22.01 billion for the year 2018 compared with ₱18.22 billion net income for the year 2017.

Interest income improved by ₱16.86 billion or 21.00% resulting from higher interest income on loans and receivables by ₱16.27 billion and on total investment securities by ₱0.72 billion net of the ₱0.14 billion decrease in interest income on interbank loans and SPURA. Meanwhile, the increases in interest expense on deposit liabilities by ₱6.36 billion and on borrowings by ₱3.09 billion accounted for the increase of ₱9.45 billion or 49.95% in interest and finance charges. These resulted to a ₱7.42 billion or 12.08% increase net interest income.

Other operating income of ₱22.91 billion increased by ₱0.76 billion or 3.45% from ₱22.15 billion in 2017 on account of the increases in fee-based income by ₱1.65 billion, income from leasing by ₱0.12 billion and profit from disposal of foreclosed properties by ₱0.30 billion, reduced by lower net trading and securities and foreign exchange gains by ₱1.10 billion.

Provision for credit and impairment losses in 2018 was at ₱7.77 billion under PFRS 9 compared with ₱7.51 billion in 2017 under PAS 39 or increased by ₱0.26 billion or 3.50%. Total other operating expenses increased by ₱6.18 billion or 13.02% as a result of the increases in compensation and fringe benefits by ₱2.15 billion or 10.63%, taxes and licenses by ₱2.20 billion or 33.37% (as a result of changes on tax rates, particularly on documentary stamp taxes, brought about by the implementation of the TRAIN law in 2018), occupancy and equipment-related expenses by ₱0.26 billion or 9.01% and miscellaneous expenses by ₱1.51 billion or 10.96%. Provision for income tax was lower by ₱0.25 billion or 3.07% due to net movements in deferred income tax, corporate and final taxes.

Share in net income of associates and a joint venture increased by ₱0.19 billion or 26.85% due to higher net income of certain associates while income attributable to non-controlling interest went down by ₱1.62 billion or 53.17% due to the effect of the acquisition of the remaining 20% interest in MCC.

Total comprehensive income went up by ₱4.56 billion from ₱16.23 billion income in 2017 to ₱20.78 billion in 2018. The variance was attributable to the higher net income of the Group and the lower net unrealized loss recognized on investment securities. As a result, total comprehensive income attributable to equity holders of the Parent Company went up to ₱19.67 billion or by ₱6.30 billion from ₱13.37 billion in 2017.

Market share price was at ₱80.95 from ₱101.40 as of December 31, 2017 with a market capitalization of ₱322.18 billion as at December 31, 2018.

2017 Performance

Financial Position

As of December 31, 2017, the Metrobank Group posted a 10.89% growth in total assets from ₱1.88 trillion as of December 31, 2016 to ₱2.08 trillion. Total liabilities of the Group increased to ₱1.88 trillion from ₱1.67 trillion or 12.32%. Moreover, equity attributable to equity holders of the Parent Company increased by ₱5.95 billion or 3.04% from ₱196.00 billion to ₱201.96 billion due to net effect of the net income reported for the year ended December 31, 2017, higher translation adjustments, higher net unrealized loss on AFS investments driven by lower market prices, and declaration of cash dividend.

Due from BSP which represents 12.59% of the Group's total assets increased by ₱23.15 billion or 9.70% due to the increase in demand deposits net of lower placements in term and overnight deposit facilities of the BSP. Due from Other Banks decreased by ₱13.02 billion or 29.39% 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 ₱46.17 billion or 50.38% mainly due to lower balance of securities under resale agreement with BSP.

Financial Assets at FVTPL which consist of held-for-trading (HFT) securities and derivative assets amounting to ₱37.52 billion and ₱6.37 billion, respectively, as of December 31, 2017 and ₱30.09 billion and ₱7.12 billion, respectively, as of December 31, 2016 increased by ₱6.67 billion or 17.93% coming from both corporate and government securities. AFS investments went up by ₱27.06 billion or 8.54% due to higher investments in treasury notes and bonds and corporate securities.

Loans and Receivables, representing 60.83% and 56.55% of the Group's total assets as of December 31, 2017 and 2016, respectively, went up by ₱204.60 billion or 19.29% driven by the strong demand for loans from all segments. Consumer loans increased by 16.68% while commercial loans increased by 19.94%. Non-performing loans were still maintained at lower level with a ratio of 1.01% as of December 31, 2017. Investments in Associates and a Joint Venture went up by ₱0.41 billion or 7.74% due to the share in net income of associates during the year net of PSBank's sale of its 10% ownership in SMFC. Investment Properties decreased by ₱0.76 billion or 8.93% due to continuous disposals of foreclosed real estate properties. A minimal increase of ₱0.59 billion or 5.95% was noted on other assets which consist of, among others, software costs, inter-office float items, creditable withholding tax and miscellaneous assets.

Deposit liabilities represent 81.44% and 83.17% of the consolidated total liabilities as of December 31, 2017 and 2016, respectively, wherein, low cost deposits represent 62.19% and 60.89% of the Group's total deposits, respectively. The Group's deposit level, sourced by the Bank, PSBank and MBCL reached ₱1.53 trillion as of December 31, 2017, an increase of ₱138.66 billion or 9.98% from ₱1.39 trillion as of December 31, 2016. The increment came from CASA by ₱104.14 billion or 12.31%, time deposits by ₱27.39 billion or 5.26% and from the issuances of LTNCDs by the Bank for ₱3.75 billion and by PSBank for ₱3.4 billion on July 20 and January 30, 2017, respectively.

Bills Payable and SSURA representing 12.14% and 9.66% of the Group's total liabilities as of December 31, 2017 and 2016, respectively, went up by ₱66.46 billion or 41.18% due to higher balances of borrowings from BSP by ₱28.0 billion, local banks by ₱16.78 billion and foreign banks by ₱5.45 billion; deposits substitutes by ₱2.69 billion and SSURA by ₱13.54 billion. Derivative Liabilities which represent mark-to-market of foreign currency forwards, interest rate swaps, cross currency swaps and foreign currency options with negative fair value increased by ₱0.74 billion or 16.05%.

The increase of ₱1.12 billion or 16.19% in Manager's Checks and Demand Drafts Outstanding resulted from normal banking operations of the Bank and PSBank. Income taxes payable increased by ₱1.20 billion or 54.74% representing additional corporate income tax due for the year. Bonds payable decreased by ₱8.59 billion or 74.69% due to the maturity of FMIC bonds with total face value of ₱9.0 billion in 2017. The early redemption of PSBank's ₱3.0 billion Tier 2 Notes on February 21, 2017 accounted for the 9.97% decline in Subordinated Debts. Deferred tax liabilities decreased by ₱0.04 billion or 11.22%. Other Liabilities increased by ₱9.16 billion or 18.43% primarily due to the recognition of ₱14.80 billion liability on the agreed purchase of 40% stake in MCC. As discussed in Note 11 of the audited financial statements of the Group as presented in Exhibit 4, on October 18, 2017, the Parent Company's BOD approved and the Parent Company has entered into a purchase agreement with its joint venture partner (the Seller). On December 28, 2017, the BSP approved the transaction and with this, the purchase of 20% is deemed completed and the acquisition cost for the remaining 20% is required to be recognized for accounting purposes. Other accounts affected by the said transaction were "translation adjustment and others" and "other equity reserves."

Results of Operations

Net income attributable to equity holders of the Bank amounted to ₱18.22 billion for the year 2017 compared with ₱18.09 billion net income for the year 2016.

Interest income improved by ₱12.14 billion or 17.81% resulting from higher interest income on loans and receivables and interbank loans and SPURA by ₱12.13 billion and ₱0.33 billion, respectively, driven by the loan growth net of lower interest income on trading and investment securities by ₱0.31 billion. Meanwhile, the increases in interest expense on deposit liabilities by ₱2.72 billion and on borrowings by ₱0.96 billion accounted for the increase of ₱3.68 billion or 24.16% in interest and finance charges. These resulted in ₱8.46 billion or 15.98% increase net interest income.

Other operating income of ₱22.15 billion decreased by ₱3.52 billion or 13.71% from ₱25.67 billion in 2016 on account of lower net trading and securities and foreign exchange gains by ₱4.71 billion or 55.01% due to disposals of HTM investments in 2016. On the other hand, increases were noted in fee-based income by ₱0.72 billion or 6.93%, profit from disposal of foreclosed properties of ₱0.34 billion or 46.86% and income from trust operations by ₱0.10 billion or 8.08%.

Total operating expenses were maintained at a reasonable level of ₱54.98 billion in 2017 or ₱3.05 billion or 5.87% increase from ₱51.94 billion in 2016 with 2.25% increase in provision for credit and impairment losses. Increases were also noted in compensation and fringe benefits by ₱1.84 billion or 10.04%, taxes and licenses by ₱0.58 billion or

9.72% and depreciation and amortization by ₱0.23 billion or 7.11%. Provision for income tax was also higher by ₱1.37 billion or 20.66% from ₱6.62 billion to ₱7.99 billion on account of higher provision for corporate income tax.

Share in net income of associates and a joint venture increased by ₱0.43 billion or 163.98% due to higher net income of certain associates while income attributable to non-controlling interest went up by ₱0.82 billion or 36.64% with noted improvement on the results of operations of certain majority-owned subsidiaries.

Total comprehensive income went up by ₱3.07 billion from ₱13.16 billion in 2016 to ₱16.23 billion in 2017. The variance was attributed to the higher net income of the Group and the ₱2.11 billion increase in other comprehensive income particularly on the movements in translation adjustments and in remeasurement loss on retirement plan. Total comprehensive income attributable to equity holders of the Bank went up to ₱13.37 billion from ₱12.43 billion in 2016.

Market share price was at ₱101.40 from ₱72.60 as of December 31, 2016 with a market capitalization of ₱322.47 billion as at December 31, 2017.

Key Variable and Other Qualitative and Quantitative Factors

Plans for 2020

A year after the Bank's 2018 relaunch of its Core Values program, the Bank introduced the Meaningful Banking campaign first to its employees as reinforcement of the work ethic and institutional values in their daily lives, then to the public as testament to its commitment of delivering the "You're in Good Hands" promise to each client. The Bank plans to continue this to sustain and increase market relevance, alongside with continuous improvement in customer experience, products and services, operational efficiency and people development. Moreover, the Bank aims to deepen its commitment to instill financial discipline across new and underserved markets, and explore venues outside its current CSR activities by which it can increase its socio-economic impact.

All these will rely on a sustainable culture transformation and change management program, a robust IT infrastructure, and sound control and risk management practices. Thus, investments in people are further backed by investments in IT and information security, process efficiencies, and risk and control systems.

Capital position

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

In 2006, the Bank issued US\$125.0 million Hybrid Tier 1 capital security in February and 173,618,400 common shares at ₱38.00 per common share in October. In May 2010, the Bank raised an additional ₱5.0 billion in capital through a private placement of common shares. In January 2011, the Bank raised approximately US\$220.0 million through a rights offer for 200 million common shares at the offer price of P50.00 per rights share. In August 2013, the Bank increased its capital stock from P50 billion to P100 billion and on September 16, 2013, it issued a stock dividend equivalent to 633,415,805 common shares (with a par value of P20) that was applied as payment of the required subscription to the increase in capital stock. In April 2015, the Bank raised ₱32.0 billion through a rights offer for 435,371,720 common shares with par value of ₱20.00 priced at ₱73.50 per share. The newly issued shares were listed on the PSE on April 7, 2015. Further, in April 2018, the Bank raised ₱60.0 billion through a rights offer for 799,842,250 common shares with par value of ₱20.00 priced at ₱75.00 per share. The newly issued shares were listed on the PSE on April 12, 2018. In October 2019, the Bank increased its capital stock from ₱100 billion to ₱140 billion and on November 26, 2019, it issued a stock dividend equivalent to 517,401,955 common shares (with a par value of ₱20) that was applied as payment of the required subscription to the increase in capital stock, which further improved the Bank's capital position.

The Bank also issued Tier 2 instruments to boost its capital adequacy ratio. The Bank issued Basel II compliant Tier 2 subordinated notes in October 2007 for ₱8.5 billion with a coupon of 7.0%; in October 2008 for ₱5.5 billion with a coupon of 7.75%; and in May 2009 for ₱4.5 billion with a coupon of 7.5%. With the advent of Basel III, the Bank subsequently redeemed these previously issued subordinated debt issuances as they would not have been considered as capital beginning January 1, 2014. The Bank exercised the call option on its ₱8.5 billion 7.0%; ₱5.5 billion 7.75% and ₱4.5 billion 7.5% Lower Tier 2 Notes on October 22, 2012, October 4, 2013 and May 6, 2014, respectively. The early

redemptions of these instruments were in accordance with the terms and conditions of the notes when they were originally issued. By redeeming the notes, the Bank avoided a step-up in the interest rate and the capital decay from the instruments. In 2014, the Bank raised a total of ₱22.5 billion in subordinated debt wherein ₱16.0 billion was issued on March 27, 2014 at a coupon rate of 5.375% and ₱6.5 billion on August 8, 2014 at 5.25%. The terms of the notes contain a loss absorption feature, allowing them to be recognized as bank capital in accordance with Basel III standards. The transactions were done in part to replace the Basel II Tier 2 notes which were redeemed on their call option dates. As approved by the BSP on April 25, 2019, on June 27, 2019, the Bank redeemed its 2024 Peso Notes amounting to ₱16.0 billion, ahead of its maturity.

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

As of December 31, 2019, the Group's Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET1) Ratio are 17.49% and 16.19%, respectively, both well above the regulatory requirements.

2019 Economic Performance

Philippine economic growth capped 2019 still above the 6% level as fourth quarter growth came in at 6.4%. Full-year average real GDP growth is at 5.9% from 6.2% in 2018. Despite the full-year average coming in short of the government's target for the year, the economy still managed to post a solid growth in the last quarter even amid the negative developments in the global economy during the period and despite the sustained slowdowns in some of its ASEAN peers. The expansion in the fourth quarter could be mainly attributed to accelerated Government expenditures, solid Household spending, vibrant Service sector, and tempered Net Trade drag.

Full-year average inflation came in lower at 2.5% compared to 5.2% in 2018 on the back of sustained easing in the prices key food items, especially rice, and stable global crude oil prices. The Rice Tariffication Law helped bring down domestic rice prices, while Brent crude stayed in the \$60 per barrel level through most of the year.

Consequently, domestic interest rates also declined on improving liquidity condition, benign inflation expectations, and subsequent policy rate cuts from the US Federal Reserve and the BSP. The Fed slashed the federal funds rate three times in 2019 to support the US economy, while the BSP cut key policy rates by a total of 75 basis points amid the sustained easing in domestic inflation. Furthermore, the BSP reduced the universal and commercial banks' reserve requirement ratio by a total of 400 basis points to help improve domestic liquidity and also support economic growth.

Concerns over a slowing global economy, US Fed policy decisions, and the US-China trade war were the main factors that influenced the global financial market. The Philippine peso, however, remained relatively stable and even appreciated by 4% as of end-2019 amid peso-positive factors like benign inflation, robust international reserves, and solid remittance inflows.

Heightened trade tensions negatively impacted the global economy through most of 2019 as the tit-for-tat trade dispute dampened economic activity and eroded business confidence in most of the world's economies. For 2020, the global economy is seen to stage a rebound as trade and investment gradually recover. Nevertheless, downside risks like geopolitical tensions and financial market volatility remain.

The outlook for the Philippine economy, meanwhile, remains bullish amid expectations of still solid household spending, accelerated government spending, and recovery in investment spending. The timely approval of the 2020 national budget gives the government enough spending power to fast-track infra projects and guarantees the faster growth of construction activities in the different regions of the country. Solid domestic demand will help shield the Philippine economy from negative external developments.

Liquidity

To ensure that funds are more than adequate to meet its obligations, the Bank proactively monitors its liquidity position daily. Based on this system of monitoring, the Bank does not anticipate having any cash flow or liquidity problem within the next twelve months. As of December 31, 2019, the contractual maturity profile shows that the Bank has at its disposal about ₱984.43 billion of cash inflows in the next twelve (12) months from its portfolio of cash, placements with banks, debt securities and receivable from customers. This will cover 66.89% of the ₱1.47 trillion total deposits that may mature during the same period. These cash inflows exclude securities booked in FVTPL and FVOCI whose maturities beyond one (1) year but may easily be liquidated in an active secondary market. Inclusive of these securities, the total current assets will cover 82.0% of the total deposits that may mature within one (1) year. On the other hand, historical balances of deposits showed that no substantial portion has been withdrawn in one year.

Events That Will Trigger Material Direct or Contingent Financial Obligation

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

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

Material Off-Balance Sheet Transactions, Arrangements or Obligations

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

Other Relationships of the Registrant with Unconsolidated Entities or Other Persons

The Group has ownership in the following significant unconsolidated entities as of December 31, 2019:

	<u>Effective % of Ownership</u>
Taal Land, Inc.	35.00%
Cathay International Resources Corporation	34.74%
Sumisho Motor Financing Corporation*	30.00% *
SMBC Metro Investment Corporation	30.00%
Lepanto Consolidated Mining Company	13.45%

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

Material Commitments for Capital Expenditures

For the year 2020, the Bank estimates to incur capital expenditures of about ₱3.0 to ₱5.0 billion, of which 50% is estimated to be incurred for information technology.

Significant Elements from Continuing Operations

Standards Issued But Not Yet Effective

Standards issued but not yet effective up to date of issuance of the Group's financial statements are listed in Note 2 of the audited financial statements of the Group as presented in Exhibit 4. The listing consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the

adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements. The Group will assess impact of these amendments on its financial position or performance when they become effective.

Material Subsequent Events

1. The SEC approved the merger of MCC into the Parent Company effective January 3, 2020.
2. As discussed in Note 16 of the audited financial statements of the Group as presented in Exhibit 4, on January 10, 2020, the BSP approved the Bank's application to issue up to ₱25.0 billion LTNCD over a period of one year from BSP approval.
3. On January 16, 2020, the BOD of PSBank declared a 7.50% regular cash dividend for the fourth quarter of 2019 amounting to ₱287.3 million or ₱0.75 per share, payable on February 17, 2020 to all stockholders of record as of January 31, 2020.
4. On January 16, 2020, PSBank received the SEC Order fixing the Record Date of the 11.42% stock dividend involving 43,750,000 shares on January 31, 2020. Payment date of February 21, 2020 was set in accordance with the BOD approval and the rules of the PSE.
5. On February 4, 2020, PSBank issued ₱4.65 billion fixed rate bonds with an issue price at 100% face value, which bear an interest rate of 4.50% per annum and will mature on February 4, 2023.
6. On February 19, 2020, the BOD of the Bank approved the following:
 - i. Declaration of 5% regular cash dividend payable on March 20, 2020 to all stockholders of record as of March 6, 2020; and
 - ii. Exercise the call option on the Parent Company's ₱6.50 billion 2025 Peso Notes described in Note 20 of the audited financial statements of the Group as presented in Exhibit 4, on August 8, 2020 in accordance with its terms and conditions subject to BSP approval.

Others

As of December 31, 2019, the Group has no significant matters to report on the following:

1. Known trends, events or uncertainties that would have material impact on liquidity and on the sales or revenues.
2. Explanatory comments about the seasonality or cyclicity of operations.
3. Issuances, repurchases and repayments of debt and equity securities except for the issuances of ₱17.5 billion, ₱11.25 billion and ₱13.75 billion fixed rate bonds and the redemption of the 2024 Peso Notes by the Bank; the issuance of ₱6.3 billion fixed rate bonds and the redemption of the 2024 Peso Notes by PSBank; and the issuance of ₱4.16 billion fixed rate bonds by ORIX Metro as discussed in Notes 19 and 20 of the audited financial statements of the Group as presented in Exhibit 4.
4. Unusual items as to nature, size or incidents affecting assets, liabilities, equity, net income or cash flows except for the payments of cash dividends by the Bank as discussed in Note 23 of the audited financial statements of the Group as presented in Exhibit 4; and
5. Effect of changes in the composition of the Group during the year, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations (except as discussed in Notes 2 and 11 of the audited financial statements of the Group as presented in Exhibit 4).

ITEM 7 – FINANCIAL STATEMENTS

Presented in Exhibit 4 is the Audited Financial Statements of Metrobank and its Subsidiaries as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017. SyCip Gorres Velayo & Co. (SGV) audited such financial statements.

Attached to the audited financial statements is the notarized Statement of Management Responsibility for Financial Statements which was signed by Messrs. Arthur Ty (Chairman), Fabian S. Dee (President), Joshua E. Naing (Head of Financial and Control Sector), Fernand Antonio A. Tansingco (Treasurer and Head of Financial Market Sector) and Ms. Marilou C. Bartolome-Cirilo (Controller).

Information on Independent Accountant

1. SGV has been the external auditors of the registrant since 1962. In compliance with the revised SRC Rule 68 (3) (b) (ix), the signing partners are rotated after every five years reckoned from the year 2002 (increased to seven years effective August 2019). The following SGV Partners have reviewed/audited the financial statements of the registrant and signed the reports of the independent auditors for the years ended as indicated below:

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

2. The Bank intends to retain SGV as its external auditors for the year 2020. The external auditors are appointed annually by the registrant's Board of Directors in its organizational meeting held immediately after the Annual Stockholders' Meeting.

Professional Services and Fees

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

Nature of Services Rendered		Aggregate Fees (in millions)	
		2019	2018
Audit and Audit-Related Fees	Annual and interim audit of the Consolidated, Parent Company and FCDU Financial Statements in connection with statutory and regulatory filings; annual audit of the Combined Financial Statements of Trust and Managed Funds Operated by the Trust Banking Group with Supplementary Combined Information; limited review of financial statements and offering circulars based on agreed-upon procedures and issuance of comfort letters relative to the issuances of debt securities (LTNCDs, bonds) and shares of stocks.	₱41.77	₱16.85
Tax Fees		-	-
All Other Fees	Seminar fees and others	4.61	9.28
Total Fees		₱46.38	₱38.99

Audit Committee's Approval Policies and Procedures for Above Services

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

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

On March 13, 2019, the Board of Directors approved the endorsement of the Audit Committee re-appointing SyCip Gorres Velayo & Co. (SGV) as the external auditors for 2019 and it was ratified by the stockholders during the Annual Stockholders' Meeting on April 24, 2019.

Appointment of Members and Composition of the Audit Committee

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

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

Metrobank's Audit Committee is composed of the following:

Names of Members	Designation - Audit Committee	Designation - Registrant
Edgar O. Chua	Chairman	Independent Director
Francisco F. Del Rosario, Jr.	Vice Chairman	Independent Director
Solomon S. Cua	Regular Member	Director
Angelica H. Lavares	Regular Member	Independent Director
Cornelio C. Gison	Adviser	Board Adviser

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

1. Recommend the appointment or selection, re-appointment and dismissal of the independent external auditors based on fair and transparent criteria. The external auditor shall be selected from the List of Selected External Auditors for Bangko Sentral Supervised Financial Institutions (BSFI) and the recommendation should be approved by the Board and ratified by the stockholders. If the external auditors resign or communicate an intention to resign, the Audit Committee should follow up the reasons or explanations giving rise to such resignation, and should consider whether it needs to take any action in response to those reasons. For removal of the external auditors, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures. The external auditor, including the engagement and quality control partners, shall be periodically rotated in accordance with the relevant regulatory requirements;
2. Discuss and agree to the terms of the engagement letter issued by the external auditors prior to the approval of the engagement; obtain an understanding of the nature, audit approach, and scope of work covering areas specifically prescribed by the Bangko Sentral ng Pilipinas and other regulators and those relevant to the Bank's operations and risk exposures; set compensation of the external auditors in relation to the scope of its duties upon

recommendation of Controller; and, ensure coordination where more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

3. Ensure that the external auditors shall have free and full access to all the Bank's records, properties and personnel relevant to the audit activity, and that audit be given latitude in determining the scope of auditing examinations, performing work, and communicating results and shall be free from interference by outside parties in the performance of work;
4. Assess the extent of cooperation provided by the management during the conduct of external audit;
5. Evaluate and determine non-audit work by external auditors and keep under review the non-audit fees paid to the external auditors both in relation to their significance to the total annual income of the external auditor and in relation to the Bank's total expenditure on consultancy and disallow any non-audit work that will conflict with or pose a threat to the independence of the external auditors. The non-audit work, if allowed, should be disclosed in the Annual Report and Annual Corporate Governance Report;
6. Review management representation letters before these are transmitted to the external auditors to ensure that items in the letter are complete and appropriate;
7. Review the disposition of the recommendations in the external auditors' management letter;
8. Review and monitor the overall suitability and effectiveness and conduct of regular performance appraisal of external auditors on an annual basis. These shall involve assessing and monitoring the integrity, independence and objectivity of external auditors, and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements;
9. Oversee the financial reporting process, practices, and controls; and ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports. The Audit Committee should perform review of independent external auditors' report on the results of the financial statements audit, focusing particularly on any change/s in accounting policies and procedures; major estimates, assumptions and judgmental areas; unusual or complex transactions; significant adjustments, material errors and fraud; going concern assumption; compliance with accounting standards, and tax, legal and regulatory requirements; and, fully funding of employee pension funds or recognition of corresponding liability in the books; and conduct discussion with external auditor and management to decide on the appropriate action to be taken to address issues noted before these are submitted to the Board of Directors for approval;
10. Understand and assess the external auditors' opinion regarding the capability of the management and the adequacy of accounting or information systems to comply with the financial and prudential reporting responsibilities;
11. Meet with external auditors every semester or as the need arises; and,
12. Recommend necessary enhancements in the audit processes and continually engage the external auditor on matters concerning audit quality.

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

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

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9 – DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

Directors and Executive Officers of the Issuer

The names and ages of all directors and executive officers are as follows:

Directors - 12

	Office	Name	Citizenship	Age
1	Chairman	Arthur Ty	Filipino	53
2	Vice-Chairman	Francisco C. Sebastian	Filipino	65
3	President	Fabian S. Dee	Filipino	57
4	Director	Alfred V. Ty	Filipino	52
5	Director	Edmund A. Go	Filipino	69
6	Director	Vicente R. Cuna, Jr.	Filipino	57
7	Director	Solomon S. Cua	Filipino	64
8	Independent Director	Jesli A. Lapus	Filipino	70
9	Independent Director	Rex C. Drilon II	Filipino	73
10	Independent Director	Francisco F. Del Rosario, Jr.	Filipino	72
11	Independent Director	Edgar O. Chua	Filipino	63
12	Independent Director	Angelica H. Lavares	Filipino	66

The Independent Directors, namely, Mr. Jesli A. Lapus, Mr. Rex C. Drilon II, Mr. Francisco F. Del Rosario, Jr., Mr. Edgar O. Chua and Ms. Angelica H. Lavares have always possessed the qualifications, and none of the disqualifications of an independent director.

Officers - Sectors and Group Heads - 23

	Office	Name	Citizenship	Age
1	Senior Executive Vice-President	Joshua E. Naing	Filipino	59
2	Senior Executive Vice-President	Fernand Antonio A. Tansingco	Filipino	53
3	Executive Vice-President	Maritess B. Antonio	Filipino	58
4	Executive Vice-President	Mary Mylene A Caparas	Filipino	55
5	Executive Vice-President	Paul Robert Y. Murga	Filipino	54
6	Executive Vice-President	Corazon Ma. Therese B. Nepomuceno	Filipino	57
7	Executive Vice-President	Richard Benedict S. So	Filipino	54
8	Executive Vice-President	Aniceto M. Sobrepeña	Filipino	66
9	Executive Vice-President	Vivian L. Tiu	Filipino	58
10	Senior Vice-President	Marilou C. Bartolome-Cirilo	Filipino	45
11	Senior Vice-President	Christine Y. Carandang	Filipino	53
12	Senior Vice-President	Pocholo V. Dela Peña	Filipino	53
13	Senior Vice-President	Ferlou I. Evangelista	Filipino	58
14	Senior Vice-President	Quintin T. Medrano, Jr. *	Filipino	64
15	Senior Vice-President	Susan L. Niere	Filipino	60
16	Senior Vice-President	Antonio R. Ocampo, Jr.	Filipino	49
17	Senior Vice-President	Bernardino D. Ramos	Filipino	54
18	Senior Vice-President	Angelica S. Reyes	Filipino	46
19	Senior Vice-President	Leandro Antonio G. Santillan	Filipino	51
20	Senior Vice-President	Lita S. Tan	Filipino	56
21	Senior Vice-President	Leopoldo M. Ubaldo	Filipino	61
22	Senior Vice-President	Anthony Paul C. Yap	Filipino	43
23	First Vice-President	Leo R. Fragante	Filipino	54

* Retired effective February 1, 2020

Directors - 12

1. **Mr. Arthur Ty**, 53 years old, has been the Bank's Chairman since 2012. He was the Bank's President from 2006 to 2012. He has been the Chairman of GTCAP since May 2016 and Metropolitan Bank China (Ltd.) (MBCL) since 2010, Vice-Chairman of Philippine Savings Bank (PSBank) since 2001, First Metro Investment Corporation (FMIC) since 2012 and AXA Philippines since 2017. He earned his Bachelor of Science degree in Economics at the University of California, Los Angeles and obtained his Masters in Business Administration degree from Columbia University, New York.

His brother Alfred Ty is the Director of the Bank. He is married to Zandra M. Ty, Metrobank First Vice-President.

2. **Mr. Francisco C. Sebastian**, 65 years old, has been the Vice-Chairman of the Bank since 2006. He joined the Metrobank Group in 1997 as FMIC President until he was appointed Chairman in 2011. He was the Chairman of GTCAP from 2014 to April 2016. He has been the Vice-Chairman of GTCAP since May 2016. He earned his AB degree in Economics, Magna Cum Laude, from the Ateneo de Manila University in 1975.
3. **Mr. Fabian S. Dee**, 57 years old, became President of Metrobank in 2012. Before becoming President, he headed the National Branch Banking Sector (2006-2012), Account Management Group (2002-2006) and Marketing Center (2001-2002). He has been the Director of Bankers Association of the Philippines since 2014 and Trustee of Metrobank Foundation, Inc. (MBFI) since 2012. He was the Chairman and Director of Metrobank Card Corporation (MCC) from 2006 to January 2020; Chairman of Metro Remittance Singapore PTE Ltd. from 2010 to 2019; Chairman of LGU Guarantee Corporation from 2017 to 2019; Chairman of SMBC Metro Investment Corporation (SMBC Metro) from 2014 to 2017; and Director of Bancnet from 2015 to 2017. He holds a degree in Management Engineering from the Ateneo de Manila University.
4. **Mr. Alfred V. Ty**, 52 years old, was first elected director in September 2015. He has been the Chairman of Toyota Motor Philippines Group of Companies and Federal Land Group of Companies. He has been the Vice-Chairman of Metro Pacific Investment Corp. since March 2018 and GTCAP since 2012. He graduated with a Bachelor of Science degree in Business Administration from the University of Southern California in 1989.

His brother Arthur Ty is the Chairman of the Bank. He is the brother-in-law of Zandra M. Ty, Metrobank First Vice-President.

5. **Mr. Edmund A. Go**, 69 years old, was first elected director in 2007. He has been a director of Metropolitan Bank China (Ltd.) since 2010, a member of the Board of Advisors of PSBank since 2009. He has also been a Director for Investments of Ateneo de Manila University since 2010 and Investment Consultant for St. Peter's Life Group since 2011. He was a director of First Metro International Investment Corporation (FMIIC) Hong Kong from 2001 to 2008. He served as Metrobank Treasurer (2000-2007) and consultant of the Philippine Dealing and Exchange Corp. on Securities Training and Development (2008-2010). Prior to 2000, he held various management positions at Citibank Manila, Hong Kong, Taiwan and New York in the areas of Treasury, Derivatives, Investment Banking and Private Banking. He is a Certified Public Accountant and holds a BS Commerce Degree in Accounting, Cum Laude, from the San Beda College and an MBA degree, with distinction, from the Asian Institute of Management.
6. **Mr. Vicente R. Cuna, Jr.**, 57 years old, became a director of Metrobank in 2014. He has been the Head of the Enterprise Services Sector of Metrobank since April 2018. Prior to this, he was the President of PSBank from 2013 to 2018; Head of Institutional Banking Sector (2012-2013) and Corporate Banking Group (2006-2012) of Metrobank. He is the Chairman of ORIX Metro Leasing and Finance Corporation (ORIX Metro) since March 2016 and Vice-Chairman of PSBank since April 2018. He was the Director of FMIC from 2011 to 2015. He graduated from De La Salle University with a degree in AB Economics and pursued further studies at the Ateneo Graduate School of Business.
7. **Mr. Solomon S. Cua**, 64 years old, is a former Undersecretary of the Department of Finance. He is currently the Chairman of AXA Philippines and Charter Ping An Insurance Corporation. He has been the Vice-Chairman/Director of Philippine Racing Club, Inc.; Adviser of MBCL since 2018; Director of Global Treasure Holdings, Inc., Grand Titan Capital Holdings, Inc. and Philippine Newton Global Solutions, Inc. He is also the President of SC & SSC Holdings, Inc. and Director/Treasurer of Palm Integrated Commodities, Inc. He obtained his Bachelor of Arts (Mathematical Sciences and Economics) in University of Melbourne, Australia; Bachelor of Law in University of Queensland, Australia and Masters of Laws in London School of Economics & Political Science, England.
8. **Mr. Jesli A. Lapus**, 70 years old, became an independent director in 2010. He has been Chairman and Independent Director of STI Education Services Group, Inc. since 2013, Chairman of LSERV (formerly LBP Service Corporation) since 2012 and Optimus Management Services Inc. since 2010. He has been an Independent Director of STI Education Systems Holdings Inc. since 2013 and Philippine Life Financial Assurance Corp. since June 2012. He has been a member of the Board of Governors of Information and Communication Technology Academy, Inc. since November 2010. He is the Advisor to the Board since 2013 of Radiowealth Finance Company. He was the Chairman of Manila Tytana Colleges (MTC) from 2010 to 2013. He has been the Chairman - Center for Tourism of the Asian Institute of Management since 2012. He was the Secretary of the Department of Trade and Industry (2010), Secretary of the Department of Education (2006-2010), Congressman,

Third District of Tarlac, House of Representatives (1998-2006) and President/CEO and Vice-Chairman of Land Bank of the Philippines (1992-1998). He is a Certified Public Accountant and holds an Accountancy degree from the Philippine School of Business Administration and a Master's degree in Business Management from the Asian Institute of Management. He has a Doctorate in Public Administration (Honoris Causa) from the Polytechnic University of the Philippines. He also studied Investment Appraisal and Management at Harvard University; Management of Transfer of Technology at INSEAD (France), Project Management at BITS (Sweden); and Personal Financing Planning at UCLA.

9. **Mr. Rex C. Drilon II**, 73 years old, became an independent director in 2012. He also served as independent director of FMIC (2011-2014). He has been the Vice- Chairman of the Institute of Corporate Directors since 2013 and Center for Excellence in Governance since 2016. He has been a member of the Board of Trustees of Institute of Solidarity in Asia since 2010 and Center for School Governance since 2016. He has been the Chairman of Keyland Corporation since 2011 and YLD Holdings, Inc. since 2012. He was the President of the Institute of Corporate Directors (2010-2012), Chief Operating Officer of Ortigas & Company, Limited Partnership (2001-2010) and CEO of Ayala Land's publicly listed subsidiaries Cebu Holdings, Inc. and Cebu Property Ventures Development Corp. (1998-2001). He has a Business Administration degree from the University of the East. He pursued further studies at the University of Asia and The Pacific.
10. **Mr. Francisco F. Del Rosario**, 72 years old, was first elected independent director in 2013. He has been a director of Omnipay, Inc. since 2014 and DMCI Homes, Inc. since 2011. He has been a Trustee of ABS-CBN Foundation since 2007, Senior Executive Director of PWC Isla Lipana and Chairman for Institute for Solidarity in Asia since 2017 and Trustee for Center for Family Ministries from 2009 to 2014. He was the President and CEO of the Development Bank of the Philippines from 2010 to 2012. He obtained his BSC Accounting and BA Economics degrees from De La Salle University, and his MBM degree from the Asian Institute of Management.
11. **Mr. Edgar O. Chua**, 63 years old, became an independent director in 2017. He is currently the President and Chief Executive of Cavitex Holdings, Inc. He has been an Independent Director of PhilCement, Integrated Micro-Electronics, Inc. since 2014 and Energy Development Corporation since 2007. He is also the Chairman of the Philippine Eagle Foundation since 2017, De La Salle University Board, De La Salle Science Foundation since 2017 and Makati Business Club since 2016. He is currently the Chairman for the College of Saint Benilde, University of La Salle Bacolod and CEO of De La Salle Philippines. He is a Trustee/Treasurer of Philippine Business for Education and Trustee for the De La Salle Araneta Salikneta since 2015, The English-Speaking Union of the Philippines, Inc. since 2009, Gawad Kalinga Community Development Foundation Inc. since 2005, and Pilipinas Shell Foundation, Inc. since 2003. He was the Chairman of Pilipinas Shell Petroleum from September 2003 to May 2017 and the Country Chairman of Shell companies in the Philippines from September 2003 to October 2016. He obtained his Bachelor of Science in Chemical Engineering from De La Salle University in 1978.
12. **Ms. Angelica H. Lavares**, 66 years old, is a Teaching Fellow at the Institute of Corporate Directors. She is an Independent Director of several companies, namely, Prulife UK and MCC (April 2018 - January 2020). Her other affiliations include being Head of Strategic Support Group of Bank of Commerce from 2009 to 2015, and as a Consultant starting November 2015 up to present. Prior to joining Bank of Commerce, she served as Chief Legal Counsel (2003 to 2007), concurrent Chief Compliance Officer and Chief Legal Officer - Legal Services Department (2007 to 2009) and Assistant Corporate Secretary (2007-2009) of Metrobank. She was also the Chief Legal Counsel and Head of Legal Services Division for United Coconut Planters Bank (UCPB) from 1999 to 2002 acting concurrently as its Head for Human Resource Division. Previous to that, she was the Vice-President for Sales Documentation and Head of Collection Department of Filinvest Land Inc. and Special Assistant to the Commissioner for the Bureau of Customs in 1987. She obtained her degree in AB Psychology, Cum Laude, from St. Theresa's College, QC in 1973 and Bachelor of Laws, First Honorable Mention, from the University of the Philippines in 1981.

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

Executive Officers - 23

1. **Mr. Joshua E. Naing**, 59 years old, Senior Executive Vice President (SEVP), has been the Head of the Financial and Control Sector since November 2013 after serving as Controller from October 2002 to November 2013. He has been a director of FMIC since April 2015; Manila Medical Service, Inc. (MMSI) since April 2018; Metro Remittance (Hong Kong) Limited since January 2009; and MB Remittance Center (Hawaii), Ltd. from April 2010 to May 2019.
2. **Mr. Fernand Antonio A. Tansingco**, 53 years old, SEVP, has been the Head of Financial Markets Sector since 2013, and Treasurer since 2007. He was a director from 2012 to 2016 and adviser of MBCL since 2016, Chairman of Metrobank Bahamas since 2010, and Vice-Chairperson of AXA Philippines since 2010. He is the Adviser to the Board of FMIC since 2019.
3. **Ms. Maritess B. Antonio**, 58 years old, Executive Vice President (EVP), has been the Chief Risk Officer and Head of Risk Management Group since August 2016. She was the Chief Audit Executive and Head of Internal Audit Group from June 2010 to July 2016 after serving as Deputy Chief Audit Executive from 2008 to 2010.
4. **Ms. Mary Mylene A. Caparas**, 55 years old, EVP, has been the Head of the Institutional Banking Sector since 2014. She is also the Director of ORIX Metro since 2015. From 2013 to 2014, she was the Managing Director, Regional Head of Client Delivery, Treasury and Trade Solutions of Citibank N.A., Hong Kong Branch. From 2011 to 2013, she was the Managing Director, Country Head of Citi Transaction Services of Citibank N.A., Manila Branch.
5. **Mr. Paul Robert Y. Murga**, 54 years old, EVP, has been the Head of Operations Group since March 2014 and the Assistant to the Operations Group Head from 2013 to 2014. He is a member of the Board of Directors of the Philippine Clearing House Corporation since 2014.
6. **Ms. Corazon Ma. Therese B. Nepomuceno**, 57 years old, EVP, has been the Head of Credit Group since 2012 after serving as its Deputy from 2005 to 2012.
7. **Mr. Richard Benedict S. So**, 54 years old, EVP, is the Head of the Countryside Branch Banking under the National Branch Banking Sector since March 16, 2016 and appointed as Retail Banking Sector Head last September 2018. He chairs the Board of Directors of several remittance companies wholly-owned by Metrobank. He has been a Vice-Chairman of Metro Remittance Singapore Pte. Ltd. since 2010. He has been a director of Metrobank Bahamas since 2009, MCC since 2010 and Corporate Secretary of MBCL since 2014. He was appointed as Head of the International Offices and Subsidiaries Group (IOSG) from 2009 to 2016 after serving as its Deputy from 2007 to 2009; and Head of the Transaction Banking Segment in 2014.
8. **Mr. Aniceto M. Sobrepeña**, 66 years old, EVP, has been the President of MBFI since 2006 and Executive Director of GT Foundation, Inc. (GTFI) since January 2010. He is also the Chairman of Manila Tytana Colleges (MTC) and Vice-Chairman of MMSI. He is a member of the Board of Trustees of PinoyMe Foundation since 2007 and Philippine Business for Education since 2008. He is also a member of Galing Pook Foundation since 2000, International Center for Innovation Transformation and Excellence in Governance since 2006 and Philippine Institute of Environmental Planners since 1995.
9. **Ms. Vivian L. Tiu**, 58 years old, EVP, has been the Head of Human Resources Management Group since 2001. She has been serving as Corporate Secretary of MTC since 2004.
10. **Ms. Marilou C. Bartolome-Cirilo**, 45 years old, Senior Vice President (SVP), has been the Controller since November 28, 2013 after serving as Deputy from October 2009 to November 2013. She has been the Controller of MBFI and GTFI since 2012; Controller of MMSI since June 2018 and MTC since May 2019; and Supervisor of MBCL since April 2017. She was a Director of Sumisho Motor Finance Corporation (SMFC) from August 2017 to June 2018.
11. **Ms. Christine Y. Carandang**, 53 years old, SVP, has been the Head of General Services Group since June 2014, and the President of Circa 2000 Homes, Inc. since 2009 and Taal Land, Inc. (TLI) since July 2016. She has been the Head of Acquired Assets Management and Disposition Group from May 2007 to December 2015.

12. **Mr. Pocholo V. Dela Peña**, 53 years old, SVP, has been the Head of Business Banking Center of Institutional Banking Sector since October 2018 after serving as Head of Special Accounts Management Group from 2014 to 2018 and Head of Special Accounts Management Division II from 2005 to 2014. He is the Corporate Secretary of PSBank since 2011 and Director of SMFC since August 2017.
13. **Mr. Ferlou I. Evangelista**, 58 years old, SVP, has been the Head of Commercial Banking Group since May 2017. He joined the Bank in 2011 as Division Head and later as Center Head of Commercial Banking Metro Manila under the Institutional Banking Sector.
14. **Mr. Quintin T. Medrano, Jr.**, 64 years old, SVP, has been the Head of Operations Control Group since May 16, 2018. He served as the Deputy Controller from December 2013 to May 2018 and Division Head of Branch Operations Control Division from 2000 to 2013.
15. **Ms. Susan L. Niere**, 60 years old, SVP, has been the Head of Branch Support Center (BSC) since 2011. She held various positions in the Bank before her appointment as BSC Head.
16. **Mr. Antonio R. Ocampo, Jr.**, 49 years old, SVP, has been the Head of Corporate Banking Group since 2014. He was the Head of Large Corporate Division from 2013 to 2014 after serving as Deputy Head from 2012 to 2013. He is also the Director of Northpine Land, Inc. since 2016 and SMBC Metro Investment Corporation since 2014. He is a member of the Financial Executives Institute of the Philippines since 2016 and Makati Business Club since 2018.
17. **Mr. Bernardino D. Ramos**, 54 years old, SVP, has been the Head of Information Technology Group since August 2015. He also served as the Head of Program Management Division from July 2013 to July 2015.
18. **Ms. Angelica S. Reyes**, 46 years old, SVP, was the Head of the Markets Sales Group from 2013 to 2019 after serving as Head of Sales and Structuring Division from 2010 to 2013. She was the concurrent Head of Investment Distribution Division from 2012 to 2013. She serves as Corporate Secretary of AXA Philippines since 2015 and Charter Ping An Insurance Corporation since 2016. She assumed the position as Head of Treasury Group effective January 1, 2020.
19. **Mr. Leandro Antonio G. Santillan**, 51 years old, SVP, has been the Head of Trust Banking Group since May 1, 2018 after serving as Deputy Head from January 2017 to April 2018. He was the Head of Fixed Income Division from 2013 to 2015 and Treasurer of PSBank from June 30, 2015 to December 2016.
20. **Ms. Lita S. Tan**, 56 years old, SVP, assumed the position of Retail Banking Sector Head last September 2018. She was the Branch Banking Group Head for Metro Manila branches under National Branch Banking Sector; Region Head of Central Metro Manila Region from 2015 to 2016 and Area Head from 2006 to 2015. She is also a director of ORIX Metro since June 2016.
21. **Mr. Leopoldo M. Ubaldo**, 61 years old, SVP, has been the Head of Commercial Banking for Countryside since June 2016. Prior to that, he was the Center Head of Commercial Banking Center for Luzon under Institutional Banking Sector.
22. **Mr. Anthony Paul C. Yap**, 43 years old, SVP, was the Head of Treasury Group from January 2018 to December 2019; Head of Trading from July 2016 to December 2017; and Head of Rates and Foreign Exchange Division from December 2013 to July 2016 after serving as Deputy Head from August to December 2013. He assumed the position as Head of RBS Strategy & Transformation on January 1, 2020.
23. **Mr. Leo R. Fragante**, 54 years old, FVP, has been the Head of Internal Audit Group since April 2017 after serving as Head of Special Audit Division and Branch Audit Division.

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

Significant Employees

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

Family Relationships Among the Directors and Officers of the Bank

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

- Chairman, Arthur Ty is related to the following:

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

- Director Alfred Ty, is related to the following:

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

Involvement in Certain Legal Proceedings

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

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

ITEM 10 – EXECUTIVE COMPENSATION

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

SUMMARY OF COMPENSATION TABLE

Name and Principal Position		2020 (Estimate)		
		Salary	Bonus	Other Annual Compensation*
1	Arthur Ty Director and Chairman			
2	Fabian S. Dee Director and President			
3	Vicente R. Cuna, Jr. Director and Senior Executive Vice-President			
4	Joshua E. Naing Senior Executive Vice-President			
5	Fernand Antonio A. Tansingco Senior Executive Vice-President			
Total for the President and four (4) other highest paid executive officers and directors named above		₱237.85 million	₱38.92 million	₱22.70 million
All executive officers and directors as a group unnamed (except the President and four other highly compensated executive officers and directors mentioned above)		₱417.84 million	₱51.19 million	₱46.40 million

Name and Principal Position		2019		
		Salary	Bonus	Other Annual Compensation*
1	Arthur Ty Director and Chairman			
2	Fabian S. Dee Director and President			
3	Vicente R. Cuna, Jr. Director and Senior Executive Vice-President			
4	Joshua E. Naing Senior Executive Vice-President			
5	Fernand Antonio A. Tansingco Senior Executive Vice-President			
Total for the President and four (4) other highest paid executive officers and directors named above		₱222.29 million	₱36.37 million	₱21.71 million
All executive officers and directors as a group unnamed (except the President and four other highly compensated executive officers and directors mentioned above)		₱390.51 million	₱47.84 million	₱44.43 million

Name and Principal Position		2018		
		Salary	Bonus	Other Annual Compensation*
1	Arthur Ty Director and Chairman			
2	Fabian S. Dee Director and President			
3	Vicente R. Cuna, Jr. Director and Senior Executive Vice-President			
4	Joshua E. Naing Senior Executive Vice-President			
5	Fernand Antonio A. Tansingco Senior Executive Vice-President			
Total for the President and four (4) other highest paid executive officers and directors named above		₱192.29 million	₱17.15 million	₱19.12 million
All executive officers and directors as a group unnamed (except the President and four other highly compensated executive officers and directors mentioned above)		₱352.62 million	₱30.94 million	₱38.68 million

* Inclusive of directors' per diem and transportation allowances amounting to ₱43.84 million, ₱39.82 million and ₱35.68 million as of December 31, 2020, 2019, and 2018, respectively, or an average of ₱304,416.67, ₱255,269.23 and ₱228,730.77 per month/per director in 2020, 2019 and 2018, respectively.

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

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

Warrants and Options Outstanding: Repricing

The information required under Part IV, Paragraph B (5) of the SRC is not applicable to the Bank. There are no warrants or options held by the Bank's officers and directors.

ITEM 11 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners

The following stockholders own more than 5% of the common voting securities as of December 31, 2019:

	Class of Shares	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
1	Common	GT CAPITAL HOLDINGS, INC. Stockholder 43/F GT Tower International Ayala Avenue Corner H.V. Dela Costa Street, Makati City Arthur Ty is authorized to vote the shares of GT Capital Holdings, Inc. (GTCAP) in Metrobank.	Beneficial and Record Owner <i>The following persons own more than 5% of the outstanding voting shares of GT Capital Holdings, Inc. as of December 31, 2019:</i> <i>Grand Titan Capital Holdings, Inc. - 55.93%</i> <i>PCD Nominee Corporation (Non-Filipino) – 29.40%</i> <i>PCD Nominee Corporation (Filipino) – 14.35%</i> GTCAP is a publicly-listed company that is majority owned and controlled by the family of the late George S.K. Ty through Grand Titan Capital Holdings, Inc.	Filipino	1,648,502,340	36.654%
2	Common	PCD NOMINEE CORPORATION (Non-Filipino) 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, 1226 Makati City	Various Scrippless Stockholders <i>There is no beneficial owner of PCD who holds more than 5% of the common stock of Metrobank.</i>	Foreign	1,247,585,508	27.740%

	Class of Shares	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
3	Common	PCD NOMINEE CORPORATION (Filipino) 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, 1226 Makati City	Various Scripless Stockholders <i>There is no beneficial owner of PCD who holds more than 5% of the common stock of Metrobank.</i>	Filipino	870,478,737	19.355%
		TOTAL			3,766,566,585	83.749%

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

Voting Trust Holders of 5% or More

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

Changes in Control

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

Security Ownership of Management

The Bank's directors and officers as a group held a total of **34,214,309** common voting shares as of December 31, 2019. This is broken down as follows:

	Class of Shares	Name of Beneficial Owner	Citizenship	No. of Shares as of December 31, 2018	Additions/ (Disposal)	No. of Shares as of December 31, 2019	Nature	Percent of Class
Directors (12)								
1	Common	ARTHUR TY	Filipino	13,456,030	1,749,283	15,205,313	Direct	0.338
2	Common	FRANCISCO C. SEBASTIAN	Filipino	1,026,357	415,926	1,442,283	Direct	0.032
3	Common	FABIAN S. DEE (a)	Filipino	650	84	734	Direct	0.000
4	Common	ALFRED V. TY	Filipino	15,121,879	1,965,843	17,087,722	Direct	0.380
5	Common	EDMUND A. GO	Filipino	6,622	860	7,482	Direct	0.000
6	Common	VICENTE R. CUNA, JR. (b)	Filipino	115	14	129	Direct	0.000
7	Common	SOLOMON S. CUA	Filipino	100	13	113	Direct	0.000
8	Common	JESLI A. LAPUS (c)	Filipino	20,150	8,269	28,419	Direct	0.000
9	Common	REX C. DRILON II (c)	Filipino	1,430	185	1,615	Direct	0.000
10	Common	FRANCISCO F. DEL ROSARIO, JR. (c)	Filipino	130	16	146	Direct	0.000
11	Common	EDGAR O. CHUA (c)	Filipino	100	13	113	Direct	0.000
12	Common	ANGELICA H. LAVARES (c)	Filipino	-	113	113	Direct	0.000
Sub-total				29,633,563	4,140,619	33,774,182		0.751

Class of Shares		Name of Beneficial Owner	Citizenship	No. of Shares as of December 31, 2018	Additions/ (Disposal)	No. of Shares as of December 31, 2019	Nature	Percent of Class
Officers (23)								
Senior Executive Vice Presidents (2)								
1	Common	JOSHUA E. NAING	Filipino	300,000	39,000	339,000	Direct	0.007
2	Common	FERNAND ANTONIO A. TANSINGCO	Filipino	40,605	16,579	57,184	Direct	0.001
Executive Vice Presidents (7)								
3		MARITESS B. ANTONIO	Filipino	-	-	-		
4		MARY MYLENE A. CAPARAS	Filipino	-	-	-		
5		PAUL ROBERT Y. MURGA	Filipino	-	-	-		
6		CORAZON MA. THERESE B. NEPOMUCENO	Filipino	-	-	-		
7		RICHARD BENEDICT S. SO	Filipino	-	-	-		
8	Common	ANICETO M. SOBREPEÑA	Filipino	9,177	1,193	10,370	Direct	0.000
9		VIVIAN L. TIU	Filipino	-	-	-		
Senior Vice Presidents (13)								
10		MARILOU C. BARTOLOME-CIRILO	Filipino	-	-	-		
11	Common	CHISTINE Y. CARANDANG	Filipino	-	-	-		
12		POCHOLO V. DELA PEÑA	Filipino	-	-	-		
13		FERLOU I. EVANGELISTA	Filipino	-	-	-		
14		QUINTIN T. MEDRANO	Filipino	-	-	-		
15		SUSAN L. NIERE	Filipino	-	-	-		
16		ANTONIO R. OCAMPO, JR.	Filipino	-	-	-		
17	Common	BERNARDINO D. RAMOS	Filipino	4,122	535	4,657	Direct	0.000
18		ANGELICA S. REYES	Filipino	-	-	-		
19		LEANDRO ANTONIO G. SANTILLAN	Filipino	-	-	-		
20	Common	LITA S. TAN	Filipino	8,288	1,077	9,365	Direct	0.000
21		LEOPOLDO M. UBALDO	Filipino	-	-	-		
22	Common	ANTHONY PAUL C. YAP	Filipino	17,302	2,249	19,551	Direct	0.00
First Vice President (1)								
23		LEO R. FRAGANTE	Filipino	-	-	-		
Sub-total				379,494	60,633	440,127		0.010
Total (Directors and Officers)				30,013,057	4,201,252	34,214,309		0.761

(a) Director and President

(b) Director and Senior Executive Vice-President

(c) Independent Directors

ITEM 12 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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 total loan portfolio, whichever is lower, of the Bank, PSBank, FMIC and ORIX Metro.

Transactions with related parties and with certain directors, officers, stockholders and related interests (DOSRI) are discussed in Note 31 of the audited financial statements of the Group as presented in Exhibit 4.

PART IV – EXHIBITS AND SCHEDULES**ITEM 13 – EXHIBITS AND REPORTS ON SEC FORM 17-C****Exhibits**

- | | |
|-----------|--|
| EXHIBIT 1 | Nationwide Branches Bank-Owned as of December 31, 2019 |
| EXHIBIT 2 | Nationwide Branches Under Lease as of December 31, 2019 |
| EXHIBIT 3 | Events Previously Reported under SEC Form 17-C (Current Report) |
| EXHIBIT 4 | Audited Financial Statements as of December 31, 2019 and 2018 and Years Ended December 31, 2019, 2018 and 2017
(together with the notarized Statement of Management’s Responsibility for Financial Statements signed by the registrant’s Chairman, President, Head of Financial and Control Sector, Treasurer/Head of Financial Market Sector and Controller) |
| EXHIBIT 5 | Index to Consolidated Financial Statements and Supplementary Schedules (together with Independent Auditors’ Report) |
| EXHIBIT 6 | Sustainability Report |

Reports on SEC Form 17-C

Summarized in Exhibit 3 are the reports filed under SEC Form 17-C during the year 2019 up to the date of filing of the report under SEC Form 17-A.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on May 27, 2020.



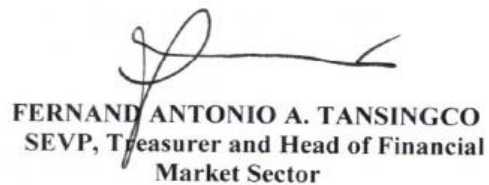
ARTHUR TY
Chairman



FABIAN S. DEE
President



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



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



MARILOU C. BARTOLOME-CIRILO
SVP and Controller



REGIS V. PUNO
Corporate Secretary

SUBSCRIBED AND SWORN to before me at Makati City, Metro Manila this **JUN 04 2020**, affiants exhibiting to me their respective Passports with the following details:

Names	Passport No.	Date/Place of Issue	Valid Until
ARTHUR TY			
FABIAN S. DEE			
JOSHUA E. NAING			
FERNAND ANTONIO A. TANSINGCO			
MARILOU C. BARTOLOME			
REGIS V. PUNO			

Doc. No. 23 ;
Page No. 6 ;
Book No. IX ;
Series of 2020



CYNTHIA G. RUIZ
Notary Public for Makati City
Appointment No. 43 until December 31, 2020
10/F Metrobank Plaza, Sen. Gil Puyat Ave., Makati City
Rd# 57155
PTR# MKT 8121476 / 01-06-2020 / Makati City
ISF# 101469 / 01-06-2020 / Makati City
MCLE Compliance# VI-0011257 / 08-20-2018

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
BANK-OWNED
As of December 31, 2019

BRANCH NAME	BRANCH ADDRESS
METRO MANILA BRANCHES	
1 A. ARNAIZ-SAN LORENZO	908 Arnaiz Avenue, Makati City
2 A. MACEDA	1174 A. Maceda St., Sampaloc, Manila
3 ACROPOLIS	E. Rodriguez Ave. Acropolis, Quezon City
4 ADDITION HILLS	204 Wilson St., San Juan, MM
5 ANGONO	Along M. L. Quezon Ave., Brgy. San Isidro, Angono, Rizal
6 ANNAPOLIS-GREENHILLS	14 Annapolis St. corner La Salle St., North Greenhills, San Juan
7 ARRANQUE CENTER	1346 Soler St., Sta. Cruz, Manila
8 ASUNCION	Chinatown Steel Tower, Asuncion St., Tondo, Manila
9 B. F. HOMES	22 Aguirre Ave., B.F. Homes, Paranaque City
10 BACLARAN	Quirino Avenue corner M. Roxas St., Bacalaran, Paranaque City
11 BAGBAGUIN-VALENZUELA	Gen. Luis St. corner J. Molina St., Bagbaguin, Valenzuela City
12 BALINTAWAK	295 Del Monte Avenue corner G. Roxas Street, Barangay Manresa, Quezon City
13 BAYVIEW	Bayview International, Roxas Blvd., Paranaque City
14 BINANGONAN	Along National Road, Binangonan, Rizal
15 BLUE RIDGE	No. 222 Katipunan Avenue, Blue Ridge, Quezon City
16 BLUMENTRITT-STA. CRUZ	2460 Rizal Avenue corner Cavite St., Sta. Cruz, Manila
17 BONI AVENUE	743 Boni Ave., Brgy. Malamig, Mandaluyong City
18 BONI SERRANO	45 Boni Serrano Avenue corner Greenview Compound, Quezon City
19 BUENDIA-DIAN	Buendia Avenue corner Dian St., Makati City
20 C. M. RECTO-MENDIOLA	2046-2050 CM Recto Ave., Sampaloc, Manila
21 CAINTA	Felix Avenue, Cainta, Rizal
22 CALOOCAN	315 Rizal Avenue Ext., Grace Park, Caloocan City
23 CALUMPANG-MARIKINA	J. P. Rizal St., Calumpang, Marikina
24 CAMARIN ROAD-CALOOCAN	Camarin Road cor. Susano Road, Caloocan City
25 CIRCUMFERENTIAL ROAD-ANTIPOLO	Along Circumferential Rd., Antipolo City
26 CONCEPCION-MARIKINA	15 Bayan-Bayanan Ave., Concepcion, Marikina City
27 CONGRESSIONAL AVENUE	141 Congressional Ave., Bahay Toro 1, Q.C.
28 CORINTHIAN PLAZA-MAKATI	G/F Corinthian Plaza Bldg., 121 cor Paseo de Roxas & Gamboa Sts., Legaspi Village, Makati City
29 CUBAO-P. TUAZON	210 P. Tuazon cor. 12th Ave., Cubao, Quezon City
30 DASMARINAS-T. PINPIN	321 Dasmarias St. cor. Ugalde St., Binondo, Manila
31 DEL MONTE	295 Del Monte Avenue, Quezon City
32 DON ANTONIO HEIGHTS	Lot 20, Blk.6, Holy Spirit Drive, Don Antonio Heights, Diliman, Quezon City
33 DOÑA SOLEDAD AVE.-BICUTAN	65 Doña Soledad Ave., Better Living Subd., Bicutan, Paranaque City
34 DOWNTOWN CENTER	Tytana Plaza, Plaza Lorenzo Ruiz, Binondo, Manila
35 E. RODRIGUEZ-CORDILLERA	E. Rodriguez Sr. Blvd. cor. Cordillera St., Doña Aurora Dist. 4, Quezon City
36 EDSA-KALOOCAN CENTER	487 EDSA cor. A. De Jesus St., Caloocan City
37 EDSA-SHAW	Beside Shangrila Shopping Center, Shaw Blvd., Mandaluyong City
38 EL GRANDE-B.F. HOMES	Aguirre St., cor. Tehran El Grande Phase 3, B.F. Homes, Paranaque City
39 F. B. HARRISON-GIL PUYAT AVENUE	Gil J. Puyat Ave., cor. F.B. Harrison St., Pasay City
40 FAIRVIEW	Commonwealth Ave. cor. Winston St., Quezon City
41 FEDERAL TOWER	Dasmarias St. cor. Muelle de Binondo, San Nicolas, Manila
42 FELIX AVENUE	Along Felix Avenue, Brgy. Tatlong Kawayan, Pasig City
43 FILINVEST CORPORATE CITY	Asean Drive cor. Singapura Lane, Filinvest Corp. City, Alabang, Muntinlupa City
44 FORT-GRAND HYATT	Veritown, 8th Ave. & 35th St., Bonifacio Global City, Fort, Taguig City
45 GIL PUYAT - BURGUNDY TOWER	Unit A1, Burgundy Corporate Tower, Sen. Gil Puyat Ave., Makati City
46 GRACE PARK CENTER	446 Rizal Ave. Ext., Grace Park, Caloocan City
47 GT TOWER CENTER	GT Tower, Ayala Ave. corner dela Costa St., Makati City
48 H. V. DE LA COSTA	G/F Westgate Condominium Plaza, 120 H.V. dela Costa St., Salcedo Village, Makati City
49 HEAD OFFICE CENTER	Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City
50 J. NAKPIL-TAFT AVENUE	Along Taft Ave. near cor. J. Nakpil St., Manila
51 J.P. RIZAL	Along J. P. Rizal St., Makati City
52 KALAYAAN-BEL AIR	G/F Primitown Tower, Kalayaan Ave., Bel-air, Makati City
53 KAMAGONG-SAMPALOC	Kamagong corner Sampaloc St., San Antonio Vill., Makati City
54 KAMIAS	#39 Kamias Road cor. K-H St., Diliman, Quezon City
55 KAMUNING	22 Kamuning Road, Kamuning, Quezon City
56 KATIPUNAN	339 Katipunan Road, Loyola Heights, Quezon City
57 LAS PIÑAS-ALABANG ZAPOTE ROAD	Real St., Alabang Zapote Road, Las Pinas City
58 LEGASPI VILLAGE-MIDORI TOWER	Unit G01, The Grand Midori Makati Tower 1, Legaspi St., Legaspi Village, Makati City
59 M. NAVAL-NAVOTAS	767 M. Naval St., Navotas, MM
60 MAGALLANES VILLAGE	Lot 3, Block 5, Paseo de Magallanes, Magallanes Village, Makati City
61 MALABON	696 Rizal Avenue, Malabon City
62 MALANDAY-VALENZUELA	Km 16, MacArthur H-Way, Malanday, Valenzuela City
63 MARIKINA CENTER	321 J. P. Rizal St., Sta. Elena, Marikina City
64 MARULAS-VALENZUELA	Km. 12 MacArthur H-Way, Marulas, Valenzuela, MM
65 MASANGKAY	942 G. Masangkay St., Binondo, Manila
66 MAYON-STA. TERESITA	177 Mayon St., Brgy. Sta. Teresita, Quezon City
67 MIDTOWN- U. N. AVE.	1236 Unit I Midtown Exec. Comm'l. Town Homes, U.N. Ave., Ermita, Manila
68 MOTHER IGNACIA-TIMOG	#23 Carlos P. Garcia Ave., Quezon City
69 MUNTINLUPA	Along National Road Poblacion, Muntinlupa City
70 NORTH BAY BLVD.-NAVOTAS	130 Northbay Blvd., Navotas MM
71 NOVALICHES	Quirino Highway Gulod, Novaliches, Quezon City
72 OCEAN TOWER	Ocean Tower, Roxas Blvd. Manila
73 ONGPIN	910 Ongpin St., Sta. Cruz, Manila
74 ORTIGAS AVE. EXT.-CAINTA	Fairtrade Comm'l Center, Ortigas Ave. Ext., Cainta, Rizal
75 ORTIGAS COMM'L. COMPLEX CENTER	Banker's Plaza Bldg., J. Vargas St., cor. San Miguel Ave., Ortigas Comm'l. Center, Pasig City
76 ORTIGAS-EMERALD AVENUE	G/F Wynsum Corp. Plaza, Emerald Ave., Pasig City
77 PASAY-BUENDIA AVENUE	2183 Taft Avenue near Gil Puyat Ave., Pasay City
78 PASAY-LIBERTAD	232 Libertad St., Pasay City
79 PASIG MABINI	A. Mabini St., Brgy. Kapasigan, Pasig City
80 PASO DE BLAS-MAYSAN	179 Paso De Blas, Valenzuela City
81 PASONG TAMO-BAGTIKAN	G/F Unit A BM Lou-Bel Plaza, Bagtikan cor. Pasong Tamo, Makati City
82 PASONG TAMO-JAVIER	The Oriental Place, Chino Roces Avenue, Makati City

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
BANK-OWNED
As of December 31, 2019

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

COUNTRYSIDE BRANCHES

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

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
BANK-OWNED
As of December 31, 2019

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

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
BANK-OWNED
As of December 31, 2019

BRANCH NAME	BRANCH ADDRESS
126 OZAMIS-RIZAL	38-C Rizal Ave., Ozamis City
127 PAGADIAN-RIZAL	Cor. Rizal Ave. & J.S. Alano Sts., Pagadian City
128 PANIQUI-TARLAC	M.H. del Pilar St., Paniqui, Tarlac
129 PLARIDEL-BULACAN	Gov. Padilla Road, Banga, Plaridel, Bulacan
130 PUERTO PRINCESA-RIZAL AVENUE	Rizal Ave., Puerto Princesa City, Palawan
131 ROSARIO-CAVITE	Along Gen. Trias Drive, Rosario, Cavite
132 ROXAS	Roxas Ave., Roxas City, Capiz
133 SAN CARLOS-NEGROS OCC.	Carmona St., San Carlos City, Negros Occidental
134 SAN FERNANDO-DOLORES	MacArthur Highway, Dolores, San Fernando, Pampanga
135 SAN FERNANDO - JASA	Jose Abad Santos Ave., City of San Fernando, Pampanga
136 SAN FERNANDO-MAIN	V. Tiomico Street, San Fernando, Pampanga
137 SAN JOSE DEL MONTE-QUIRINO HIGHWAY	#27 Quirino Highway, Pecsonville Subdivision, Bo. Tungkong Mangga, San Jose Del Monte, Bulacan
138 SAN JOSE, NUEVA ECIIA	Maharlika Highway cor. Market Road, San Jose City, Nueva Ecija
139 SAN PABLO-COLAGO	Colago Avenue, San Pablo City
140 SAN PABLO-MAHARLIKA	Maharlika Highway, San Pablo City
141 SAN PABLO-MAIN	Corner Regidor & Paulino Sts., San Pablo City
142 SANTIAGO-MAHARLIKA	Daang Maharlika St. cor. Camacam St., Santiago, Isabela
143 SILANG-CAVITE	139 J. Rizal St., Bgy. I, Silang, Cavite
144 SILAY-NEGROS OCCIDENTAL	Rizal St., Silay City
145 SOLANO	National Highway cor. Mabini St., Solano, Nueva Vizcaya
146 STA. MARIA-BULACAN	Corazon De Jesus St., Poblacion, Sta. Maria, Bulacan
147 STA. ROSA-BALIBAGO	Old Nat'l Highway, Balibago, Sta. Rosa, Laguna
148 SURIGAO	Borromeo St., Surigao City, Surigao del Norte
149 SULTAN KUDARAT-ISULAN	National Highway, Brgy. Poblacion (Kalawag III), Isulan, Sultan Kudarat
150 TACLOBAN-P. BURGOS	P. Burgos cor. Del Pilar St., Tacloban City
151 TACLOBAN-RIZAL AVENUE	109 Rizal Ave. Tacloban City
152 TACURONG	Tacurong, Sultan Kudarat
153 TAGAYTAY	Foggy Heights Subd., San Jose, Tagaytay City, Cavite
154 TANZA-CAVITE	Along A. Soriano Highway, Daang Amaya I, Tanza, Cavite
155 TARLAC-F. TANEDO	F. Tanedo St., Poblacion, Tarlac, Tarlac
156 TARLAC-MACARTHUR HIGHWAY	MacArthur Highway, Tarlac, Tarlac
157 TARLAC-MAIN	MacArthur Highway, San Roque, Tarlac City
158 TRECE MARTIRES-CAVITE	Governor's Drive, Bgy. San Agustin, Trece Martires, Cavite City
159 TUGUEGARAO-MAIN	Luna St. cor. Blumentritt, Tuguegarao, Cagayan
160 URDANETA, PANGASINAN	Alexander Street, Urdaneta, Pangasinan
161 ZAMBOANGA-GALLERIA	Gov. Lim Ave. cor. Almonte St., Zamboanga City
162 ZAMBOANGA-GOV. LIM	Gov. Lim Ave., Zamboanga City
163 ZAMBOANGA-VETERANS AVE.	Cor. Veterans & Gov. Alvarez Ave., Zamboanga City

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
UNDER LEASE
As of December 31, 2019

BRANCHES	ADDRESS	MONTHLY RENTAL (In Pesos)	EXPIRATION OF LEASE	TERM OF RENEWAL
METRO MANILA BRANCHES				
1 168 MALL	6th Floor, Unit 607, 168 Shopping Mall, Sta. Elena/Soler Streets, Binondo, Manila	72,219.29	July 31, 2023	renewable upon mutual agreement of both parties
2 20TH AVE.-CUBAO	No. 100, 20th Ave., Cubao, Quezon City	113,392.13	December 14, 2023	renewable upon mutual agreement of both parties
3 999 MALL	3/F 999 Mall, Soler Street, Binondo, Manila	196,110.10	December 5, 2020	renewable upon mutual agreement of both parties
4 A. LACSON AVE.-SAMPALOC	Mother Rosario Bldg., 1234 Lacson Ave., Sampaloc, Manila	222,996.45	November 30, 2020	renewable upon mutual agreement of both parties
5 ACACIA-AYALA ALABANG	Unit 101, Alabang Business Tower, Acacia Ave., Madrigal Business Park, Ayala Alabang, Muntinlupa City	330,361.92	February 18, 2021	renewable upon mutual agreement of both parties
6 ADB	6 ADB Avenue 1501, Mandaluyong City	n/a	n/a	
7 ADRIATICO	1633 M. Adriatico Street, Malate, Manila	245,000.00	December 31, 2023	renewable upon mutual agreement of both parties
8 AGUIRRE-SALCEDO	G/F Cattleya Condominium Salcedo cor. Aguirre Sts., Legaspi Village, Makati City	182,000.00	July 31, 2020	renewable upon mutual agreement of both parties
9 ALABANG	JM Bldg., West Service Road cor. Montillano St., Alabang Viaduct, Muntinlupa City	307,876.80	July 31, 2027	renewable upon mutual agreement of both parties
10 ALFARO	G/F ALPAP Building, 140 LP Leviste St., Salcedo Vill., Makati City	365,905.38	December 15, 2024	renewable upon mutual agreement of both parties
11 ANDA CIRCLE-PORT AREA	Knights of Rizal Bldg., Bonifacio Drive, Port Area, Manila	142,050.14	May 31, 2022	renewable upon mutual agreement of both parties
12 AURORA BLVD.-MANHATTAN PARKWAY	Parkway Shopping Arcade, Manhattan Garden City, Aurora Blvd., Araneta Center, Cubao, Quezon City	396,208.33	September 30, 2020	renewable upon mutual agreement of both parties
13 AURORA BLVD-ANONAS	986 Caly Bldg., cor. F. Castillo, Aurora Blvd., Cubao, Quezon City	238,000.00	December 31, 2024	renewable upon mutual agreement of both parties
14 AYALA ALABANG	Sycamore Prime Bldg., Alabang-Zapote Rd. cor. Buencamino St., Alabang, Muntinlupa	485,380.00	February 29, 2024	renewable upon mutual agreement of both parties
15 AYALA AVENUE-BANKMER	Bankmer Bldg., 6756 Ayala Avenue, Makati City	321,296.60	December 31, 2019	mutual written agreement by both parties
16 AYALA AVENUE-VA RUFINO	GF Rufino Bldg., 6784 Ayala Ave., Makati City	298,705.79	June 30, 2022	renewable upon mutual agreement of both parties
17 AYALA TRIANGLE	Units E1 & E2, Tower One and Exchange Plaza, Ayala Triangle, Ayala Ave., cor. Paseo de Roxas, Makati City	366,048.78	January 31, 2020	mutual written agreement by both parties
18 BACLARAN-MILENYO	2nd Floor, Baclaran Bagong Milenyo Plaza, F.B. Harrison cor. Russel Ave., Baclaran	303,933.69	September 19, 2021	renewable upon mutual agreement of both parties
19 BAESA	Olympia Commercial Building, No. 131 Quirino Highway, Baesa, Quezon City	92,846.99	June 14, 2022	renewable upon mutual agreement of both parties
20 BARANGKA-RIVERBANKS	164 A. Bonifacio Avenue, Brgy. Tañong, Marikina City	121,275.00	July 16, 2026	renewable upon mutual agreement of both parties
21 BENAVIDEZ	943-945 Benavidez St., Sta. Cruz, Manila	97,562.64	November 1, 2019	under negotiation
22 BRIXTON HILL	118 G. Araneta Ave. Sta. Mesa, Quezon City	154,895.34	January 31, 2024	renewable upon mutual agreement of both parties
23 BUSTILLOS-SAMPALOC	Dona Paz Bldg., 443 J. Figueras St., Sampaloc, Manila	258,476.57	June 30, 2021	renewable upon mutual agreement of both parties
24 C-3-A. MABINI	G/F Marea Commercial Complex, 200 A. Mabini St., Maypajo, Caloocan City	146,632.43	May 31, 2026	renewable upon mutual agreement of both parties
25 CALOOCAN-DEPARO	Puregold, Deparo Road cor. Road Lot. 1, Villa Maria Subd., Deparo, Caloocan City	111,955.54	June 19, 2021	renewable upon mutual agreement of both parties
26 CHINA PLAZA-TOMAS MAPUA	645 Tomas Mapua Street, Sta. Cruz, Manila	105,000.00	July 31, 2023	renewable upon mutual agreement of both parties
27 COMMONWEALTH	UGF, Lenjul Bldg., Commonwealth Ave., Quezon City	168,939.63	May 31, 2023	renewable upon mutual agreement of both parties
28 CONCEPCION-MALABON	G/F Domana Bldg., Gen Luna St., Concepcion, Malabon City	115,479.72	September 30, 2020	renewable upon mutual agreement of both parties
29 CUBAO	922 Aurora Blvd., Cubao, Quezon City	260,465.63	December 31, 2020	renewable upon mutual agreement of both parties
30 CUBAO-ARANETA CYBERPARK	Telus Building, Araneta Center Cubao, Quezon City	428,904.00	September 30, 2022	renewable upon mutual agreement of both parties
31 CULIAT-TANDANG SORA	No. 96859 D & B Royal Midway Plaza, 419 Tandang Sora, Brgy. Culiat, Quezon City	105,234.45	March 31, 2021	renewable upon mutual agreement of both parties
32 D. TUAZON-DEL MONTE(DEL MONTE-TALAYAN)	Along D. Tuazon near corner Del Monte Avenue, Quezon City	80,000.00	July 19, 2029	renewable upon mutual agreement of both parties
33 DAPITAN-BANAWE	Unit 1-4 Solmac Bldg., Dapitan corner Banaue Sta. Teresita, Quezon City	179,577.92	March 31, 2024	renewable upon mutual agreement of both parties
34 DELA ROSA-SALCEDO ST.	Unit I, Kalayaan Bldg., 164 Salcedo St., Legaspi Village, Makati City	245,050.69	June 30, 2020	renewable upon mutual agreement of both parties
35 DIVISORIA CENTER	Doña Salustiana Bldg., Ylaya St., Binondo, Manila	368,550.82	February 28, 2022	renewable upon mutual agreement of both parties
36 DOMESTIC AIRPORT	Salem Int'l Comm'l Complex, Domestic Road, Pasay City	123,796.00	February 15, 2022	renewable upon mutual agreement of both parties
37 DON BOSCO-MAKATI	La Fuerza Plaza Bldg., 2241 Don Chino Roces Ave., Makati	249,694.27	May 31, 2019	under negotiation
38 E. RODRIQUEZ	1661 E. Rodriguez Sr., Blvd., Quezon City	133,754.11	November 1, 2024	renewable upon mutual agreement of both parties
39 EAST SERVICE ROAD-BICUTAN	East Service Road, South Superhighway, Bicutan Interchange, Paranaque City	64,209.52	monthly	renewable upon mutual agreement of both parties
40 EASTWOOD CITY	Techno Plaza One Bldg., 118 E. Rodriguez, Brgy. Bagumbayan, Quezon City	627,895.62	April 30, 2020	renewable upon mutual agreement of both parties
41 EDSA-CONGRESSIONAL	Global Trade Center Building, 1024 North EDSA, Quezon City	211,065.71	March 14, 2022	renewable upon mutual agreement of both parties
42 EDSA-CORINTHIAN	219-223 CLMC Building, Edsa, Mandaluyong City	150,215.60	June 30, 2024	renewable upon mutual agreement of both parties
43 EDSA-MUNOZ MARKET	1199 E. Delos Santos Avenue, Brgy. Katipunan, Quezon City	101,973.85	November 14, 2021	renewable upon mutual agreement of both parties
44 EDSA-POEA	GF Lobby, POEA Building, Ortigas Ave. cor EDSA, Mandaluyong	n/a	n/a	
45 EDSA-TRAMO	453 Highway Master Bldg. EDSA, Pasay City	427,967.51	July 31, 2021	renewable upon mutual agreement of both parties
46 ERMITA	Metrobank Bldg., A. Mabini cor. A. Flores Sts., Ermita, Manila	n/a	June 27, 2019	under negotiation
47 ESCOLTA TOWER	288 Escolta Twin Tower, Escolta St., Binondo, Manila	126,802.75	August 31, 2023	renewable upon mutual agreement of both parties
48 ESPANA	Espana Blvd., corner Vicente Cruz St., Sampaloc, Manila	244,491.18	October 31, 2025	renewable upon mutual agreement of both parties
49 EVANGELISTA-BANGKAL	1645 Evangelista Street, Brgy. Bangkal, Makati City	165,869.14	November 30, 2027	renewable upon mutual agreement of both parties
50 EVANGELISTA-QUIAPO	675-679 B. Evangelista St., Quiapo, Manila	104,500.00	May 31, 2020	renewable upon mutual agreement of both parties
51 EXAMINER-QUEZON AVENUE	Ave Maria Bldg., 1517 Quezon Ave., West Triangle, Quezon City	255,304.29	October 14, 2023	renewable upon mutual agreement of both parties
52 FAIRVIEW-REGALADO AVE.	College Square Dormitory cor. Lyric St. & Regalado Ave., West Fairview, Quezon City	173,643.75	July 31, 2024	renewable upon mutual agreement of both parties
53 FARMERS PLAZA	LGF Farmers Plaza, Araneta Center, Cubao, Quezon City	409,720.00	March 31, 2021	renewable upon mutual agreement of both parties
54 FOLGUERAS	918 Folgueras Street, Tondo, Manila	95,000.00	March 31, 2024	renewable upon mutual agreement of both parties
55 FORT SEIBU TOWER	Seibu Tower, 24th St. cor. 6th Ave., Bonifacio Global City, Taguig City	430,007.22	January 31, 2020	renewable upon mutual agreement of both parties
56 FORT SOUTH OF MARKET	North Tower Bldg. Cor. 11th Ave. and 26th St. South of Market, Fort Bonifacio Global City, Taguig	264,029.19	October 31, 2023	renewable upon mutual agreement of both parties
57 FORT-BAYANI ROAD	Ground Flr., GPI Bldg., 9A Bayani Road, Fort Bonifacio, Taguig City	204,158.37	November 30, 2023	renewable upon mutual agreement of both parties
58 FORT-BONIFACIO GLOBAL CITY	32nd St., 5th Avenue, Bonifacio Global City, Taguig, MM	414,513.75	August 31, 2023	renewable upon mutual agreement of both parties
59 FORT-BURGOS CIRCLE	Ground Floor, The Fort Residences, 30th Street cor 2nd Ave., cor Padre Burgos Circle, Crescent Park, West Bonifacio Global City, Taguig	251,810.00	July 15, 2021	renewable upon mutual agreement of both parties

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60 FORT-CLIPP CENTER	11th Ave. Corner 39th Street, Bonifacio Global City, Taguig City	296,029.64	May 31, 2023	renewable upon mutual agreement of both parties
61 FORT-ECOPRIME TOWER	Ecoprime Tower, 32nd St., cor. 9th Ave., Bonifacio Global City, Taguig City	966,031.36	August 31, 2024	renewable upon the written agreement of both parties
62 FORT-FINANCE CENTRE	The Finance Centre, 26th St., Bonifacio Global City, Taguig City	698,544.00	November 14, 2023	renewable upon mutual agreement of both parties
63 FORT-MCKINLEY	Unit B, McKinley Hill 1820 Bldg., McKinley Hill, Fort Bonifacio, Taguig City	630,148.64	July 31, 2020	renewable upon mutual agreement of both parties
64 FORT-SHANGRI-LA	30th St., cor. 5th Avenue, BGC, Taguig City	727,350.00	November 14, 2020	renewable upon mutual agreement of both parties
65 FORT-TFT	Unit GF 8, The Trade & Financial Tower, 7th Ave., cor. 32nd St., Bonifacio Global City, Fort, Taguig City	795,760.00	December 31, 2019	renewable upon the written agreement of both parties
66 FORT-W 5TH AVE.	W. Fifth Bldg., 5th Ave., Bonifacio Global City, Taguig City	820,879.45	May 14, 2024	renewable upon the written agreement of both parties
67 FTI COMPLEX-TAGUIG	Old Admin Bldg., FTI Ave., FTI Complex, Taguig, Metro Manila	165,001.08	December 31, 2020	renewable upon mutual agreement of both parties
68 G ARANETA-QUEZON AVENUE	Ground Floor, C. Ramirez Company Bldg., G. Araneta corner Quezon Ave., Quezon City	305,760.00	November 30, 2022	renewable upon mutual agreement of both parties
69 GEN LUIS-NOVALICHES	St. Claire Building, Gen. Luis St., Novaliches, Quezon City	155,570.63	November 15, 2022	renewable upon mutual agreement of both parties
70 GEN. LUNA-PACO	1546 Gen. Luna St., Paco, Manila	223,724.00	January 31, 2026	renewable upon mutual agreement of both parties
71 GREENBELT	G/F Pioneer House Bldg., 108 Paseo de Roxas cor. Legaspi St., Makati	399,183.70	September 30, 2021	renewable upon mutual agreement of both parties
72 GREENHILLS NORTH	338 Ortigas Avenue, San Juan, Metro Manila	161,574.31	March 3, 2021	renewable upon mutual agreement of both parties
73 GREENHILLS-EISENHOWER	G/F Goldland Plaza Bldg., Eisenhower St., Greenhills, San Juan	197,057.32	June 30, 2022	renewable upon mutual agreement of both parties
74 GREENHILLS-PROMENADE	Unit #131 Ground Flr., Promenade Bldg., Greenhills, Shopping Center, San Juan City	216,266.31	September 30, 2023	renewable upon mutual agreement of both parties
75 GREENHILLS-V MALL	GF, Unit V-108B1, V-Mall Greenhills	628,606.85	September 15, 2021	renewable upon mutual agreement of both parties
76 GREENHILLS-WILSON	One Wilson Square, Ortigas Ave. cor. Wilson St., Greenhills, San Juan City	1,018,409.56	August 31, 2029	renewable upon mutual agreement of both parties
77 HARRISON PLAZA-ADRIATICO	A. Adriatico St., Malate, Manila	198,551.25	December 31, 2021	renewable upon mutual agreement of both parties
78 HONORIO LOPEZ BLVD.-BALUT TONDO	262 Honorio Lopez Blvd. cor. Rodriguez St., Balut, Tondo, Manila	88,981.14	December 31, 2020	renewable upon mutual agreement of both parties
79 INTRAMUROS	FEMII Bldg., A. Soriano Jr. Avenue, Intramuros, Manila	105,596.35	March 31, 2021	renewable upon mutual agreement of both parties
80 INTRAMUROS-CBCP	CBCP Building, 470 General Luna St., Intramuros, Manila	137,501.48	June 30, 2023	renewable upon mutual agreement of both parties
81 J. ABAD SANTOS-MAYHALIGUE	1385 Jose Abad Santos Avenue, Tondo, Manila	151,622.25	October 31, 2024	renewable upon mutual agreement of both parties
82 J.P. LAUREL-SAN MIGUEL MANILA	G/F First Residences, 1557 J.P. Laurel St. cor. Matienza St., San Miguel, Manila	190,514.40	April 30, 2025	renewable upon mutual agreement of both parties
83 JUPITER-68TH BEL-AIR	68 Jupiter St., Bel-Air, Makati City	357,845.04	March 1, 2025	renewable upon mutual agreement of both parties
84 JUPITER-BEL AIR	112 Jupiter St., Bel-Air, Makati City	357,845.04	March 1, 2025	renewable upon mutual agreement of both parties
85 KALAW HILL	Commonwealth Ave. cor. Kalaw Hill Subd., Culiati, Quezon City	152,700.00	July 7, 2023	renewable upon mutual agreement of both parties
86 KALAYAAN - CENTURY CITY	Unit GF 9 & 10 Centuria Medical Makati, Century City, Kalayaan Ave., Makati City	660,922.46	April 1, 2025	renewable upon mutual agreement of both parties
87 KALAYAAN AVENUE	Odelco Bldg., 128 Kalayaan Avenue, Diliman, Quezon City	126,924.28	September 15, 2022	renewable upon mutual agreement of both parties
88 KALENTONG-MANDALUYONG	188 Gen. Kalentong, Daang Bakal, Mandaluyong City	164,093.00	May 4, 2025	renewable upon mutual agreement of both parties
89 KARUHATAN-VALENZUELA	235-I McArthur Highway, Karuhatan, Valenzuela City	153,034.87	August 17, 2022	renewable upon mutual agreement of both parties
90 KAYAMANAN C	2300 PIFCO Bldg., Pasong Tamo Ext., Makati City	431,462.40	October 31, 2020	renewable upon mutual agreement of both parties
91 LAGRO	KM 21 Lester Bldg., Quirino Highway, Lagro, Novaliches, Quezon City	206,413.52	October 31, 2024	renewable upon mutual agreement of both parties
92 LAS PIÑAS-ALMANZA	Cilben Bldg., 467 Alabang-Zapote Road, Almanza Uno, Las Piñas City	190,591.38	December 15, 2025	renewable upon mutual agreement of both parties
93 LAS PIÑAS-BF RESORT	Lot 18 & 20, Block 18, BF Resort Drive, Las Pinas City	93,954.64	May 31, 2022	renewable upon mutual agreement of both parties
94 LAS PIÑAS-NAGA ROAD	Naga Road, Pulang Lupa II, Las Piñas City	106,029.19	June 15, 2023	renewable upon mutual agreement of both parties
95 LAVEZARES	403 CDC Building, Lavezares St. cor. Asuncion St., Binondo, Manila	193,918.35	July 31, 2022	renewable upon mutual agreement of both parties
96 LEGASPI VILLAGE-MAKATI	Don Pablo Bldg., 114 Amorsolo St., Legaspi Village, Makati City	436,800.00	August 31, 2024	renewable upon mutual agreement of both parties
97 LIBERTAD-MANDALUYONG	G/F PGMC Bldg., Domingo M. Guevarra St. corner Calbayog Street, Mandaluyong City	238,239.23	Mar. 31, 2020	renewable upon mutual agreement of both parties
98 LUNETA-T.M. KALAW	470 T.M. Kalaw cor. Cortada St., Ermita, Manila	279,686.60	May 15, 2020	renewable upon mutual agreement of both parties
99 MADRIGAL BUSINESS PARK-ALABANG	El Molito Bldg., Madrigal Business Park, Alabang-Zapote Road., Muntinlupa City	1,641,104.16	August 31, 2020	renewable upon mutual agreement of both parties
100 MANDALUYONG - PIONEER	Sunshine 100 City, Plaza Pioneer, Pioneer St., Mandaluyong City	196,652.33	January 31, 2023	renewable upon mutual agreement of both parties
101 MARIKINA-LILAC	3 Lilac St., Hacienda Heights Subd., Concepcion 2, Marikina City	91,865.05	July 12, 2024	renewable upon mutual agreement of both parties
102 MARIKINA-NANGKA	J.P. Rizal St., Brgy. Nangka, Marikina City	107,043.56	February 28, 2024	renewable upon mutual agreement of both parties
103 MASANGKAY-LUZON	1161-1163 Masangkay St., Sta. Cruz, Manila	166,869.25	July 31, 2021	renewable upon mutual agreement of both parties
104 MASANGKAY-MAYHALIGUE	1348-1352 Broadview Towers, G. Masangkay St., Sta. Cruz, Manila	308,358.75	July 31, 2024	renewable upon mutual agreement of both parties
105 MASINAG-MARCOS H-WAY	Kingsville Arcade, Marcos Highway, Mayamot, Antipolo City	306,533.20	September 30, 2020	renewable upon mutual agreement of both parties
106 MAYSILLO CIRCLE-MANDALUYONG (MINI)	344 Maysilo St., Jojemar Bldg., Boni Avenue, Mandaluyong City	111,418.61	October 31, 2022	renewable upon mutual agreement of both parties
107 MCARTHUR HIGHWAY-MALINTA	Km 14, McArthur Highway, Malinta, Valenzuela City	97,089.93	March 20, 2021	renewable upon mutual agreement of both parties
108 METROPOLITAN PARK-IMET	iMET Bldg., Metropolitan Park, Bay Area, Roxas Blvd., Pasay City	263,380.32	May 31, 2028	renewable upon mutual agreement of both parties
109 METROPOLITAN PARK-ROXAS BLVD.	Bldg. M, Blue Bay Walk, Metropolitan Ave. cor. EDSA Extension, Bay Area, CBD, Pasay City	262,549.35	January 31, 2021	renewable upon mutual agreement of both parties
110 MINDANAO AVENUE	Units 1-3 Ground Floor, Puregold, Mindanao Avenue, Quezon City	184,234.39	December 5, 2020	renewable upon mutual agreement of both parties
111 MORAYTA	870 Nicanor Reyes Sr. Ave., Sampaloc, Manila	201,788.90	September 30, 2023	renewable upon mutual agreement of both parties
112 MUNTINLUPA-LAKEFRONT	Space No. B 04, Presidio Walk Lakefront, Sucat, Muntinlupa City	114,544.23	July 31, 2020	renewable upon mutual agreement of both parties
113 MUNTINLUPA-TUNASAN	Gian Plaza, Blk. 9, Lot 1, Carolina Subd., National Road, Brgy. Tunasan, Muntinlupa City	146,410.00	September 30, 2024	renewable upon mutual agreement of both parties
114 N. DOMINGO-SAN JUAN	128-132 N. Domingo St., San Juan, M.M.	426,199.86	August 31, 2029	renewable upon mutual agreement of both parties
115 NALA	Columbia Airfreight Complex Building, Ninoy Aquino Ave., Paraaque City	155,132.82	April 30, 2022	renewable upon mutual agreement of both parties
116 NEW MANILA	676 Aurora Blvd., New Manila, Quezon City	389,395.09	May 31, 2020	renewable upon mutual agreement of both parties
117 NORTH EDSA	Rockwell Business Center, Tower2 Level 1, Units No. 6 & 7, Meralco Complex Center, Pasig	271,434.32	February 16, 2021	renewable upon mutual agreement of both parties
118 NOVALICHES-TALIPAPA	HBC Corporate Center, 526 Quirino Highway, Talipapa, Novaliches, Quezon City	123,121.29	December 9, 2021	renewable upon mutual agreement of both parties
119 NUEVA	562-568 Nueva St., Binondo, Manila	209,840.00	April 30, 2020	renewable upon mutual agreement of both parties
120 ORTIGAS-MERALCO AVENUE	G/F Ortigas Bldg., Ortigas cor. Meralco Ave., Pasig City	180,999.34	March 31, 2020	renewable upon mutual agreement of both parties
121 ORTIGAS-SAN MIGUEL AVENUE	G/F Bevedere Tower Condominium, San Miguel Ave., Pasig	312,437.02	November 14, 2020	renewable upon mutual agreement of both parties

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122	ORTIGAS-SAPPHIRE	Unit G105-B, GF AIC Gold Tower, F. Ortigas Jr. Ave. (formerly Emerald Ave.) cor. Garnet & Sapphire Sts., Ortigas Center, Pasig City	500,736.33	July 15, 2024	renewable upon mutual agreement of both parties
123	ORTIGAS-TAIPAN	G/F Taipan Place Bldg., Emerald Ave., Ortigas, Pasig City	481,706.15	August 31, 2021	renewable upon mutual agreement of both parties
124	ORTIGAS-XAVIER	Ortigas Ave. corner Xavier St., San Juan, Metro Manila	209,737.09	January 31, 2022	renewable upon mutual agreement of both parties
125	PACO	1756 Singalong St., Paco, Manila	287,616.25	May 31, 2021	renewable upon mutual agreement of both parties
126	PACO-A. LINAO	Units 1650, 1652, & 1654, Bldg. B, Along Angel Linao St., Paco, Manila	82,703.05	August 31, 2024	renewable upon mutual agreement of both parties
127	PARANG-MARIKINA	94 Balagtas St., cor. Tanguille St., Parang, Marikina	123,430.85	December 16, 2021	renewable upon mutual agreement of both parties
128	PASAY-BACLARAN	Kapt. Ambo St., Pasay City	520,627.16	August 1, 2020	renewable upon mutual agreement of both parties
129	PASAY-NAIA 3	Stall No. 10, Arrival Lobby, NAIA Terminal III, Pasay City	20,600.00	monthly	renewable upon mutual agreement of both parties
130	PASAY-ROTONDA	2717 Taft Ave. Ext., Pasay City	126,562.50	September 30, 2021	renewable upon mutual agreement of both parties
131	PASEO DE ROXAS	Ground Floor, 777 Paseo de Roxas, Makati City	641,378.72	August 31, 2024	renewable upon mutual agreement of both parties
132	PASEO-MAKATI AVE.	8735 Makati Avenue cor. 1226 Paseo de Roxas, Makati City	863,184.00	October 15, 2020	renewable upon mutual agreement of both parties
133	PASIG-C. RAYMUNDO	Along C. Raymundo Ave., Brgy. Rosario, Pasig City	107,207.65	January 31, 2022	renewable upon mutual agreement of both parties
134	PASIG-ROSARIO	Choice Market Ortigas, #68 Ortigas Ave. Ext., Brgy. Rosario, Pasig City	187,667.20	January 26, 2029	renewable upon mutual agreement of both parties
135	PASIG-SILVER CITY	KPO-2 Plaza, Silver City 2, Frontera Verde, Pasig City	269,171.89	December 31, 2024	renewable upon mutual agreement of both parties
136	PASONG TAMO	2300 Leelin Building, Pasong Tamo St., Makati City	374,793.07	August 15, 2024	renewable upon mutual agreement of both parties
137	PASONG TAMO EXTENSION	UPRC VII, 2287 Pasong Tamo Extension, Makati City	460,545.12	March 31, 2023	renewable upon mutual agreement of both parties
138	PASONG TAMO-BUENDIA	Unit A, Lilac Tower, Oriental Garden Makati, Chino Roxas Ave., Makati City	364,005.23	August 9, 2020	renewable upon mutual agreement of both parties
139	PASONG TAMO-METROPOLITAN AVENUE	Prudence Building, 1140 Pasong Tamo, Brgy. San Antonio Village, Makati City	225,650.05	September 15, 2026	renewable upon mutual agreement of both parties
140	PATEROS	No. 104 M. Almeda Street, Pateros, Metro Manila	143,679.02	February 28, 2020	renewable upon mutual agreement of both parties
141	PEREA-GALLARDO	G/F Century Plaza Condominium, 120 Perea St., Legaspi Village, Makati City	237,743.69	January 31, 2022	renewable upon mutual agreement of both parties
142	PLAZA LORENZO RUIZ	475 Juan Luna St., Binondo, Manila	262,112.41	August 31, 2020	renewable upon mutual agreement of both parties
143	POTRERO-MALABON	Ponciana Center, Along McArthur Highway corner Del Monte Avenue, Potrero, Malabon City	199,989.98	November 30, 2022	renewable upon mutual agreement of both parties
144	PROJECT 8-SHORTORN	No. 37 Shortorn St., Project 8, Quezon City	234,097.68	January 2, 2025	renewable upon mutual agreement of both parties
145	PUREZA-R. MAGSAYSAY BLVD.	2244 De Ocampo Memorial School Annex Bldg., R. Magsaysay Blvd. near cor. Pureza Sts., Sta. Mesa, Manila	144,455.96	August 31, 2020	renewable upon mutual agreement of both parties
146	QUEZON AVE.-CORDILLERA	EU State Tower, No. 30 Quezon Avenue, Quezon City	105,567.14	January 15, 2024	renewable upon mutual agreement of both parties
147	QUIAPO	No. 117 & 119 C. Palanca St., Quiapo, Manila	105,315.00	July 15, 2031	renewable upon mutual agreement of both parties
148	QUINTIN PAREDES	No. 457-459 Quintin Paredes Street, Binondo, Manila	196,000.00	March 31, 2024	renewable upon mutual agreement of both parties
149	REINA REGENTE	852-882 Reina Regente St., Binondo, Manila	179,178.40	June 30, 2023	renewable upon mutual agreement of both parties
150	RETIRO-CORDILLERA	N. S. Amoranto corner Cordillera St., Quezon City	141,618.40	November 15, 2022	renewable upon mutual agreement of both parties
151	RETIRO-MAYON	314 N. Amoranto Ave. cor. Mayon St., Quezon City	1,517,790.48	February 29, 2020	renewable upon mutual agreement of both parties
152	RIZAL AVENUE EXT.-3RD AVE.	213-C Rizal Ave. Ext. Bet. 2nd & 3rd, Caloocan	89,589.18	December 31, 2019	renewable upon mutual agreement of both parties
153	ROBINSON'S PLACE-ADRIATICO	1413 M. Adriatico St., Ermita, Manila	500,000.00	March 28, 2021	renewable upon written agreement of both parties
154	ROCES AVENUE	Roces Avenue cor Scout Reyes St., Quezon City	199,849.65	March 15, 2021	renewable upon mutual agreement of both parties
155	ROXAS BLVD.-CITY OF DREAMS RESORT	City of Dreams, Roxas Blvd. cor. Aseana Ave., Paranaque City	262,640.00	April 30, 2021	renewable upon mutual agreement of both parties
156	ROXAS BLVD.-PADRE FAURA	Units C2, C3 & C4, Grand Riviera Suites, Roxas Blvd., cor. Padre Faura St., Ermita, Manila	320,615.82	May 31, 2025	renewable upon mutual agreement of both parties
157	SAN AGUSTIN-HV DELA COSTA	Unit 101 Liberty Center Bldg., 104 HV dela Costa St. cor. San Agustin St., Salcedo Vill., Makati	384,648.32	October 31, 2021	renewable upon mutual agreement of both parties
158	SAN JOAQUIN-PASIG	25 R. Jabson St., San Joaquin, Pasig City	369,890.16	February 28, 2029	renewable upon mutual agreement of both parties
159	SAN LORENZO VILLAGE	G/F la O' Ctr. 1000 A. Arnaiz Ave., Makati City	315,557.61	May 31, 2024	renewable upon mutual agreement of both parties
160	SAN NICOLAS CENTER	455 and 457 Clavel St., San Nicolas, Binondo, Manila	245,700.00	January 31, 2023	renewable upon mutual agreement of both parties
161	SHAW BLVD-CBC CENTER	CBC Corporate Center, Shaw Blvd., Mandaluyong City	138,729.79	October 15, 2025	renewable upon mutual agreement of both parties
162	SHAW BLVD-J.M. ESCRIVA	J. M. Escriva, Shaw Blvd., Pasig City	339,209.76	November 30, 2022	renewable upon mutual agreement of both parties
163	SKYLAND-PLAZA	G/F Skyland Plaza Condominium, Sen. Gil Puyat Ave., Makati City	99,884.00	December 31, 2019	renewable upon mutual agreement of both parties
164	SOLER	1064-1074 Soler, Binondo Manila	126,798.14	August 31, 2021	renewable upon written agreement of both parties
165	STA. ANA-MANILA	G/F Commercial Bldg., 2447 Pedro Gil St., Sta. Ana, Manila	170,000.00	July 31, 2021	renewable upon written agreement of both parties
166	STA. ANA-PEDRO GIL	1929 Pedro Gil, Sta. Ana, Manila	75,245.63	December 15, 2024	renewable upon written agreement of both parties
167	STA. ELENA	602 Bodega Sales Bldg., Sta. Elena St., San Nicolas St., Manila	148,050.00	May 31, 2023	renewable upon mutual agreement of both parties
168	STA. MONICA-NOVALICHES	1035 Quirino Highway, Sta. Monica, Novaliches, Quezon City	62,000.00	August 31, 2023	renewable upon mutual agreement of both parties
169	STO. CRISTO-CM RECTO	859 Sto. Cristo Street, Binondo, Manila	101,200.00	June 30, 2021	renewable upon mutual agreement of both parties
170	STO. CRISTO-SAN NICOLAS ST.	600 Sto. Cristo St. cor. San Nicolas St., Binondo, Manila	103,040.00	April 30, 2021	renewable upon mutual agreement of both parties
171	STO. NINO-MARIKINA	Sumulong Highway, Toyota Ave. Brgy. Sto. Niño, Marikina City	151,718.27	June 30, 2023	renewable upon mutual agreement of both parties
172	SUMULONG-FATIMA	Unit R-106, Antipolo Valley Mall, Brgy. Sta. Cruz, Sumulong Highway, Antipolo City	134,750.00	August 20, 2027	renewable upon mutual agreement of both parties
173	SUSANO ROAD-NOVALICHES	29 Susano Road, Novaliches Proper, Novaliches, Quezon City	243,101.25	April 30, 2021	renewable upon mutual agreement of both parties
174	TAFT AVE.-P. OCAMPO	2456 Taft Avenue, Manila	181,515.60	October 31, 2022	renewable upon mutual agreement of both parties
175	TAGUIG-PUREGOLD	Commercial Units 7-10, Puregold, Taguig. Gen. Luna St., Tuktukan, Taguig City	137,677.62	September 26, 2021	renewable upon mutual agreement of both parties
176	THE FORT MARAJO	G/F, Marajo Tower 4th Ave. cor. 26th St., Bonifacio Global City, Taguig	484,772.00	July 14, 2023	renewable upon mutual agreement of both parties
177	TOMAS MAPUA-FUGOSO	1052-1056 Tomas Mapua corner Fugoso St., Sta. Cruz, Manila	106,914.82	September 30, 2022	renewable upon mutual agreement of both parties
178	TOMAS MORATO	46 Tomas Morato Ave. corner Scout Gandia St., Quezon City	187,529.14	August 8, 2023	renewable upon mutual agreement of both parties
179	TONDO-GAGALANGIN	2569 Juan Luna St., Gagalangin, Tondo, Manila	134,844.61	June 15, 2025	renewable upon mutual agreement of both parties
180	TORDESILLAS-GIL PUYAT AVE.	Condominium Units 102 and 103 G/F Le Triomphe Condominium, Sen. Gil Puyat Ave. cor. Dela Costa St., Salcedo Village Makati City	497,482.54	March 31, 2021	renewable upon mutual agreement of both parties
181	TUTUBAN	L5, CM17, Tutuban Centermall II along Loop Road, East and CM Recto Ave., Manila	n/a	n/a	
182	TUTUBAN PRIME BLOCK	Tutuban Prime Block C. M. Recto Ave., Tondo, Manila	n/a	n/a	
183	U.N. AVENUE	G/F Manila Doctors Hospital, 667 U.N. Avenue, Ermita, Manila	545,899.98	December 31, 2023	renewable upon mutual agreement of both parties

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	BRANCHES	ADDRESS	MONTHLY RENTAL (In Pesos)	EXPIRATION OF LEASE	TERM OF RENEWAL
184	V.LUNA-EAST AVENUE	18 Lyman Bldg., V. Luna Road cor East Ave., Diliman, Quezon City	214,668.29	November 2, 2028	renewable upon mutual agreement of both parties
185	VALENZUELA-GEN. T. DE LEON	Our Lady of Lourdes College, Gen. T. De Leon St., Valenzuela City	131,079.60	August 31, 2024	renewable upon mutual agreement of both parties
186	VALENZUELA-NLEX GATEWAY	Unit LG-4, Valenzuela Gateway Complex, #318 Paso de Blas St., Brgy. Paso de Blas, Valenzuela City	120,886.92	December 31, 2026	renewable upon mutual agreement of both parties
187	VALENZUELA-T. SANTIAGO	T. Santiago cor. P. Gregorio Sts., Lingunan, Valenzuela City	133,126.88	August 31, 2019	under negotiation
188	VISAYAS AVENUE	Visayas Avenue cor. Congressional Ave., Quezon City	118,641.51	August 15, 2023	renewable upon mutual agreement of both parties
189	WACK-WACK	S & R Compound, 514 Shaw Blvd., Mandaluyong City	168,977.36	December 1, 2023	renewable upon mutual agreement of both parties
190	WEST SERVICE ROAD-ALABANG HILLS	G/F Don Jesus Blvd. cor. West Service Road, South Superhighway, Muntinlupa City	123,608.15	April 30, 2021	renewable upon mutual agreement of both parties
191	WEST SERVICE ROAD-MERVILLE	Km. 12, West Service Road, Pasay City	108,166.40	April 30, 2020	renewable upon mutual agreement of both parties
192	XAVIERVILLE	Xavierville Avenue, corner B. Gonzales Street, Loyola Heights, Quezon City	61,011.05	July 31, 2020	renewable upon mutual agreement of both parties
193	ZABARTE ROAD-NOVALICHES	C.I. Plaza, 1151 Old Zabarte Road cor. Quirino Highway, Kaligayahan, Novaliches, Quezon City	242,497.27	November 30, 2020	renewable upon mutual agreement of both parties
194	ZURBARAN	1662 V. Fugoso St., corner Oroquieta St., Sta. Cruz, Manila	210,102.25	December 6, 2023	renewable upon mutual agreement of both parties

COUNTRYSIDE BRANCHES

1	AGUINALDO-IMUS	Aguinaldo Highway, Brgy. Tanzang Luma, Imus, Cavite	120,000.00	October 18, 2029	renewable upon mutual agreement of both parties
2	AGUSAN DEL SUR	Bonifacio Street, San Francisco, Agusan Del Sur	165,959.89	August 31, 2021	renewable upon mutual agreement of both parties
3	ALBAY-DARAGA	Vicente Dy Bldg., Along Rizal St., Daraga, Albay	62,473.88	March 31, 2021	renewable upon mutual agreement of both parties
4	ANGELES-FIELDS AVENUE	Devera Hotel, Fields Avenue, Brgy. Malabanas, Angeles City, Pampanga	214,228.03	October 11, 2021	renewable upon mutual agreement of both parties
5	ANGELES-MARQUEE MALL	Space MG0017, GF Marquee Mall, Francisco G. Nepomuceno Ave., Angeles City	99,000.00	September 30, 2019	under negotiation
6	ANGELES-MC ARTHUR HI-WAY	Lot 22-27, Blk. 42, Mc Arthur Hi-way, Brgy. Lourdes, Angeles City	81,112.50	January 31, 2027	renewable upon mutual agreement of both parties
7	ANGELES-STO DOMINGO	Lot 408, Sto. Rosario, Sto. Domingo, Angeles City	68,068.35	June 30, 2025	renewable upon mutual agreement of both parties
8	ANGELES-STO. ROSARIO	Lot 408, Sto. Rosario St., Sto. Domingo, Angeles City	191,730.48	July 31, 2019	under negotiation
9	BACOLOD-AYALA CAPITOL CENTRAL	Ayala Malls Capitol Central, Gatuslao St., Brgy. 8, Bacolod City, Negros Occidental	101,060.66	October 31, 2019	under negotiation
10	BACOLOD-EASTSIDE	Villa Angela Arcade Annex, Circumferential Road, Bacolod City	81,647.00	April 30, 2020	renewable upon mutual agreement of both parties
11	BACOLOD-GONZAGA	MGL Bldg., Gonzaga Street, Bacolod City	129,716.96	August 31, 2024	renewable upon mutual agreement of both parties
12	BACOLOD-LACSON	Lacson-San Sebastian Sts., Brgy. 37, Bacolod City	113,715.37	April 15, 2022	renewable upon written agreement of both parties
13	BACOLOD-LIBERTAD	San Lorenzo Ruiz Bldg., Lopez Jaena St., Bacolod City	132,724.21	May 31, 2023	renewable upon written agreement of both parties
14	BACOLOD-MANDALAGAN	Paseo Verde, Lacson St., Brgy. Mandalagan, Bacolod City	72,322.62	June 10, 2019	under negotiation
15	BACOLOD-SINGANG	UTC Building corner Araneta-Alunan Street, Bacolod City	97,828.50	February 29, 2020	renewable upon mutual agreement of both parties
16	BAGUIO BURNHAM	Heritage Mansion, Kisdad Rd. thru Abanao Ext. cor. G. Del Pilar St., Baguio City	124,800.00	September 14, 2023	renewable upon mutual agreement of both parties
17	BAGUIO-LUCBAN	F2 Building, No. 532 Magsaysay Avenue, Baguio City	77,566.41	January 31, 2024	renewable upon mutual agreement of both parties
18	BAGUIO-MARCOS HIGHWAY	TG Building, Along Marcos Highway, Km 3, Brgy. Central, Bakakeng, Baguio City	73,798.59	November 15, 2023	renewable upon mutual agreement of both parties
19	BAGUIO-NAGUILIAN ROAD	Coovesan Hotel Plaza, Naguilian Road, Baguio City	149,149.33	July 14, 2021	renewable upon mutual agreement of both parties
20	BAGUIO-SESSION ROAD	Porta Vaga Bldg., Session Road, Baguio City	250,169.87	December 31, 2020	renewable upon mutual agreement of both parties
21	BAIS CITY, NEGROS ORIENTAL	National Highway Cor. Aguinaldo St., Bais City, Negros Oriental	84,700.00	August 15, 2023	renewable upon mutual agreement of both parties
22	BALANGA-DON M. BANZON AVE.	Don Manuel Banzon Ave., Balanga, Bataan	93,079.69	October 21, 2023	renewable upon mutual agreement of both parties
23	BALIUAG-TRINIDAD HIGHWAY	Doña Remedios Trinidad Highway, Baliuag	153,245.22	September 14, 2023	renewable upon mutual agreement of both parties
24	BATAAN-MARIVELES	172 Lakandula St., Poblacion, Mariveles, Bataan	60,337.73	March 31, 2024	renewable upon mutual agreement of both parties
25	BATAC, ILOCOS NORTE	Washington St., Brgy., Ablan, Batac, Ilocos Norte	115,599.37	November 30, 2020	renewable upon mutual agreement of both parties
26	BATANGAS-CALICANTO	P. Burgos St. Extension, Brgy. Calicanto, Batangas City	108,592.98	August 8, 2020	renewable upon mutual agreement of both parties
27	BATANGAS-KUMINTANG ILAYA	PPG Building, National Highway, Kumintang Ilaya, Batangas City	70,499.36	April 14, 2025	renewable upon mutual agreement of both parties
28	BATANGAS-LIMA PARK	Units R01-S01, Block D, The Outlets at Lipa, Lima Technology Center, Brgy. Bugtong na Pulo, Lipa City, Batangas	99,360.24	August 31, 2023	renewable upon mutual agreement of both parties
29	BATANGAS-MABINI	Along National Road, Poblacion, Mabini, Batangas	50,253.59	November 15, 2022	renewable upon mutual agreement of both parties
30	BATANGAS-SAN JUAN	Gen. Luna cor. Dandan Sts., Poblacion, San Juan, Batangas	82,611.15	January 31, 2025	renewable upon mutual agreement of both parties
31	BATANGAS-STO. TOMAS	Brgy. 2, Maharlika Highway, Sto. Tomas, Batangas	87,910.27	July 31, 2023	renewable upon mutual agreement of both parties
32	BATANGAS-V. LUNA	V. Luna St., Batangas City	71,834.25	June 30, 2023	renewable upon mutual agreement of both parties
33	BAUAN-BATANGAS	National Highway, Poblacion I, Bauan, Batangas City	96,920.16	May 31, 2025	renewable upon mutual agreement of both parties
34	BAYAWAN CITY, NEGROS ORIENTAL	Purok 1, National Highway, Tinago, Bayawan City, Negros Oriental	76,419.97	October 27, 2023	renewable upon mutual agreement of both parties
35	BAYBAY	Magsaysay Ave. cor. Tres Martires St., Baybay City	82,744.46	July 14, 2023	renewable upon mutual agreement of both parties
36	BOHOL-TALIBON	Blk. 248, Talibon Commercial Building I, Carlos P. Garcia Street, Talibon, Bohol	52,008.47	May 31, 2023	renewable upon mutual agreement of both parties
37	BORACAY	Brgy Balabag, Boracay, Malay, Aklan (infront of Astoria Boracay)	153,499.85	July 14, 2020	renewable upon mutual agreement of both parties
38	BORACAY-STATION II	Brgy. Balabag, Boracay, Malay Aklan (beside Boracay Crown Regency Resort)	289,300.21	January 14, 2024	renewable upon mutual agreement of both parties
39	BORONGAN, SAMAR	Real cor. G. Abogado Street, Borongan, Eastern Samar	77,149.70	June 14, 2023	renewable upon mutual agreement of both parties
40	BUKIDNON-MALAYBALAY	Sayre Highway, Brgy. 3 Fortich St., Malaybalay City, Bukidnon	114,354.83	November 30, 2028	renewable upon mutual agreement of both parties
41	BUKIDNON-MARAMAG	JBC Tyson Bldg., National Highway, North Poblacion, Maramag, Bukidnon	60,167.56	September 20, 2029	renewable upon mutual agreement of both parties
42	BULACAN-NORZAGARAY	786 Crossing, Partida, Norzagaray, Bulacan	87,516.45	October 31, 2024	renewable upon mutual agreement of both parties
43	BULACAN-SAN ILDEFONSO	Brgy. San Juan, San Ildefonso, Bulacan	74,810.84	January 27, 2022	renewable upon mutual agreement of both parties
44	BULACAN-SAN MIGUEL	Zone 5, Tecson St., San Jose, San Miguel, Bulacan	54,834.57	January 29, 2026	renewable upon mutual agreement of both parties
45	BUTUAN-JC AQUINO	JC Aquino Ave., Butuan City	92,682.35	August 31, 2024	renewable upon mutual agreement of both parties
46	BUTUAN-MONTILLA BLVD.	Montilla corner Villanueva Sts., Butuan City, Agusan del Norte	124,516.68	March 14, 2022	renewable upon mutual agreement of both parties

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47 CABANATUAN-MAHARLIKA H. CONCEPCION	Priscilla Bldg., Brgy. H. Concepcion, Maharlika Highway, Cabanatuan City	118,196.44	July 7, 2021	renewable upon mutual agreement of both parties
48 CABANATUAN-MAHARLIKA NORTH	Maharlika Highway, Sangitan, Cabanatuan City	165,129.54	January 2, 2023	renewable upon the option of the lessee
49 CAGAYAN DE ORO GAISANO-C.M. RECTO	Ground Level, Gaisano City Mall, C.M. Recto Ave., cor. Corrales Ext., Cagayan de Oro City	70,469.16	August 5, 2023	renewable upon mutual agreement of both parties
50 CALAMBA CARMELRAY	Aries 1400 Bldg., Carmelray Industrial Park (CIP) II, along National Highway, Brgy. Tulo, Calamba, Laguna	104,318.40	October 15, 2028	renewable upon mutual agreement of both parties
51 CALAMBA MARKET	Pabalan St., Calamba, Market Site, Calamba City	68,888.88	October 31, 2029	renewable upon mutual agreement of both parties
52 CALAMBA-PARIAN	728 South Nat'l. Highway Brgy., Parian, Calamba, Laguna	107,179.44	March 31, 2023	renewable upon mutual agreement of both parties
53 CALAMBA-REAL	PJM Bldg., Along National Highway Brgy. Real Calamba, Laguna	120,054.00	December 31, 2023	renewable upon mutual agreement of both parties
54 CALAPAN-LALUD	J.P. Rizal cor. Bayabas St., Brgy. Laud, Calapan City, Oriental Mindoro	83,278.01	February 28, 2024	renewable upon mutual agreement of both parties
55 CALASIAO-PANGASINAN	MacArthur Highway, San Miguel, Calasiao, Pangasinan	166,677.66	May 12, 2024	renewable upon mutual agreement of both parties
56 CALBAYOG	G/F Gaisano Mall Corner Orquin and Gelerita Sts., Brgy. Central, Calbayog City	124,448.50	October 31, 2020	renewable upon mutual agreement of both parties
57 CAMARINES SUR-GOA	Jose Remo Bldg., San Jose St. cor. Scout Funtabella, Goa, Camarines Sur	38,288.45	November 30, 2023	renewable upon mutual agreement of both parties
58 CAMILING-TARLAC	Quezon Avenue, Camiling Tarlac	51,948.25	March 31, 2021	renewable upon the option of the lessee
59 CANLUBANG-CARMELRAY	Integrity corner Excellence Avenue, Carmelray Industrial Park I, Canlubang, Laguna	136,222.28	June 30, 2024	renewable upon mutual agreement of both parties
60 CARMONA BINAN-HIGHWAY	88 National Highway, Brgy. Maduya, Carmona, Cavite	68,597.58	June 15, 2024	renewable upon mutual agreement of both parties
61 CARMONA-CAVITE	Grandville Ind. Complex, Bangkal, Carmona, Cavite City	119,723.75	June 30, 2021	renewable upon mutual agreement of both parties
62 CAUAYAN-MAHARLIKA	Highway Renew Lumber Bldg., Maharlika Highway, Cauayan City	74,463.75	October 14, 2024	renewable upon mutual agreement of both parties
63 CAVITE ECONOMIC ZONE	Lot A, Cavite Economic Zone, Rosario, Cavite	14,491.92	October 11, 2024	renewable upon mutual agreement of both parties
64 CEBU M.C. BRIONES	La Nueva Supermart, City Hall Center, M.C. Briones St., Cebu City	151,154.75	June 30, 2022	renewable upon mutual agreement of both parties
65 CEBU-A.S. FORTUNA	A.S. Fortuna St., Mandaue City, Cebu	159,372.83	June 30, 2022	renewable upon mutual agreement of both parties
66 CEBU-ARGAO	Prince Warehouse Club, Lakandula St., cor. Kintanar St., Argao, Cebu City	43,646.92	January 15, 2024	renewable upon mutual agreement of both parties
67 CEBU-AYALA CENTER MALL	Stall PL1/EBB1, Basement Level 1, Ayala Center Cebu, Archbishop Reyes Ave., Cebu Business Park, Cebu City	299,638.08	November 30, 2020	renewable upon mutual agreement of both parties
68 CEBU-BALAMBAN	E.S. Bingham St., Balamban, Cebu City	45,581.48	July 31, 2023	renewable upon mutual agreement of both parties
69 CEBU-BOGO	SIM Building, P. Rodriguez St., Bogo City, Cebu	60,304.30	August 15, 2022	renewable upon mutual agreement of both parties
70 CEBU-CARCAR	Gaisano Price Club Carcar, Poblacion III, Awayan, Carcar City, Cebu	112,312.78	August 1, 2022	renewable upon mutual agreement of both parties
71 CEBU-CONSOLACION	Cansaga Road, National Highway, Consolacion, Cebu	130,193.12	July 15, 2026	renewable upon mutual agreement of both parties
72 CEBU-DANAO CITY	C.P. Garcia Avenue, Danao City, Cebu	77,509.33	January 16, 2022	renewable upon mutual agreement of both parties
73 CEBU-FLB CORPORATE CENTER	FLB Corporate Center, Bohol Ave., Cebu Business Park, Cebu City	127,917.40	April 30, 2025	renewable upon mutual agreement of both parties
74 CEBU-GORORDO	117 Gorordo Avenue, Lahug, Cebu City	161,444.55	March 14, 2023	renewable upon mutual agreement of both parties
75 CEBU-GUADALUPE	No. 97 M. Velez St., Guadalupe Cebu	158,015.81	December 31, 2019	renewable upon mutual agreement of both parties
76 CEBU-IT PARK	Ayala Malls Central Bloc, Blk. 10 Cebu IT Park, Apas, Cebu City	225,579.20	November 24, 2024	renewable upon mutual agreement of both parties
77 CEBU-LAHUG	Archbishop Reyes Ave., Cor. Tojong St., Lahug, Cebu City	208,459.73	November 2, 2020	renewable upon mutual agreement of both parties
78 CEBU-LEON KILAT	Gaisano Capital South cor. Colon & Leon Kilat Sts., Cebu City	80,865.20	July 9, 2023	renewable upon mutual agreement of both parties
79 CEBU-LIGHT INDUSTRIAL PARK	CLIP Administration Bldg., Cebu Light Industrial Park, M. Patalinghug Ave., Brgy. Basak, Lapu-Lapu City	53,273.90	July 31, 2020	renewable upon mutual agreement of both parties
80 CEBU-LILOAN	Gaisano Grandmall, Purok Sampaguita, Poblacion, Liloan Cebu	72,346.93	January 31, 2026	renewable upon mutual agreement of both parties
81 CEBU-MACTAN MEPZ	Mactan Economic Zone 1, Lapu-lapu City	89,846.11	June 30, 2023	renewable upon mutual agreement of both parties
82 CEBU-MACTAN NEWTON	G/F Retail 2, Two World Center, Mactan Newton, Lapu-Lapu City	182,532.14	January 31, 2021	renewable upon mutual agreement of both parties
83 CEBU-MAMBALING	N. Basalco Avenue (Cebu South Road), Mambaling, Cebu City	118,750.00	August 30, 2028	renewable upon mutual agreement of both parties
84 CEBU-MEPZ II	N.G.A. Devt. Corp. Bldg., MEPZ II, Basak, Lapu Lapu City	149,462.48	July 15, 2021	renewable upon mutual agreement of both parties
85 CEBU-MINGLANILLA	Carlita Uno Building, Cebu South Road, Poblacion Barangay Ward 1, Minglanilla Cebu	127,280.00	July 15, 2028	renewable upon mutual agreement of both parties
86 CEBU-NORKIS CYBERPARK	GF, Unit 3, Cyberpark BPO Bldg., A.S. Fortuna St. Cor. V. Albano St., Brgy. Bakilid, Mandaue City, Cebu	116,602.05	July 14, 2021	renewable upon mutual agreement of both parties
87 CEBU-NORTH RECLAMATION AREA	APM Mall, A. Soriano Avenue Cebu Port Centre, Cebu North Reclamation Area Cebu City	127,652.15	January 17, 2025	renewable upon mutual agreement of both parties
88 CEBU-PARK DISTRICT	Ground Flr., 2 Quad Bldg., Cardinal Rosales Ave. cor. Sumilon Road, Cebu Business Park, Cebu City	101,798.59	December 31, 2023	renewable upon mutual agreement of both parties
89 CEBU-PARKMALL	North Reclamation Area, Mandaue City	185,977.85	February 28, 2021	renewable upon mutual agreement of both parties
90 CEBU-SRP TALISAY	Gaisano Capital SRP Mall, Brgy. San Roque, SRP Highway, Talisay City, Cebu	80,540.51	January 7, 2023	renewable upon mutual agreement of both parties
91 CEBU-TALAMBAN	PNF Commercial Bldg., Talamban, Cebu City	71,662.50	August 31, 2022	renewable upon mutual agreement of both parties
92 CEBU-TOLEDO	Along Diosdado Macapagal Highway, Barangay Poblacion, Toledo City, Cebu	96,630.60	June 21, 2024	renewable upon mutual agreement of both parties
93 CLARK	Unit 24, The Pavilion Mall, PhilExcel Business Park Clark Freeport Zone, Pampanga	87,910.27	March 15, 2023	renewable upon mutual agreement of both parties
94 CONCEPCION-TARLAC	Concepcion Consumers Marketing Bldg., Poblacion, Concepcion, Tarlac	89,173.89	October 31, 2020	renewable upon mutual agreement of both parties
95 COTABATO-QUEZON	Crossroads Arcade Building, Quezon Ave., Cotabato City	105,884.31	May 31, 2021	renewable upon mutual agreement of both parties
96 DAGUPAN-FERNANDEZ AVENUE	Vicar Bldg., AB Fernandez Avenue, Dagupan City	165,893.44	June 30, 2021	renewable upon mutual agreement of both parties
97 DAGUPAN-PEREZ	Siapno Bldg., Perez Boulevard, Dagupan City	127,628.16	December 31, 2022	renewable upon mutual agreement of both parties
98 DAGUPAN-TAPUAC	No. 371, Tapuac District, Dagupan City, Pangasinan	73,521.00	July 10, 2021	renewable upon mutual agreement of both parties
99 DASMARIÑAS-SALAWAG	Molino, Paliparan Road Brgy., Salawag, Dasmariñas City	108,346.73	November 2, 2021	renewable upon mutual agreement of both parties
100 DAVAO C.M. RECTO	Hotel UNO, C.M. Recto Street, Davao City	168,429.79	May 15, 2023	renewable upon mutual agreement of both parties
101 DAVAO ORIENTAL-MATI	Andrada Bldg., 56 Rizal St., Mati City, Davao Oriental	74,037.21	December 14, 2021	renewable upon mutual agreement of both parties
102 DAVAO-ABREEZA	Ground Floor, Abreeza Mall, J.P. Laurel Avenue, Brgy. 20-B, Davao City	244,616.14	April 30, 2023	renewable upon mutual agreement of both parties
103 DAVAO-AIRPORT VIEW	LDL Commercial Bldg., Phil-Japan Friendship Highway, Catitipan, Davao City (Fronting Davao International Airport)	102,102.53	July 31, 2023	renewable upon mutual agreement of both parties
104 DAVAO-BAJADA	JP Laurel Avenue, Bajada, Davao City	158,250.53	November 5, 2019	under negotiation
105 DAVAO-BANGYO CHINATOWN	Delgar Commercial Bldg., F. Bangoy St., Davao City	178,679.42	October 15, 2023	renewable upon mutual agreement of both parties
106 DAVAO-D. SUAZO	Sta. Ana Avenue corner Damaso Suazo Street, Davao City	90,000.00	January 31, 2026	renewable upon mutual agreement of both parties
107 DAVAO-DAMOSA	Damosa Business Center, Anglionto Ave., Lanang, Davao City	112,936.70	June 14, 2023	renewable upon mutual agreement of both parties
108 DAVAO-DOCTORS	Davao Doctors Medical Tower, Quirino Avenue, Davao City	88,815.64	March 19, 2022	renewable upon mutual agreement of both parties

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
UNDER LEASE
As of December 31, 2019

	BRANCHES	ADDRESS	MONTHLY RENTAL (In Pesos)	EXPIRATION OF LEASE	TERM OF RENEWAL
109	DAVAO-ECOLAND	Quimpo Blvd. Cor. Eco W. Drive, Ecoland District, Davao City	157,939.38	September 15, 2022	renewable upon mutual agreement of both parties
110	DAVAO-GAISANO J.P. LAUREL	Upper Ground Level, Gaisano Mall, J.P. Laurel Ave., Davao City	220,403.25	October 31, 2020	renewable upon mutual agreement of both parties
111	DAVAO-I.T. PARK MATINA	GF, Bldg. 2, Matina I.T. Park, McArthur Highway, Matina, Davao City	157,500.00	May 31, 2028	renewable upon mutual agreement of both parties
112	DAVAO-LANANG	Insular Village Phase 1, Lanang, Davao City	89,704.36	May 31, 2025	renewable upon mutual agreement of both parties
113	DAVAO-MATINA	Catotal Building, Km 5, MacArthur Highway, Matina, Davao City	83,464.76	March 15, 2023	renewable upon mutual agreement of both parties
114	DAVAO-PANABO	Poblacion, Panabo, Davao del Norte	159,440.60	June 14, 2020	renewable upon mutual agreement of both parties
115	DAVAO-TIONKO	Tionko Ave., Brgy. 10-A Poblacion, Davao City	107,229.15	November 15, 2026	renewable upon mutual agreement of both parties
116	DINALUPIHAN, BATAAN	No. 3 San Ramon Highway, Dinalupihan, Bataan	88,647.33	October 4, 2024	renewable upon the option of the lessee
117	DIPOLONG-QUEZON	Grnd. Flr., Top Plaza Hotel Cor., Quezon Ave., & Echaves St., Dipolog City	155,706.35	December 31, 2020	renewable upon mutual agreement of both parties
118	DUMAGUETE-CAPITOL	Victoria Residence Condominium Bldg., Capitol Front, North National Highway, Dumaguete City	85,164.99	July 15, 2023	renewable upon mutual agreement of both parties
119	FPIP-STO TOMAS, BATANGAS	First Philippine Industrial Park (FPPI), Sto. Tomas, Batangas	99,728.24	July 31, 2023	renewable upon mutual agreement of both parties
120	GEN. TRIAS-CAVITE	Governor's Drive, Manggahan, Gen. Trias, Cavite	50,000.00	March 1, 2026	renewable upon mutual agreement of both parties
121	GENERAL SANTOS-SANTIAGO MARKET	Cor. Santiago Blvd. and P. Acharon, General Santos City	86,116.00	October 15, 2024	renewable upon mutual agreement of both parties
122	GUIGUINTO-BULACAN	Puregold Guiguinto, Brgy. Sta. Cruz, Guiguinto, Bulacan	136,729.08	June 14, 2021	renewable upon mutual agreement of both parties
123	GUIGUINTO-RIS	RIS 5, Industrial Complex, Tabe, Guiguinto, Bulacan	36,750.00	January 15, 2028	renewable upon mutual agreement of both parties
124	GUIUAN, EASTERN SAMAR	Lugay St., Brgy. 08, Guiuan, Eastern Samar	56,799.36	July 24, 2021	renewable upon mutual agreement of both parties
125	HAGONOY-BULACAN	Poblacion, Hagonoy, Bulacan	69,457.50	March 2, 2025	renewable upon mutual agreement of both parties
126	IBA-ZAMBALES	G/F Magsaysay National Highway, Iba, Zambales	81,260.05	March 31, 2021	renewable upon mutual agreement of both parties
127	IILIGAN-ROXAS AVENUE	Eltanal Building, Roxas Avenue corner Zamora St., Iligan City	82,730.66	September 30, 2024	renewable upon mutual agreement of both parties
128	ILOCOS NORTE-SAN NICOLAS	McKinley Bldg., National Highway, San Nicolas, Ilocos Norte	89,250.00	December 31, 2022	renewable upon mutual agreement of both parties
129	ILOCOS SUR-TAGUDIN	JTC Tagudin Central, Brgy. Del Pilar, National Highway, Tagudin, Ilocos Sur	58,096.33	October 30, 2024	renewable upon mutual agreement of both parties
130	ILOILO-DIVERSION ROAD	JSD Bldg., 88 B.S. Aquino Avenue (Iloilo Diversion Road), Mandurriao, Iloilo City	107,427.60	October 14, 2020	renewable upon mutual agreement of both parties
131	ILOILO-GUANCO	Guanco Street, Iloilo City	128,625.54	December 31, 2021	renewable upon mutual agreement of both parties
132	ILOILO-JARO	JEC Diakonia Bldg. cor. Plaza Rizal & E. Lopez Sts., Jaro, Iloilo City	133,166.88	August 31, 2029	renewable upon mutual agreement of both parties
133	ILOILO-JM BASA	Ground Floor, Magdalena Bldg, J.M. Basa St., Iloilo City	136,885.51	May 15, 2021	renewable upon mutual agreement of both parties
134	ILOILO-LA PAZ	Rizal corner Huerfana Sts., La Paz Iloilo City	169,107.31	February 15, 2021	renewable upon mutual agreement of both parties
135	ILOILO-MABINI	Valiant Building, Mabini Street, Iloilo City	98,772.10	October 14, 2020	renewable upon mutual agreement of both parties
136	ILOILO-MANDURRIAO	Along Q. Abeto St., Mandurriao, Iloilo City	66,855.49	November 30, 2023	renewable upon mutual agreement of both parties
137	ILOILO-OTON	Gaisano Capital Oton, JC Zulueta St. cor. Benedicto St., Oton, Iloilo	78,618.94	May 17, 2023	renewable upon mutual agreement of both parties
138	ILOILO-QUINTIN SALAS	Brgy. Quintin Salas, McArthur Highway, Tagbac, Jaro, Iloilo City	76,576.89	December 15, 2023	renewable upon mutual agreement of both parties
139	JAGNA, BOHOL	Along National Highway, Pagina, Jagna, Bohol	70,355.02	September 7, 2021	renewable upon mutual agreement of both parties
140	KALINGA-TABUK	National Highway, Brgy. Bulanaw, Tabuk City, Kalinga	85,085.44	September 23, 2024	renewable upon mutual agreement of both parties
141	LA TRINIDAD-BENGUET	JB78 Central Pico KM. 4, La Trinidad, Benguet	156,934.08	November 15, 2023	renewable upon mutual agreement of both parties
142	LA UNION-AGOO	Sta. Barbara, National Highway, Agoo, La Union	89,250.00	September 15, 2023	renewable upon mutual agreement of both parties
143	LA UNION-BAUANG	McArthur Highway, National Rd., Brgy. Central West, Bauang, La Union	77,175.00	June 15, 2024	renewable upon mutual agreement of both parties
144	LA UNION-ML QUEZON	Kenny's Plaza, Quezon Ave., San Fernando City, La Union	92,466.60	March 15, 2025	renewable upon mutual agreement of both parties
145	LAOAG-GEN. SEGUNDO AVE.	Gen. Segundo Avenue Laoag City	121,550.63	October 31, 2020	renewable upon mutual agreement of both parties
146	LA-UNION-SEVILLA MONUMENTO	Tan Bldg., Quezon Avenue, National Highway, Brgy. Sevilla, San Fernando City, La Union	94,557.15	May 15, 2021	renewable upon mutual agreement of both parties
147	LEGAZPI-ALBAY DISTRICT	863 Rizal St., Albay District, Legazpi City	59,098.22	October 25, 2021	renewable upon mutual agreement of both parties
148	LEYTE-PALO CATHEDRAL	Cathedral Compound Cor. Brgy. Luntad & Maharlika Highway, Palo, Leyte	546,977.81	May 20, 2040	renewable upon mutual agreement of both parties
149	LEYTE-PALOMPON	Ipil 1, Public Market, Palompon, Leyte	27,057.17	July 15, 2023	renewable upon mutual agreement of both parties
150	LIGAO CITY, ALBAY	Chua Kim Chio Bldg., McKinley St., Ligao City, Albay	98,356.32	September 15, 2021	renewable upon mutual agreement of both parties
151	LIPA-AYALA	Ayala Highway, Brgy. San Carlos, (Lipa by-pass) Lipa City	96,920.16	November 30, 2024	renewable upon mutual agreement of both parties
152	LIPA-CATHEDRAL	Brgy. 9A, C.M. Recto Ave., Lipa City	116,349.62	December 19, 2020	renewable upon mutual agreement of both parties
153	LIPA-TAMBO	National Road, Brgy. Tambo, Lipa City	58,344.30	August 15, 2024	renewable upon mutual agreement of both parties
154	LOS BAÑOS	Olivarez Plaza, National Highway, Los Banos, Laguna	93,428.75	December 31, 2018	under negotiation
155	LUCENA-IYAM	ML Tagarao St., Gaisano/Pacific Mall Compound, Iyam, Lucena City	70,355.02	August 15, 2031	renewable upon mutual agreement of both parties
156	LUCENA-RED V	5365 Dalahican Road, Purok 1, Little Baguio, Red-V, Lucena City	57,881.25	September 14, 2025	renewable upon mutual agreement of both parties
157	MALOLOS-CABANAS	The Cabanas, KM 44/45, Mac Arthur Highway, Malolos City	47,115.08	October 31, 2023	renewable upon mutual agreement of both parties
158	MALOLOS-MC ARTHUR HIGHWAY	CARZEN Bldg. MacArthur Highway, Malolos City	139,619.54	November 15, 2020	renewable upon mutual agreement of both parties
159	MASBATE	Zurbito Street, Masbate	80,000.00	June 15, 2026	renewable upon mutual agreement of both parties
160	MEYCAUAYAN-IBA	287 Iba Road, Brgy. Iba, Meycauayan City, Bulacan	96,744.38	October 31, 2026	renewable upon mutual agreement of both parties
161	MIDSAYAP	ML Quezon Ave., Poblacion 6, Midsayap, Cotabato	56,327.60	January 31, 2021	renewable upon mutual agreement of both parties
162	MISAMIS OCCIDENTAL-OROQUIETA	Mayor Enerio St., Pob. 2, Oroquieta City, Miss. Occ.	42,213.01	August 14, 2026	renewable upon mutual agreement of both parties
163	NAGA-ROXAS AVENUE	Doña Dolores Bldg., Diversion Road, Naga City	75,581.39	May 14, 2022	renewable upon mutual agreement of both parties
164	NASUGBU-BATANGAS	J.P. Laurel corner R. Martinez Sts., Nasugbu, Batangas	105,532.53	October 15, 2022	renewable upon mutual agreement of both parties
165	NAVAL-BILIRAN	Along Ballesteros St., Brgy. Santissimo Rosario, Naval, Biliran	56,000.00	August 15, 2024	renewable upon mutual agreement of both parties
166	NEGROS OCCIDENTAL-CADIZ CITY	Villena St., Cadiz City, Negros Occidental	65,281.80	August 31, 2024	renewable upon mutual agreement of both parties
167	NORTHERN SAMAR-LAOANG-RAWIS	Brgy. Rawis, Laoang, Northern Samar	45,841.95	January 15, 2025	renewable upon mutual agreement of both parties
168	NUEVA ECIIJA-GUIMBA	Faigal St., Sto. Cristo, Guimba, Nueva Ecija	79,065.64	October 15, 2024	renewable upon mutual agreement of both parties
169	NUEVA ECIIJA-TALAVERA	Marcos District, Maharlika Highway, Brgy. Marcos Talavera, Nueva Ecija	79,238.56	March 26, 2022	renewable upon mutual agreement of both parties
170	NUEVA VIZCAYA-BAMBANG	National Highway, Banggot, Bambang, Nueva Vizcaya	79,007.91	October 15, 2029	renewable upon mutual agreement of both parties

METROPOLITAN BANK & TRUST COMPANY
NATIONWIDE BRANCHES
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As of December 31, 2019

	BRANCHES	ADDRESS	MONTHLY RENTAL (In Pesos)	EXPIRATION OF LEASE	TERM OF RENEWAL
171	OCCIDENTAL MINDORO-MAMBURAO	Rizal cor. San Isidro Sts., Poblacion, Mamburao, Occidental Mindoro	31,907.04	September 30, 2024	renewable upon mutual agreement of both parties
172	ORIENTAL MINDORO-PINAMALAYAN	Armando Mariano Bldg. corner Mabini St. and Quezon St., Pinamalayan Oriental Mindoro	55,747.98	July 15, 2022	renewable upon mutual agreement of both parties
173	ORMOC-COGON	Lilia Ave., Cogon, Ormoc City	118,685.54	November 30, 2025	renewable upon mutual agreement of both parties
174	PAGADIAN-STA. LUCIA	J.P. Rizal Avenue, Pagadian City	100,830.00	May 31, 2021	renewable upon mutual agreement of both parties
175	PALAWAN-CORON	#45 Don Pedro St., Brgy. 2, Coron, Palawan	40,202.87	August 31, 2023	renewable upon mutual agreement of both parties
176	PALAWAN-EL NIDO	Sea Shell Hotel, Rizal and Real Sts., Brgy. Buena Suerte, El Nido, Palawan	168,716.80	February 28, 2024	renewable upon mutual agreement of both parties
177	PAMPANGA-LUBAO	VIMA Bldg., Jose Abad Santos Ave. (JASA), Sta. Cruz, Lubao, Pampanga	57,361.20	October 15, 2023	renewable upon mutual agreement of both parties
178	PANGASINAN-BAYAMBANG	Rizal Avenue, Poblacion Sur, Bayambang, Pangasinan	88,647.33	November 15, 2021	renewable upon mutual agreement of both parties
179	PANGASINAN-LINGAYEN	Avenida Rizal East, Lingayen, Pangasinan	121,550.63	June 15, 2025	renewable upon mutual agreement of both parties
180	PANGASINAN-MANGALDAN	Casa Filomena, 546 Rizal Avenue, Mangaldan, Pangasinan	57,892.13	July 15, 2023	renewable upon mutual agreement of both parties
181	PANGASINAN-MANGATAREM	Brgy. Poblacion, Mangataram, Pangasinan	63,669.38	October 15, 2029	renewable upon mutual agreement of both parties
182	PASEO DE STA. ROSA	Paseo 5, Paseo de Sta. Rosa, Greenfield City, Sta. Rosa, Laguna	142,137.88	July 31, 2020	renewable upon mutual agreement of both parties
183	PUERTO PRINCESA-SAN PEDRO	Along National Highway, Brgy. San Pedro, Puerto Princesa, Palawan	88,119.66	August 12, 2021	renewable upon mutual agreement of both parties
184	PULILAN, BULACAN	Doña Remedios Trinidad, National Highway, Sto. Cristo, Pulilan, Bulacan	88,647.33	September 15, 2021	renewable upon mutual agreement of both parties
185	QUEZON-CANDELARIA	Maharlika Highway, Poblacion, Candelaria, Quezon	75,381.18	September 15, 2022	renewable upon mutual agreement of both parties
186	ROSARIO-BATANGAS	Gualberto Ave., Brgy. D. Poblacion, Rosario, Batangas (beside Tan Wanam Grocery)	69,809.77	December 14, 2020	renewable upon mutual agreement of both parties
187	ROXAS-ARNALDO BLVD.	Unit 10 & 11 Gaisano Arcade Comm'l Complex, Arnaldo Blvd., Roxas City	66,496.49	March 31, 2023	renewable upon mutual agreement of both parties
188	ROXAS-ISABELA	No. 34 National Road cor. Gen. A. Luna St. Bantug Roxas, Isabela	93,079.71	January 11, 2020	renewable upon mutual agreement of both parties
189	SAN CARLOS, PANGASINAN	Mabini St., San Carlos City, Pangasinan	61,411.83	February 28, 2021	renewable upon the option of the lessee
190	SAN FERNANDO-DOLORES MCARTHUR	LK Bldg., Dolores City, San Fernando, Pampanga	81,662.34	April 30, 2021	renewable upon mutual agreement of both parties
191	SAN FERNANDO-MAC ARTHUR HI-WAY	Medical Arts Bldg. Mother Theresa of Calcutta Medical Center Mac Arthur Hiway, Brgy. Maimpis San Fernando City, Pampanga	104,249.26	September 19, 2020	renewable upon mutual agreement of both parties
192	SAN FERNANDO-SINDALAN	McArthur Highway, Sindalan, San Fernando Pampanga	146,843.40	December 15, 2023	renewable upon the option of the lessee
193	SAN JOSE DEL MONTE-MUZON	Carriedo St., Zone 3, Brgy. Muzon, San Jose Del Monte City, Bulacan	89,203.28	May 31, 2027	renewable upon the option of the lessee
194	SAN PEDRO-LAGUNA	National Highway, San Pedro, Laguna	210,000.00	May 1, 2024	renewable upon mutual agreement of both parties
195	SAN PEDRO-SHOPWISE PACITA	Shopwise San Pedro, Along National Highway, Brgy. Landayan, Pacita Complex, San Pedro, Laguna	85,766.12	June 30, 2020	renewable upon mutual agreement of both parties
196	SANTIAGO CITY ROAD	G/F and 2/F Commercial Bldg., City Road Centro, West Santiago City	84,467.11	November 30, 2020	renewable upon mutual agreement of both parties
197	SIQUIJOR-SIQUIJOR	Brgy. Poblacion, Siquijor, Siquijor	27,562.50	October 13, 2029	renewable upon mutual agreement of both parties
198	SOGOD, SOUTHERN LEYTE	Along J.P. Rizal Street, Sogod, Southern Leyte	98,423.28	May 30, 2024	renewable upon mutual agreement of both parties
199	SORSOGON	Magsaysay cor. Nening Berenguer St., Sorsogon, Sorsogon	84,213.30	July 28, 2022	renewable upon mutual agreement of both parties
200	SOUTH COTABATO-POLOMOLOK	Gaisano Grand Mall Polomolok, GL 06 & GL 07, Polomolok, South Cotabato	79,181.55	March 1, 2024	renewable upon mutual agreement of both parties
201	STA. MARIA-BAGBAGUIN	Along F. Halli Ave., Bagbaguin, Sta. Maria, Bulacan	65,957.84	October 15, 2020	renewable upon mutual agreement of both parties
202	STA. CRUZ-LAGUNA	1527 P. Guevarra St., Sta. Cruz, Laguna	107,207.65	June 15, 2023	renewable upon mutual agreement of both parties
203	SUBIC BARACA	Lot 83 National Highway, Baraca-Camachile, Subic, Zambales	161,700.00	July 14, 2023	renewable upon mutual agreement of both parties
204	SUBIC BAY	Unit A1 Bldg. 640, Sampson Rd., Subic Bay Freeport Zone, Zambales, Olongapo City	\$ 1,153.95	July 15, 2021	renewable upon mutual agreement of both parties
205	SUBIC-BAY MANILA AVE.	Lot 1,2 &3, Block B, Subic Commercial & Light Industrial Park, Manila Ave. corner Canal Road Central Business District, Subic Bay Freeport Zone, Olongapo City	123,600.00	April 30, 2027	renewable upon mutual agreement of both parties
206	SURIGAO DEL SUR-TANDAG	Along National Highway, Brgy. Mabua, Tandag City, Surigao del Sur	58,708.95	October 31, 2023	renewable upon mutual agreement of both parties
207	SURIGAO-GAISANO CAPITAL MALL	Gaisano Capital Mall, GF, Unit 01, KM4 Brgy. Luna, National Highway, Surigao City	59,416.00	September 16, 2023	renewable upon mutual agreement of both parties
208	TACLOBAN-MAIN	Uytingkoc Bldg., M.H. Del Pilar St., Brgy. 17, Tacloban City, Leyte	104,672.46	February 2, 2021	renewable upon mutual agreement of both parties
209	TACLOBAN-MARASBARAS	Marasbaras National Highway Tacloban City	125,583.71	January 31, 2020	renewable upon mutual agreement of both parties
210	TAGAYTAY-MENDEZ CROSSING	Purok 129, Mendez Crossing West, Tagaytay City	73,364.00	July 31, 2028	renewable upon mutual agreement of both parties
211	TAGBILARAN-COGON	JUNEVIL Bldg., Beldero Street, Cogon District, Tagbilaran City	80,086.95	July 31, 2020	renewable upon mutual agreement of both parties
212	TAGBILARAN-MAIN	Alturas Mall, B. Inting St., Tagbilaran City, 6300 Bohol	-	-	under negotiation
213	TAGUM-APOKON	Apokon Road, Maguppo East, Tagum City	80,087.84	September 30, 2023	renewable upon mutual agreement of both parties
214	TARLAC-CAPAS	City Center, Capas Bldg., McArthur Highway, Capas, Tarlac	61,772.03	October 31, 2025	renewable upon mutual agreement of both parties
215	TAWI TAWI-BONGAO	Awwal St., Bongao, Tawi-Tawi	76,051.26	November 15, 2028	renewable upon mutual agreement of both parties
216	TAYUG, PANGASINAN	Bonifacio St., National Highway, Tayug, Pangasinan	52,768.14	January 31, 2026	renewable upon option of the lessee
217	TUBIGON, BOHOL	Jose P. Dual cor. Sustastiano Baura St., Centro, Tubigon, Bohol	63,729.76	October 15, 2021	renewable upon mutual agreement of both parties
218	TUGUEGARAO-BALZAIN	Balzain Highway, Tuguegarao City, Cagayan	99,721.13	August 31, 2024	renewable upon mutual agreement of both parties
219	TUGUEGARAO-BUNTUN	Buntun Highway, Tuguegarao City	86,302.13	February 28, 2026	renewable upon mutual agreement of both parties
220	URDANETA-NANCAYASAN	S. Com Bldg., MacArthur Highway, Nancayasan, Urdaneta City, Pangasinan	77,792.40	May 30, 2024	renewable upon mutual agreement of both parties
221	VIGAN	Quezon Avenue, Vigan Ilocos Sur	130,790.00	May 15, 2021	renewable upon mutual agreement of both parties
222	VIGAN-MARKET	Nieves Commercial Ctr., Alcantara St., Vigan City	122,289.30	November 15, 2022	renewable upon mutual agreement of both parties
223	ZAMBOANGA DEL SUR-MOLAVE	Along Rizal Avenue, Molave, Zamboanga Del Sur	43,758.23	March 31, 2024	renewable upon mutual agreement of both parties
224	ZAMBOANGA SIBUGAY-IPIL	National Highway, Poblacion Ipil, Zamboanga Sibugay	47,860.56	August 15, 2031	renewable upon mutual agreement of both parties
225	ZAMBOANGA-CANELAR	Mayor Jaldon Street, Canelar, Zamboanga City	125,099.11	August 17, 2024	renewable upon mutual agreement of both parties
226	ZAMBOANGA-GUIWAN	National Highway, Brgy. Guiwan, Zamboanga City	107,751.38	September 14, 2023	renewable upon mutual agreement of both parties
227	ZAMBOANGA-LA PURISIMA	GF, Senior High School Bldg. (SHS), Ateneo de Zamboanga University, La Purisima St., Zamboanga City	176,235.15	September 15, 2028	renewable upon mutual agreement of both parties
228	ZAMBOANGA-NUNEZ EXT	Nunez Extension, Zamboanga City	114,716.46	January 3, 2025	renewable upon mutual agreement of both parties

**METROPOLITAN BANK & TRUST COMPANY
EVENTS PREVIOUSLY REPORTED UNDER
SEC FORM 17-C (CURRENT REPORT)
FOR THE YEAR ENDED DECEMBER 31, 2019 AND
INTERIM PERIOD ENDED MAY 22, 2020**

Particulars		Date of Report
1	Clarification of News Article: Metrobank replied with respect to the news article entitled "Banks' Hanjin exposure credit negative - Moody's" posted on the Manila Times (Internet Edition) on January 15, 2019....."Metrobank's exposure is low relative to its total assets of P2.1 Trillion. Provisions are adequate and there is no significant impact to the Bank's operations".	January 15, 2019
2	The Board of Directors (BOD) of Metrobank on its meeting held on January 16, 2019 approved the holding of Annual Stockholders' Meeting (ASM) on Wednesday April 24, 2019 at 3:00 PM with February 26, 2019 as the Record Date. The BOD also granted the President the authority to change the date, time and place of the meeting as well as the Record Date as may be required by exigencies.	January 16, 2019
3	The BOD of Metrobank on its meeting held on February 13, 2019 approved the following: <ul style="list-style-type: none"> a. Declaration of a 5% regular cash dividend to be paid to all stockholders as of March 1, 2019 (Record Date), with March 14, 2019 as the payment date. The President was granted authority to change the dates as may be required by exigencies; b. To exercise the call option on the Php16 billion subordinated debt (the "Note") on June 27, 2019 (Call Option Date) in accordance with the Terms and Conditions of the Note subject to the approval of the BSP; c. Amendment of Articles of Incorporation for the purpose of increasing the authorized capital stock from Php100 billion to Php140 billion; d. Declaration of a 13% stock dividend equivalent to 517,401,955 shares amounting to Php10,348,039,094. This represents the minimum 25% subscribed and paid-up capital for the increase in the authorized capital stock from Php100 billion to P140 billion. <p>The amendment of the Articles of Incorporation to Increase the Authorized Capital Stock and Stock Dividend Declaration are subject to stockholders' approval during the ASM scheduled for April 24, 2019, and to regulatory approvals thereafter.</p>	February 13, 2019
4	Metrobank submitted copies of its Published Balance Sheet and Consolidated Balance Sheet as of December 31, 2018.	February 18, 2019
5	Press Release: Metrobank posts 21% net income growth in 2018.	February 28, 2019
6	Metrobank submitted a copy of the Audited Financial Statements of Metropolitan Bank & Trust Company and Subsidiaries as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 and the corresponding Management Discussion and Analysis.	February 28, 2019
7	The BOD of Metrobank on its meeting held on March 13, 2019 approved the proposal to merge MCC into Metrobank, subject to stockholders' approval during the ASM scheduled on April 24, 2019 and also subject to regulatory approvals. The proposed transaction will unlock the value of MCC being wholly owned subsidiary of Metrobank, and help realize the following objectives: (1) improve synergy and cross-sell; (2) increase profitability and improve capital efficiency; and (3) enable Metrobank to be more competitive in the credit card business.	March 13, 2019
8	Metrobank submitted a copy of the Agenda together with the sample Proxy Form and Explanatory Notes to Agenda Items for Approval/Ratification during the ASM to be held on April 24, 2019.	March 15, 2019
9	Resignation of Ms. Patricia Carmen de Pedro Pineda, Investor Relations Officer effective April 1, 2019	March 29, 2019
10	Metrobank raises Php17.5 billion Senior Bonds	April 4, 2019
11	Stockholders representing at least two-thirds (2/3) of the outstanding capital stock ratified the following: <ul style="list-style-type: none"> a. Increase in the Bank's authorized capital stock from Php100 billion to Php140 billion. b. Declaration of a 13% stock dividend equivalent to 517,401,955 shares amounting to Php10,348,039,094. This represents the minimum 25% subscribed and paid-up capital for the increase in the authorized capital stock from Php100 billion to Php140 billion. c. Merger of MCC into Metrobank. 	April 24, 2019

Particulars		Date of Report
12	Metrobank reported the following items that were approved during the Organizational Meeting of the BOD on April 24, 2019: 1. Appointment of the Treasurer, Corporate Secretary, Assistant Corporate Secretary, Compliance Officers, Senior Advisers and Advisers. 2. Reconstitution of the members of the Board-level Committee	April 24, 2019
13	Metrobank reported the following items that were approved during the ASM held on April 24, 2019: I. Results of the Annual Stockholders' Meeting: A. Attendance at the Meeting B. Resolutions Approved: 1. Minutes of the Annual Stockholders' Meeting held on April 25, 2018; 2. Amendment of Articles of Incorporation to increase the Authorized Capital Stock from Php100 billion to Php140 billion; 3. Declaration of 13% Stock Dividends; 4. Merger of MCC into Metrobank; 5. Ratification of all Acts and Resolutions of the BOD, Management and all Committees from April 25, 2018 to April 23, 2019; 6. Election of Twelve (12) Directors for the year 2019 to 2020; and 7. Appointment of SGV & Co. as External Auditor for the year 2018 to 2019. C. Questions and Comments from the Stockholders.	April 26, 2019
14	Press Release: MBTC 1Q income rose 15% to P6.8 billion.	May 6, 2019
15	Metrobank received the approval of BSP to exercise the call option on the P16 billion subordinated debt on June 27, 2019 (Call option date) and will pay the call price equal to 100% of the principal amount together with accrued interest to all Noteholders as of June 25, 2019 ("Record Date").	May 8, 2019
16	Clarification of News Article: Metrobank replied with respect to the news article entitled: "Bank creditors convert Hanjin exposure to equity" posted on Philstar.com on June 26, 2019... "All matters relating to Hanjin are pending before the Regional Trial Court of Olongapo".	June 26, 2019
17	Press Release: Metrobank raises Php11.25 billion Senior Bonds.	July 3, 2019
18	Press Release: Metrobank 1H income rose 18% to P13.0 billion.	July 25, 2019
19	Metrobank submitted copies of its Published Balance Sheet and Consolidated Balance Sheet as of June 30, 2019.	August 7, 2019
20	On August 23, 2019, the Bank received a copy of the approval of the BSP stating that the amendment of the Articles of Incorporation was approved by the BSP on August 8, 2019. On August 29, 2019, the Bank filed with the SEC the original BSP Certificate of Authority as well as other supporting documents required by the SEC.	August 29, 2019
21	Press Release: Metrobank approved the issuance of a Peso Bond which will be the fourth tranche under its Php100 billion Bond and Commercial Paper Program.	September 10, 2019
22	The BOD of Metrobank on its meeting held on September 18, 2019 approved the issuance of Php-LTNCD of up to P25 billion in one or more tranches of at least P2 billion per tranche, and a tenors of 5.5 up to 10 years, subject to regulatory approval and market conditions.	September 18, 2019
23	Metrobank updated its corporate contact details in line with the migration to 8-digit telephone numbers of telecommunications providers as mandated by the National Telecommunications Commission effective October 6, 2019.	October 4, 2019
24	Metrobank received the approval of Securities and Exchange Commission (SEC) and Bangko Sentral ng Pilipinas (BSP) on October 9, 2019 and August 8, 2019, respectively, on the Amendment of Articles of Incorporation to increase the Authorized Capital Stock from P100 billion to P140 billion. The Bank filed with the SEC dated August 29, 2019 the original BSP Certificate as well as other supporting documents required by SEC.	October 9, 2019
25	Metrobank received on October 16, 2019 the SEC Order of fixing the Record Date of the 13% Stock Dividend on October 31, 2019.	October 16, 2019
26	Press Release: Metrobank raises P13.75 billion Senior Bonds.	October 24, 2019
27	Press Release: Metrobank posts 49% income growth in 3Q 2019.	October 24, 2019
28	Metrobank submitted copies of its Published Balance Sheet and Consolidated Balance Sheet as of September 30, 2019.	October 31, 2019
29	On October 23, 2019, BSP approved the merger of MCC with Metrobank.	November 13, 2019
30	On January 3, 2020, SEC approved the merger of MCC with Metrobank.	January 13, 2020

Particulars		Date of Report
31	As a result of the release of the SEC approval of the merger between Metrobank and MCC, the appointment of officers/change in designation of personnel follows: a. President of MCC, Ramon Jaime L.V. Del Rosario, is considered as Senior Vice-President (SVP), Head of the Cards and Personal Credit (CPC) Sector of Metrobank b. Hiroko Mercene Castro, SVP, CPC Head of Credit Operations Group c. Cesar Potenciano Nicolasora, Jr., SVP, CPC Head of Finance Group d. Harrison Chua Gue, SVP, CPC Head of Operations Group e. Aloysius Consigna Alday, Jr., SVP, Head of Prepaid and Insurance Business Group f. Anna Therese Rita Dela Cruz Cuenco, SVP, CPC Head of Consumer Lending Group	January 13, 2020
32	Metrobank received the approval of BSP dated January 10, 2020 to issue LTNCDs up to Php25 billion at a minimum of Php2 billion per tranche over a period of one year from BSP approval, and at a tenor of 5.5 years up to 10 years subject to market conditions.	January 15, 2020
33	The BOD of Metrobank approved the holding of ASM on Wednesday April 22, 2020 at 2:00 p.m., with March 9, 2020 as the record date. The BOD also granted the President the authority to change the date, time and place of the meeting as well as the Record Date as may be required by exigencies.	January 15, 2020
34	Metrobank submitted copies of its Published Balance Sheet and Consolidated Balance Sheet as of December 31, 2019.	February 4, 2020
35	The BOD of Metrobank approved the declaration of a 5% regular cash dividend to be paid to all stockholders as of March 6, 2020 record date, with March 20, 2020 as the payment date.	February 19, 2020
36	The BOD of Metrobank on its meeting held on February 19, 2020 approved to exercise the call option on the Php6.5 billion subordinated debt (the "Note") on August 8, 2020 (Call Option Date). This is in accordance with the Terms and Conditions of the Note.	February 19, 2020
37	Press Release: Metrobank reports robust 27% income growth in 2019.	February 20, 2020
38	Metrobank submitted a copy of the Audited Financial Statements of Metropolitan Bank & Trust Company and Subsidiaries as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017 and the corresponding Management Discussion and Analysis.	February 20, 2020
39	Press Release: Metrobank activates protocols to ensure minimal business disruption.	March 16, 2020
40	The BOD of Metrobank on its meeting held on March 23, 2020 approved the Amendment of its Articles of Incorporation to Create a New Class of Shares. Currently, the Bank's capital structure has common and non-voting preferred shares only. The proposal is to convert a fraction of the non-voting preferred shares. a. Out of the 1 billion non-voting preferred shares with par value of Php20.00 or a total of Php20.0 billion, the proposal is to carve out 6 billion preferred shares with a par value of Php0.20 per share, or a total of Php1.2 billion. b. The balance of Php18.8 billion will be maintained as non-voting preferred shares, with the same original par value of Php20.00 equivalent to 940 million shares. c. The total authorized capital will be maintained at Php140.0 billion, allocated to Php120.0 billion for common shares and Php20.0 billion for Preferred shares (voting and non-voting).	March 24, 2020
41	Metrobank informed its valued stakeholders of the postponement of the Bank's ASM initially scheduled on April 22, 2020 due to the ongoing COVID-19 situation and the implementation of the Enhanced Community Quarantine in various parts of the country. The Bank supports the call of the government to combat the spread of COVID-19 and has taken the necessary preventive measures to protect the safety and welfare of their customers, people and all stakeholders. Furthermore, the Bank is committed to continue doing its best to serve the Filipino people during these trying times.	March 31, 2020
42	The BOD of Metrobank on its meeting held on April 22, 2020 approved May 28, 2020 as the new date of the ASM. Due to the COVID-19 situation, there will be no physical venue for the Meeting. The meeting will be held purely on virtual mode. The registration and voting procedures will be announced on PSE edge and posted on the Company's website.	April 23, 2020
43	Metrobank will hold an Earnings Call on May 4, 2020 (Monday), at 4:00 p.m. to discuss the Bank's financial results for the first quarter of 2020.	April 28, 2020
44	Press Release: Metrobank reports 1Q income of P6.1B; Boosts reserves to anticipate pandemic impact.	April 30, 2020
45	Metrobank reported the detailed instruction to stockholders if they wish to attend the Meeting via remote communication, or submit a proxy if they cannot attend the Meeting but wish to be represented. The relevant link to the Company's website is also provided, as well as email addresses to where questions may be sent regarding the registration, submission of proxy and generally, the conduct of the Meeting by the Company.	May 6, 2020

Particulars		Date of Report
46	The Bank received BSP's approval of the Call Option on the P6.5 Billion Subordinated Debt on August 8, 2020.	May 12, 2020
47	Metrobank submitted copies of its Published Balance Sheet and Consolidated Balance Sheet as of March 31, 2020	May 22, 2020

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

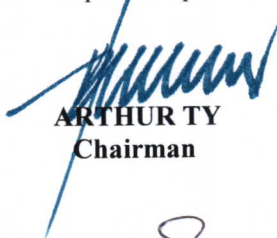
The management of Metropolitan Bank & Trust Company and Subsidiaries (the Group) and of Metropolitan Bank & Trust Company (the Parent Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

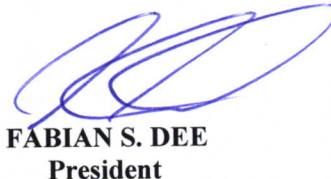
The Board of Directors is responsible for overseeing the financial reporting process.

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

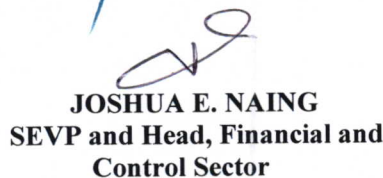
SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has audited the financial statements of the Group and of the Parent Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation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



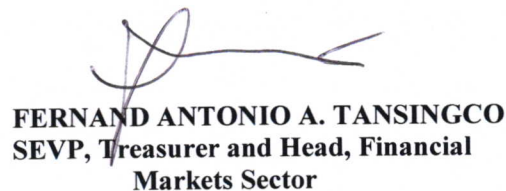
ARTHUR TY
Chairman



FABIAN S. DEE
President



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



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



MARILOU C. BARTOLOME-CIRILO
SVP and Controller

Signed this 19th day of February, 2020.

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

SUBSCRIBED AND SWORN to before me at Makati City, Metro Manila this MAR 10 2020, affiants exhibiting to me their respective Passports with the following details:

Names	Passport No.	Date/Place of Issue	Valid Until
ARTHUR TY			
FABIAN S. DEE			
JOSHUA E. NAING			
FERNAND ANTONIO A. TANSINGCO			
MARILOU C. BARTOLOME			

Doc. No. 39 ;
Page No. 9 ;
Book No. 1 ;
Series of 2020.


ATTY. ROWENA R. WILWAYCO
Notary Public, City of Makati
Appointment No. 14-4112 - Until December 31, 2020
10th Floor, Metrolink Plaza
Sen. Gil Puyat Avenue, Makati City 1200
Roll of Attorneys No. 30245
PTR No. MKT 70121463 01-06-2020/ Makati City
ISP No. 101456/01-06-2020/ PPLM
MCLE Certificate No. VI-002047; 04-14-2022

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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

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

M	e	t	r	o	b	a	n	k	P	l	a	z	a	,	S	e	n	.	G	i	l	P	u	y	a	
t	A	v	e	n	u	e	,	U	r	d	a	n	e	t	a	V	i	l	l	a	g	e	,	M	a	
k	a	t	i	C	i	t	y	,	M	e	t	r	o	M	a	n	i	l	a							

Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

https://www.metrobank.com.ph

Company's Telephone Number

8898-8000

Mobile Number

N/A

No. of Stockholders

2,986

Annual Meeting (Month / Day)

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATIONThe designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Ms. Marilou C. Bartolome-Cirilo

Email Address

marilou.bartolome@metrobank.com.ph

Telephone Number/s

8898-8805

Mobile Number

09178172814

CONTACT PERSON'S ADDRESS

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

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



INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Metropolitan Bank & Trust Company and its subsidiaries (the Group) and the parent company financial statements of Metropolitan Bank & Trust Company (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2019 and 2018, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2019 and 2018, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2019, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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



Key Audit Matters

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

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

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

Adoption of PFRS 16, Leases

Effective January 1, 2019, the Group and the Parent Company adopted PFRS 16, *Leases*, under the modified retrospective approach which resulted in significant changes in the Group's and the Parent Company's accounting policy for leases. The Group's and the Parent Company's adoption of PFRS 16 is significant to our audit because the Group and the Parent Company have high volume of lease agreements; the recorded amounts are material to the consolidated and parent company financial statements; and adoption involves application of significant judgment and estimation in determining the lease term, including evaluating whether the Group and the Parent Company are reasonably certain to exercise options to extend or terminate the lease, and in determining the incremental borrowing rate. This resulted in the recognition of right-of-use assets amounting to ₱4.2 billion and ₱2.2 billion for the Group and Parent Company, respectively, and lease liability amounting to ₱4.5 billion and ₱2.4 billion for the Group and Parent Company, respectively, as of January 1, 2019, and the recognition of depreciation expense of ₱1.3 billion and ₱687.0 million for the Group and Parent Company, respectively, and interest expense of ₱319.3 million and ₱169.9 million for the Group and Parent Company, respectively, for the year ended December 31, 2019.

The disclosures related to the adoption of PFRS 16 are included in Notes 2, 10 and 13 to the financial statements.

Audit response

We obtained an understanding of the Group's and the Parent Company's process in implementing the new standard, including the determination of the population of the lease contracts covered by PFRS 16, the application of the short-term and low value assets exemptions, the selection of the transition approach and any election of available practical expedients. We tested the completeness of the population of lease agreements by comparing the number of leases per operational report against the master lease schedule. On a test basis, we inspected lease agreements (i.e., lease agreements existing prior to the adoption of PFRS 16 and new lease agreements) from the master lease schedule, identified their contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of the financial impact of PFRS 16, including the transition adjustments.



For selected lease contracts with renewal and/or termination option, we reviewed the management's assessment of whether it is reasonably certain that the Group and the Parent Company will exercise the option to renew or not exercise the option to terminate. We tested the parameters used in the determination of the incremental borrowing rate by reference to market data. We test computed the lease calculation prepared by management on a sample basis, including the transition adjustments.

We reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

Allowance for Credit Losses

The Group's and the Parent Company's application of the Expected Credit Loss (ECL) model in calculating the allowance for credit losses is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's and the Parent Company's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset and expected recoveries from defaulted accounts; and incorporating forward-looking information (called overlays) in calculating ECL.

Allowance for credit losses as of December 31, 2019 for the Group and the Parent Company amounted to ₱24.3 billion and ₱13.9 billion, respectively. Provision for credit losses of the Group and the Parent Company in 2019 amounted to ₱9.6 billion and ₱1.6 billion, respectively.

Refer to Note 15 of the financial statements for the disclosure on the details of the allowance for credit losses using the ECL model.

Audit response

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

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



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

We recalculated impairment provisions on a sample basis. We reviewed the completeness of the disclosures made in the financial statements.

We involved our internal specialists in the performance of the above procedures.

Applicable to the audit of the consolidated financial statements

Recoverability of Investments in Associates and a Joint Venture

The Group assesses the impairment of its investments in associates and a joint venture whenever events or changes in circumstances indicate that the carrying amount of the investments may not be recoverable. As of December 31, 2019, the Group has an investment in associate amounting to ₱2.0 billion where its fair value declined significantly compared to the carrying value. The Group performed impairment testing using the investment's value-in-use (VIU). We considered the impairment testing of the Group's investment in this associate as a key audit matter as significant judgment and estimates are involved in the determination of the investment's VIU.

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

Audit response

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

Recoverability of Goodwill

As of December 31, 2019, the Group has goodwill amounting to ₱5.2 billion as a result of various business acquisitions. Under PFRS, the Group is required to annually test the amount of goodwill for impairment. The Group performed the impairment testing using the cash generating unit's (CGU) fair value less costs to sell (FVLCTS). The annual impairment test was significant to our audit because significant judgment and estimates are involved in the determination of the CGU's FVLCTS. The CGU's assets include significant investments in unquoted equity shares and their fair values were determined using price-to-earnings (P/E) ratios of comparable companies. Other assets of the CGU include investments in quoted equity shares and debt financial assets, and real properties, while liabilities include unquoted debt financial liabilities.

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



Audit response

We involved our internal specialist in evaluating the assumptions and methodology used by the Group in determining the FVLCTS of the CGU, in particular those relating to the use of P/E ratios of comparable companies in the valuation of the unquoted equity shares. We tested the fair value of the other assets and liabilities by referring to the quoted prices of listed equity and debt instruments, agreeing the appraised values of real estate properties to the appraisal reports, comparing the future cash flows of unquoted debt instruments to the related contracts, and testing the discount rate if based on prevailing interest rates for similar instruments. We also re-performed the calculation of the FVLCTS.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, but does not include the consolidated and parent company financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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



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

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

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

- Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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



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


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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

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

The engagement partner on the audit resulting in this independent auditor's report is
Josephine Adrienne A. Abarca

SYCIP GORRES VELAYO & CO.



Josephine Adrienne A. Abarca
Partner

CPA Certificate No. 92126

SEC Accreditation No. 0466-AR-4 (Group A),

November 13, 2018, valid until November 12, 2021

Tax Identification No. 163-257-145

BIR Accreditation No. 08-001998-61-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 8125200, January 7, 2020, Makati City

February 19, 2020



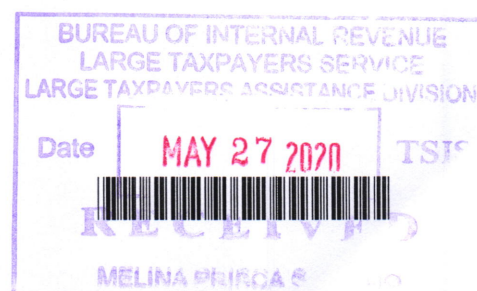
METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(In Millions)

	Consolidated		Parent Company	
	December 31			
	2019	2018	2019	2018
ASSETS				
Cash and Other Cash Items	₱32,956	₱33,091	₱30,659	₱29,280
Due from Bangko Sentral ng Pilipinas (BSP) (Notes 4 and 16)	219,994	240,134	195,770	206,289
Due from Other Banks (Note 4)	54,767	45,802	38,698	35,218
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA) (Notes 4, 7 and 26)	72,174	50,719	56,152	24,712
Investment Securities at Fair Value Through Profit or Loss (FVTPL) (Note 8)	61,867	39,689	49,550	30,166
Fair Value Through Other Comprehensive Income (FVOCI) (Notes 4 and 8)	202,520	111,288	188,676	92,144
Amortized Cost (Notes 4 and 8)	251,628	265,376	216,644	212,607
Loans and Receivables (Notes 4 and 9)	1,483,568	1,391,034	1,177,101	1,116,257
Property and Equipment (Note 10)	25,700	21,954	17,857	15,632
Investments in Subsidiaries (Note 11)	—	—	95,739	81,288
Investments in Associates and a Joint Venture (Note 11)	6,591	5,947	542	494
Goodwill (Note 11)	5,200	5,200	—	—
Investment Properties (Note 12)	7,762	7,500	3,291	2,825
Deferred Tax Assets (Note 28)	10,512	10,238	6,918	6,769
Other Assets (Note 14)	15,574	15,721	9,838	9,983
	₱2,450,813	₱2,243,693	₱2,087,435	₱1,863,664
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 16 and 31)				
CASA	₱1,077,507	₱964,944	₱1,003,249	₱900,186
Time	592,897	548,019	461,713	390,475
Long-Term Negotiable Certificates	43,740	43,790	35,330	35,330
	1,714,144	1,556,753	1,500,292	1,325,991
Bills Payable and Securities Sold Under Repurchase Agreements (SSURA) (Notes 17 and 31)	238,281	259,607	139,072	151,079
Derivative Liabilities (Note 8)	7,427	6,537	5,994	6,182
Manager's Checks and Demand Drafts Outstanding	6,806	7,565	5,508	5,950
Income Taxes Payable	4,188	2,830	3,259	1,670
Accrued Interest and Other Expenses (Note 18)	10,499	9,619	6,654	5,625
Bonds Payable (Notes 19 and 31)	80,486	30,743	70,110	27,826
Subordinated Debts (Note 20)	7,660	26,618	6,494	22,471
Deferred Tax Liabilities (Note 28)	108	357	—	—
Non-equity Non-controlling Interest (Note 21)	6,553	6,747	—	—
Other Liabilities (Note 21)	56,170	45,613	30,060	24,107
	2,132,322	1,952,989	1,767,443	1,570,901

(Forward)



	Consolidated		Parent Company	
	December 31			
	2019	2018	2019	2018
EQUITY				
Equity Attributable to Equity Holders of the Parent Company				
Common stock (Note 23)	₱89,948	₱79,600	₱89,948	₱79,600
Capital paid in excess of par value (Note 23)	85,252	85,252	85,252	85,252
Treasury stock (Notes 23 and 31)	(72)	(67)	(72)	(67)
Surplus reserves (Note 24)	2,098	1,956	2,098	1,956
Surplus (Note 23)	144,154	130,550	144,154	130,550
Net unrealized gain (loss) on investment securities at FVOCI (Note 8)	2,629	(2,994)	2,629	(2,994)
Remeasurement losses on retirement plan (Notes 11 and 27)	(5,531)	(3,591)	(5,531)	(3,591)
Equity in other comprehensive income (losses) of investees (Note 11)	345	(27)	345	(27)
Translation adjustment and others (Note 11)	(9,269)	(7,719)	1,169	2,084
	309,554	282,960	319,992	292,763
Non-controlling Interest (Note 11)	8,937	7,744	–	–
	318,491	290,704	319,992	292,763
	₱2,450,813	₱2,243,693	₱2,087,435	₱1,863,664

See accompanying Notes to Financial Statements.



METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF INCOME

(In Millions, Except Earnings Per Share)

	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	2019	2018	2017
INTEREST INCOME ON						
Loans and receivables (Notes 9 and 31)	₱95,847	₱79,659	₱63,391	₱59,603	₱46,860	₱35,072
Investment securities at FVOCI/AFS investments and at amortized cost (Note 8)	16,573	14,610	13,480	13,778	11,592	10,655
Investment securities at FVTPL (Note 8)	1,936	1,170	1,585	1,695	1,006	1,362
Interbank loans receivable and securities purchased under resale agreements (SPURA) (Notes 7 and 31)	941	1,092	1,231	468	441	606
Deposits with banks and others	886	655	635	689	422	316
	116,183	97,186	80,322	76,233	60,321	48,011
INTEREST AND FINANCE CHARGES						
Deposit liabilities (Notes 16 and 31)	23,407	18,968	12,613	17,293	13,447	8,777
Bills payable and securities sold under repurchase agreements, bonds payable, subordinated debts and others (Notes 13, 17, 19, 20, 21 and 31)	15,779	9,396	6,303	9,019	4,546	2,741
	39,186	28,364	18,916	26,312	17,993	11,518
NET INTEREST INCOME	76,997	68,822	61,406	49,921	42,328	36,493
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES (Note 15)	10,078	7,770	7,507	1,644	807	1,395
NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	66,919	61,052	53,899	48,277	41,521	35,098
OTHER OPERATING INCOME						
Service charges, fees and commissions (Notes 25 and 31)	14,266	12,695	11,045	5,145	4,954	4,171
Trading and securities gain (loss) - net (Notes 8, 21 and 31)	5,472	2,541	(402)	4,352	3,041	(1,079)
Foreign exchange gain (loss) - net (Note 31)	3,798	210	4,257	3,521	(66)	4,101
Leasing (Notes 12, 13 and 31)	2,122	2,252	2,129	210	224	215
Profit from assets sold (Notes 12 and 31)	585	1,371	1,075	210	623	639
Income from trust operations (Notes 24 and 31)	1,241	1,290	1,377	1,204	1,259	1,351
Dividends (Note 8)	172	141	182	29	23	19
Miscellaneous (Note 25)	1,398	2,410	2,484	83	401	446
	29,054	22,910	22,147	14,754	10,459	9,863
OTHER OPERATING EXPENSES						
Compensation and fringe benefits (Notes 27 and 31)	23,706	22,368	20,218	16,023	15,115	13,526
Taxes and licenses (Note 28)	10,219	8,776	6,580	6,466	5,253	3,701
Depreciation and amortization (Notes 10, 12 and 14)	5,538	4,084	4,018	2,568	1,690	1,708
Occupancy and equipment-related costs (Note 13)	1,867	3,193	2,929	1,162	1,824	1,730
Miscellaneous (Note 25)	16,576	15,235	13,730	11,086	9,573	8,553
	57,906	53,656	47,475	37,305	33,455	29,218
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE						
	38,067	30,306	28,571	25,726	18,525	15,743
SHARE IN NET INCOME OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE (Note 11)						
	868	874	689	8,938	7,967	6,995
INCOME BEFORE INCOME TAX						
PROVISION FOR INCOME TAX (Note 28)	10,061	7,745	7,990	6,609	4,484	4,515
NET INCOME	₱28,874	₱23,435	₱21,270	₱28,055	₱22,008	₱18,223
Attributable to:						
Equity holders of the Parent Company (Note 32)	₱28,055	₱22,008	₱18,223			
Non-controlling interest (Note 11)	819	1,427	3,047			
	₱28,874	₱23,435	₱21,270			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 32)						
	₱6.24	₱5.16*	₱4.97*			

*Restated to show the effect of stock dividends issued in 2019 and stock rights issued in 2018

See accompanying Notes to Financial Statements.



METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
(In Millions)

	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	2019	2018	2017
Net Income	₱28,874	₱23,435	₱21,270	₱28,055	₱22,008	₱18,223
Other Comprehensive Income for the Year, Net of Tax						
Items that may not be reclassified to profit or loss:						
Change in net unrealized loss on equity securities at FVOCI	(414)	(351)	–	(410)	(347)	–
Change in remeasurement gain (loss) on retirement plan (Notes 11 and 27)	(2,038)	498	26	(1,940)	434	(18)
	(2,452)	147	26	(2,350)	87	(18)
Items that may be reclassified to profit or loss:						
Change in net unrealized gain (loss) on investment on debt securities at FVOCI/AFS investments (Note 8)	6,142	(2,443)	(5,772)	6,052	(2,324)	(5,689)
Change in equity in other comprehensive income (loss) of investees (Note 11)	375	(50)	(32)	372	(49)	(32)
Translation adjustment and others (Note 11)	(399)	(309)	733	(915)	(57)	881
	6,118	(2,802)	(5,071)	5,509	(2,430)	(4,840)
Total Comprehensive Income for the Year	₱32,540	₱20,780	₱16,225	₱31,214	₱19,665	₱13,365
Attributable to:						
Equity holders of the Parent Company	₱31,214	₱19,665	₱13,365			
Non-controlling interest	1,326	1,115	2,860			
	₱32,540	₱20,780	₱16,225			

See accompanying Notes to Financial Statements.



METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(In Millions)

	Consolidated												
	Equity Attributable to Equity Holders of the Parent Company												
	Common Stock (Note 23)	Capital Paid In Excess of Par Value (Note 23)	Treasury Stock (Note 23)	Surplus Reserves (Note 23)	Surplus (Note 23)	Net Unrealized Gain (Loss) on Investment Securities at FVOCI/AFS Investments (Note 8)	Remeasurement Losses on Retirement Plan (Notes 11 and 27)	Equity in Other Comprehensive Income (Losses) of Investees (Note 11)	Translation Adjustment and Others (Note 11)	Total	Other Equity Reserve (Note 11)	Non-controlling Interest (Note 11)	Total Equity
Balance as at January 1, 2019	₱79,600	₱85,252	(₱67)	₱1,956	₱130,550	(₱2,994)	(₱3,591)	(₱27)	(₱7,719)	₱282,960	₱–	₱7,744	₱290,704
Issuance of stock dividend	10,348	–	–	–	(10,348)	–	–	–	–	–	–	–	–
Total comprehensive income (loss) for the year	–	–	–	–	28,055	5,642	(1,940)	372	(915)	31,214	–	1,326	32,540
Transfer to surplus reserves	–	–	–	142	(142)	–	–	–	–	–	–	–	–
Cash dividend	–	–	–	–	(3,980)	–	–	–	–	(3,980)	–	(133)	(4,113)
Realized gain (loss) on sale of equity securities at FVOCI	–	–	–	–	19	(19)	–	–	–	–	–	–	–
Parent Company shares held by mutual fund subsidiary	–	–	(5)	–	–	–	–	–	–	(5)	–	–	(5)
Acquisition of acquired non-controlling interest (Note 11)	–	–	–	–	–	–	–	–	(635)	(635)	–	–	(635)
Balance as at December 31, 2019	₱89,948	₱85,252	(₱72)	₱2,098	₱144,154	₱2,629	(₱5,531)	₱345	(₱9,269)	₱309,554	₱–	₱8,937	₱318,491
Balance as at December 31, 2017	₱63,603	₱42,139	(₱46)	₱1,810	₱116,786	(₱15,804)	(₱4,025)	₱22	(₱2,530)	₱201,955	(₱7,400)	₱9,535	₱204,090
Effect of adoption of Philippine Financial Reporting Standards (PFRS) 9, <i>Financial Instruments</i>	–	–	–	–	(4,756)	15,359	–	–	–	10,603	–	(108)	10,495
Effect of adoption of PFRS 15, <i>Revenue from Contracts with Customers</i>	–	–	–	–	(40)	–	–	–	–	(40)	–	(10)	(50)
Balance as at January 1, 2018	63,603	42,139	(46)	1,810	111,990	(445)	(4,025)	22	(2,530)	212,518	(7,400)	9,417	214,535
Issuance of stock rights	15,997	43,113	–	–	–	–	–	–	–	59,110	–	–	59,110
Total comprehensive income (loss) for the year	–	–	–	–	22,008	(2,671)	434	(49)	(57)	19,665	–	1,115	20,780
Transfer to surplus reserves	–	–	–	146	(146)	–	–	–	–	–	–	–	–
Cash dividend	–	–	–	–	(3,180)	–	–	–	–	(3,180)	–	(520)	(3,700)
Realized gain (loss) on sale of equity securities at FVOCI	–	–	–	–	(122)	122	–	–	–	–	–	–	–
Parent Company shares held by mutual fund subsidiary	–	–	(21)	–	–	–	–	–	–	(21)	–	–	(21)
Settlement of non-controlling interest acquired (Note 11)	–	–	–	–	–	–	–	–	(5,132)	(5,132)	7,400	(2,268)	–
Balance as at December 31, 2018	₱79,600	₱85,252	(₱67)	₱1,956	₱130,550	(₱2,994)	(₱3,591)	(₱27)	(₱7,719)	₱282,960	₱–	₱7,744	₱290,704
Balance as at January 1, 2017	₱63,603	₱42,139	(₱485)	₱1,653	₱101,900	(₱10,115)	(₱4,007)	₱54	₱1,260	₱196,002	₱–	₱9,551	₱205,553
Total comprehensive income for the year	–	–	–	–	18,223	(5,689)	(18)	(32)	881	13,365	–	2,860	16,225
Transfer to surplus reserves	–	–	–	157	(157)	–	–	–	–	–	–	–	–
Cash dividend	–	–	–	–	(3,180)	–	–	–	–	(3,180)	–	(147)	(3,327)
Disposal of Parent Company shares held by mutual fund subsidiaries	–	–	439	–	–	–	–	–	–	439	–	–	439
Acquisition of non-controlling interest (Note 11)	–	–	–	–	–	–	–	–	(4,671)	(4,671)	(7,400)	(2,729)	(14,800)
Balance as at December 31, 2017	₱63,603	₱42,139	(₱46)	₱1,810	₱116,786	(₱15,804)	(₱4,025)	₱22	(₱2,530)	₱201,955	(₱7,400)	₱9,535	₱204,090



Parent Company										
	Common Stock (Note 23)	Capital Paid In Excess of Par Value (Note 23)	Treasury Stock (Note 23)	Surplus Reserves (Note 24)	Surplus (Note 23)	Net Unrealized Gain (Loss) on Investment Securities at FVOCI/AFS Investments (Note 8)	Remeasurement Losses on Retirement Plan (Notes 11 and 27)	Equity in Other Comprehensive Income (Losses) of Investees (Note 11)	Translation Adjustment and Others (Note 11)	Total Equity
Balance as at January 1, 2019	₱79,600	₱85,252	(₱67)	₱1,956	₱130,550	(₱2,994)	(₱3,591)	(₱27)	₱2,084	₱292,763
Issuance of stock dividend	10,348	—	—	—	(10,348)	—	—	—	—	—
Total comprehensive income (loss) for the year	—	—	—	—	28,055	5,642	(1,940)	372	(915)	31,214
Transfer to surplus reserves	—	—	—	142	(142)	—	—	—	—	—
Cash dividend	—	—	—	—	(3,980)	—	—	—	—	(3,980)
Share in realized gain (loss) on sale of equity securities at FVOCI	—	—	—	—	19	(19)	—	—	—	—
Parent Company shares held by mutual fund subsidiary	—	—	(5)	—	—	—	—	—	—	(5)
Balance as at December 31, 2019	₱89,948	₱85,252	(₱72)	₱2,098	₱144,154	₱2,629	(₱5,531)	₱345	₱1,169	₱319,992
Balance as at December 31, 2017	₱63,603	₱42,139	(₱46)	₱1,810	₱116,786	(₱15,804)	(₱4,025)	₱22	₱2,141	₱206,626
Effect of adoption of PFRS 9	—	—	—	—	(4,756)	15,359	—	—	—	10,603
Effect of adoption of PFRS 15	—	—	—	—	(40)	—	—	—	—	(40)
Balance as at January 1, 2018	63,603	42,139	(46)	1,810	111,990	(445)	(4,025)	22	2,141	217,189
Issuance of stock rights	15,997	43,113	—	—	—	—	—	—	—	59,110
Total comprehensive income (loss) for the year	—	—	—	—	22,008	(2,671)	434	(49)	(57)	19,665
Transfer to surplus reserves	—	—	—	146	(146)	—	—	—	—	—
Cash dividend	—	—	—	—	(3,180)	—	—	—	—	(3,180)
Share in realized gain (loss) on sale of equity securities at FVOCI	—	—	—	—	(122)	122	—	—	—	—
Parent Company shares held by mutual fund subsidiary	—	—	(21)	—	—	—	—	—	—	(21)
Balance as at December 31, 2018	₱79,600	₱85,252	(₱67)	₱1,956	₱130,550	(₱2,994)	(₱3,591)	(₱27)	₱2,084	₱292,763
Balance as at January 1, 2017	₱63,603	₱42,139	(₱485)	₱1,653	₱101,900	(₱10,115)	(₱4,007)	₱54	₱1,260	₱196,002
Total comprehensive income for the year	—	—	—	—	18,223	(5,689)	(18)	(32)	881	13,365
Transfer to surplus reserves	—	—	—	157	(157)	—	—	—	—	—
Cash dividends	—	—	—	—	(3,180)	—	—	—	—	(3,180)
Disposal of Parent Company shares held by mutual fund subsidiaries	—	—	439	—	—	—	—	—	—	439
Balance as at December 31, 2017	₱63,603	₱42,139	(₱46)	₱1,810	₱116,786	(₱15,804)	(₱4,025)	₱22	₱2,141	₱206,626

See accompanying Notes to Financial Statements.



METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(In Millions)

	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱38,935	₱31,180	₱29,260	₱34,664	₱26,492	₱22,738
Adjustments for:						
Provision for credit and impairment losses (Note 15)	10,078	7,770	7,507	1,644	807	1,395
Trading and securities loss (gain) on investment securities at FVOCI/AFS investments (Note 8)	(4,403)	115	(641)	(3,788)	24	(554)
Depreciation and amortization (Notes 10, 12 and 14)	4,906	3,572	3,524	2,327	1,559	1,585
Unrealized market valuation loss (gain) on financial assets and liabilities at FVTPL	1,395	(3,499)	1,652	1,612	(3,494)	1,652
Profit from assets sold (Notes 10 and 12)	(585)	(1,371)	(1,075)	(210)	(623)	(639)
Share in net income of subsidiaries, associates and a joint venture (Note 11)	(868)	(874)	(689)	(8,938)	(7,967)	(6,995)
Gain on initial recognition of investment properties and chattel properties acquired in foreclosure (Note 25)	(487)	(638)	(1,075)	(33)	(23)	(26)
Amortization of software costs (Note 14)	632	512	494	241	131	123
Dividends (Note 8)	(172)	(141)	(182)	(29)	(23)	(19)
Amortization of discount on subordinated debts, bonds payable and lease liability (Notes 19 and 20)	605	45	66	342	34	33
Decrease (increase) in:						
Investment securities at FVTPL	(22,009)	5,735	(7,497)	(21,184)	3,617	(6,327)
Loans and receivables	(107,137)	(138,128)	(213,951)	(63,413)	(117,786)	(161,020)
Other assets	143	(5,785)	1,033	(1,390)	(4,737)	938
Increase (decrease) in:						
Deposit liabilities	157,391	28,791	138,660	174,301	12,044	108,260
Bills payable - deposit substitutes	7,972	(14,952)	2,425	—	—	—
Manager's checks and demand drafts outstanding	(759)	(489)	1,122	(442)	110	669
Accrued interest and other expenses	880	2,646	(94)	1,029	1,720	(741)
Other liabilities	6,624	(8,732)	(5,704)	4,034	(3,187)	(7,317)
Non-equity non-controlling interest	(194)	(1,255)	68	—	—	—
Net cash provided by (used in) operations	92,947	(95,498)	(45,097)	120,767	(91,302)	(46,245)
Dividends received (Note 8)	172	141	182	29	23	19
Income taxes paid	(8,715)	(8,489)	(7,053)	(5,097)	(4,886)	(3,704)
Net cash provided by (used in) operating activities	84,404	(103,846)	(51,968)	115,699	(96,165)	(49,930)
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of:						
Investment securities at FVOCI/AFS investments (Note 4)	(1,286,010)	(786,157)	(108,623)	(1,267,741)	(774,480)	(89,874)
Investment securities at amortized cost (Note 4)	(4,488)	(7,017)	—	(4,333)	(5,037)	—
Property and equipment (Note 10)	(3,722)	(2,889)	(3,556)	(1,999)	(1,473)	(1,826)
Investments in subsidiaries and associates (Note 11)	(9)	—	(235)	(7,839)	(15,011)	—
Software (Note 14)	—	(636)	(978)	—	(233)	(144)
Proceeds from sale of:						
Investment securities at FVOCI/AFS investments (Notes 4 and 11)	1,203,883	764,214	77,175	1,180,411	759,803	67,936
Property and equipment (Note 10)	955	585	165	76	278	85
Investments in associates (Note 11)	—	—	190	—	—	—
Investment properties (Note 12)	1,475	1,896	3,031	553	626	1,407
Proceeds from:						
Maturity of investment securities at amortized cost	920	4,077	—	469	30	—
Disposal of investment securities at amortized cost (Note 8)	16,686	—	—	—	—	—
Return of investment from an associate (Note 11)	—	180	—	—	180	—
Cash dividends from investees (Note 11)	169	462	288	1,073	2,448	3,655
Decrease (increase) in interbank loans receivable and SPURA (Note 26)	6,489	1,388	3,039	407	5,984	(322)
Net cash used in investing activities	(63,652)	(23,897)	(29,504)	(98,923)	(26,885)	(19,083)

(Forward)



	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	2019	2018	2017
CASH FLOWS FROM FINANCING						
ACTIVITIES (Note 26)						
Settlements of bills payable	(₱4,721,604)	(₱4,472,284)	(₱2,808,869)	(₱3,574,659)	(₱3,445,236)	(₱2,458,936)
Availments of bills payable and SSURA	4,692,306	4,519,008	2,872,903	3,562,652	3,489,833	2,496,553
Proceeds from issuance of:						
Bonds payable (Note 19)	52,499	27,826	—	42,135	27,826	—
Notes payable (Note 21)	—	2,600	—	—	—	—
Stock rights (Note 23)	—	59,110	—	—	59,110	—
Maturity of bonds payable (Note 19)	(3,000)	—	(8,599)	—	—	—
Repayments of subordinated debts (Note 20)	(19,000)	—	(3,000)	(16,000)	—	—
Cash dividends paid (Note 23)	(4,113)	(3,700)	(3,327)	(3,980)	(3,180)	(3,180)
Payment of principal portion of lease liabilities	(1,213)	—	—	(748)	—	—
Proceeds from disposal of Parent Company shares by mutual fund subsidiaries (Note 31)	—	10	455	—	—	—
Acquisition of Parent Company shares by a mutual fund subsidiary (Note 23)	(5)	(31)	(16)	—	—	—
Net cash provided by (used in) financing activities	(4,130)	132,539	49,547	9,400	128,353	34,437
NET INCREASE (DECREASE) IN CASH						
AND CASH EQUIVALENTS	16,622	4,796	(31,925)	26,176	5,303	(34,576)
CASH AND CASH EQUIVALENTS						
AT BEGINNING OF YEAR						
Cash and other cash items	33,091	27,631	26,553	29,280	24,975	23,470
Due from BSP	240,134	261,959	238,806	206,289	224,723	203,781
Due from other banks	45,808	31,291	44,315	35,218	19,286	30,101
Interbank loans receivable and SPURA (Note 26)	39,380	32,736	75,868	22,742	19,242	65,450
	358,413	353,617	385,542	293,529	288,226	322,802
CASH AND CASH EQUIVALENTS						
AT END OF YEAR						
Cash and other cash items	32,956	33,091	27,631	30,659	29,280	24,975
Due from BSP	219,994	240,134	261,959	195,770	206,289	224,723
Due from other banks	54,772	45,808	31,291	38,698	35,218	19,286
Interbank loans receivable and SPURA (Note 26)	67,313	39,380	32,736	54,578	22,742	19,242
	₱375,035	₱358,413	₱353,617	₱319,705	₱293,529	₱288,226
OPERATIONAL CASH FLOWS FROM INTEREST						
	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	2019	2018	2017
Interest paid	₱39,558	₱25,910	₱18,347	₱26,207	₱17,452	₱11,391
Interest received	113,745	95,315	79,549	73,717	61,129	47,253

See accompanying Notes to Financial Statements.



METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Metropolitan Bank & Trust Company (the Parent Company) is a universal bank incorporated in the Philippines on April 6, 1962. The Securities and Exchange Commission (SEC) approved the renewal until April 6, 2057 on November 19, 2007. The Parent Company's shares were listed with the Philippine Stock Exchange, Inc. (PSE) on February 26, 1981, as approved by the SEC in November 1980. It has a universal banking license granted by the Bangko Sentral ng Pilipinas (BSP) on August 21, 1981.

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

2. Summary of Significant Accounting Policies

Basis of Preparation

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

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

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

Statement of Compliance

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

Presentation of Financial Statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position. Income and expense are not



offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and of its subsidiaries and are prepared for the same reporting period as the Parent Company using consistent accounting policies. The following are the wholly and majority-owned foreign and domestic subsidiaries of the Parent Company in 2019 and 2018 (Note 11):

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

* In 2019, the Parent Company's effective percentage of ownership in FMIC and PSBank increased from 99.25% and 82.68%, respectively.

** Dissolved in April 2019

*** In process of dissolution

**** In process of liquidation

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full at consolidation (Note 31). Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of subsidiaries ceases when control is transferred out of the Group or the Parent Company. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of income and consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.



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

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company: (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary; (b) derecognizes the carrying amount of any non-controlling interest; (c) derecognizes the related other comprehensive income (OCI) recorded in equity and recycles the same to statement of income or retained earnings; (d) recognizes the fair value of the consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in statement of income; and (g) reclassifies the Parent Company's share of components' 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 36.65% and 36.36% interest in the Parent Company as of December 31, 2019 and 2018, respectively (Note 31).

Non-controlling Interest

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

Non-equity Non-controlling Interest

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

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

Changes in Accounting Policies and Disclosures

Except for these new and amended standards which were adopted as of January 1, 2019, the accounting policies adopted are consistent with those of previous financial year.

The Group applied for the first time, Philippine Financial Reporting Standards (PFRS) 16, *Leases*. It supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, SIC-15, *Operating Leases – Incentives*, and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. The Group adopted the modified retrospective



approach with certain transition reliefs with the date of initial application of January 1, 2019 and applied the following practical expedients wherein it:

- Applied the standard only to contracts that were previously identified as leases, applying the old standards at the date of initial application;
- Used the recognition exemptions for short-term leases and lease contracts for low value assets;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application; and
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

As of January 1, 2019, the weighted average incremental borrowing rate applied to the lease liabilities ranges from 6.14% to 9.35%. The reconciliation of the operating lease commitments to the total gross lease payments used in the measurement of the lease liabilities are as follows:

	Consolidated	Parent Company
Operating lease commitments as of December 31, 2018	₱5,418	₱3,073
Lease payments relating to renewal periods not included in operating lease commitments as of December 31, 2018	51	43
Lease payments pertaining to leases of short-term and low-value assets	(125)	-
Operating lease commitments not considered on lease term	(14)	-
Total gross lease payments as of January 1, 2019	₱5,330	₱3,116
Weighted average incremental borrowing rate	6.14% - 9.35%	7.89%
Lease liability as of January 1, 2019	₱4,530	₱2,407

Except for the additional disclosures required, PFRS 16 has no impact for leases where the Group is the lessor.

The Group has lease contracts for various office spaces used as branch offices. Prior to 2019, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the lease asset to the Group; otherwise it was classified as an operating lease. All leases (as lessee) were classified as operating leases. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense under 'Occupancy and equipment-related cost' in the statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under 'Prepaid expenses' lodged in 'Other assets', and 'Accrued other expenses' lodged in 'Accrued interest and other expenses', respectively.

Effective January 1, 2019, the Group applied a single recognition and measurement approach for all leases (as lessee) except for short-term leases and leases of low-value assets. The Group recognized lease liabilities representing lease payments and right-of-use (ROU) assets representing the right to use the underlying assets. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate (IBR) at the date of initial application. ROU assets were recognized based on the amount equal to the lease liabilities adjusted for any related prepaid and accrued lease payments previously recognized.

Based on the foregoing, as of January 1, 2019, the Group and the Parent Company recognized ROU assets of ₱4.2 billion and ₱2.2 billion, respectively (presented under 'Property and equipment'); lease liability of ₱4.5 billion and ₱2.4 billion, respectively (presented under 'Other liabilities'); and derecognized accrued other expenses of ₱368.5 million and ₱182.2 million, respectively, related to previous operating leases.



The adoption of the following amendments and interpretation to standards did not have significant impact on the financial statements of the Group:

Amendments

- Amendments to PFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to PAS 28, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*
- Amendments to PAS 19, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Annual Improvements to PFRS 2015 to 2017 Cycle
 - PFRS 3, *Business Combinations* and PFRS 11, *Joint Arrangements – Previously held interest in a joint operation*
 - PAS 12, *Income Taxes - Income tax consequence of payments on financial instruments classified as equity*
 - PAS 23, *Borrowing Costs – Borrowing costs eligible for capitalization*

Interpretation

- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

 - Whether an entity considers uncertain tax treatments separately
 - The assumptions an entity makes about the examination of tax treatments by taxation authorities
 - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
 - How an entity considers changes in facts and circumstances

The Group is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The Group shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. Since the Group operates in a complex and regulated environment, it assessed whether the Interpretation had an impact on its consolidated financial statement. The Group determined, based on its assessment, in consultation with its tax counsel, that it is probable that its uncertain income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.



Significant Accounting Policies

Foreign Currency Translation

Transactions and balances

For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate (for 2019 and 2018) and the Philippine Dealing System (PDS) closing rate (for 2017) prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rates as at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign currency-denominated assets and liabilities are credited to or charged against operations in the year in which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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

FCDU, foreign branches and subsidiaries

As at the reporting date, the assets and liabilities of foreign branches and subsidiaries and FCDU of the Parent Company and PSBank are translated into the Parent Company's presentation currency (the PHP) at BAP (PDS in 2017) closing rate prevailing at the statement of financial position date, and their income and expenses are translated at BAP weighted average rate for 2019 and 2018 while in 2017, the basis was the PDS weighted average rate. Exchange differences arising on translation are taken to the statement of comprehensive income under 'Translation adjustment and others'. Upon disposal of a foreign entity or when the Parent Company ceases to have control over the subsidiaries or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statement of comprehensive income is recognized in the statement of income.

Fair Value Measurement

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

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

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

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

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



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

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

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

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

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

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

Financial Instruments – Initial Recognition and Subsequent Measurement

Date of recognition

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

Initial recognition of financial instruments

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

'Day 1' difference

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



Classification and Subsequent Measurement

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

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

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

Financial assets at FVTPL

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

Derivatives recorded at FVTPL

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

Investment securities at FVOCI

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



Debt securities at FVOCI are those that meet both of the following conditions: (i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flow that are SPPI on the outstanding principal amount. The effective yield component of debt securities at FVOCI, as well as the impact of restatement on foreign currency-denominated debt securities at FVOCI is reported in the statement of income. Interest earned on holding debt securities at FVOCI are reported as 'Interest Income' using the effective interest rate (EIR) method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the statement of comprehensive income is recognized as 'Trading, securities and foreign exchange gain - net' in the statement of income. The expected credit loss (ECL) arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Provision for credit and impairment losses' in the statement of income.

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

Financial assets at amortized cost

Financial assets at amortized cost are debt financial assets that meet both of the following conditions: (i) these are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and (ii) the contractual terms give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. This accounting policy relates to the statement of financial position captions 'Due from BSP', 'Due from other banks', 'Interbank loans receivable and SPURA', 'Investment securities at amortized cost' and 'Loans and receivables'.

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

Financial liabilities at amortized cost

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



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

Financial Guarantees and Undrawn Loan Commitments

The Group issues financial guarantees and loan commitments. Financial guarantees are those issued by the Group to creditors as allowed under existing rules and regulations whereby it guarantees third party obligations by signing as guarantor in the contract/agreement. Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. Starting January 1, 2018, these contracts are in the scope of the ECL requirements where the Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to financial guarantees and undrawn loan commitments is recognized in 'Miscellaneous liabilities' under 'Other liabilities'.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement is the lower of (i) the amount of the asset and (ii) the maximum amount of the consideration received that the Group could be required to repay ('the guarantee amount'). When the Group's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in case of a written put option to an asset that is measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price. When the Group's continuing involvement takes the form of a cash-settled option or similar provision on the transferred asset, the extent of the Group's continuing involvement is measured in the same way as that which results from non-cash settled options.

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



Financial liabilities

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

Repurchase and reverse repurchase agreements

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

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

Reclassification of Financial Assets

The Group reclassifies its financial assets when there is a change in its business model for managing financial assets. A change in business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. The Group applies the reclassification prospectively from the reclassification date and does not restate any previously recognized gains, losses or interest.

Impairment of Financial Assets

Policies applicable beginning January 1, 2018

The adoption of PFRS 9 has changed the Group's loss impairment method on financial assets by replacing PAS 39's incurred loss approach with a forward-looking ECL approach which covers all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts.

Overview of the ECL principles

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

The major portfolios of financial assets identified upon initial analysis of the Group's credit exposure are loan receivables, treasury accounts, and other receivables. Loan receivables may be availed by specific individuals, corporations or organizations. Hence, these portfolios can be further segmented



to commercial and consumer portfolios. After segmentation, financial assets are grouped into Stage 1, Stage 2, and Stage 3 as described below.

Definition of “default” and “cure”

The Group defines a financial instrument as in default, which is fully aligned with the definition of non-performing loans i.e. credit impaired, in all cases when the borrower becomes more than 90 days (more than 30 days in 2018) past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria and has exhibited a satisfactory track record.

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

SICR

In order to determine whether an instrument is subject to 12-month or Lifetime ECL, the Group assesses whether there has been a SICR since initial recognition. The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative and qualitative factors. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group’s internal credit assessment, the borrower or counterparty is determined to have well-defined credit weaknesses (i.e. with internal credit rating of 6 due to financial or repayment concerns or lower). These may include adverse trends or developments of financial, managerial, economic or political nature, or a significant weakness in collateral. Credit weakness may be manifested by unfavorable record or unsatisfactory characteristics or may only be potential that deserves management’s close attention and may lead to significant losses or may result in collection or liquidation of the outstanding loan amount to be highly improbable. For exposures without internal credit grades, if contractual payments are more than 30 days past due (1 day past due in 2018), the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. In subsequent reporting periods, if the credit risk of the financial asset improves over an observable period such that there is no longer a SICR since initial recognition, the Group shall revert to recognizing a 12-month ECL.

Staging assessment

For non-credit-impaired financial assets:

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

For credit-impaired financial assets:

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



Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit-impaired (POCI) assets. These are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECL is only recognized or released to the extent that there is a subsequent change in the ECLs. POCI assets pertain to loans purchased by the Parent Company from MBCL.

Assessment of ECL on a collective basis

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

ECL parameters and methodologies

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

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

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

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

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

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



Forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as growth of the gross domestic product, inflation rates, unemployment rates, interest rates and BSP statistical indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

In 2018, the Company incorporated forward-looking information to its ECL estimation using the following economic inputs:

- Gross Domestic Product (GDP) (current) growth
- London Interbank Offered Rate (LIBOR)
- PHP / USD exchange rate

In 2019, after model reviews and validation, the Company relied on the following as economic inputs in measuring ECL:

- Treasury Bill (T-Bill) Rates
- Philippine Stock Exchange (PSE) All Shares Index
- GDP growth
- External debt
- PSE Financials Index
- GDP Financial intermediation
- Government expenditure

Debt investment securities measured at FVOCI

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

Policies applicable prior to January 1, 2018

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost such as loans and receivables, due from other banks, interbank loans and SPURA, and HTM investments, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. For individually assessed



financial assets, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

Financial assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment. The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the statement of income. Interest income continues to be recognized based on the original EIR of the asset. Financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to 'Recovery on charged-off assets' under 'Miscellaneous income' in the statements of income. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of credit risk characteristics such as industry, collateral type, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such as changes in property prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The Group also uses the Net Flow Rate (NFR) method to determine the credit loss rate of a particular delinquency age bucket based on historical data of flow-through and flow-back of loans across specific delinquency age buckets. The allowance for credit losses is determined based on the results of the net flow to write-off methodology. Net flow tables are derived from monitoring of monthly peso movements between different stage buckets, from 1-day past due to 180-day past due. The net flow to write-off methodology relies on the last 12 months of net flow tables to establish a NFR percentage of accounts receivable that are current or in any state of delinquency (i.e., 30, 60, 90, 120, 150 and 180 day past due) as of reporting date that will eventually result in write-off. The gross provision is then computed based on the outstanding balances of the receivables as of statement of financial position date and the NFRs determined for the current and each delinquency bucket. This gross provision is reduced by the estimated recoveries, which are also based on historical data, to arrive at the required allowance for credit losses.



If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS investments

In case of quoted equity securities classified as 'AFS investments', this would include a significant or prolonged decline in the fair value of the securities below their cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of income - is removed from OCI and recognized in the statement of income. Impairment losses on equity securities are not reversed through the statement of income. Increases in fair value after impairment are recognized directly in OCI. In case of unquoted equity securities classified as 'AFS investments', the amount of the impairment is measured as the difference between their carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

In case of debt instruments classified as 'AFS investments', impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of 'Interest income' in the statement of income. If subsequently, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment loss is reversed through the statement of income.

Restructured Loans

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

Collateral Valuation of Financial Assets

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

Revenue Recognition

Effective January 1, 2018

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



The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group concluded that it is acting as a principal in all of its revenue arrangements except for certain brokerage transactions. The following specific recognition criteria must also be met before revenue is recognized within the scope of PFRS 15:

Fee and commission income

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

a. Fee income earned from services that are provided over a certain period of time

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

b. Fee income from providing transaction services

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

Prior to January 1, 2018, the Group adopted PAS 18 in accounting for the above fees and commissions. The Group assessed that there is no difference in accounting for the above fees and commission income under PFRS 15 and PAS 18.

Discounts earned, membership fees and awards revenue on credit cards

The following table provides information about the nature and timing of the satisfaction of performance obligations for the Group's credit card business, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under PFRS 15	Revenue recognition under PAS 18
Discounts earned	Charges arising from credit availments by the Group's and other credit companies' cardholders when the Group is acting as an acquirer. These discounts are computed based on certain agreed rates. These also include interchange income from transactions processed by other acquirers through VISA and Mastercard and fees from cash advance transactions of cardholders.	Recognized as revenue upon receipt from member establishments of charges arising from credit availments by the Group's cardholders and other credit companies' cardholders when the Group is acting as an acquirer.	Recognized as revenue upon receipt from member establishments of charges arising from credit availments by the Group's cardholders and other credit companies' cardholders when the Group is acting as an acquirer.
Membership fees and dues	Periodically charged to cardholders upfront.	Deferred and recorded under 'Deferred revenue' and recognized on a straight-line basis over the period the fee entitles the cardholders to use the card.	Deferred and recorded under 'Deferred revenue' and recognized on a straight-line basis over the period the fee entitles the cardholders to use the card.



Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under PFRS 15	Revenue recognition under PAS 18
Awards revenue	The Group operates a loyalty points program, which allows customers to accumulate points when they purchase from member establishments using the issued card of the Group. The points accumulate and do not expire.	The Group allocates a portion of the consideration received from discounts earned and interchange fees from credit cards to the reward points based on the estimated stand-alone selling prices. The amount allocated to the loyalty program is deferred, and is recognized as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote.	A proportion of the revenue from discounts earned and interchange fees from credit cards is allocated to the reward points. The allocated revenue that corresponds to the total fair value of the reward points is determined by applying statistical analysis. The fair value of the points issued is deferred and recorded under 'Deferred revenue' and recognized as revenue when the points are redeemed.

Revenues outside the scope of PFRS 15

Interest income

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

Under PFRS 9, when a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3 (as discussed in "Impairment of Financial Assets" above), the Group calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis. Under PAS 39 (applicable prior to January 1, 2018), once the recorded value of a financial asset or group of similar financial assets carried at amortized cost has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR applied to the new carrying amount.

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

Recovery on charged-off assets

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

Leasing income - Finance lease

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

Dividend income

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



Trading and securities gain (loss) - net

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

Rental income

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

Income on direct financing leases and receivables financed

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

Gain on sale of investment in associate

Upon loss of significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Gain on sale of non-current asset held for sale

The gain or loss arising from the sale of non-current asset held for sale is included in profit or loss when the item is derecognized. The gain or loss arising from the derecognition of non-current asset held for sale is determined as the difference between the net disposal proceeds and its carrying amount on the date of the transaction.

Cash and Cash Equivalents

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

Property and Equipment

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

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

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



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

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

Investments in Subsidiaries, Associates and a Joint Venture (JV)

Investment in subsidiaries

Subsidiaries pertain to all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights.

Investment in associates

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

Investment in a JV

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

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

Under the equity method, investments in associates and a JV are carried in the statement of financial position at cost plus post-acquisition changes in the Group's and the Parent Company's share of the net assets of the associate or JV less any impairment in value. Post-acquisition changes in the share of net assets of the associate or a JV include the share in the: (a) income or losses; and (b) unrealized gain or loss on investment securities, remeasurement of retirement plans and others. Dividends received are treated as a reduction in the carrying values of the investments. Goodwill relating to the associate and a JV is included in the carrying value of the investment and is not amortized. When the Group and the Parent Company increase its ownership interest in an associate or a JV that continues to be accounted for under the equity method, the cost for the additional interest is added to the existing carrying amount of the associate or JV and the existing interest in the associate or JV is not



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

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

Investment Properties

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of asset given up. The difference between the fair value of the asset received and the carrying amount of the asset given up is recorded as 'Gain on initial recognition of investment properties' under 'Miscellaneous income'. Foreclosed properties are classified under 'Investment properties' upon: a.) entry of judgment in case of judicial foreclosure; b.) execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or c.) notarization of the Deed of Dacion in case of dation in payment (*dacion en pago*). Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation (for depreciable investment properties) and impairment in value.

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

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

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

Interest in Joint Operations

The Group is a party to joint operations whereby it contributed parcels of land for development into residential and commercial units. In respect of the Group's interest in the joint operations, the Group recognizes the following: (a) the assets that it controls and the liabilities that it incurs; and (b) the expenses that it incurs and its share of the income that it earns from the sale of units by the joint



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

Chattel Mortgage Properties

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

Subordinated Notes

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

Intangible Assets

Software costs

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

Exchange trading right

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

Goodwill

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

Customized System Development Cost

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

Impairment of Non-financial Assets

Property and equipment, investments in subsidiaries, associates and a JV, investment properties, chattel mortgage properties, intangible assets with finite useful lives and other assets

At each statement of financial position date, the Group assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual



impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell (FVLCTS) and its value in use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to operations in the year in which it arises.

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

Intangible assets with indefinite useful lives and customized system development cost not yet available for use

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

Goodwill

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

Leases

Group as lessee

Policies applicable beginning January 1, 2019

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

ROU assets

The Group recognizes ROU assets (included in 'Property and Equipment') at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of



lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

Residual value of leased assets and deposits on lease contracts

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

Policies applicable prior to January 1, 2019

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to the ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and included in 'Property



and equipment' with the corresponding liability to the lessor included in 'Other liabilities'. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded directly to 'Interest expense'.

Capitalized leased assets are depreciated over the shorter of the estimated useful lives of the assets or the respective lease terms, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income under 'Occupancy and equipment-related cost' on a straight-line basis over the lease term. Contingent rental payables are recognized as expense in the year in which they are incurred. Any prepaid rent and accrued rent were recognized under 'Prepaid expenses' lodged in 'Other assets' and 'Accrued other expenses' lodged in 'Accrued interest and other expenses', respectively.

Group as lessor

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

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

Retirement Cost

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries. Net interest on the net defined benefit liability or asset is the change



during the year in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss. Retirement expense is presented under 'Compensation and fringe benefits' in the statement of income. Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the DBO, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Equity

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

Surplus represents accumulated earnings of the Group less dividends declared.

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

Provisions

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



the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense'.

Contingent Liabilities and Contingent Assets

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

Income Taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxing authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date. Effective January 1, 2019, management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred taxes

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

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

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

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

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

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



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

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

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

Earnings Per Share

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

Dividends on Common Shares

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

Debt Issuance Costs

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

Capital Securities Issuance Costs

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

Events after the Statement of Financial Position Date

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

Segment Reporting

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

Fiduciary Activities

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



Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2020

Amendments to PFRS 3, Business Combinations - Definition of a Business

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business. An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted. These amendments will apply to future business combinations of the Group.

Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements. An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

PFRS 17, Insurance Contracts

PFRS 17 provides updated information about the obligation, risks and performance of insurance contracts, increases transparency in financial information reported by insurance companies, and introduces consistent accounting for all insurance contracts based on a current measurement model. The standard is effective for annual periods beginning on or after January 1, 2021. Early application is permitted but only if the entity also applies PFRS 9 and PFRS 15.

Deferred effectivity

Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.



3. Significant Accounting Judgments and Estimates

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

Judgments

a. Classification of financial assets

Beginning January 1, 2018, the Group classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are SPPI on the principal amount outstanding. The Group performs the business model assessment based on observable factors such as:

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

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

b. Consolidation of subsidiaries

The determination whether the Group has control over an investee company requires significant judgment. The Group considers that the following criteria are all met, including: (a) an investor has the power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's return.

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



c. Existence of significant influence over an associate with less than 20.00% ownership

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

- (a) representation in the board of directors or equivalent governing body of the investee;
- (b) participation in policy-making processes, including participation in decisions about dividends or other distributions;
- (c) material transactions between the investor and the investee;
- (d) interchange of managerial personnel;
- (e) joint voting agreement with other investors;
- (f) provision of essential technical information.

d. Fair value of financial instruments

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

e. Leases

Group as lessor

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

Group as lessee

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

Extension and termination options

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

Estimating the IBR for lease liabilities

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



f. Contingencies

The Group is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the outside legal counsel handling the Group's defense in this matter and is based upon an analysis of potential results. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to this proceeding (Note 31).

Estimates

a. Credit losses on financial assets

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

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

- Segmentation of the portfolio, where the appropriate model or ECL approach is used
- Criteria for assessing if there has been a SICR and so allowances for debt financial assets should be measured on a lifetime ECL basis and the qualitative assessment. In 2019, Stage 2 includes those accounts that are "Watchlisted" due to financial and repayment concerns, which are previously under Stage 1, and aligned the definition of default (previously more than 30 days past due) with the BSP's definition of non-performing loans, i.e., more than 90 days past due
- Segmentation of debt financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs. In 2019, the Parent Company recalibrated its lifetime PD models and loss rates (for portfolios to which the loss rate approach is applied).
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomics scenarios and their probability weightings, to derive the economic inputs into the ECL models

The gross carrying amounts of financial assets subject to ECL as of December 31, 2019 and December 31, 2018 are disclosed in Note 4, while the related ECL allowances for credit losses are disclosed in Note 15. In 2019 and 2018, provision for credit losses on these financial assets amounted to ₱9.6 billion and ₱7.7 billion, respectively for the Group and ₱1.6 billion and ₱0.8 billion, respectively for the Parent Company (Note 16).

b. Recognition of deferred income taxes

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



c. *Present value of retirement liability*

The cost of defined retirement pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the statement of financial position date. The present values of the retirement liability of the Group and the Parent Company are disclosed in Note 27.

d. *Impairment of non-financial assets*

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

The Group uses the higher of FVLCTS and VIU in determining recoverable amount. As of December 31, 2019 and 2018, there has been a significant and prolonged decline in the fair value of an associate. The recoverable amount of the investment in the associate has been determined based on a VIU calculation. Key assumptions in VIU calculation are most sensitive to the following assumptions: (a) production volume; (b) price; (c) exchange rates; (d) capital expenditures and (e) long-term growth rates. Based on the Group's impairment testing as of December 31, 2019, allowance for impairment loss on investment in associate amounted to ₱513.6 million.

The carrying values of the property and equipment, investments in subsidiaries, associates and a JV, investment properties, software costs, chattel mortgage properties, and other assets of the Group and the Parent Company are disclosed in Notes 11, 12, 13 and 15, respectively.

Goodwill

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

The fair value of the CGU is determined using the cost approach, specifically the adjusted Net Asset Value (NAV) method. This method requires the measurement of the fair value of the individual assets and liabilities recognized in the CGU, as well as the fair value of any unrecognized assets and liabilities at the measurement date. The resulting net fair values of the assets and liabilities represent the fair value of the CGU. In determining the fair value of the CGU's net assets, the Group used the discounted cash flow method for unquoted debt financial assets/liabilities at the appropriate market rate, the price-to-earnings (P/E) valuation model for unquoted equity investments, and the appraisal reports for the valuation of real properties. Fair values of listed debt and equity securities are based on their quoted market prices. The Group applied the P/E valuation model by reference to P/E ratios of listed comparable companies of the



CGU's equity investments. The FVLCTS calculation of the CGU is most sensitive to discount rates and the P/E ratios of listed comparable companies of the CGU's equity investments. As of December 31, 2019 and 2018, the Group's goodwill amounted to ₱5.2 billion (Note 11).

4. Financial Risk and Capital Management

Introduction

The Group has exposure to the following risks from its use of financial instruments: (a) credit; (b) liquidity; and (c) market risks.

Risk management framework

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

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

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

Credit Risk

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

Management of credit risk

The Group faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties, guarantees the paying performance of its clients, invests funds to issuers (e.g., investment securities issued by either sovereign or corporate entities) or enter into either market-traded or over-the-counter derivatives, either through implied or actual contractual agreements (i.e., on- or off-balance sheet exposures). The Parent Company manages its credit risk at various levels (i.e., strategic level, portfolio level down to individual obligor or transaction) by adopting a credit risk management environment that has the following components:



- Formulating credit policies in consultation with business units, covering collateral requirements, credit/financial assessment, risk grading and reporting and compliance with regulatory requirements;
- Establishment of authorization limits for the approval and renewal of credit facilities;
- Limiting concentrations of exposure to counterparties and industries (for loans), and by issuer (for investment securities);
- Utilizing the Internal Credit Risk Rating System (ICRRS) in order to categorize exposures according to their risk profile. The risk grading system is used for determining impairment provisions against credit exposures. The current risk grading framework consists of ten grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation; and
- Monitoring compliance with approved exposure limits.

Borrowers, counterparties or group of related accounts across the Group are aggregated and managed by the Parent Company's Institutional Banking Sector as the "Control Unit". Group Limits for conglomerates are set-up and approved to guide subsidiaries and affiliates of the Group. Consolidated exposures are regularly reported to senior management and the ROC.

Credit risk at initial recognition

The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

Modification

In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial difficulty. The modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments and accrual of interest and charges.

Maximum exposure to credit risk

An analysis of the maximum credit risk exposure (net of allowance for ECL) relating to financial assets with collateral or credit enhancements is shown below:

	Consolidated							
	2019				2018			
	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure
Interbank loans receivable and SPURA	₱401	₱401	₱401	₱—	₱8,067	₱8,060	₱8,058	₱9
Loans and receivables - net								
Receivables from customers								
Commercial loans	341,616	856,065	299,588	42,028	305,371	793,563	283,893	21,478
Auto loans	116,069	202,470	115,636	433	116,975	197,160	116,465	510
Residential mortgage loans	109,093	207,864	93,723	15,370	106,818	202,043	96,980	9,838
Trade loans	61,260	59,907	59,785	1,475	59,972	58,936	58,718	1,254
Others	796	738	702	94	674	694	655	19
	628,834	1,327,044	569,434	59,400	589,810	1,252,396	556,711	33,099
Accrued interest receivable	3,507	3,370	3,370	137	3,424	3,416	3,416	8
Sales contract receivable	142	414	100	42	155	347	122	33
	632,483	1,330,828	572,904	59,579	593,389	1,256,159	560,249	33,140
Total	₱632,884	₱1,331,229	₱573,305	₱59,579	₱601,456	₱1,264,219	₱568,307	₱33,149



	Parent Company							
	2019				2018			
	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure
Interbank loans receivable and SPURA	₱–	₱–	₱–	₱–	₱1,459	₱1,634	₱1,459	₱–
Loans and receivables - net								
Receivables from customers								
Commercial loans	296,577	806,784	264,137	32,440	269,607	753,469	254,545	15,062
Auto loans	23,674	63,917	23,330	344	29,109	74,249	28,646	463
Residential mortgage loans	56,977	114,374	56,780	197	57,239	113,903	57,026	213
Trade loans	61,260	59,907	59,785	1,475	59,908	58,873	58,654	1,254
Others	796	738	703	93	659	685	647	12
	439,284	1,045,720	404,735	34,549	416,522	1,001,179	399,518	17,004
Accrued interest receivable	1,659	1,656	1,656	3	1,489	1,483	1,483	6
Sales contract receivable	100	187	100	–	116	140	109	7
	441,043	1,047,563	406,491	34,552	418,127	1,002,802	401,110	17,017
Total	₱441,043	₱1,047,563	₱406,491	₱34,552	₱419,586	₱1,004,436	₱402,569	₱17,017

The maximum exposure to credit risks for the other financial assets is limited to their carrying values as of December 31, 2019 and 2018.

Collaterals on loans and receivables includes real estate and chattel mortgages, guarantees, and other registered securities over assets (Note 9). Generally, collateral is not held over loans and advances to banks except for reverse repurchase agreements and certain due from other banks. Collateral usually is not held against investment securities, and no such collateral was held as of December 31, 2019 and 2018. Estimates of fair values of the collateral are based on the value of collateral assessed at the time of borrowing and are regularly updated according to internal lending policies and regulatory guidelines. The Group is not permitted to sell or repledge the collateral in the absence of default by the counterparty.

The following tables show the effect of rights of set-off associated with the recognized financial assets and financial liabilities.

	Gross Carrying Amounts (before offsetting)	Gross Amounts Offset in accordance with the Offsetting Criteria	Net Amount Presented in Statement of Financial Position	Effect of Remaining Rights of Set-Off (including rights to set-off financial collateral) Not Meeting Offsetting Criteria		
				Financial Instruments	Fair Value of Financial Collateral	Net Exposure
Financial assets recognized by type						
Consolidated						
2019						
Derivative assets	₱233,601	₱225,128	₱8,473	₱1,634	₱–	₱6,839
SPURA	39,686	–	39,686	–	39,686	–
	₱273,287	₱225,128	₱48,159	₱1,634	₱39,686	₱6,839
2018						
Derivative assets	₱178,920	₱168,270	₱10,650	₱1,534	₱–	₱9,116
SPURA	8,067	–	8,067	–	8,058	9
	₱186,987	₱168,270	₱18,717	₱1,534	₱8,058	₱9,125



	Gross Carrying Amounts (before offsetting)	Gross Amounts Offset in accordance with the Offsetting Criteria	Net Amount Presented in Statement of Financial Position	Effect of Remaining Rights of Set-Off (including rights to set-off financial collateral) Not Meeting Offsetting Criteria		Net Exposure
				Financial Instruments	Fair Value of Financial Collateral	
Financial assets recognized by type						
Parent Company						
2019						
Derivative assets	₱233,601	₱225,128	₱8,473	₱1,634	₱—	₱6,839
SPURA	36,921	—	36,921	—	36,921	—
	₱270,522	₱225,128	₱45,394	₱1,634	₱36,921	₱6,839
2018						
Derivative assets	₱177,295	₱166,659	₱10,636	₱1,534	₱—	₱9,102
Financial liabilities recognized by type						
Consolidated						
2019						
Derivative liabilities	₱236,188	₱228,780	₱7,408	₱1,634	₱—	₱5,774
SSURA	91,492	—	91,492	—	91,428	64
	₱327,680	₱228,780	₱98,900	₱1,634	₱91,428	₱5,838
2018						
Derivative liabilities	₱172,755	₱166,221	₱6,534	₱1,534	₱—	₱5,000
SSURA	95,247	—	95,247	—	95,247	—
	₱268,002	₱166,221	₱101,781	₱1,534	₱95,247	₱5,000
Parent Company						
2019						
Derivative liabilities	₱216,963	₱210,986	₱5,977	₱1,634	₱—	₱4,343
SSURA	90,780	—	90,780	—	90,716	64
	₱307,743	₱210,986	₱96,757	₱1,634	₱90,716	₱4,407
2018						
Derivative liabilities	₱154,742	₱148,562	₱6,180	₱1,534	₱—	₱4,646
SSURA	95,247	—	95,247	—	95,247	—
	₱249,989	₱148,562	₱101,427	₱1,534	₱95,247	₱4,646

Excessive risk concentration

Credit risk concentrations can arise whenever a significant number of borrowers have similar characteristics and are affected similarly by changes in economic or other conditions. The Parent Company analyzes the credit risk concentration to an individual borrower, related group of accounts, industry, internal rating buckets, and security. For risk concentration monitoring purposes, the financial assets are broadly categorized into (1) loans and receivables and (2) trading and financial investment securities. To mitigate risk concentration, the Parent Company constantly checks for breaches in regulatory and internal limits.

Concentration of risks of financial assets with credit risk exposure

Below is an analysis of concentrations of credit risk at the reporting date based on carrying amount:

	Consolidated				
	Loans and Receivables*	Loans and Advances to Banks**	Investment Securities***	Others****	Total
2019					
Concentration by Industry					
Financial and insurance activities	₱241,154	₱346,941	₱69,197	₱221,912	₱879,204
Wholesale and retail trade, repair of motor vehicles, motorcycles	233,963	—	154	25,268	259,385
Manufacturing	218,319	—	1,010	19,620	238,949
Real estate activities	232,781	—	5	1,105	233,891
Transportation and storage, information and communication	111,277	—	293	3,017	114,587
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	101,210	—	1,812	1,781	104,803

(Forward)



	Consolidated				Total
	Loans and Receivables*	Loans and Advances to Banks**	Investment Securities***	Others****	
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	₱82,359	₱—	₱—	₱185	₱82,544
Construction	64,442	—	—	10,326	74,768
Agricultural, forestry and fishing	41,102	—	—	508	41,610
Accommodation and food service activities	35,310	—	—	19	35,329
Others*****	142,633	—	380,043	3,040	525,716
	1,504,550	346,941	452,514	286,781	2,590,786
Less allowance for credit losses	24,223	6	26	9,681	33,936
	₱1,480,327	₱346,935	₱452,488	₱277,100	₱2,556,850
Concentration by Location					
Philippines	₱1,450,466	₱256,774	₱379,799	₱280,584	₱2,367,623
Asia	53,781	57,586	44,213	6,071	161,651
USA	237	13,369	17,778	125	31,509
Europe	51	16,897	7,561	—	24,509
Others	15	2,315	3,163	1	5,494
	1,504,550	346,941	452,514	286,781	2,590,786
Less allowance for credit losses	24,223	6	26	9,681	33,936
	₱1,480,327	₱346,935	₱452,488	₱277,100	₱2,556,850
2018					
Concentration by Industry					
Financial and insurance activities	₱184,848	₱336,673	₱80,486	₱199,358	₱801,365
Manufacturing	218,850	—	967	28,694	248,511
Wholesale and retail trade, repair of motor vehicles, motorcycles	231,924	—	—	8,023	239,947
Real estate activities	210,582	—	1,416	912	212,910
Transportation and storage, information and communication	113,058	—	152	1,372	114,582
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	100,346	—	4,238	3,601	108,185
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	86,926	—	—	257	87,183
Construction	58,218	—	—	488	58,706
Agricultural, forestry and fishing	34,356	—	—	2,810	37,166
Accommodation and food service activities	32,211	—	—	5	32,216
Others*****	138,767	—	288,324	25,571	452,662
	1,410,086	336,673	375,583	271,091	2,393,433
Less allowance for credit losses	22,688	18	48	10,598	33,352
	₱1,387,398	₱336,655	₱375,535	₱260,493	₱2,360,081
Concentration by Location					
Philippines	₱1,371,536	₱249,078	₱323,643	₱265,578	₱2,209,835
Asia	38,166	53,007	25,362	5,298	121,833
USA	273	10,968	13,829	215	25,285
Europe	81	14,672	7,727	—	22,480
Others	30	8,948	5,022	—	14,000
	1,410,086	336,673	375,583	271,091	2,393,433
Less allowance for credit losses	22,688	18	48	10,598	33,352
	₱1,387,398	₱336,655	₱375,535	₱260,493	₱2,360,081

	Parent Company				
	Loans and Receivables*	Loans and Advances to Banks**	Investment Securities***	Others****	Total
2019					
Concentration by Industry					
Financial and insurance activities	₱160,968	₱290,621	₱30,010	₱11,938	₱493,537
Wholesale and retail trade, repair of motor vehicles, motorcycles	215,828	—	154	25,268	241,250
Manufacturing	210,633	—	1,009	19,620	231,262
Real estate activities	182,336	—	—	660	182,996
Transportation and storage, information and communication	96,581	—	293	3,017	99,891
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	95,041	—	1,672	1,780	98,493
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	81,911	—	—	185	82,096

(Forward)



Parent Company					
	Loans and Receivables*	Loans and Advances to Banks**	Investment Securities***	Others****	Total
Construction	₱50,120	₱—	₱—	₱10,273	₱60,393
Agricultural, forestry and fishing	37,474	—	—	509	37,983
Accommodation and food service activities	34,869	—	—	19	34,888
Others*****	22,021	—	371,682	1,844	395,547
	1,187,782	290,621	404,820	75,113	1,958,336
Less allowance for credit losses	13,922	1	—	9,681	23,604
	₱1,173,860	₱290,620	₱404,820	₱65,432	₱1,934,732
Concentration by Location					
Philippines	₱1,168,082	₱233,721	₱339,445	₱68,951	₱1,810,199
Asia	19,410	24,558	36,879	6,038	86,885
USA	230	13,198	17,778	124	31,330
Europe	46	16,885	7,560	—	24,491
Others	14	2,259	3,158	—	5,431
	1,187,782	290,621	404,820	75,113	1,958,336
Less allowance for credit losses	13,922	1	—	9,681	23,604
	₱1,173,860	₱290,620	₱404,820	₱65,432	₱1,934,732
2018					
Concentration by Industry					
Financial and insurance activities	₱120,484	₱266,231	₱31,692	₱11,000	₱429,407
Manufacturing	213,184	—	967	28,694	242,845
Wholesale and retail trade, repair of motor vehicles, motorcycles	215,810	—	—	8,023	223,833
Real estate activities	164,310	—	—	873	165,183
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	97,581	—	3,836	3,601	105,018
Transportation and storage, information and communication	98,907	—	152	1,372	100,431
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	86,271	—	—	257	86,528
Construction	44,195	—	—	435	44,630
Agricultural, forestry and fishing	29,837	—	—	2,810	32,647
Accommodation and food service activities	31,762	—	—	5	31,767
Others*****	23,077	—	267,679	24,397	315,153
	1,125,418	266,231	304,326	81,467	1,777,442
Less allowance for credit losses	12,797	12	48	9,685	22,542
	₱1,112,621	₱266,219	₱304,278	₱71,782	₱1,754,900
Concentration by Location					
Philippines	₱1,110,240	₱208,586	₱258,035	₱75,993	₱1,652,854
Asia	14,810	23,471	19,773	5,261	63,315
USA	258	10,589	13,769	213	24,829
Europe	80	14,637	7,727	—	22,444
Others	30	8,948	5,022	—	14,000
	1,125,418	266,231	304,326	81,467	1,777,442
Less allowance for credit losses	12,797	12	48	9,685	22,542
	₱1,112,621	₱266,219	₱304,278	₱71,782	₱1,754,900

* Excludes statutory receivables which are not considered financial assets.

** Comprised of due from BSP, due from other banks and interbank loans receivable and SPURA.

*** Comprised of debt securities at FVOCI and investment securities at amortized cost.

**** Comprised of applicable accounts under other assets, financial guarantees and loan commitments and other credit-related liabilities.

***** Includes government-issued debt securities.

Credit quality per class of financial assets

The credit quality of financial assets is assessed and managed using external and internal ratings (applying ICRRS).



The ICRRS contains the following:

- a. Borrower Risk Rating (BRR) - an assessment of the credit worthiness of the borrower (or guarantor) without considering the type or amount of the facility and security arrangements. It is an indicator of the probability that a borrower cannot meet its credit obligations when they fall due. The components of the assessment is described below:

Component	Description	Credit Factor Weight
Financial Condition	Refers to the financial condition of the borrower based on audited financial statements as indicated by certain financial ratios. The Financial Factor Evaluation is conducted manually.	40.00%
Industry Analysis	Refers to the prospects of the industry as well as the company's performance and position in the industry.	30.00%
Management Quality	Refers to the management's ability to run the company successfully.	30.00%

- b. Facility Risk Factor (FRF) - determined for each individual facility considering the term of the facility, security arrangement and quality of documentation. This factor can downgrade or upgrade the BRR based on the elements relating to cover (collateral including pledged cash deposits and guarantee), quality of documentation and structure of transactions.
- c. Adjusted Borrower Risk Rating - combination of BRR and FRF.

Loans and receivables

The credit quality is generally monitored using the 10-grade ICRRS which is integrated in the credit process. Validation of the individual borrower's risk rating is performed by the Credit Group to maintain accurate and consistent risk ratings across the credit portfolio. For commercial loans, the credit quality with the corresponding ICRRS Grade and description follows:

High Grade

1 - Excellent

An excellent rating is given to a borrower with a very low probability of going into default and with high degree of stability, substance and diversity. Borrower has access to raise substantial amounts of funds through public market at any time; very strong debt service capacity and has conservative balance sheet ratios. Track record in profit terms is very good. Borrower exhibits highest quality under virtually all economic conditions.

2 - Strong

This rating is given to borrowers with low probability of going into default in the coming year. Normally has a comfortable degree of stability, substance and diversity. Under normal market conditions, borrower has good access to public markets to raise funds. Have a strong market and financial position with a history of successful performance. Overall debt service capacity is deemed very strong; critical balance sheet ratios are conservative. Concerned multinationals or local corporations are well capitalized.

Standard Grade

3 - Good

This rating is given to smaller corporations with limited access to public capital markets or to alternative financial markets during favorable economic and/or market conditions. As it bears characteristics of some degree of stability and substance, probability of default is quite low. However, susceptibility to cyclical changes and more concentration of business risk, by product or market, may be present. Typical is the combination of comfortable asset protection and an acceptable balance sheet structure. Debt service capacity is strong.



4 - Satisfactory

A 'satisfactory' rating is given to a borrower where clear risk elements exist and probability of default is somewhat greater. Due to volatility of earnings and overall performance, borrower normally has limited access to public markets. Borrower should be able to withstand normal business cycles, but any prolonged unfavorable economic period would create deterioration beyond acceptable levels. With the combination of reasonable sound asset and cash flow protection, the debt service capacity is adequate. Reported profits in the past year and is expected to report a profit in the current year.

5 - Acceptable

An 'acceptable' rating is given to a borrower whose risk elements are sufficiently pronounced although borrower should still be able to withstand normal business cycles. Any prolonged unfavorable economic and/or market period would create an immediate deterioration beyond acceptable levels. Risk is still acceptable as there is sufficient cash flow either historically or expected in the future from new business or projected finance transaction; an existing borrower where the nature of the exposure represents a higher risk because of extraordinary developments but for which a decreasing risk within an acceptable period can be expected.

Substandard Grade

6 - Watchlist

This rating is given to a borrower that belongs to an unfavorable industry or has company-specific risk factors which represent a concern. Operating performance and financial strength may be marginal and it is uncertain if borrower can attract alternative course of finance. Borrower finds it hard to cope with any significant economic downturn and a default in such a case is more than a possibility. Borrower which incurs net losses and has salient financial weaknesses specifically in profitability. Credit exposure is not at risk of loss at the moment but performance of the borrower has weakened which, unless present trends are reversed, could lead to losses.

7 - Especially Mentioned

This rating is given to a borrower that exhibits potential weaknesses that deserve management's close attention. These potential weaknesses, if left uncorrected, may affect the repayment of the loan and thus, increase credit risk of the Group.

Impaired

8 - Substandard

These are loans or portions thereof which appear to involve a substantial and unreasonable degree of risk to the Group because of unfavorable record or unsatisfactory characteristics. There exists the possibility of future losses to the Group unless given closer supervision. Borrower has well-defined weaknesses or weaknesses that jeopardize loan liquidation. Such well-defined weaknesses may include adverse trends or development of financial, managerial, economic or political nature, or a significant weakness in collateral.

9 - Doubtful

This rating is given to a nonperforming borrower whose loans or portions thereof have the weaknesses inherent in those classified as Substandard, with the added characteristics that existing facts, conditions, and values make collection or liquidation in full, highly improbable and in which substantial loss is probable.

10 - Loss

This rating is given to a borrower whose loans or portions thereof are considered uncollectible or worthless and of such little value that their continuance as bankable assets is not warranted although the loans may have some recoveries or salvage value. The amount of loss is difficult to measure and



it is not practical or desirable to defer writing off these basically worthless assets even though partial recovery may be obtained in the future.

The credit quality of consumer loan applicants are currently evaluated using quantitative and qualitative criteria. For booked consumer loans, the description of credit quality is as follows:

High Grade

Good credit rating

This rating is given to a good repeat client with very satisfactory track record of its loan repayment (paid at least 50.00%) and whose account did not turn past due during the entire term of the loan.

Standard Grade

Good

A good rating is given to accounts which did not turn past due for 90 days and over.

Limited

This rating is given to borrowers who have average track record on loan repayment (paid less than 50.00%) and whose account did not turn past due for 90 days and over.

Substandard Grade

Poor

A poor rating is given to accounts who reached 90 days past due regardless of the number of times and the number of months past due.

Poor litigation

This rating is given to accounts that were past due for 180 days and over and are currently being handled by lawyers.

Impaired

Poor repossessed

This rating is given to accounts whose collaterals were repossessed.

Poor written-off

This rating is given to accounts that were recommended for write-off.

Investment securities

In ensuring quality investment portfolio, the Group uses the credit risk rating from the published data providers like Moody's, Standard & Poor's (S&P) or other reputable rating agencies. The following indicates the levels of equivalent credit quality and its relevant external rating:

Credit Quality	External Rating								
High grade	Aaa	Aa1	Aa2	A1	A2	A3	Baa1	Baa2	Baa3
Standard grade	Ba1	Ba2	Ba3	B1	B2				
Substandard grade	B3	Caa1	Caa2	Caa3	Ca	C			
Impaired	D								

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to those rated by external rating agencies as 'Investment grade' (i.e., those under High grade in the table above).

The following tables show the credit quality of loans and advances to banks and investment securities, gross of allowance for credit losses, as of December 31, 2019 and 2018. All loans and advances to banks are classified as Stage 1 in 2019 and 2018. As of December 31, 2018, all



investment securities are classified as Stage 1. In 2019, sovereign debt securities at FVOCI with total carrying value of ₱37.8 million as of December 31, 2018 was transferred from Stage 1 to Stage 3. As of December 31, 2019, the total carrying value of investment securities classified as Stage 1 and Stage 3 amounts to ₱200.8 billion and ₱28.9 million, respectively.

	Consolidated		Parent Company	
	2019	2018	2019	2018
Due from BSP				
High grade	₱219,994	₱240,134	₱195,770	₱206,289
Due from other banks				
High grade	53,472	44,707	38,671	35,137
Standard grade	941	697	—	50
Unrated	359	404	27	31
	54,772	45,808	38,698	35,218
Interbank loans receivable and SPURA				
High grade	71,646	48,757	55,624	22,750
Unrated	529	1,974	529	1,974
	72,175	50,731	56,153	24,724
Total loans and advances to banks				
High grade	345,112	333,598	290,065	264,176
Standard grade	941	697	—	50
Unrated	888	2,378	556	2,005
	₱346,941	₱336,673	₱290,621	₱266,231
Debt securities at FVOCI				
Private				
High grade	₱32,793	₱41,872	₱25,827	₱32,576
Standard grade	3,163	258	254	258
Unrated	243	239	243	239
	36,199	42,369	26,324	33,073
Treasury notes and bonds				
High grade	111,791	40,786	109,203	37,377
Government				
High grade	52,841	26,226	52,620	20,443
Sub-standard grade	29	778	29	778
	52,870	27,004	52,649	21,221
Total debt securities at FVOCI				
High grade	197,425	108,884	187,650	90,396
Standard grade	3,163	258	254	258
Sub-standard grade	29	778	29	778
Unrated	243	239	243	239
	200,860	110,159	188,176	91,671
Investment securities at amortized cost				
Treasury notes and bonds				
High grade	227,442	237,476	208,514	204,176
Government				
High grade	20,110	21,859	8,130	8,479
Standard grade	122	—	—	—
	20,232	21,859	8,130	8,479
Private				
High grade	331	5,298	—	—
Standard grade	3,543	742	—	—
Unrated	6	—	—	—
	3,880	6,040	—	—
Treasury bills				
High grade	100	49	—	—
Total investment securities at amortized cost				
High grade	247,983	264,682	216,644	212,655
Standard grade	3,665	742	—	—
Unrated	6	—	—	—
	251,654	265,424	216,644	212,655

(Forward)



	Consolidated		Parent Company	
	2019	2018	2019	2018
Total debt investment securities				
High grade	₱445,408	₱373,566	₱404,294	₱303,051
Standard grade	6,828	1,000	254	258
Sub-standard grade	29	778	29	778
Unrated	249	239	243	239
	₱452,514	₱375,583	₱404,820	₱304,326

As of December 31, 2019 and 2018, availments of interbank loans and SPURA amounted to ₱73.4 billion and ₱33.0 billion, respectively, for the Group and ₱56.2 billion and ₱24.7 billion, respectively, for the Parent Company while maturities of interbank loans and SPURA amounted to ₱50.7 billion and ₱27.7 billion, respectively, for the Group and ₱24.7 billion and ₱27.2 billion, respectively, for the Parent Company. As of December 31, 2019 and 2018, net decrease in due from BSP amounted to ₱20.1 billion and ₱21.8 billion, respectively, for the Group, and ₱10.5 billion and ₱18.4 billion, respectively, for the Parent Company and net increase in due from other banks amounted to ₱9.0 billion and ₱14.5 billion, respectively, for the Group, and ₱3.5 billion and ₱15.9 billion, respectively, for the Parent Company.

As of December 31, 2019 and 2018, purchases of investment in debt securities at FVOCI amounted to ₱1.3 trillion and ₱786.2 billion, respectively, for the Group and ₱1.3 trillion and ₱774.5 billion, respectively, for the Parent Company while disposals/maturities amounted to ₱1.2 trillion and ₱764.2 billion, respectively, for the Group and ₱1.2 trillion and ₱759.8 billion, respectively, for the Parent Company. Other movements, which include amortization of premiums/discounts, mark-to-market and foreign exchange revaluations, resulted in an increase/(decrease) in carrying value of debt securities at FVOCI as of December 31, 2019 and 2018 amounting to ₱8.6 billion and (₱10.1 billion), respectively, for the Group and an increase increase/(decrease) in carrying value of ₱9.2 billion and (₱2.2 billion), respectively for the Parent Company.

As of December 31, 2019 and 2018, purchases of investment securities at amortized cost amounted to ₱4.5 billion and ₱7.0 billion, respectively, for the Group and ₱4.3 billion and ₱5.0 billion, respectively, for the Parent Company while maturities and disposals amounted to ₱17.6 billion and ₱4.1 billion, respectively, for the Group and ₱468.8 million and ₱29.6 million, respectively, for the Parent Company. Other movements, which include amortization of premiums/discounts, mark-to-market and foreign exchange revaluations, resulted in an increase/(decrease) in carrying value of investment securities at amortized cost as of December 31, 2019 and 2018 amounting to (₱651.2 million) and ₱1.5 billion, respectively, for the Group and an increase/(decrease) in carrying value of (₱0.1 billion) and ₱2.9 million, respectively, for the Parent Company.

The credit quality of receivables from customers, net of unearned discount and capitalized interest, as of December 31, 2019 and 2018 follow:

	Consolidated			Total
	Stage 1	Stage 2	Stage 3	
2019				
Commercial loans				
High grade	₱320,456	₱662	₱—	₱321,118
Standard grade	540,388	1,670	—	542,058
Sub-standard grade	52,925	133,775	—	186,700
Unrated	93	—	—	93
Non-performing individually impaired	—	—	10,652	10,652
	913,862	136,107	10,652	1,060,621

(Forward)



	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Auto loans				
High grade	₱83,179	₱6,418	₱—	₱89,597
Standard grade	20,186	5,245	—	25,431
Sub-standard grade	12	8	—	20
Non-performing individually impaired	—	—	3,360	3,360
	103,377	11,671	3,360	118,408
Residential mortgage loans				
High grade	42,893	8,595	—	51,488
Standard grade	53,176	1,186	—	54,362
Sub-standard grade	1,506	292	—	1,798
Non-performing individually impaired	—	—	2,351	2,351
	97,575	10,073	2,351	109,999
Trade loans				
High grade	8,530	—	—	8,530
Standard grade	47,930	17	—	47,947
Sub-standard grade	4,636	2,142	—	6,778
Non-performing individually impaired	—	—	105	105
	61,096	2,159	105	63,360
Credit card				
Standard grade	83,481	—	—	83,481
Sub-standard grade	—	2,040	—	2,040
Non-performing individually impaired	—	—	1,509	1,509
	83,481	2,040	1,509	87,030
Other loans				
High grade	14,705	241	—	14,946
Standard grade	21,733	2,117	—	23,850
Sub-standard grade	54	712	—	766
Unrated	13	—	—	13
Non-performing individually impaired	—	—	1,494	1,494
	36,505	3,070	1,494	41,069
Total receivables from customers				
High grade	469,763	15,916	—	485,679
Standard grade	766,894	10,235	—	777,129
Sub-standard grade	59,133	138,969	—	198,102
Unrated	106	—	—	106
Non-performing individually impaired	—	—	19,471	19,471
	₱1,295,896	₱165,120	₱19,471	₱1,480,487
2018				
Commercial loans				
High grade	₱266,886	₱—	₱—	₱266,886
Standard grade	595,361	792	—	596,153
Sub-standard grade	104,142	7,488	3,793	115,423
Past due but not impaired	—	111	—	111
Non-performing individually impaired	—	230	7,114	7,344
	966,389	8,621	10,907	985,917
Auto loans				
High grade	71,575	8,104	—	79,679
Standard grade	25,154	6,205	—	31,359
Sub-standard grade	22	1,558	13	1,593
Past due but not impaired	—	3,301	—	3,301
Non-performing individually impaired	—	34	4,006	4,040
	96,751	19,202	4,019	119,972
Residential mortgage loans				
High grade	41,224	6,181	—	47,405
Standard grade	52,462	2,247	—	54,709
Sub-standard grade	1,009	253	310	1,572
Past due but not impaired	—	1,855	—	1,855
Non-performing individually impaired	—	142	2,264	2,406
	94,695	10,678	2,574	107,947

(Forward)



	Consolidated			Total
	Stage 1	Stage 2	Stage 3	
Trade loans				
High grade	₱6,664	₱—	₱—	₱6,664
Standard grade	53,566	—	—	53,566
Sub-standard grade	2,521	276	—	2,797
Non-performing individually impaired	—	—	99	99
	62,751	276	99	63,126
Credit card				
Standard grade	67,776	—	—	67,776
Non-performing individually impaired	—	1,692	1,186	2,878
	67,776	1,692	1,186	70,654
Other loans				
High grade	13,053	345	—	13,398
Standard grade	23,956	1,434	—	25,390
Sub-standard grade	6	420	—	426
Past due but not impaired	—	86	—	86
Non-performing individually impaired	—	385	920	1,305
	37,015	2,670	920	40,605
Total receivables from customers				
High grade	399,402	14,630	—	414,032
Standard grade	818,275	10,678	—	828,953
Sub-standard grade	107,700	9,995	4,116	121,811
Past due but not impaired	—	5,353	—	5,353
Non-performing individually impaired	—	2,483	15,589	18,072
	₱1,325,377	₱43,139	₱19,705	₱1,388,221

	Parent Company				Total
	Stage 1	Stage 2	Stage 3	POCI	
2019					
Commercial loans					
High grade	₱275,842	₱—	₱—	₱—	₱275,842
Standard grade	538,993	1,200	—	—	540,193
Sub-standard grade	52,898	133,472	—	—	186,370
Non-performing individually impaired	—	—	6,753	2,992	9,745
	867,733	134,672	6,753	2,992	1,012,150
Auto loans					
High grade	3,804	—	—	—	3,804
Standard grade	20,162	54	—	—	20,216
Sub-standard grade	12	8	—	—	20
Non-performing individually impaired	—	—	142	—	142
	23,978	62	142	—	24,182
Residential mortgage loans					
High grade	1,843	—	—	—	1,843
Standard grade	53,176	225	—	—	53,401
Sub-standard grade	1,506	292	—	—	1,798
Non-performing individually impaired	—	—	478	—	478
	56,525	517	478	—	57,520
Trade loans					
High grade	7,824	—	—	—	7,824
Standard grade	47,930	17	—	—	47,947
Sub-standard grade	4,636	2,142	—	—	6,778
Non-performing individually impaired	—	—	105	—	105
	60,390	2,159	105	—	62,654
Other loans					
High grade	14,120	—	—	—	14,120
Standard grade	376	—	—	—	376
Sub-standard grade	6	—	—	—	6
Non-performing individually impaired	—	—	40	—	40
	14,502	—	40	—	14,542

(Forward)



	Parent Company				
	Stage 1	Stage 2	Stage 3	POCI	Total
Total receivables from customers					
High grade	₱303,433	₱—	₱—	₱—	₱303,433
Standard grade	660,637	1,496	—	—	662,133
Sub-standard grade	59,058	135,914	—	—	194,972
Non-performing individually impaired	—	—	7,518	2,992	10,510
	₱1,023,128	₱137,410	₱7,518	₱2,992	₱1,171,048
2018					
Commercial loans					
High grade	₱255,970	₱—	₱—	₱—	₱255,970
Standard grade	569,963	—	—	—	569,963
Sub-standard grade	104,141	7,290	3,793	—	115,224
Non-performing individually impaired	—	57	3,127	3,309	6,493
	930,074	7,347	6,920	3,309	947,650
Auto loans					
High grade	4,014	1	—	—	4,015
Standard grade	25,120	313	—	—	25,433
Sub-standard grade	16	2	12	—	30
Non-performing individually impaired	—	34	169	—	203
	29,150	350	181	—	29,681
Residential mortgage loans					
High grade	1,802	—	—	—	1,802
Standard grade	52,428	1,462	—	—	53,890
Sub-standard grade	1,009	183	311	—	1,503
Non-performing individually impaired	—	142	637	—	779
	55,239	1,787	948	—	57,974
Trade loans					
High grade	6,664	—	—	—	6,664
Standard grade	53,502	—	—	—	53,502
Sub-standard grade	2,521	276	—	—	2,797
Non-performing individually impaired	—	—	99	—	99
	62,687	276	99	—	63,062
Other loans					
High grade	12,194	—	—	—	12,194
Standard grade	336	—	—	—	336
Non-performing individually impaired	—	—	41	—	41
	12,530	—	41	—	12,571
Total receivables from customers					
High grade	280,644	1	—	—	280,645
Standard grade	701,349	1,775	—	—	703,124
Sub-standard grade	107,687	7,751	4,116	—	119,554
Non-performing individually impaired	—	233	4,073	3,309	7,615
	₱1,089,680	₱9,760	₱8,189	₱3,309	₱1,110,938

Movements during 2019 and 2018 for receivables from customers follows:

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
2019				
Commercial loans				
Balance at January 1, 2019	₱966,389	₱8,621	₱10,907	₱985,917
New assets originated	533,499	—	—	533,499
Assets derecognized or repaid	(440,204)	(12,696)	(3,570)	(456,470)
Amounts written-off	—	—	(294)	(294)
Transfers to/(from) Stage 1	(143,955)	—	—	(143,955)
Transfers to/(from) Stage 2	—	140,182	—	140,182
Transfers to/(from) Stage 3	—	—	3,773	3,773
Others	(1,867)	—	(164)	(2,031)
Balance at December 31, 2019	913,862	136,107	10,652	1,060,621

(Forward)



	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
Auto loans				
Balance at January 1, 2019	₱96,751	₱19,202	₱4,019	₱119,972
New assets originated	44,354	—	—	44,354
Assets derecognized or repaid	(34,357)	(8,527)	(2,876)	(45,760)
Amounts written-off	(1)	(45)	(112)	(158)
Transfers to/(from) Stage 1	(3,370)	—	—	(3,370)
Transfers to/(from) Stage 2	—	1,041	—	1,041
Transfers to/(from) Stage 3	—	—	2,329	2,329
Balance at December 31, 2019	103,377	11,671	3,360	118,408
Residential mortgage loans				
Balance at January 1, 2019	94,695	10,678	2,574	107,947
New assets originated	21,914	—	—	21,914
Assets derecognized or repaid	(16,607)	(2,462)	(793)	(19,862)
Amounts written-off	—	—	—	—
Transfers to/(from) Stage 1	(2,427)	—	—	(2,427)
Transfers to/(from) Stage 2	—	1,857	—	1,857
Transfers to/(from) Stage 3	—	—	570	570
Balance at December 31, 2019	97,575	10,073	2,351	109,999
Trade loans				
Balance at January 1, 2019	62,751	276	99	63,126
New assets originated	63,143	—	—	63,143
Assets derecognized or repaid	(62,673)	(232)	—	(62,905)
Transfers to/(from) Stage 1	(2,122)	—	—	(2,122)
Transfers to/(from) Stage 2	—	2,115	—	2,115
Transfers to/(from) Stage 3	—	—	7	7
Others	(3)	—	(1)	(4)
Balance at December 31, 2019	61,096	2,159	105	63,360
Credit card				
Balance at January 1, 2019	67,776	1,692	1,186	70,654
New assets originated	22,868	—	—	22,868
Amounts written-off	—	—	(6,492)	(6,492)
Transfers to/(from) Stage 1	(7,163)	—	—	(7,163)
Transfers to/(from) Stage 2	—	348	—	348
Transfers to/(from) Stage 3	—	—	6,815	6,815
Balance at December 31, 2019	83,481	2,040	1,509	87,030
Other loans				
Balance at January 1, 2019	37,015	2,670	920	40,605
New assets originated	30,574	—	—	30,574
Assets derecognized or repaid	(28,522)	(690)	(628)	(29,840)
Amounts written-off	(1)	(96)	(866)	(963)
Transfers to/(from) Stage 1	(2,559)	—	—	(2,559)
Transfers to/(from) Stage 2	—	1,186	—	1,186
Transfers to/(from) Stage 3	—	—	1,373	1,373
Others	(2)	—	695	693
Balance at December 31, 2019	36,505	3,070	1,494	41,069
Total receivables from customers				
Balance at January 1, 2019	1,325,377	43,139	19,705	1,388,221
New assets originated	716,352	—	—	716,352
Assets derecognized or repaid	(582,363)	(24,607)	(7,867)	(614,837)
Amounts written-off	(2)	(141)	(7,764)	(7,907)
Transfers to/(from) Stage 1	(161,596)	—	—	(161,596)
Transfers to/(from) Stage 2	—	146,729	—	146,729
Transfers to/(from) Stage 3	—	—	14,867	14,867
Others	(1,872)	—	530	(1,342)
Balance at December 31, 2019	₱1,295,896	₱165,120	₱19,471	₱1,480,487
2018				
Commercial loans				
Balance at January 1, 2018	₱895,139	₱10,211	₱5,820	₱911,170
New assets originated	478,641	—	—	478,641
Assets derecognized or repaid	(405,069)	(3,954)	(420)	(409,443)
Amounts written-off	—	(1)	(78)	(79)
Transfers to/(from) Stage 1	(7,652)	—	—	(7,652)
Transfers to/(from) Stage 2	—	2,259	—	2,259
Transfers to/(from) Stage 3	—	—	5,393	5,393
Others	5,330	106	192	5,628
Balance at December 31, 2018	966,389	8,621	10,907	985,917

(Forward)



	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
Auto loans				
Balance at January 1, 2018	₱98,612	₱16,068	₱3,485	₱118,165
New assets originated	46,127	—	—	46,127
Assets derecognized or repaid	(33,364)	(7,986)	(2,511)	(43,861)
Amounts written-off	—	(12)	(447)	(459)
Transfers to/(from) Stage 1	(14,624)	—	—	(14,624)
Transfers to/(from) Stage 2	—	11,132	—	11,132
Transfers to/(from) Stage 3	—	—	3,492	3,492
Balance at December 31, 2018	96,751	19,202	4,019	119,972
Residential mortgage loans				
Balance at January 1, 2018	83,368	14,181	2,187	99,736
New assets originated	26,618	—	—	26,618
Assets derecognized or repaid	(14,891)	(2,768)	(748)	(18,407)
Transfers to/(from) Stage 1	(400)	—	—	(400)
Transfers to/(from) Stage 2	—	(735)	—	(735)
Transfers to/(from) Stage 3	—	—	1,135	1,135
Balance at December 31, 2018	94,695	10,678	2,574	107,947
Trade loans				
Balance at January 1, 2018	40,624	395	101	41,120
New assets originated	62,840	—	—	62,840
Assets derecognized or repaid	(41,071)	(253)	(20)	(41,344)
Transfers to/(from) Stage 1	(151)	—	—	(151)
Transfers to/(from) Stage 2	—	134	—	134
Transfers to/(from) Stage 3	—	—	17	17
Others	509	—	1	510
Balance at December 31, 2018	62,751	276	99	63,126
Credit card				
Balance at January 1, 2018	58,391	1,852	648	60,891
New assets originated	15,207	—	—	15,207
Amounts written off	—	—	(5,444)	(5,444)
Transfers to/(from) Stage 1	(5,822)	—	—	(5,822)
Transfers to/(from) Stage 2	—	(160)	—	(160)
Transfers to/(from) Stage 3	—	—	5,982	5,982
Balance at December 31, 2018	67,776	1,692	1,186	70,654
Other loans				
Balance at January 1, 2018	23,512	2,177	1,105	26,794
New assets originated	35,584	—	—	35,584
Assets derecognized or repaid	(20,626)	(668)	(242)	(21,536)
Amounts written off	(4)	(66)	(173)	(243)
Transfers to/(from) Stage 1	(1,457)	—	—	(1,457)
Transfers to/(from) Stage 2	—	1,227	—	1,227
Transfers to/(from) Stage 3	—	—	230	230
Others	6	—	—	6
Balance at December 31, 2018	37,015	2,670	920	40,605
Total receivables from customers				
Balance at January 1, 2018	1,199,646	44,884	13,346	1,257,876
New assets originated	665,017	—	—	665,017
Assets derecognized or repaid	(515,021)	(15,629)	(3,941)	(534,591)
Amounts written off	(4)	(79)	(6,142)	(6,225)
Transfers to/(from) Stage 1	(30,106)	—	—	(30,106)
Transfers to/(from) Stage 2	—	13,857	—	13,857
Transfers to/(from) Stage 3	—	—	16,249	16,249
Others	5,845	106	193	6,144
Balance at December 31, 2018	₱1,325,377	₱43,139	₱19,705	₱1,388,221

	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
2019					
Commercial loans					
Balance at January 1, 2019	₱930,074	₱7,347	₱6,920	₱3,309	₱947,650
New assets originated	505,051	—	—	—	505,051
Assets derecognized or repaid	(423,882)	(12,287)	(3,007)	(247)	(439,423)
Amounts written-off	—	—	(233)	—	(233)
Transfers to/(from) Stage 1	(142,769)	—	—	—	(142,769)
Transfers to/(from) Stage 2	—	139,612	—	—	139,612
Transfers to/(from) Stage 3	—	—	3,157	—	3,157
Others	(741)	—	(84)	(70)	(895)
Balance at December 31, 2019	867,733	134,672	6,753	2,992	1,012,150

(Forward)



	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Auto loans					
Balance at January 1, 2019	₱29,150	₱350	₱181	₱–	₱29,681
New assets originated	8,710	–	–	–	8,710
Assets derecognized or repaid	(14,066)	(87)	(51)	–	(14,204)
Amounts written-off	–	–	(5)	–	(5)
Transfers to/(from) Stage 1	184	–	–	–	184
Transfers to/(from) Stage 2	–	(201)	–	–	(201)
Transfers to/(from) Stage 3	–	–	17	–	17
Balance at December 31, 2019	23,978	62	142	–	24,182
Residential mortgage loans					
Balance at January 1, 2019	55,239	1,787	948	–	57,974
New assets originated	11,842	–	–	–	11,842
Assets derecognized or repaid	(11,750)	(265)	(281)	–	(12,296)
Transfers to/(from) Stage 1	1,194	–	–	–	1,194
Transfers to/(from) Stage 2	–	(1,005)	–	–	(1,005)
Transfers to/(from) Stage 3	–	–	(189)	–	(189)
Balance at December 31, 2019	56,525	517	478	–	57,520
Trade loans					
Balance at January 1, 2019	62,687	276	99	–	63,062
New assets originated	62,499	–	–	–	62,499
Assets derecognized or repaid	(62,673)	(232)	–	–	(62,905)
Transfers to/(from) Stage 1	(2,123)	–	–	–	(2,123)
Transfers to/(from) Stage 2	–	2,115	–	–	2,115
Transfers to/(from) Stage 3	–	–	7	–	7
Others	–	–	(1)	–	(1)
Balance at December 31, 2019	60,390	2,159	105	–	62,654
Other loans					
Balance at January 1, 2019	12,530	–	41	–	12,571
New assets originated	9,633	–	–	–	9,633
Assets derecognized or repaid	(7,644)	–	(18)	–	(7,662)
Transfers to/(from) Stage 1	(17)	–	–	–	(17)
Transfers to/(from) Stage 3	–	–	17	–	17
Balance at December 31, 2019	14,502	–	40	–	14,542
Total receivables from customers					
Balance at January 1, 2019	1,089,680	9,760	8,189	3,309	1,110,938
New assets originated	597,735	–	–	–	597,735
Assets derecognized or repaid	(520,015)	(12,871)	(3,357)	(247)	(536,490)
Amounts written-off	–	–	(238)	–	(238)
Transfers to/(from) Stage 1	(143,531)	–	–	–	(143,531)
Transfers to/(from) Stage 2	–	140,521	–	–	140,521
Transfers to/(from) Stage 3	–	–	3,009	–	3,009
Others	(741)	–	(85)	(70)	(896)
Balance at December 31, 2019	₱1,023,128	₱137,410	₱7,518	₱2,992	₱1,171,048
2018					
Commercial loans					
Balance at January 1, 2018	₱839,156	₱9,092	₱1,880	₱3,383	₱853,511
New assets originated	474,250	–	–	–	474,250
Assets derecognized or repaid	(381,738)	(3,661)	(265)	(74)	(385,738)
Transfers to/(from) Stage 1	(6,923)	–	–	–	(6,923)
Transfers to/(from) Stage 2	–	1,810	–	–	1,810
Transfers to/(from) Stage 3	–	–	5,113	–	5,113
Others	5,329	106	192	–	5,627
Balance at December 31, 2018	930,074	7,347	6,920	3,309	947,650
Auto loans					
Balance at January 1, 2018	32,153	1,579	151	–	33,883
New assets originated	10,921	–	–	–	10,921
Assets derecognized or repaid	(14,698)	(335)	(90)	–	(15,123)
Transfers to/(from) Stage 1	774	–	–	–	774
Transfers to/(from) Stage 2	–	(894)	–	–	(894)
Transfers to/(from) Stage 3	–	–	120	–	120
Balance at December 31, 2018	29,150	350	181	–	29,681
Residential mortgage loans					
Balance at January 1, 2018	46,938	5,519	684	–	53,141
New assets originated	16,379	–	–	–	16,379
Assets derecognized or repaid	(10,492)	(752)	(302)	–	(11,546)
Transfers to/(from) Stage 1	2,414	–	–	–	2,414
Transfers to/(from) Stage 2	–	(2,980)	–	–	(2,980)
Transfers to/(from) Stage 3	–	–	566	–	566
Balance at December 31, 2018	55,239	1,787	948	–	57,974

(Forward)



	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Trade loans					
Balance at January 1, 2018	₱40,574	₱395	₱101	₱—	₱41,070
New assets originated	62,826	—	—	—	62,826
Assets derecognized or repaid	(41,071)	(253)	(20)	—	(41,344)
Transfers to/(from) Stage 1	(151)	—	—	—	(151)
Transfers to/(from) Stage 2	—	134	—	—	134
Transfers to/(from) Stage 3	—	—	17	—	17
Others	509	—	1	—	510
Balance at December 31, 2018	62,687	276	99	—	63,062
Other loans					
Balance at January 1, 2018	12,793	—	42	—	12,835
New assets originated	8,118	—	—	—	8,118
Assets derecognized or repaid	(8,387)	—	(1)	—	(8,388)
Others	6	—	—	—	6
Balance at December 31, 2018	12,530	—	41	—	12,571
Total receivables from customers					
Balance at January 1, 2018	971,614	16,585	2,858	3,383	994,440
New assets originated	572,494	—	—	—	572,494
Assets derecognized or repaid	(456,386)	(5,001)	(678)	(74)	(462,139)
Transfers to/(from) Stage 1	(3,886)	—	—	—	(3,886)
Transfers to/(from) Stage 2	—	(1,930)	—	—	(1,930)
Transfers to/(from) Stage 3	—	—	5,816	—	5,816
Others	5,844	106	193	—	6,143
Balance at December 31, 2018	₱1,089,680	₱9,760	₱8,189	₱3,309	₱1,110,938

The credit quality of other receivables, gross of allowance for credit losses, as of December 31, 2019 and 2018 follows:

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
2019				
Unquoted debt securities				
High grade	₱630	₱—	₱—	₱630
Non-performing individually impaired	—	—	386	386
	630	—	386	1,016
Accrued interest receivable				
High grade	8,404	134	—	8,538
Standard grade	2,517	153	—	2,670
Sub-standard grade	285	745	—	1,030
Unrated	12	—	—	12
Non-performing individually impaired	—	—	855	855
	11,218	1,032	855	13,105
Sales contract receivables				
High grade	23	—	—	23
Unrated	100	—	—	100
Non-performing individually impaired	—	—	22	22
	123	—	22	145
Other receivables				
High grade	3	—	—	3
Standard grade	261	—	—	261
Unrated	65	—	—	65
Non-performing individually impaired	—	—	2	2
	329	—	2	331
Total other receivables				
High grade	9,060	134	—	9,194
Standard grade	2,778	153	—	2,931
Sub-standard grade	285	745	—	1,030
Unrated	177	—	—	177
Non-performing individually impaired	—	—	1,265	1,265
	₱12,300	₱1,032	₱1,265	₱14,597
2018				
Unquoted debt securities				
Standard grade	₱632	₱—	₱—	₱632
Non-performing individually impaired	—	—	386	386
	632	—	386	1,018

(Forward)



	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Accrued interest receivable				
High grade	₱6,063	₱120	₱—	₱6,183
Standard grade	2,787	105	—	2,892
Sub-standard grade	488	49	2	539
Unrated	22	—	—	22
Past due but not impaired	3	95	—	98
Non-performing individually impaired	—	1	932	933
	9,363	370	934	10,667
Sales contract receivables				
High grade	45	—	—	45
Unrated	116	—	—	116
Non-performing individually impaired	—	—	29	29
	161	—	29	190
Other receivables				
High grade	3	—	—	3
Standard grade	282	—	—	282
Unrated	48	—	—	48
Non-performing individually impaired	—	—	2	2
	333	—	2	335
Total other receivables				
High grade	6,111	120	—	6,231
Standard grade	3,701	105	—	3,806
Sub-standard grade	488	49	2	539
Unrated	186	—	—	186
Past due but not impaired	3	95	—	98
Non-performing individually impaired	—	1	1,349	1,350
	₱10,489	₱370	₱1,351	₱12,210

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2019				
Unquoted debt securities				
Non-performing individually impaired	₱—	₱—	₱386	₱386
Accrued interest receivable				
High grade	6,600	—	—	6,600
Standard grade	2,468	5	—	2,473
Sub-standard grade	285	741	—	1,026
Unrated	10	—	—	10
Non-performing individually impaired	—	—	394	394
	9,363	746	394	10,503
Sales contract receivables				
Unrated	100	—	—	100
Non-performing individually impaired	—	—	2	2
	100	—	2	102
Other receivables				
Unrated	10	—	—	10
Non-performing individually impaired	—	—	2	2
	10	—	2	12
Total other receivables				
High grade	6,600	—	—	6,600
Standard grade	2,468	5	—	2,473
Sub-standard grade	285	741	—	1,026
Unrated	120	—	—	120
Non-performing individually impaired	—	—	784	784
	₱9,473	₱746	₱784	₱11,003

2018				
Unquoted debt securities				
Non-performing individually impaired	₱—	₱—	₱386	₱386
Accrued interest receivable				
High grade	4,188	—	—	4,188
Standard grade	2,737	6	—	2,743
Sub-standard grade	487	23	2	512
Unrated	21	—	—	21
Past due but not impaired	3	—	—	3
Non-performing individually impaired	—	1	519	520
	7,436	30	521	7,987
Sales contract receivables				
Unrated	117	—	—	117
Non-performing individually impaired	—	—	2	2
	117	—	2	119

(Forward)



	Parent Company			Total
	Stage 1	Stage 2	Stage 3	
Other receivables				
Unrated	₱11	₱—	₱—	₱11
Non-performing individually impaired	—	—	2	2
	11	—	2	13
Total other receivables				
High grade	4,188	—	—	4,188
Standard grade	2,737	6	2	2,743
Sub-standard grade	487	23	—	512
Unrated	149	—	—	149
Past due but not impaired	3	—	—	3
Non-performing individually impaired	—	1	909	910
	₱7,564	₱30	₱911	₱8,505

Movements during 2019 and 2018 for other receivables follow:

	Consolidated			Total
	Stage 1	Stage 2	Stage 3	
2019				
Balance at January 1, 2019	₱10,489	₱370	₱1,351	₱12,210
New assets originated	8,985	—	—	8,985
Assets derecognized or repaid	(5,522)	(366)	(709)	(6,597)
Amounts written-off	—	—	(1)	(1)
Transfers to/(from) Stage 1	(1,652)	—	—	(1,652)
Transfers to/(from) Stage 2	—	1,028	—	1,028
Transfers to/(from) Stage 3	—	—	624	624
Balance at December 31, 2019	₱12,300	₱1,032	₱1,265	₱14,597
2018				
Balance at January 1, 2018	₱8,899	₱452	₱878	₱10,229
New assets originated	3,811	—	—	3,811
Assets derecognized or repaid	(1,505)	(105)	(218)	(1,828)
Transfers to/(from) Stage 1	(716)	—	—	(716)
Transfers to/(from) Stage 2	—	23	—	23
Transfers to/(from) Stage 3	—	—	693	693
Others	—	—	(2)	(2)
Balance at December 31, 2018	₱10,489	₱370	₱1,351	₱12,210

	Parent Company			Total
	Stage 1	Stage 2	Stage 3	
2019				
Balance at January 1, 2019	₱7,564	₱30	₱911	₱8,505
New assets originated	7,575	—	—	7,575
Assets derecognized or repaid	(4,487)	(219)	(370)	(5,076)
Amounts written-off	—	—	(1)	(1)
Transfers to/(from) Stage 1	(1,179)	—	—	(1,179)
Transfers to/(from) Stage 2	—	935	—	935
Transfers to/(from) Stage 3	—	—	244	244
Balance at December 31, 2019	₱9,473	₱746	₱784	₱11,003
2018				
Balance at January 1, 2018	₱6,004	₱145	₱726	₱6,875
New assets originated or purchased	2,861	—	—	2,861
Assets derecognized or repaid	(1,117)	(55)	(57)	(1,229)
Transfers to/(from) Stage 1	(184)	—	—	(184)
Transfers to/(from) Stage 2	—	(60)	—	(60)
Transfers to/(from) Stage 3	—	—	244	244
Others	—	—	(2)	(2)
Balance at December 31, 2018	₱7,564	₱30	₱911	₱8,505

The credit risk exposure on the accounts receivable (excluding statutory receivables which are not considered financial assets) of the Group and the Parent Company based on their aging as of December 31, 2019 and 2018 follows:

Age of accounts receivables	Consolidated		Parent Company	
	2019	2018	2019	2018
Up to 1 month	₱5,775	₱5,256	₱2,191	₱2,359
> 1 to 2 months	76	126	41	57
> 2 to 3 months	36	55	26	18
More than 3 months	3,579	4,218	3,473	3,541
Total gross carrying amount	₱9,466	₱9,655	₱5,731	₱5,975



The maximum exposure and credit quality of loan commitments and financial guarantees as of December 31, 2019 and 2018 follows:

	Consolidated			Total
	Stage 1	Stage 2	Stage 3	
2019				
Standard grade	₱210,260	₱—	₱—	₱210,260
Unrated	62,768	1,460	—	64,228
	₱273,028	₱1,460	₱—	₱274,488
2018				
High grade	₱71	₱—	₱—	₱71
Standard grade	188,211	—	—	188,211
Unrated	69,513	84	—	69,597
	₱257,795	₱84	₱—	₱257,879

	Parent Company			Total
	Stage 1	Stage 2	Stage 3	
2019				
Unrated	₱62,768	₱1,460	₱—	₱64,228
2018				
Unrated	₱69,513	₱84	₱—	₱69,597

Movements during 2019 and 2018 for loan commitments and financial guarantees follow:

	Consolidated			Total
	Stage 1	Stage 2	Stage 3	
2019				
Balance at January 1, 2019	₱257,795	₱84	₱—	₱257,879
New assets originated or purchased	47,799	—	—	47,799
Assets derecognized or repaid	(30,939)	(251)	—	(31,190)
Transfers to/(from) Stage 1	(1,627)	—	—	(1,627)
Transfers to/(from) Stage 2	—	1,627	—	1,627
Balance at December 31, 2019	₱273,028	₱1,460	₱—	₱274,488
2018				
Balance at January 1, 2018	₱228,559	₱302	₱—	₱228,861
New assets originated or purchased	50,093	—	—	50,093
Assets derecognized or repaid	(20,980)	(95)	—	(21,075)
Transfers to/(from) Stage 1	123	—	—	123
Transfers to/(from) Stage 2	—	(123)	—	(123)
Balance at December 31, 2018	₱257,795	₱84	₱—	₱257,879

	Parent Company			Total
	Stage 1	Stage 2	Stage 3	
2019				
Balance at January 1, 2019	₱69,513	₱84	₱—	₱69,597
New assets originated or purchased	25,821	—	—	25,821
Assets derecognized or repaid	(30,939)	(251)	—	(31,190)
Transfers to/(from) Stage 1	(1,627)	—	—	(1,627)
Transfers to/(from) Stage 2	—	1,627	—	1,627
Balance at December 31, 2019	₱62,768	₱1,460	₱—	₱64,228
2018				
Balance at January 1, 2018	₱68,419	₱302	₱—	₱68,721
New assets originated or purchased	21,939	—	—	21,939
Assets derecognized or repaid	(20,968)	(95)	—	(21,063)
Transfers to/(from) Stage 1	123	—	—	123
Transfers to/(from) Stage 2	—	(123)	—	(123)
Balance at December 31, 2018	₱69,513	₱84	₱—	₱69,597

Breakdown of restructured receivables from customers by class are shown below:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Commercial loans	₱2,048	₱1,798	₱2,044	₱1,793
Auto loans	16	25	—	—
Residential mortgage loans	95	123	11	23
Others	276	164	—	—
	₱2,435	₱2,110	₱2,055	₱1,816



As of December 31, 2019 and 2018, an analysis by past due status of receivables from customers wherein the SICR is based only on the past due information is as follows:

	Consolidated					
	Number of days past due					
	Within 30 days	31-60 days	61-90 days	91-180 days	Over 180 days	Total
2019						
Auto loans	₱419	₱165	₱330	₱1,392	₱1,132	₱3,438
Residential mortgage loans	807	328	187	422	1,035	2,779
	₱1,226	₱493	₱517	₱1,814	₱2,167	₱6,217
2018						
Auto loans	₱61	₱14	₱10	₱34	₱1,464	₱1,583
Residential mortgage loans	266	88	43	120	838	1,355
	₱327	₱102	₱53	₱154	₱2,302	₱2,938
	Parent Company					
	Number of days past due					
	Within 30 days	31-60 days	61-90 days	91-180 days	Over 180 days	Total
2019						
Auto loans	₱61	₱20	₱8	₱11	₱121	₱221
Residential mortgage loans	322	84	39	105	357	907
	₱383	₱104	₱47	₱116	₱478	₱1,128
2018						
Auto loans	₱54	₱12	₱9	₱26	₱103	₱204
Residential mortgage loans	265	87	43	119	436	950
	₱319	₱99	₱52	₱145	₱539	₱1,154

Liquidity Risk

Liquidity risk is the current and prospective risk to earnings or capital arising from the inability to meet obligations when they come due. This may be caused by the inability to liquidate assets or to obtain funding to meet 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 as well as 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 which realistically captures the behavior of the products and creates a forward-looking cash flow projection.

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



The MCO is monitored regularly to ensure that it remains within the set limits. The Parent Company generates and monitors daily its MCO, while the subsidiaries generate the report at least monthly. The liquidity profile of the Group is reported monthly to the Parent Company's ALCO and ROC.

To supplement the business-as-usual scenario parameters reflected in the MCO report, the Group also conducts liquidity stress testing to determine the impact of extreme factors, scenarios and/or events to the Group's liquidity profile. Liquidity stress testing exercise is performed quarterly on a per firm basis, and at least annually on the Group-wide level.

Financial assets

Analysis of debt securities into maturity groupings is based on the expected date on which these assets will be realized. For other financial assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date the assets will be realized.

Financial liabilities

The maturity groupings are based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

The table below summarizes the maturity profile of financial instruments and gross-settled derivatives based on contractual undiscounted cash flows.

	Consolidated						
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Beyond 1 year	Total
2019							
Financial Assets							
Cash and other cash items	₱32,956	₱–	₱–	₱–	₱–	₱–	₱32,956
Due from BSP	219,994	–	–	–	–	–	219,994
Due from other banks	51,867	26	2,724	164	4	–	54,785
Interbank loans receivable and SPURA	175	66,185	3,632	2,196	–	–	72,188
Investment securities at FVTPL							
FVTPL investments	–	12,310	38,502	–	–	38	50,850
Derivative assets							
Trading:							
Receive	–	53,050	27,989	29,617	14,099	3,018	127,773
Pay	–	(53,625)	(28,447)	(30,201)	(14,307)	(3,151)	(129,731)
	–	(575)	(458)	(584)	(208)	(133)	(1,958)
Investment securities at FVOCI	–	546	2,799	5,049	2,940	230,995	242,329
Investment securities at amortized cost	–	15,370	150	312	9,766	317,901	343,499
Loans and receivables							
Receivables from customers	60,348	276,769	178,037	129,824	103,398	994,261	1,742,637
Unquoted debt securities	–	10	1	161	18	980	1,170
Accrued interest receivable	11,220	1,276	251	52	306	–	13,105
Accounts receivable	7,761	259	21	11	1,413	1	9,466
Sales contract receivable	9	–	19	13	26	86	153
Other receivables	15	316	–	–	–	–	331
Other assets							
Returned checks and other cash items	407	–	–	–	–	–	407
Miscellaneous	8	–	1	4	8	172	193
	₱384,760	₱372,492	₱225,679	₱137,202	₱117,671	₱1,544,301	₱2,782,105



	Consolidated						
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Beyond 1 year	Total
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
CASA	₱1,077,507	₱–	₱–	₱–	₱–	₱–	₱1,077,507
Time	–	394,827	125,808	23,838	30,119	21,280	595,872
LTNCD	–	34	104	8,375	590	40,253	49,356
	1,077,507	394,861	125,912	32,213	30,709	61,533	1,722,735
Bills payable and SSURA	–	91,394	50,379	22,665	26,319	51,687	242,444
Manager's checks and demand drafts outstanding	6,806	–	–	–	–	–	6,806
Accrued interest payable	766	1,295	1,199	171	339	146	3,916
Accrued other expenses	3,395	792	1	–	180	–	4,368
Bonds payable	–	–	442	1,098	30,283	56,468	88,291
Subordinated debts	–	–	54	104	6,623	1,394	8,175
Non-equity non-controlling interest	6,553	–	–	–	–	–	6,553
Other liabilities							
Bills purchased - contra	14,089	–	–	–	–	–	14,089
Accounts payable	5,089	9,964	–	2,384	–	–	17,437
Marginal deposits	6,138	–	236	–	–	–	6,374
Outstanding acceptances	–	488	378	324	398	23	1,611
Deposits on lease contracts	36	54	83	121	291	1,140	1,725
Notes payable	–	–	–	1,881	1,028	–	2,909
Dividends payable	90	–	–	–	–	–	90
Lease liability	59	125	225	341	644	3,593	4,987
Miscellaneous	3	–	–	–	–	–	3
	1,120,531	498,973	178,909	61,302	96,814	175,984	2,132,513
Derivative liabilities*							
Trading:							
Pay	–	84,202	26,452	17,814	17,521	2,097	148,086
Receive	–	(83,588)	(26,100)	(17,699)	(17,462)	(1,930)	(146,779)
	–	614	352	115	59	167	1,307
Loan commitments and financial guarantees							
	218,613	6,182	16,531	12,967	12,457	7,738	274,488
	₱1,339,144	₱505,769	₱195,792	₱74,384	₱109,330	₱183,889	₱2,408,308
2018							
Financial Assets							
Cash and other cash items	₱33,091	₱–	₱–	₱–	₱–	₱–	₱33,091
Due from BSP	240,134	–	–	–	–	–	240,134
Due from other banks	40,058	3,728	2,036	–	–	–	45,822
Interbank loans receivable and SPURA	2,200	27,992	13,294	3,749	3,521	–	50,756
Investment securities at FVTPL							
HFT investments	–	9,508	20,036	–	–	39	29,583
Derivative assets							
Trading:							
Receive	4	34,677	27,348	13,324	3,734	–	79,087
Pay	–	(59,215)	(24,785)	(12,371)	(5,417)	–	(101,788)
	4	(24,538)	2,563	953	(1,683)	–	(22,701)
Investment securities at FVOCI	–	309	1,314	5,405	15,132	109,071	131,231
Investment securities at amortized cost	29	40	253	929	3,773	366,156	371,180
Loans and receivables							
Receivables from customers	49,067	242,271	173,781	125,761	89,350	984,476	1,664,706
Unquoted debt securities	–	9	–	9	18	1,306	1,342
Accrued interest receivable	8,546	1,319	358	377	67	–	10,667
Accounts receivable	8,515	564	24	5	56	491	9,655
Sales contract receivable	8	1	13	14	26	143	205
Other receivables	15	320	–	–	–	–	335
Other assets							
Returned checks and other cash items	417	–	–	–	–	–	417
Miscellaneous	11	2	2	5	6	191	217
	₱382,095	₱261,525	₱213,674	₱137,207	₱110,266	₱1,461,873	₱2,566,640



	Consolidated						Total
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Beyond 1 year	
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
CASA	P964,944	P-	P-	P-	P-	P-	P964,944
Time	-	328,841	133,644	38,455	28,169	20,887	549,996
LTNCD	-	34	104	375	750	49,814	51,077
	964,944	328,875	133,748	38,830	28,919	70,701	1,566,017
Bills payable and SSURA	1,155	87,961	65,458	35,957	24,933	52,487	267,951
Manager's checks and demand drafts outstanding	7,565	-	-	-	-	-	7,565
Accrued interest payable	329	1,141	2,154	240	90	334	4,288
Accrued other expenses	2,592	848	325	195	-	2	3,962
Bonds payable	-	67	265	501	3,964	30,002	34,799
Subordinated debts	-	-	301	16,360	290	12,008	28,959
Non-equity non-controlling interest	6,747	-	-	-	-	-	6,747
Other liabilities							
Bills purchased - contra	12,171	-	-	-	-	-	12,171
Accounts payable	3,101	10,446	-	2,082	-	-	15,629
Marginal deposits	82	-	4,150	-	-	-	4,232
Outstanding acceptances	-	898	419	225	251	-	1,793
Deposits on lease contracts	-	46	93	81	320	1,103	1,643
Notes payable	-	16	31	47	96	2,699	2,889
Dividends payable	-	90	-	-	-	-	90
Miscellaneous	8	-	-	-	-	-	8
	998,694	430,388	206,944	94,518	58,863	169,336	1,958,743
Derivative liabilities*							
Trading:							
Pay	-	73,574	40,125	66,613	5,474	7,402	193,188
Receive	-	(36,064)	(30,290)	(15,322)	(4,895)	(7,277)	(93,848)
	-	37,510	9,835	51,291	579	125	99,340
Loan commitments and financial guarantees	199,507	7,373	19,844	10,917	14,763	5,475	257,879
	P1,198,201	P475,271	P236,623	P156,726	P74,205	P174,936	P2,315,962

	Parent Company						Total
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Beyond 1 year	
2019							
Financial Assets							
Cash and other cash items	P30,659	P-	P-	P-	P-	P-	P30,659
Due from BSP	195,770	-	-	-	-	-	195,770
Due from other banks	34,495	1,498	2,717	-	-	-	38,710
Interbank loans receivable and SPURA	-	55,708	426	33	-	-	56,167
Investment securities at FVTPL							
FVTPL investments	-	-	38,502	-	-	38	38,540
Derivative assets							
Trading:							
Receive	-	53,050	27,989	29,617	14,099	3,018	127,773
Pay	-	(53,625)	(28,447)	(30,201)	(14,307)	(3,151)	(129,731)
	-	(575)	(458)	(584)	(208)	(133)	(1,958)
Investment securities at FVOCI	-	381	1,574	2,914	2,022	220,905	227,796
Investment securities at amortized cost	-	15,017	-	-	7,605	275,365	297,987
Loans and receivables							
Receivables from customers	10,053	276,409	160,093	105,231	49,435	722,173	1,323,394
Unquoted debt securities	-	-	-	-	-	482	482
Accrued interest receivable	10,503	-	-	-	-	-	10,503
Accounts receivable	5,731	-	-	-	-	-	5,731
Sales contract receivable	5	-	19	12	25	49	110
Other receivables	12	-	-	-	-	-	12
Other assets							
Returned checks and other cash items	378	-	-	-	-	-	378
	P287,606	P348,438	P202,873	P107,606	P58,879	P1,218,879	P2,224,281



	Parent Company						
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Beyond 1 year	Total
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
CASA	₱1,003,249	₱–	₱–	₱–	₱–	₱–	₱1,003,249
Time	–	318,644	114,318	18,571	9,812	1,248	462,593
LTNCD	–	34	104	8,375	590	30,606	39,709
	1,003,249	318,678	114,422	26,946	10,402	31,854	1,505,551
Bills payable and SSURA	–	73,962	17,763	13,313	13,299	22,656	140,993
Manager’s checks and demand drafts outstanding	5,508	–	–	–	–	–	5,508
Accrued interest payable	–	1,058	835	170	272	146	2,481
Accrued other expenses	2,124	–	–	–	–	–	2,124
Bonds payable	–	–	442	1,097	29,930	45,694	77,163
Subordinated debts	–	–	36	85	6,585	–	6,706
Other liabilities							
Bills purchased - contra	14,080	–	–	–	–	–	14,080
Accounts payable	–	8,269	–	–	–	–	8,269
Outstanding acceptances	–	488	378	324	398	23	1,611
Marginal deposits	–	–	236	–	–	–	236
Lease liability	59	62	121	181	340	1,981	2,744
	1,025,020	402,517	134,233	42,116	61,226	102,354	1,767,466
Derivative liabilities*							
Trading:							
Pay	–	80,750	26,452	17,814	18,566	–	143,582
Receive	–	(80,276)	(26,100)	(17,699)	(18,487)	–	(142,562)
	–	474	352	115	79	–	1,020
Loan commitments and financial guarantees	8,776	6,169	16,531	12,557	12,457	7,738	64,228
	₱1,033,796	₱409,160	₱151,116	₱54,788	₱73,762	₱110,092	₱1,832,714
2018							
Financial Assets							
Cash and other cash items	₱29,280	₱–	₱–	₱–	₱–	₱–	₱29,280
Due from BSP	206,289	–	–	–	–	–	206,289
Due from other banks	29,607	3,701	1,923	–	–	–	35,231
Interbank loans receivable and SPURA	–	18,046	6,106	–	601	–	24,753
Investment securities at FVTPL							
HFT investments	–	–	20,036	–	–	38	20,074
Derivative assets							
Trading:							
Receive	–	34,674	27,341	13,324	3,734	–	79,073
Pay	–	(59,215)	(24,785)	(12,371)	(5,417)	–	(101,788)
	–	(24,541)	2,556	953	(1,683)	–	(22,715)
Investment securities at FVOCI	–	240	866	4,788	10,751	91,191	107,836
Investment securities at amortized cost	–	–	57	–	423	298,611	299,091
Loans and receivables							
Receivables from customers	6,227	236,314	159,325	107,788	43,325	732,624	1,285,603
Unquoted debt securities	–	–	–	–	–	595	595
Accrued interest receivable	7,987	–	–	–	–	–	7,987
Accounts receivable	5,975	–	–	–	–	–	5,975
Sales contract receivable	4	1	13	13	25	77	133
Other receivables	13	–	–	–	–	–	13
Other assets							
Returned checks and other cash items	397	–	–	–	–	–	397
	₱285,779	₱233,761	₱190,882	₱113,542	₱53,442	₱1,123,136	₱2,000,542



	Parent Company						Total
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Beyond 1 year	
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
CASA	P900,186	P–	P–	P–	P–	P–	P900,186
Time	–	255,265	98,486	24,356	12,121	1,563	391,791
LTNCD	–	34	104	375	750	39,946	41,209
	900,186	255,299	98,590	24,731	12,871	41,509	1,333,186
Bills payable and SSURA	–	58,122	42,463	26,629	5,396	21,201	153,811
Manager's checks and demand drafts outstanding	5,950	–	–	–	–	–	5,950
Accrued interest payable	–	807	1,149	238	88	93	2,375
Accrued other expenses	1,881	–	–	–	–	–	1,881
Bonds payable	–	–	265	501	1,001	30,002	31,769
Subordinated debts	–	–	241	16,300	171	6,756	23,468
Other liabilities							
Bills purchased - contra	12,158	–	–	–	–	–	12,158
Accounts payable	–	7,104	–	–	–	–	7,104
Outstanding acceptances	–	898	419	225	251	–	1,793
Marginal deposits	–	–	166	–	–	–	166
	920,175	322,230	143,293	68,624	19,778	99,561	1,573,661
Derivative liabilities*							
Trading:							
Pay	–	73,574	40,122	66,613	5,474	–	185,783
Receive	–	(36,064)	(30,290)	(15,322)	(4,895)	–	(86,571)
	–	37,510	9,832	51,291	579	–	99,212
Loan commitments and financial guarantees	11,296	7,373	19,791	10,900	14,762	5,475	69,597
	P931,471	P367,113	P172,916	P130,815	P35,119	P105,036	P1,742,470

*Does not include derivatives embedded in financial and non-financial contracts.

Market Risk

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

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

As part of group supervision, the Parent Company regularly coordinates with subsidiaries to monitor their compliance to their respective risk tolerances and to ensure alignment of risk management practices. Each subsidiary has its own risk management unit responsible for monitoring its market risk exposures. The Parent, however, requires regular submission of market risk profiles 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 VaR. VaR is an estimate of the potential decline in the value of a portfolio, under normal market conditions, for a given “confidence level” over a specified holding period. The Parent Company measures and



monitors the Trading Book VaR daily, and this value is compared against the set VaR limit. Meanwhile, the Group VaR is monitored and reported monthly.

VaR methodology assumptions and parameters

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

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

A summary of the VaR levels of the trading portfolio of the Parent Company appears below:

	Rates and FX	Fixed Income	FX Options
As of December 31, 2019			
December 27	₱189.27	₱139.49	₱9.18
Average	146.87	141.22	12.26
Highest	223.46	269.07	42.02
Lowest	57.91	32.93	2.12
As of December 31, 2018			
December 28	₱47.91	₱34.15	₱2.58
Average	71.66	77.34	13.52
Highest	250.69	214.96	37.96
Lowest	23.21	28.84	1.88

Rates and Foreign Exchange (FX) VaR is the correlated VaR of the following products: FX spot, outright forward, non-deliverable forwards, FX swaps, interest rate swaps, and cross-currency swaps. The Fixed Income VaR is the correlated VaR of these products: peso and foreign currency bonds, bond forwards and credit default swaps (CDS).

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

The table below summarizes the VaR levels of FMIC and PSBank:

	FMIC			PSBank		
	Equities	Bonds		Bonds		FX
		PHP	USD	PHP	USD	
As of December 31, 2019						
December 27	₱—	₱9.05	₱0.18	₱0.00		₱0.98
Average	0.99	30.26	3.63	0.00		0.75
Highest	9.42	89.66	11.34	0.00		1.33
Lowest	0.64	4.86	0.18	0.00		0.01
As of December 31, 2018						
December 28	₱—	₱7.58	₱—	₱0.00	₱—	₱0.86
Average	8.32	11.90	0.34	0.50	0.86	0.92
Highest	24.61	37.26	4.06	12.17	12.14	3.64
Lowest	1.45	4.40	1.31	0.00	—	0.12



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 bank, 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 (Δ EVE), and Sensitivity Analysis.

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

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

EaR methodology assumptions and parameters

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

The table below shows the EaR profile of the Parent Company and certain subsidiaries as of December 31, 2019 and 2018:

	Parent Company	FMIC	PSBank	MCC	ORIX Metro	Group
2019	(₱2,892.41)	(₱88.73)	(₱1,411.33)	(₱140.61)	(₱97.92)	(₱2,498.06)
2018	(1,407.13)	(166.00)	(1,121.72)	(197.34)	(18.12)	(2,910.31)

The Parent Company generates and monitors daily its EaR exposure while the subsidiaries generate their EaR reports at least monthly.

In March 2019, the Parent Company started to use Delta EVE as additional IRRBB risk metric. Δ EVE is used to measure changes in the net present value of its banking book at different interest rate shocks and stress scenarios. It reflects changes in the economic value of equity over the remaining life of the assets and liabilities. 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.

The following table sets forth, for the year indicated, the impact of reasonably possible changes in the USD exchange rate and other currencies per Philippine peso on pre-tax income and equity:

Currency	Consolidated						Parent Company					
	2019			2018			2019			2018		
	Change in currency rate in %	Effect on profit before tax	Effect on equity	Change in currency rate in %	Effect on profit before tax	Effect on equity	Change in currency rate in %	Effect on profit before tax	Effect on equity	Change in currency rate in %	Effect on profit before tax	Effect on equity
USD	+1.00%	(12.81)	5.04	+1.00%	(121.52)	1.89	+1.00%	107.32	1.21	+1.00%	(34.54)	0.09
EUR	+1.00%	(36.41)	0.00	+1.00%	24.26	—	+1.00%	(36.41)	—	+1.00%	23.40	0.00
JPY	+1.00%	9.37	0.00	+1.00%	(18.51)	—	+1.00%	9.37	—	+1.00%	(18.51)	0.00
GBP	+1.00%	8.16	0.00	+1.00%	22.25	—	+1.00%	8.16	—	+1.00%	22.25	0.00
Others	+1.00%	(162.34)	0.00	+1.00%	11.41	—	+1.00%	(162.34)	—	+1.00%	11.41	0.00
USD	-1.00%	12.81	(5.04)	-1.00%	121.52	(1.89)	-1.00%	(107.32)	(1.21)	-1.00%	34.54	(0.09)
EUR	-1.00%	36.41	0.00	-1.00%	(22.53)	—	-1.00%	36.41	—	-1.00%	(23.40)	0.00
JPY	-1.00%	(9.37)	0.00	-1.00%	18.51	—	-1.00%	(9.37)	—	-1.00%	18.51	0.00
GBP	-1.00%	(8.16)	0.00	-1.00%	(22.25)	—	-1.00%	(8.16)	—	-1.00%	(22.25)	0.00
Others	-1.00%	162.34	0.00	-1.00%	(11.41)	—	-1.00%	162.34	—	-1.00%	(11.41)	0.00

Information relating to the Parent Company's currency derivatives is included in Note 8. As of December 31, 2019 and 2018, the Parent Company has outstanding foreign currency spot transactions (in equivalent peso amounts) of ₱21.24 billion and ₱7.6 billion, respectively (sold), and ₱13.85 billion and ₱8.8 billion, respectively (bought).

The impact on the Parent Company's equity already excludes the impact on transactions affecting the profit and loss.

Capital Management

The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous year.



BSP Reporting

Regulatory Qualifying Capital

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

The Group complied with BSP Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%; capital conservation buffer of 2.50% comprised of CET1 capital and Total Capital Adequacy Ratio (CAR) of 10.00%. These ratios shall be maintained at all times. Further, BSP Circular No. 856 covers the implementing guidelines on the framework for dealing with domestic systemically important banks (DSIBs) in accordance with the Basel III standards. Banks identified as DSIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer. Compliance with this requirement was phased-in starting January 1, 2017, with full compliance on January 1, 2019.

The details of CAR, as reported to the BSP, as of December 31, 2019 and 2018 follow:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Tier 1 capital	₱310,100	₱278,930	₱310,971	₱281,282
CET1 Capital	310,100	278,930	310,971	281,282
Less: Required deductions	33,812	31,156	127,872	106,847
Net Tier 1 Capital	276,288	247,774	183,099	174,435
Tier 2 capital	22,032	41,177	17,271	32,649
Total Qualifying Capital	₱298,320	₱288,951	₱200,370	₱207,084
Credit Risk-Weighted Assets	₱1,487,360	₱1,469,970	₱1,143,218	₱1,160,414
Market Risk-Weighted Assets	72,042	57,101	66,166	46,045
Operational Risk-Weighted Assets	146,694	174,345	86,437	102,152
Total Risk-Weighted Assets	1,706,096	1,701,416	1,295,821	1,308,611
CET1 Ratio*	16.19%	14.56%	14.13%	13.33%
Tier 1 capital ratio	16.19%	14.56%	14.13%	13.33%
Total capital ratio	17.49%	16.98%	15.46%	15.82%

* of which capital conservation buffer in 2019 and 2018 is 10.19% and 8.56%, respectively, for the Group and 8.13% and 7.33%, respectively, for the Parent Company

Qualifying capital and risk-weighted assets (RWA) are computed based on BSP regulations. Under Basel III, the regulatory qualifying capital of the Parent Company consists of CET1 capital, which comprises paid-up common stock, additional paid-in capital, retained earnings including current year profit, retained earnings reserves, OCI and non-controlling interest less required regulatory deductions. The other component of regulatory capital is Tier 2 (supplementary) capital, which includes unsecured subordinated debts and general loan loss provision. RWA consist of total assets excluding cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board (MB) of the BSP. Operational RWA are computed using the Basic Indicator Approach. As discussed in Note 30, as of December 31, 2018, additional operational risk has been included as required by the MB, which was lifted on July 18, 2019.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.



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

Basel III Leverage Ratio (BLR)

BSP Circular Nos. 881 and 990 cover the implementing guidelines on the BLR framework designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.00%. The monitoring period has been set every quarter starting December 31, 2014 and extended until June 30, 2018. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

The details of the BLR, as reported to the BSP, as of December 31, 2019 and 2018 follow:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Tier 1 Capital	₱276,288	₱247,774	₱183,099	₱174,435
Exposure Measure	₱2,532,633	₱2,312,538	₱2,055,498	₱1,840,207
BLR	10.91%	10.71%	8.91%	9.48%

Under the framework, BLR is defined as the capital measure divided by the exposure measure. Capital measure is Tier 1 capital. Exposure measure is the sum of on-balance sheet exposures, derivative exposures, security financing exposures and off-balance sheet items.

Liquidity Coverage Ratio (LCR)

BSP Circular No. 905 provides the implementing guidelines on LCR and disclosure standards that are consistent with the Basel III framework. The LCR is the ratio of high-quality liquid assets to total net cash outflows which should not be lower than 100.00%. Compliance with the LCR minimum requirement commenced on January 1, 2018 with the prescribed minimum ratio of 90.00% for 2018 and 100.00% effective January 1, 2019. As of December 31, 2019 and 2018, the LCR in single currency as reported to the BSP, was at 245.10% and 131.92%, respectively for the Group, and 279.11% and 147.82%, respectively for the Parent Company.

Net Stable Funding Ratio (NSFR)

On June 6, 2018, the BSP issued BSP Circular No.1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards – NSFR. The NSFR is aimed to promote long-term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short term resilience of a bank's liquidity profile. Banks shall maintain an NSFR of at least 100 percent (100%) at all times. The implementation of the minimum NSFR shall be phased in to help ensure that covered banks can meet the standard through reasonable measures without disrupting credit extension and financial market activities. An observation period was set from July 1 to December 31, 2018. Effective, January 1, 2019, banks shall comply with the prescribed minimum ratio of 100%. As of December 31, 2019 and 2018, the NSFR as reported to the BSP, was at 148.53% and 134.17%, respectively for the Group, and 150.61% and 139.88%, respectively for the Parent Company.



5. Fair Value Measurement

Financial Instruments

The methods and assumptions used by the Group and the Parent Company in estimating the fair values of financial assets and financial liabilities are:

Cash and other cash items, due from BSP and other banks and interbank loans receivable and SPURA

Carrying amounts approximate fair values in view of the relatively short-term maturities of these instruments.

Trading and investment securities

Fair values of debt and equity securities are generally based on quoted market prices. Where the debt securities are not quoted or the market prices are not readily available, the Group and the Parent Company obtained valuations from independent parties offering pricing services, used adjusted quoted market prices of comparable investments, or applied discounted cash flow methodologies. For equity securities that are not quoted, remeasurement to their fair values is not material to the financial statements.

Derivative instruments

Fair values are estimated based on quoted market prices, prices provided by independent parties, or prices derived using acceptable valuation models. The models utilize published underlying rates (e.g. interest rates, FX rates, CDS rates, FX volatilities and spot and forward FX rates) and are implemented through validated calculation engines.

Loans and receivables

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

Liabilities

Fair values are estimated using the discounted cash flow methodology using the Group's current borrowing rate for similar borrowings with maturities consistent with those remaining for the liability being valued, if any. The carrying amounts of demand and savings deposit liabilities and other short-term liabilities approximate fair values considering that these are either due and demandable or with short-term maturities.

Non-Financial Assets

Investment properties

Fair value of investment properties is determined based on valuations performed by independent and in-house appraisers using valuation technique with significant inputs that are not based on observable market data (Level 3). The valuation of investment properties was based on the Sales Comparison Approach and considered recent sales of similar or substitute properties in the same areas where the investment properties are located, taking into account the economic conditions prevailing at the time of the valuation. Other factors considered were the location and shape of the properties, environmental issues, development controls such as the height restrictions, building coverage and floor area ratio restrictions, among others. The fair value of investment properties is based on its highest and best use, which is their current use.



The following tables summarize the carrying amounts and fair values of assets and liabilities, analyzed among those whose fair value is based on:

- Quoted market prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Consolidated				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
2019					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Private	₱7,935	₱7,935	₱–	₱–	₱7,935
Government	13,048	13,048	–	–	13,048
Treasury notes and bonds	24,145	24,145	–	–	24,145
Treasury bills	1,662	1,662	–	–	1,662
BSP	2	2	–	–	2
	46,792	46,792	–	–	46,792
Equity securities	6,585	6,585	–	–	6,585
Derivative assets					
Cross-currency swaps	6,007	–	6,007	–	6,007
Currency forwards	1,756	–	1,756	–	1,756
Interest rate swaps	711	–	711	–	711
Put option	10	–	10	–	10
Call option	6	–	6	–	6
	8,490	–	8,490	–	8,490
	61,867	53,377	8,490	–	61,867
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	111,791	110,346	1,445	–	111,791
Government	52,870	52,495	375	–	52,870
Private	36,199	28,487	7,712	–	36,199
	200,860	191,328	9,532	–	200,860
Equity securities	1,660	1,454	206	–	1,660
	202,520	192,782	9,738	–	202,520
	₱264,387	₱246,159	₱18,228	₱–	₱264,387
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	₱227,438	₱200,742	₱11,585	₱–	₱212,327
Government	20,213	20,554	338	–	20,892
Private	3,877	2,482	1,367	–	3,849
Treasury bills	100	101	–	–	101
	251,628	223,879	13,290	–	237,169
Loans and receivables - net					
Receivables from customers					
Commercial loans	1,049,544	–	–	1,039,249	1,039,249
Auto loans	116,434	–	–	137,168	137,168
Residential mortgage loans	109,292	–	–	133,645	133,645
Trade loans	63,093	–	–	63,093	63,093
Credit card	82,449	–	–	82,449	82,449
Others	39,812	–	–	40,858	40,858
	1,460,624	–	–	1,496,462	1,496,462
Unquoted debt securities	630	–	–	647	647
Sales contract receivable	142	–	–	146	146
	1,461,396	–	–	1,497,255	1,497,255
Other assets	185	–	–	257	257
	1,713,209	223,879	13,290	1,497,512	1,734,681
Non-Financial Assets					
Investment properties	7,762	–	–	14,283	14,283
Residual value of leased assets	1,135	–	–	1,001	1,001
	8,897	–	–	15,284	15,284
	₱1,722,106	₱223,879	₱13,290	₱1,512,796	₱1,749,965

(Forward)



	Consolidated				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Cross-currency swaps	₱3,772	₱–	₱3,772	₱–	₱3,772
Interest rate swaps	2,235	–	2,235	–	2,235
Currency forwards	1,401	–	1,401	–	1,401
Call option	12	–	12	–	12
Put option	6	–	6	–	6
Credit default swaps	1	–	1	–	1
Non-equity non-controlling interest	6,553	–	6,553	–	6,553
	₱13,980	₱–	₱13,980	₱–	₱13,980
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱592,897	₱–	₱–	₱594,991	₱594,991
LTNCD	43,740	35,122	9,042	–	44,164
	636,637	35,122	9,042	594,991	639,155
Bills payable and SSURA	238,281	–	–	243,017	243,017
Bonds payable	80,486	82,297	–	–	82,297
Subordinated debts	7,660	6,502	–	1,195	7,697
Other liabilities					
Deposits on lease contracts	1,725	–	–	1,440	1,440
Notes Payable	2,592	–	–	2,677	2,677
	₱967,381	₱123,921	₱9,042	₱843,320	₱976,283
2018					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
HFT investments					
Debt securities					
Private	₱9,257	₱9,257	₱–	₱–	₱9,257
Government	6,247	6,247	–	–	6,247
Treasury notes and bonds	4,285	4,285	–	–	4,285
Treasury bills	2,642	2,642	–	–	2,642
BSP	2	2	–	–	2
	22,433	22,433	–	–	22,433
Equity securities	6,605	6,605	–	–	6,605
Derivative assets					
Cross-currency swaps	8,222	–	8,222	–	8,222
Currency forwards	1,223	–	1,223	–	1,223
Interest rate swaps	1,205	–	1,205	–	1,205
Put option	1	–	1	–	1
	10,651	–	10,651	–	10,651
	39,689	29,038	10,651	–	39,689
Investment securities at FVOCI					
Debt securities					
Private	42,369	36,498	5,871	–	42,369
Treasury notes and bonds	40,786	40,786	–	–	40,786
Government	27,004	26,610	394	–	27,004
	110,159	103,894	6,265	–	110,159
Equity securities	1,129	945	184	–	1,129
	111,288	104,839	6,449	–	111,288
	₱150,977	₱133,877	₱17,100	₱–	₱150,977
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	₱237,464	₱202,537	₱–	₱–	₱202,537
Government	21,823	20,700	–	–	20,700
Private	6,040	5,654	–	–	5,654
Treasury bills	49	49	–	–	49
	265,376	228,940	–	–	228,940
Loans and receivables – net					
Receivables from customers					
Commercial loans	977,404	–	–	961,772	961,772
Auto loans	117,309	–	–	138,227	138,227
Residential mortgage loans	107,079	–	–	128,752	128,752
Trade loans	62,786	–	–	62,786	62,786

(Forward)



	Consolidated				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Credit card	P66,568	P-	P-	P66,569	P66,569
Others	39,446	-	-	40,122	40,122
	1,370,592	-	-	1,398,228	1,398,228
Unquoted debt securities	632	-	-	635	635
Sales contract receivable	156	-	-	196	196
	1,371,380	-	-	1,399,059	1,399,059
Other assets	207	-	-	315	315
	1,636,963	228,940	-	1,399,374	1,628,314
Non-Financial Assets					
Investment properties	7,500	-	-	14,224	14,224
Residual value of leased assets	1,130	-	-	1,006	1,006
	8,630	-	-	15,230	15,230
	P1,645,593	P228,940	P-	P1,414,604	P1,643,544
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Cross-currency swaps	P3,857	P-	P3,857	P-	P3,857
Currency forwards	1,388	-	1,388	-	1,388
Interest rate swaps	1,290	-	1,290	-	1,290
Put option	2	-	2	-	2
Non-equity non-controlling interest	6,747	-	6,747	-	6,747
	P13,284	P-	P13,284	P-	P13,284
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	P548,019	P-	P-	P548,680	P548,680
LTNCD	43,790	40,354	-	-	40,354
	591,809	40,354	-	548,680	589,034
Bills payable and SSURA	259,607	-	-	255,472	255,472
Bonds payable	30,743	28,023	-	2,944	30,967
Subordinated debts	26,618	22,047	-	3,356	25,403
Other liabilities					
Notes payable	2,600	-	-	2,575	2,575
Deposits on lease contracts	1,643	-	-	1,376	1,376
	P913,020	P90,424	P-	P814,403	P904,827
Parent Company					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
2019					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Private	P7,213	P7,213	P-	P-	P7,213
Government	12,838	12,838	-	-	12,838
Treasury notes and bonds	20,210	20,210	-	-	20,210
Treasury bills	761	761	-	-	761
BSP	2	2	-	-	2
	41,024	41,024	-	-	41,024
Equity securities	38	38	-	-	38
Derivative assets					
Cross-currency swaps	6,007	-	6,007	-	6,007
Currency forwards	1,755	-	1,755	-	1,755
Interest rate swaps	711	-	711	-	711
Put option	9	-	9	-	9
Call option	6	-	6	-	6
	8,488	-	8,488	-	8,488
	49,550	41,062	8,488	-	49,550
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	109,203	109,203	-	-	109,203
Private	26,324	25,766	558	-	26,324
Government	52,649	52,494	155	-	52,649
	188,176	187,463	713	-	188,176
Equity securities	500	439	61	-	500
	188,676	187,902	774	-	188,676
	P238,226	P228,964	P9,262	P-	P238,226



	Parent Company				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	₱208,514	₱193,267	₱–	₱–	₱193,267
Government	8,130	8,223	–	–	8,223
	216,644	201,490	–	–	201,490
Loans and receivables – net					
Receivables from customers					
Commercial loans	1,002,413	–	–	989,097	989,097
Auto loans	24,038	–	–	24,243	24,243
Residential mortgage loans	57,176	–	–	57,635	57,635
Trade loans	62,387	–	–	62,387	62,387
Others	14,505	–	–	14,505	14,505
	1,160,519	–	–	1,147,867	1,147,867
Sales contract receivable	100	–	–	100	100
	1,160,619	–	–	1,147,967	1,147,967
	1,377,263	201,490	–	1,147,967	1,349,457
Non-Financial Assets					
Investment properties	3,291	–	–	7,179	7,179
	₱1,380,554	₱201,490	₱–	₱1,155,146	₱1,356,636
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Cross-currency swaps	₱2,341	₱–	₱2,341	₱–	₱2,341
Currency forwards	1,401	–	1,401	–	1,401
Interest rate swaps	2,234	–	2,234	–	2,234
Credit default swaps	1	–	1	–	1
Call option	12	–	12	–	12
Put option	5	–	5	–	5
	₱5,994	₱–	₱5,994	₱–	₱5,994
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱461,713	₱–	₱–	₱461,713	₱461,713
LTNCD	35,330	26,536	9,042	–	35,578
	497,043	26,536	9,042	461,713	497,291
Bills payable and SSURA	139,072	–	–	139,223	139,223
Bonds payable	70,110	71,741	–	–	71,741
Subordinated debts	6,494	6,502	–	–	6,502
	₱712,719	₱104,779	₱9,042	₱600,936	₱714,757
2018					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
HFT investments					
Debt securities					
Private	₱8,571	₱8,571	₱–	₱–	₱8,571
Government	6,063	6,063	–	–	6,063
Treasury notes and bonds	3,394	3,394	–	–	3,394
Treasury bills	1,460	1,460	–	–	1,460
BSP	2	2	–	–	2
	19,490	19,490	–	–	19,490
Equity securities	38	38	–	–	38
Derivative assets					
Cross-currency swaps	8,222	–	8,222	–	8,222
Currency forwards	1,210	–	1,210	–	1,210
Interest rate swaps	1,205	–	1,205	–	1,205
Put option	1	–	1	–	1
	10,638	–	10,638	–	10,638
	30,166	19,528	10,638	–	30,166

(Forward)



	Parent Company				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	P37,377	P37,377	P—	P—	P37,377
Private	33,073	32,499	574	—	33,073
Government	21,221	21,058	163	—	21,221
	91,671	90,934	737	—	91,671
Equity securities	473	412	61	—	473
	92,144	91,346	798	—	92,144
	P122,310	P110,874	P11,436	P—	P122,310
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	P204,164	P173,943	P—	P—	P173,943
Government	8,443	8,162	—	—	8,162
	212,607	182,105	—	—	182,105
Loans and receivables - net					
Receivables from customers					
Commercial loans	940,127	—	—	922,105	922,105
Auto loans	29,444	—	—	29,522	29,522
Residential mortgage loans	57,500	—	—	57,860	57,860
Trade loans	62,722	—	—	62,722	62,722
Others	12,530	—	—	12,530	12,530
	1,102,323	—	—	1,084,739	1,084,739
Sales contract receivable	118	—	—	118	118
	1,102,441	—	—	1,084,857	1,084,857
	1,315,048	182,105	—	1,084,857	1,266,962
Non-Financial Assets					
Investment properties	2,825	—	—	6,194	6,194
	P1,317,873	P182,105	P—	P1,091,051	P1,273,156
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Cross-currency swaps	P3,505	P—	P3,505	P—	P3,505
Currency forwards	1,385	—	1,385	—	1,385
Interest rate swaps	1,290	—	1,290	—	1,290
Put option	2	—	2	—	2
	P6,182	P—	P6,182	P—	P6,182
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	P390,475	P—	P—	P390,475	P390,475
LTNCD	35,330	32,661	—	—	32,661
	425,805	32,661	—	390,475	423,136
Bills payable and SSURA	151,079	—	—	150,852	150,852
Bonds payable	27,826	28,023	—	—	28,023
Subordinated debts	22,471	22,047	—	—	22,047
	P627,181	P82,731	P—	P541,327	P624,058

When fair values of listed equity and debt securities, as well as publicly traded derivatives at the reporting date are based on quoted market prices or binding dealer price quotations, without any adjustments for transaction costs, the instruments are included within Level 1 of the hierarchy.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models. Instruments included in Level 3 include those for which there is currently no active market.

As of December 31, 2019, the fair value hierarchy of FVOCI debt and equity securities amounting to P1.4 billion and P1.2 million, respectively, were transferred from Level 1 to Level 2 due to absence of an active market.



6. Segment Information

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with segment representing a strategic business unit. Operating segments are reported in accordance with internal reporting to the Senior Management who is responsible for allocating resources to the segments and assessing its performance.

The Group's business segments follow:

- Consumer Banking - principally providing consumer type loans and support for effective sourcing and generation of consumer business;
- Corporate Banking - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Investment Banking - principally arranging structured financing, and providing services relating to privatizations, initial public offerings, mergers and acquisitions; and providing advisory services primarily aimed to create wealth to individuals and institutions;
- Treasury - principally providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and corporate banking;
- Branch Banking - principally handling branch deposits and providing loans and other loan related businesses for domestic middle market clients; and
- Others - principally handling other services including but not limited to remittances, leasing, account financing, and other support services. Other operations of the Group comprise the operations and financial control groups.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense. The Group has no significant customers which contributes 10.00% or more of the consolidated revenue net of interest expense. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate which approximates the cost of funds.

The following table presents revenue and income information of operating segments presented in accordance with PFRS and segment assets and liabilities:

	Consumer Banking	Corporate Banking	Investment Banking	Treasury	Branch Banking	Others	Total
2019							
Results of Operations							
Net interest income (expense)							
Third party	₱17,710	₱53,360	₱—	₱7,885	(₱5,702)	₱3,744	₱76,997
Intersegment	(663)	(41,061)	—	2,746	38,978	—	—
Net interest income after intersegment transactions	17,047	12,299	—	10,631	33,276	3,744	76,997
Non-interest income	6,476	2,042	441	7,983	5,116	6,996	29,054
Revenue - net of interest expense	23,523	14,341	441	18,614	38,392	10,740	106,051
Non-interest expense	15,359	6,977	49	2,519	22,747	20,333	67,984

(Forward)



	Consumer Banking	Corporate Banking	Investment Banking	Treasury	Branch Banking	Others	Total
Income (loss) before share in net income of subsidiaries, associates and a JV	₱8,164	₱7,364	₱392	₱16,095	₱15,645	(₱9,593)	₱38,067
Share in net income of subsidiaries, associates and a JV	—	106	—	—	—	762	868
Provision for income tax	(2,178)	(471)	—	(3,344)	(137)	(3,931)	(10,061)
Non-controlling interest in net income of consolidated subsidiaries	—	—	—	—	—	(819)	(819)
Net income (loss)	₱5,986	₱6,999	₱392	₱12,751	₱15,508	(₱13,581)	₱28,055
Statement of Financial Position							
Total assets	₱119,984	₱1,199,477	₱—	₱624,354	₱162,413	₱344,585	₱2,450,813
Total liabilities	₱76,840	₱1,039,196	₱—	₱633,147	₱266,212	₱116,927	₱2,132,322
Other Segment Information							
Capital expenditures	₱649	₱538	₱—	₱95	₱35	₱3,455	₱4,772
Depreciation and amortization	₱623	₱175	₱—	₱70	₱2,451	₱2,219	₱5,538
Provision for credit and impairment losses	₱6,853	₱1,766	₱—	₱—	₱350	₱1,109	₱10,078
2018							
Results of Operations							
Net interest income (expense)							
Third party	₱17,881	₱40,602	₱—	₱9,444	(₱1,997)	₱2,892	₱68,822
Intersegment	(476)	(30,190)	—	1,761	27,639	1,266	—
Net interest income after intersegment transactions	17,405	10,412	—	11,205	25,642	4,158	68,822
Non-interest income	6,892	1,078	347	1,748	4,771	8,074	22,910
Revenue - net of interest expense	24,297	11,490	347	12,953	30,413	12,232	91,732
Non-interest expense	14,523	4,877	26	2,418	23,203	16,379	61,426
Income (loss) before share in net income of subsidiaries, associates and a JV	9,774	6,613	321	10,535	7,210	(4,147)	30,306
Share in net income of subsidiaries, associates and a JV	—	77	—	—	—	797	874
Provision for income tax	(2,212)	(455)	—	(2,637)	(88)	(2,353)	(7,745)
Non-controlling interest in net income of consolidated subsidiaries	—	—	—	—	—	(1,427)	(1,427)
Net income (loss)	₱7,562	₱6,235	₱321	₱7,898	₱7,122	(₱7,130)	₱22,008
Statement of Financial Position							
Total assets	₱221,884	₱1,043,630	₱—	₱464,751	₱153,913	₱359,515	₱2,243,693
Total liabilities	₱75,848	₱999,803	₱—	₱488,041	₱259,621	₱129,676	₱1,952,989
Other Segment Information							
Capital expenditures	₱488	₱62	₱—	₱108	₱60	₱2,807	₱3,525
Depreciation and amortization	₱586	₱130	₱—	₱28	₱1,557	₱1,783	₱4,084
Provision for credit and impairment losses	₱6,607	₱669	₱—	₱126	₱172	₱196	₱7,770
2017							
Results of Operations							
Net interest income (expense)							
Third party	₱15,528	₱29,594	₱—	₱10,900	₱2,491	₱2,893	₱61,406
Intersegment	(267)	(11,914)	—	(1,240)	16,036	(2,615)	—
Net interest income after intersegment transactions	15,261	17,680	—	9,660	18,527	278	61,406
Non-interest income	6,827	871	307	2,252	3,935	7,955	22,147
Revenue - net of interest expense	22,088	18,551	307	11,912	22,462	8,233	83,553
Non-interest expense	12,784	5,521	28	1,587	20,818	14,244	54,982
Income (loss) before share in net income of subsidiaries, associates and a JV	9,304	13,030	279	10,325	1,644	(6,011)	28,571
Share in net income of subsidiaries, associates and a JV	—	72	—	—	—	617	689
Provision for income tax	(2,192)	(306)	—	(2,686)	(6)	(2,800)	(7,990)
Non-controlling interest in net income of consolidated subsidiaries	—	—	—	—	—	(3,047)	(3,047)
Net income (loss)	₱7,112	₱12,796	₱279	₱7,639	₱1,638	(₱11,241)	₱18,223
Statement of Financial Position							
Total assets	₱199,070	₱948,654	₱—	₱428,021	₱146,941	₱357,606	₱2,080,292
Total liabilities	₱73,918	₱915,469	₱—	₱462,108	₱241,208	₱183,499	₱1,876,202
Other Segment Information							
Capital expenditures	₱884	₱91	₱—	₱130	₱110	₱3,319	₱4,534
Depreciation and amortization	₱583	₱137	₱—	₱19	₱1,271	₱2,008	₱4,018
Provision for credit and impairment losses	₱5,667	₱1,882	₱—	(₱426)	₱202	₱182	₱7,507



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

Geographical Information

The Group operates in four geographic markets: Philippines, Asia other than Philippines, USA and Europe (Note 2).

The following tables show the distribution of Group's external net operating income and non-current assets allocated based on the location of the customers and assets, respectively, for the years ended December 31:

	Philippines	Asia (Other than Philippines)	USA	Europe	Total
2019					
Interest income	₱113,173	₱2,966	₱44	₱–	₱116,183
Interest expense	37,882	1,291	13	–	39,186
Net interest income	75,291	1,675	31	–	76,997
Non-interest income	27,493	1,108	406	47	29,054
Provision for credit and impairment losses	9,871	207	–	–	10,078
Total external net operating income	₱92,913	₱2,576	₱437	₱47	₱95,973
Non-current assets	₱32,636	₱672	₱16	₱4	₱33,328
2018					
Interest income	₱94,670	₱2,461	₱55	₱–	₱97,186
Interest expense	27,269	1,075	20	–	28,364
Net interest income	67,401	1,386	35	–	68,822
Non-interest income	21,189	1,065	602	54	22,910
Provision for credit and impairment losses	7,576	194	–	–	7,770
Total external net operating income	₱81,014	₱2,257	₱637	₱54	₱83,962
Non-current assets	₱31,635	₱653	₱15	₱5	₱32,308
2017					
Interest income	₱78,302	₱1,980	₱40	₱–	₱80,322
Interest expense	18,079	827	10	–	18,916
Net interest income	60,223	1,153	30	–	61,406
Non-interest income	20,768	819	505	55	22,147
Provision for credit and impairment losses	7,388	119	–	–	7,507
Total external net operating income	₱73,603	₱1,853	₱535	₱55	₱76,046
Non-current assets	₱32,233	₱652	₱10	₱5	₱32,900

Non-current assets consist of property and equipment, investment properties, chattel properties acquired in foreclosure, software costs and assets held under joint operations.

7. Interbank Loans Receivable and Securities Purchased Under Resale Agreements

This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Interbank loans receivable - net (Note 31)	₱32,488	₱42,652	₱19,231	₱24,712
SPURA	39,686	8,067	36,921	–
	₱72,174	₱50,719	₱56,152	₱24,712



As of December 31, 2019 and 2018, the allowance for credit losses for interbank loans receivable of the Parent Company amounted to ₱0.7 million and ₱11.7 million, respectively (Note 15).

In 2019, 2018 and 2017, the interest rates of the interbank loans receivables ranged from 0.00% to 4.60%, 0.00% to 5.40%, and 0.00% to 5.90%, respectively, for the Group and 0.00% to 4.00%, 0.00% to 3.54%, and 0.00% to 3.50%, respectively, for the Parent Company.

8. Trading and Investment Securities

This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Investment securities at:				
FVTPL	₱61,867	₱39,689	₱49,550	₱30,166
FVOCI (Note 29)	202,520	111,288	188,676	92,144
Amortized cost (Note 29)	251,628	265,376	216,644	212,607
	₱516,015	₱416,353	₱454,870	₱334,917

Investment securities at FVTPL consist of the following:

	Consolidated		Parent Company	
	2019	2018	2019	2018
HFT investments				
Debt securities				
Treasury notes and bonds	₱24,145	₱4,285	₱20,210	₱3,394
Government	13,048	6,247	12,838	6,063
Private	7,935	9,257	7,213	8,571
Treasury bills	1,662	2,642	761	1,460
BSP	2	2	2	2
	46,792	22,433	41,024	19,490
Equity securities	6,585	6,605	38	38
	53,377	29,038	41,062	19,528
Derivative assets	8,490	10,651	8,488	10,638
	₱61,867	₱39,689	₱49,550	₱30,166

The following are the fair values of the Parent Company's derivative financial instruments recorded as 'Derivative assets/liabilities', together with the notional amounts. The notional amount is the amount or quantity of a derivative's underlying asset, and is the basis upon which changes in the value are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2019 and 2018 and are not indicative of either market risk or credit risk.

	Derivative Assets	Derivative Liabilities	Notional Amount	Average Forward Rate (in every USD 1)
December 31, 2019				
Freestanding derivatives:				
Currency forwards				
BOUGHT:				
USD	₱13	₱992	USD 1,932	₱51.2254
CNY	24	81	CNY 1,010	CNY 0.1435
EUR	1	94	EUR 57	EUR 1.1493
THB	1	—	THB 113	THB 0.0330
TWD	—	77	TWD 2,591	TWD 0.0328
JPY	—	57	JPY 9,049	JPY 0.0093
HKD	22	4	HKD 2,341	HKD 0.1281

(Forward)



	Derivative Assets	Derivative Liabilities	Notional Amount	Average Forward Rate (in every USD 1)
SOLD:				
USD	₱1,550	₱1	USD 1,911	₱51.6015
CNY	42	51	CNY 2,028	CNY 0.1426
JPY	59	1	JPY 9,287	JPY 0.0093
EUR	40	4	EUR 66	EUR 1.1283
MXN	—	0	MXN 1	MXN 0.0526
THB	0	2	THB 189	THB 0.0330
CHF	—	1	CHF 13	CHF 1.0207
NZD	—	1	NZD 2	NZD 0.6605
HKD	3	33	HKD 2,405	HKD 0.1281
SGD	—	2	SGD 48	SGD 0.7381
TRY	—	0	TRY 1	TRY 0.1681
DKK	—	0	DKK 2	DKK 0.1490
Interest rate swaps - PHP	329	157	₱24,258	
Interest rate swaps - FX	382	2,077	USD 2,091	
Cross-currency swaps - PHP	3,559	119	₱61,247	
Cross-currency swaps - FX	2,422	1,907	USD 1,728	
Cross-currency swaps - EUR	25	276	EUR 75	
Cross-currency swaps - JPY	1	39	JPY 1,500	
Credit default swaps - USD	—	1	USD 1	
Over-the-counter FX options	15	17	USD 436	
	₱8,488	₱5,994		
December 31, 2018				
Freestanding derivatives:				
Currency forwards				
BOUGHT:				
USD	₱68	₱1,152	USD 1,774	₱53.1275
CNY	—	28	CNY 515	CNY 0.1463
EUR	—	1	EUR 1	EUR 1.1746
THB	0	—	THB 5	THB 0.0307
TWD	4	7	TWD 67	TWD 436.96
SOLD:				
USD	1,009	133	USD 1,357	₱53.5023
CNY	110	11	CNY 871	CNY 0.1475
JPY	2	47	JPY 6,779	JPY 0.0195
EUR	6	—	EUR 2	EUR 49.1943
MXN	—	0	MXN 1	MXN 0.0487
THB	0	1	THB 60	THB 0.0306
CHF	—	3	CHF 7	CHF 1.0057
AUD	10	0	AUD 16	AUD 0.7168
HKD	1	0	HKD 40	HKD 0.1280
SGD	—	2	SGD 18	SGD 0.7292
TRY	—	0	TRY 1	TRY 0.1699
DKK	—	0	DKK 2	DKK 0.1530
Interest rate swaps - PHP	320	667	₱27,375	
Interest rate swaps - FX	885	623	USD 1,936	
Cross-currency swaps - PHP	159	3,396	₱46,245	
Cross-currency swaps - FX	7,577	109	USD 1,458	
Cross-currency swaps - EUR	486	0	EUR 57	
Cross-currency swaps - JPY	0	—	JPY 10	
Credit default swaps - USD	0	—	USD 1	
Over-the-counter FX options	1	2	USD 41	
	₱10,638	₱6,182		

As of December 31, 2019 and 2018, the Group's derivative assets include currency forwards and FX options entered into by the subsidiaries amounting to ₱1.5 million and ₱13.0 million, respectively. As of December 31, 2019 and 2018, the Group's derivative liabilities include currency forwards, cross-currency swaps and FX options entered into by the subsidiaries amounting to ₱1.4 billion and ₱354.4 million, respectively.



Investment securities at FVOCI as of December 31, 2019 and 2018 consist of the following:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Debt securities				
Treasury notes and bonds (Note 17)	₱111,791	₱40,786	₱109,203	₱37,377
Government (Note 17)	52,870	27,004	52,649	21,221
Private	36,199	42,369	26,324	33,073
	200,860	110,159	188,176	91,671
Equity securities	1,660	1,129	500	473
	₱202,520	₱111,288	₱188,676	₱92,144

The equity securities are irrevocably designated at FVOCI as these are held for long term-strategic purpose rather than for trading. These equity securities include golf club shares and non-marketable equity securities. As part of its risk management, the Group disposed equity securities at FVOCI with total carrying value of ₱771.4 million and recognized a loss on disposal charged against ‘Surplus’ of ₱121.8 million in 2018.

Outstanding equity securities at FVOCI as of December 31, 2019 and 2018 generated dividends amounting to ₱40.0 million and ₱126.5 million, respectively for the Group and ₱11.3 million and ₱23.1 million, respectively, for the Parent Company. No dividends were recognized in 2019 and 2018 for the disposed equity securities at FVOCI.

As of December 31, 2019 and 2018, the ECL on debt securities at FVOCI (included in ‘Net unrealized loss on investment securities at FVOCI’) amounted to ₱148.3 million and ₱247.7 million respectively, for the Group and ₱144.9 million and ₱244.3 million, respectively, for the Parent Company (Note 15).

As of December 31, 2019 and 2018, investment securities at FVOCI include floating and fixed rate private notes with total carrying value of USD11.02 million and USD10.9 million, respectively (with peso equivalent of ₱558.2 million and ₱573.9 million, respectively) which are pledged by the Parent Company’s New York Branch in compliance with the regulatory requirements of the Federal Deposit Insurance Corporation and the Office of the Controller of the Currency in New York.

As of December 31, 2018, investment securities at FVOCI also include US treasury notes with carrying value of USD1.0 million (with peso equivalent of ₱52.6 million) which are pledged by MR USA to the State Treasury Office pursuant to the California Financial Code and in accordance with the requirements of the California Department of Business Oversight relative to its license as a transmitter of money (Note 11). In 2019, upon the merger of MR USA with MRCI, the former is no longer required to pledge securities to the State Treasury Office due to change in its business type (i.e., from money remittance to holding company).

The movements in net unrealized gains/(losses), including share in net unrealized gains/(losses) of subsidiaries (Note 11), presented under ‘Equity’ in the statements of financial position are as follows:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Balance at beginning of the year	(₱3,134)	(₱463)	(₱2,994)	(₱445)
Unrealized gains/(loss) recognized in OCI*	10,201	(2,468)	9,495	(2,294)
Amounts realized in surplus	(19)	122	(19)	122
Amounts realized in profit or loss	(4,403)	115	(3,788)	24
	2,645	(2,694)	2,694	(2,593)
Tax (Note 28)	(70)	(440)	(65)	(401)
Balance at end of the year	₱2,575**	(₱3,134)**	₱2,629	(₱2,994)

* Includes impact of ECL (Note 15)

** Includes share of non-controlling interest in unrealized losses amounting to ₱54.0 million and ₱139.4 million as of December 31, 2019 and 2018, respectively.



Investment securities at amortized cost as of December 31, 2019 and 2018 consist of the following:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Treasury notes and bonds (Note 17)	₱227,442	₱237,476	₱208,514	₱204,176
Government (Notes 17 and 19)	20,232	21,859	8,130	8,479
Private	3,880	6,040	–	–
Treasury bills	100	49	–	–
	251,654	265,424	216,644	212,655
Less allowance for credit losses (Note 15)	26	48	–	48
	₱251,628	₱265,376	₱216,644	₱212,607

In August 2019, the BOD of FMIC approved the disposal of its debt securities portfolio at amortized cost with total face value of ₱15.1 billion and the abandonment of the related Hold-to-Collect (HTC) business models due to external changes that are significant to its operations. Of the ₱15.1 billion disposal, the Parent Company purchased ₱6.6 billion and subsequently sold securities totaling ₱4.1 billion. In 2019, the Group and the Parent Company recognized trading gains (included in ‘Trading and securities gain (loss) – net’) of ₱172.8 million and ₱32.1 million, respectively. As of December 31, 2019, the outstanding balance of these securities in the Parent Company books amounted to ₱124.5 million (classified as ‘Investment Securities at FVTPL’) and ₱2.4 billion (classified as ‘Investment Securities at Amortized Cost’) (Note 31).

Interest income on investment securities at FVOCI/AFS investments and at amortized cost consists of:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Investment securities at amortized cost	₱11,035	₱11,147	₱–	₱9,105	₱8,916	₱–
Investment securities at FVOCI/ AFS investments	5,538	3,463	13,480	4,673	2,676	10,655
	₱16,573	₱14,610	₱13,480	₱13,778	₱11,592	₱10,655

In 2019, 2018 and 2017, foreign currency-denominated trading and investment securities bear nominal annual interest rates ranging from 0.10% to 10.63%, 0.10% to 11.63% and 0.10% to 11.63%, respectively, for the Group and the Parent Company while peso-denominated trading and investment securities bear nominal annual interest rates ranging from 3.25% to 18.25%, 2.13% to 18.25% and 1.63% to 15.00%, respectively, for the Group and from 3.25% to 18.25%, 3.25% to 18.25% and 1.63% to 15.00%, respectively, for the Parent Company.

Trading and securities gain (loss) - net consists of:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Investment securities at FVTPL	₱3,362	(₱1,668)	₱1,915	₱2,774	(₱570)	₱73
Derivative assets/liabilities - net	(2,213)	3,639	(1,706)	(2,210)	3,635	(1,706)
Debt securities at FVOCI/AFS investments	4,403	(115)	641	3,788	(24)	554
Investment securities at amortized cost	150	–	–	–	–	–
	5,702	1,856	850	₱4,352	₱3,041	(₱1,079)
Income (loss) attributable to non-equity non-controlling interests (Note 21)	(230)	685	(1,252)			
	₱5,472	₱2,541	(₱402)			

Trading gains (losses) on debt securities at FVOCI/AFS investments represent realized gains/losses previously reported in OCI.



9. Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Receivables from customers (Note 31)				
Commercial loans	₱1,063,146	₱987,186	₱1,012,387	₱947,916
Auto loans	118,409	119,972	24,182	29,681
Residential mortgage loans	109,999	107,947	57,520	57,974
Credit card	86,785	70,487	–	–
Trade loans	63,360	63,126	62,655	63,062
Others	43,937	44,362	14,542	12,571
	1,485,636	1,393,080	1,171,286	1,111,204
Less unearned discounts and capitalized interest	5,149	4,859	238	266
	1,480,487	1,388,221	1,171,048	1,110,938
Accrued interest receivable (Note 31)	13,105	10,667	10,503	7,987
Accounts receivable (Notes 30 and 31)	12,707	13,291	8,972	9,611
Unquoted debt securities - private	1,016	1,018	386	386
Sales contract receivable	145	190	102	119
Other receivables	331	335	12	13
	1,507,791	1,413,722	1,191,023	1,129,054
Less allowance for credit losses (Note 15)	24,223	22,688	13,922	12,797
	₱1,483,568	₱1,391,034	₱1,177,101	₱1,116,257

Receivables from customers consist of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Loans and discounts	₱1,409,451	₱1,319,442	₱1,095,627	₱1,037,424
Less unearned discounts and capitalized interest	5,149	4,859	238	266
	1,404,302	1,314,583	1,095,389	1,037,158
Customers' liabilities under letters of credit (LC)/trust receipts	62,016	61,590	61,454	61,526
Bills purchased (Note 21)	14,169	12,048	14,205	12,254
	₱1,480,487	₱1,388,221	₱1,171,048	₱1,110,938

Receivables from customers - others of the Group include notes receivables financed and lease contract receivables amounting to ₱24.3 billion and ₱1.5 billion, respectively, as of December 31, 2019 and ₱6.8 billion and ₱6.1 billion, respectively, as of December 31, 2018 (Note 13).

Interest income on loans and receivables consists of:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Receivables from customers (Note 31)	₱72,697	₱60,071	₱47,403	₱56,345	₱44,980	₱34,014
Receivables from cardholders	15,161	13,527	11,550	–	–	–
Lease contract receivables	4,680	4,162	3,299	–	–	–
Customers' liabilities under LC/trust receipts	3,073	1,711	979	3,073	1,711	979
Others	236	188	160	185	169	79
	₱95,847	₱79,659	₱63,391	₱59,603	₱46,860	₱35,072



As of December 31, 2019 and 2018, 82.47% and 83.21%, respectively, of the total receivables from customers of the Group, and 99.92% and 99.91%, respectively, of the total receivables from customers of the Parent Company are subject to periodic interest repricing. In 2019 and 2018, the remaining peso receivables from customers earn annual fixed interest rates ranging from 4.70% to 45.00% and from 4.70% to 42.00%, while foreign currency-denominated receivables from customers earn annual fixed interest rates ranging from 1.32% to 45.00% and from 2.10% to 36.00%, respectively.

BSP Reporting

The following table shows information relating to receivables from customers by collateral, gross of unearned discounts and capitalized interest:

	Consolidated				Parent Company			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Secured by:								
Other securities	₱294,368	19.81	₱286,705	20.58	₱294,362	25.13	₱286,693	25.80
Chattel	159,754	10.75	157,259	11.29	26,950	2.30	28,801	2.59
Real estate	112,107	7.55	110,901	7.96	74,718	6.38	74,860	6.74
Deposit hold-out	31,054	2.09	19,096	1.37	30,004	2.56	18,181	1.64
Equity securities	27,705	1.87	18,525	1.33	11,996	1.02	5,161	0.46
Others	27,366	1.84	18,420	1.32	5,114	0.44	6,450	0.58
	652,354	43.91	610,906	43.85	443,144	37.83	420,146	37.81
Unsecured	833,282	56.09	782,174	56.15	728,142	62.17	691,058	62.19
	₱1,485,636	100.00	₱1,393,080	100.00	₱1,171,286	100.00	₱1,111,204	100.00

Information on the concentration of credit as to industry of receivables from customers, gross of unearned discount and capitalized interest, follows:

	Consolidated				Parent Company			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Wholesale and retail trade, repair of motor vehicles, motorcycles	₱245,670	16.54	₱242,426	17.40	₱215,281	18.38	₱215,353	19.38
Real estate activities	231,358	15.57	209,610	15.05	181,388	15.49	163,386	14.70
Manufacturing	217,654	14.65	215,125	15.44	209,813	17.91	212,451	19.12
Activities of households as employers and undifferentiated goods and services - producing activities of households for own use	164,684	11.09	153,597	11.03	77,456	6.61	82,678	7.44
Financial and insurance activities	149,670	10.07	106,338	7.63	158,407	13.53	117,435	10.57
Transportation and storage, information and communication	104,283	7.02	106,139	7.62	96,078	8.20	98,405	8.86
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	99,422	6.69	98,857	7.10	93,787	8.01	96,149	8.65
Construction	65,327	4.40	58,405	4.19	49,990	4.27	44,100	3.97
Agricultural, forestry and fishing	41,437	2.79	34,714	2.49	37,294	3.18	29,688	2.67
Accommodation and food service activities	35,105	2.36	32,005	2.30	34,773	2.97	31,657	2.85
Others	131,026	8.82	135,864	9.75	17,019	1.45	19,902	1.79
	₱1,485,636	100.00	₱1,393,080	100.00	₱1,171,286	100.00	₱1,111,204	100.00

The BSP considers that concentration of credit exists when total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio except for thrift banks.



Non-performing loans (NPLs) included in the total loan portfolio of the Group and the Parent Company, as reported to the BSP, are presented below:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Gross NPLs	₱19,277	₱16,866	₱10,209	₱8,041
Less allowance for credit losses	11,019	8,530	8,236	6,026
Net carrying amount	₱8,258	₱8,336	₱1,973	₱2,015

Under banking regulations, loan accounts shall be considered non-performing, even without any missed contractual payments, when they are considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal or interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Moreover, NPLs shall remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off. Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after they have become past due.

10. Property and Equipment

The composition and movements in the account follow:

	Consolidated					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	BUC	ROU Assets
2019						
Cost						
Balance at beginning of year	₱5,824	₱14,952	₱17,542	₱4,588	₱261	₱4,162
Additions	—	47	2,851	128	696	679
Disposals/early termination	—	(4)	(2,132)	(28)	—	(34)
Reclassification/others	(22)	400	(25)	42	(638)	9
Balance at end of year	5,802	15,395	18,236	4,730	319	4,816
Accumulated depreciation and amortization						
Balance at beginning of year	—	5,820	12,039	3,346	—	—
Depreciation and amortization	—	604	2,166	382	—	1,301
Disposals/early termination	—	(4)	(1,864)	(24)	—	(25)
Reclassification/others	—	(13)	(15)	(137)	—	14
Balance at end of year	—	6,407	12,326	3,567	—	1,290
Allowance for impairment losses	—	8	—	—	—	—
Net book value at end of year	₱5,802	₱8,980	₱5,910	₱1,163	₱319	₱3,526
2018						
Cost						
Balance at beginning of year	₱5,908	₱9,647	₱20,817	₱4,309	₱4,846	₱—
Additions	—	20	1,862	147	860	—
Disposals	(84)	—	(5,166)	(11)	—	—
Reclassification/others	—	5,285	29	143	(5,445)	—
Balance at end of year	5,824	14,952	17,542	4,588	261	—

(Forward)



Consolidated							
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	BUC	ROU Assets	Total
Accumulated depreciation and amortization							
Balance at beginning of year	P=	P5,264	P14,867	P3,010	P=	P=	P23,141
Depreciation and amortization	—	530	2,244	383	—	—	3,157
Disposals	—	—	(5,082)	(11)	—	—	(5,093)
Reclassification/others	—	26	10	(36)	—	—	—
Balance at end of year	—	5,820	12,039	3,346	—	—	21,205
Allowance for impairment losses							
Balance at beginning of year	—	24	—	—	—	—	24
Reclassification/others	—	(16)	—	—	—	—	(16)
Balance at end of year	—	8	—	—	—	—	8
Net book value at end of year	P5,824	P9,124	P5,503	P1,242	P261	P=	P21,954

Parent Company							
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	BUC	ROU Assets	Total
2019							
Cost							
Balance at beginning of year	P4,381	P13,238	P7,334	P2,776	P261	P2,225	P30,215
Additions	—	1	1,294	8	696	338	2,337
Disposals/early termination	—	—	(852)	(1)	—	—	(853)
Reclassification/others	—	440	(1)	170	(638)	14	(15)
Balance at end of year	4,381	13,679	7,775	2,953	319	2,577	31,684
Accumulated depreciation and amortization							
Balance at beginning of year	—	5,072	5,367	1,911	—	—	12,350
Depreciation and amortization	—	547	824	220	—	687	2,278
Disposals	—	—	(821)	(1)	—	—	(822)
Reclassification/others	—	4	3	(9)	—	15	13
Balance at end of year	—	5,623	5,373	2,121	—	702	13,819
Allowance for impairment losses	—	8	—	—	—	—	8
Net book value at end of year	P4,381	P8,048	P2,402	P832	P319	P1,875	P17,857
2018							
Cost							
Balance at beginning of year	P4,465	P7,955	P10,855	P2,627	P4,846	P=	P30,748
Additions	—	—	609	4	860	—	1,473
Disposals	(84)	—	(4,162)	(1)	—	—	(4,247)
Reclassification/others	—	5,283	32	146	(5,445)	—	16
Balance at end of year	4,381	13,238	7,334	2,776	261	—	27,990
Accumulated depreciation and amortization							
Balance at beginning of year	—	4,579	8,662	1,726	—	—	14,967
Depreciation and amortization	—	470	813	223	—	—	1,506
Disposals	—	—	(4,126)	(1)	—	—	(4,127)
Reclassification/others	—	23	18	(37)	—	—	4
Balance at end of year	—	5,072	5,367	1,911	—	—	12,350
Allowance for impairment losses							
Balance at beginning of year	—	24	—	—	—	—	24
Reclassification/others	—	(16)	—	—	—	—	(16)
Balance at end of year	—	8	—	—	—	—	8
Net book value at end of year	P4,381	P8,158	P1,967	P865	P261	P=	P15,632

As of December 31, 2019 and 2018, the cost of fully depreciated property and equipment still in use amounted to P6.2 billion and P4.7 billion, respectively, for the Group and P2.4 billion and P2.2 billion, respectively, for the Parent Company.



11. Investments in Subsidiaries, Associates and a Joint Venture

Investments in subsidiaries consist of:

	2019	2018
Acquisition cost		
MCC	₱15,149	₱15,149
PSBank	13,076	5,237
FMIC	11,751	11,751
MBCL	10,079	10,079
Circa	837	837
MR USA	365	365
ORIX Metro	265	265
MR Japan	102	102
MR UK	31	31
MRHL	26	26
MRSPL	17	17
Others	291	291
	51,989	44,150
Accumulated equity in net income		
Balance at beginning of year	36,457	30,967
Share in net income	8,892	7,928
Dividends	(1,073)	(2,438)
Balance at end of year	44,276	36,457
Equity in net unrealized loss on investment securities at FVOCI	(537)	(1,074)
Equity in net unrealized gain on remeasurement of retirement plan and translation adjustment and others	98	1,777
Excess of share in net losses of subsidiaries over cost included in 'Miscellaneous liabilities' (Note 21)	35	100
Equity in realized loss on sale of equity securities at FVOCI	(122)	(122)
Carrying value		
MCC	29,233	24,586
FMIC	19,647	19,312
MBCL	12,051	12,488
PSBank	30,294	20,467
Circa	250	241
ORIX Metro	3,529	3,294
MR USA	49	122
MR Japan	74	73
MR UK	49	52
MRHL	142	156
MRSPL	154	158
Others	267	339
	₱95,739	₱81,288



The following subsidiaries have material non-controlling interests as of December 31, 2019 and 2018:

	Country of Incorporation and Principal Place of Business	Principal Activities	Effective Ownership of Non-Controlling Interest	
			2019	2018
ORIX Metro	Philippines	Leasing, Financing	40.15%	40.15%
PSBank	Philippines	Banking	11.62%	17.32%

The following table presents financial information of subsidiaries with material non-controlling interests as of December 31, 2019 and 2018.

	2019		2018	
	PSBank	ORIX Metro	PSBank	ORIX Metro
Statement of Financial Position				
Total assets	₱224,907	₱52,821	₱237,894	₱55,627
Total liabilities	190,450	43,998	213,597	47,392
Non-controlling interest	5,187	3,562	4,240	3,319
Statement of Income				
Gross income	20,656	7,745	19,241	7,095
Operating income	14,602	5,248	14,199	5,121
Net income	3,028	1,147	2,652	1,230
Net income attributable to non-controlling interest	352	460	459	738
Total comprehensive income	3,401	710	2,271	1,304
Statement of Cash Flows				
Net cash provided by (used in) operating activities	(35,641)	3,320	223	(16,755)
Net cash provided by (used in) investing activities	12,614	(791)	287	(960)
Net cash provided by (used in) financing activities	10,752	(2,662)	787	16,894
Net increase (decrease) in cash and cash equivalents	(12,275)	(133)	1,297	(821)
Cash and cash equivalents at beginning of year	22,510	6,279	21,213	7,100
Cash and cash equivalents at end of year	10,235	6,146	22,510	6,279

Investment in PSBank

On January 11, 2019, PSBank concluded its ₱8.0 billion SRO, involving 142,856,925 common shares priced at ₱56.0 per share and listed at the PSE on January 18, 2019. This was approved by the BOD of PSBank on October 15, 2018 and noted by the BSP on October 19, 2018. The Parent Company exercised its rights to purchase thus increasing its ownership in PSBank to 88.38% (Note 2).

Investment in MCC

On October 18, 2017, with the approval of the Parent Company's BOD, the Parent Company has entered into an agreement with its JV partner ANZ Funds Pty. Ltd. (ANZ) to:

- Purchase 20% of MCC for a consideration of ₱7.4 billion upon the approval of the BSP of the transaction, and
- Grant ANZ the option to sell the remaining 20% of MCC to the Parent Company at the same consideration of ₱7.4 billion ("Put Option") which can be exercised at any time within the period beginning July 10, 2018 until September 2018 ("Option Exercise Period"). If in the ordinary course of business, MCC pays dividend to the stockholders during the Option Exercise Period, ANZ will exercise the Put Option by serving an exercise notice ("Exercise Notice") to the Parent Company within ten (10) banking days of receiving that dividend ("Dividend Exercise Period"). If ANZ fails to serve an Exercise Notice by the end of the Dividend Exercise Period, the Put Option is deemed exercised by ANZ on the end of the Dividend Exercise Period.

On December 28, 2017, the BSP approved the acquisition of 40% of MCC. With this BSP approval, the purchase of the 20% stake in MCC is deemed completed for accounting purposes in the financial statements as of December 31, 2017 and the acquisition was completed on January 8, 2018 ("first tranche") while the remaining 20% was completed on September 4, 2018 ("second tranche"). In the consolidated financial statements, the Group recognized equity reserves (included in 'Translation



adjustment and others') for the difference between the acquisition price and the acquired non-controlling interest amounting to ₱4.7 billion (for the first tranche) and ₱5.1 billion (for the second tranche).

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

Investment in MR USA

On August 17, 2017, the New York State Department of Financial Services has approved the merger of MR USA and Metro Remittance Center, Inc. (MRCI) with MR USA being the surviving entity. The merger, as agreed upon by both parties, took effect on December 31, 2017, MRCI's two wholly-owned subsidiaries, Metro Remittance (Canada), Inc. and MB Remittance Center Hawaii, Ltd. became subsidiaries of MR USA. On August 1, 2019, the BOD of MR USA approved the reclassification of the business type of MR USA from a Money Transmission Business to a Holding Company.

Investment in Metrobank Bahamas

On April 17, 2018, Metrobank Bahamas has advised The Central Bank of The Bahamas (CBTB) of its intention to discontinue its operations effective June 30, 2018. On October 11 and October 12, 2018, it has surrendered its securities and banking licenses, respectively, to CBTB and has been placed into a voluntary liquidation. On June 30, 2019, the Register General's Department advised that the Metrobank Bahamas has been removed from the Register of Companies as of April 8, 2019.

As of December 31, 2019 and 2018, the carrying amount of goodwill of the Group amounted to ₱5.2 billion, of which ₱5.0 billion pertains to the goodwill arising from the acquisition of the then Solidbank Corporation which was merged with FMIC.

Investments in associates and a JV consist of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Acquisition cost:				
Lepanto Consolidated Mining Company (LCMC) (13.45% effectively owned)	₱2,527	₱2,527		
SMFC (30% effectively owned)*	610	610		
Northpine Land, Inc. (NLI) (20.00% owned)	232	232	₱232	₱232
Taal Land Inc. (TLI) (35.00% owned)	178	178	178	178
Cathay International Resources Corporation (CIRC) (34.74% effectively owned)	175	175		
Philippine AXA Life Insurance Corporation (PALIC) (28.18% owned)	172	172		
SMBC Metro Investment Corporation (SMBC Metro) (30.00% owned)	180	180	180	180
Others	42	33		
	4,116	4,107	590	590
Accumulated equity in net income:				
Balance at beginning of year	2,122	1,710	159	130
Share in net income	868	874	46	39
Dividends	(169)	(462)	—	(10)
Balance at end of year	2,821	2,122	205	159
Equity in other comprehensive income (losses)	348	(27)	2	—
Return of investment - SMBC Metro	(180)	(180)	(180)	(180)
Allowance for impairment losses (Note 15)	(514)	(75)	(75)	(75)

(Forward)



	Consolidated		Parent Company	
	2019	2018	2019	2018
Carrying value				
LCMC	₱1,546	₱2,107		
SMFC	756	685		
NLI	474	429	₱474	₱429
TLI	21	16	21	16
CIRC	177	199		
PALIC	3,535	2,419		
SMBC Metro	47	49	47	49
Others	35	43		
	₱6,591	₱5,947	₱542	₱494

* Represents investment in a JV of the Group and effective ownership interest of the Parent Company through PSBank.

Investment of FMIC in LCMC

FMIC has the ability to exercise significant influence through a 5-year agreement with Philex Mining Corporation to jointly vote their 16.7% ownership. As of December 31, 2019 and 2018, LCMC-A shares are trading at ₱0.091 per share and ₱0.112 per share, respectively and LCMC-B shares are trading at ₱0.101 per share and ₱0.115 per share, respectively. As of December 31, 2019, there has been a significant decline in the fair value of the shares compared to the acquisition cost. Based on management's assessment, the investment in LCMC is impaired by ₱439.2 million (Note 3).

Investment in SMBC Metro

On March 2, 2018, the Board of Liquidating Trustees of SMBC Metro declared the liquidation of its entire paid-up capital to its stockholders on record as of December 31, 2017 due to the expiration of its corporate term on the same date. On March 28, 2018, the Parent Company received a total amount of ₱180.0 million representing partial liquidation.

The following tables present financial information of significant associates and a JV:

	Statements of Financial Position		Statements of Income and Other Comprehensive Income				
	Total Assets	Total Liabilities	Gross Income	Operating Income (Loss)	Net Income (Loss)	OCI	Total Comprehensive Income
December 31, 2019							
PALIC	₱141,938	₱129,320	₱17,813	₱4,017	₱2,669	₱—	₱2,669
LCMC	16,664	9,426	1,566	(639)	(642)	—	(642)
NLI	3,825	1,556	516	245	222	—	222
SMFC	7,125	4,606	1,465	510	353	(7)	346
CIRC	2,131	608	233	59	(71)	—	(71)
December 31, 2018							
PALIC	₱126,794	₱117,559	₱14,120	₱4,310	₱3,084	₱—	₱3,084
LCMC	9,754	3,067	2,093	(702)	(687)	—	(687)
NLI	3,538	1,510	482	197	186	—	186
SMFC	5,054	2,749	1,267	390	262	6	268
CIRC	2,290	1,426	324	143	6	—	6

Major assets of significant associates and a JV include the following:

	2019	2018
PALIC		
Cash and cash equivalents	₱4,734	₱4,392
Loans and receivables - net	940	912
Investment securities at FVTPL	1,960	1,454
Investment securities at FVOCI	16,282	12,744
Investment in unit-linked funds	58	56
Property and equipment	614	726
LCMC		
Inventories	538	415
Investments and advances	579	997
Mine exploration cost	6,720	6,684
Property, plant and equipment - net	6,956	6,879

(Forward)



	2019	2018
NLI		
Cash and cash equivalents	₱406	₱241
Real estate properties	1,956	1,933
Receivables - net	1,214	1,151
SMFC		
Cash and cash equivalents	209	109
Receivables - net	6,637	4,776
CIRC		
Cash and cash equivalents	140	162
Receivables - net	520	441
Property, plant and equipment - net	1,275	1,370
Condominium units for sale/inventories	109	213

Dividends declared by investee companies of the Parent Company follow:

Subsidiary/Associate	Date of Declaration	Per Share	Total Amount	Record Date	Payment Date
2019					
Subsidiaries					
Cash Dividend					
PSBank	January 17, 2019	₱0.75	₱287	February 1, 2019	February 18, 2019
PSBank	April 15, 2019	0.75	287	May 3, 2019	May 15, 2019
PSBank	July 19, 2019	0.75	287	August 5, 2019	August 19, 2019
PSBank	October 14, 2019	0.75	287	October 29, 2019	November 13, 2019
Stock Dividend					
ORIX Metro	November 27, 2019	₱100.00	₱932	November 27, 2019	January 31, 2020
2018					
Subsidiaries					
Cash Dividend					
PSBank	January 18, 2018	₱0.75	₱180	February 2, 2018	February 19, 2018
PSBank	April 23, 2018	0.75	180	May 9, 2018	May 23, 2018
PSBank	July 20, 2018	0.75	180	August 6, 2018	August 20, 2018
PSBank	October 15, 2018	0.75	180	October 30, 2018	November 14, 2018
MCC	June 29, 2018	1.98	1,975	June 29, 2018	August 29, 2018
Metrobank Bahamas	July 16, 2018	USD 0.30	USD 1.5	July 16, 2018	December 4, 2018
Stock Dividend					
ORIX Metro	October 28, 2018	₱100.00	₱647	October 28, 2018	January 31, 2019
ORIX Metro	October 28, 2018	100.00	1,250	May 20, 2019	May 31, 2019
Associates					
Cash Dividend					
NLI	March 21, 2018	₱4.35	₱53	December 31, 2017	April 5, 2018

Dividends declared by significant investee companies of PSBank and FMIC follow:

Subsidiary/Associate	Date of Declaration	Per Share	Total Amount	Record Date	Payment Date
2019					
Associates					
Cash Dividend					
PALIC	November 6, 2019	₱40.90	₱409	October 24, 2019	December 17, 2019
Travel Services, Inc. (TSI)	March 20, 2019	34.00	47	December 31, 2018	December 13, 2019
SMFC	June 21, 2019	6.56	131	June 21, 2019	July 19, 2019
Stock Dividend					
ORIX Metro	November 27, 2019	₱100.00	₱932	November 27, 2019	January 31, 2020
2018					
Subsidiaries					
Cash Dividend					
FAMI	December 12, 2018	₱18.00	₱27	December 14, 2018	December 21, 2018
FMSBC	February 1, 2018	29.59	50	February 15, 2018	March 15, 2018
FMSBC	December 17, 2018	15.00	25	December 31, 2018	March 15, 2019
Associates					
Cash Dividend					
PALIC	November 26, 2018	₱159.50	₱1,595	November 23, 2018	December 18, 2018
Stock Dividend					
ORIX Metro	October 28, 2018	₱100.00	₱647	October 28, 2018	January 31, 2019
ORIX Metro	October 28, 2018	100.00	1,250	May 20, 2019	May 31, 2019



12. Investment Properties

This account consists of foreclosed real estate properties and investments in real estate:

	Consolidated					
	2019			2018		
	Land	Buildings and Improvements	Total	Land	Buildings and Improvements	Total
Cost						
Balance at beginning of year	₱5,360	₱4,857	₱10,217	₱5,997	₱4,577	₱10,574
Additions	1,009	644	1,653	327	660	987
Disposals	(673)	(877)	(1,550)	(685)	(683)	(1,368)
Reclassification/others	22	27	49	(279)	303	24
Balance at end of year	5,718	4,651	10,369	5,360	4,857	10,217
Accumulated depreciation and amortization						
Balance at beginning of year	—	1,148	1,148	—	1,174	1,174
Depreciation and amortization	—	140	140	—	148	148
Disposals	—	(188)	(188)	—	(167)	(167)
Reclassification/others	—	17	17	—	(7)	(7)
Balance at end of year	—	1,117	1,117	—	1,148	1,148
Allowance for impairment losses (Note 15)						
Balance at beginning of year	1,313	256	1,569	1,490	193	1,683
Provision for (reversal of) impairment loss	(8)	8	—	1	26	27
Disposals	(6)	(65)	(71)	(131)	(2)	(133)
Reclassification/others	(1)	(7)	(8)	(47)	39	(8)
Balance at end of year	1,298	192	1,490	1,313	256	1,569
Net book value at end of year	₱4,420	₱3,342	₱7,762	₱4,047	₱3,453	₱7,500

	Parent Company					
	2019			2018		
	Land	Buildings and Improvements	Total	Land	Buildings and Improvements	Total
Cost						
Balance at beginning of year	₱3,099	₱1,453	₱4,552	₱3,317	₱1,617	₱4,934
Additions	758	111	869	67	92	159
Disposals	(286)	(148)	(434)	(288)	(277)	(565)
Reclassification/others	—	2	2	3	21	24
Balance at end of year	3,571	1,418	4,989	3,099	1,453	4,552
Accumulated depreciation and amortization						
Balance at beginning of year	—	665	665	—	726	726
Depreciation and amortization	—	39	39	—	43	43
Disposals	—	(64)	(64)	—	(104)	(104)
Reclassification/others	—	2	2	—	—	—
Balance at end of year	—	642	642	—	665	665
Allowance for impairment losses (Note 15)						
Balance at beginning of year	1,022	40	1,062	1,143	52	1,195
Disposals	(5)	(2)	(7)	(131)	(2)	(133)
Reclassification/others	(1)	2	1	10	(10)	—
Balance at end of year	1,016	40	1,056	1,022	40	1,062
Net book value at end of year	₱2,555	₱736	₱3,291	₱2,077	₱748	₱2,825

As of December 31, 2019 and 2018, foreclosed investment properties still subject to redemption period by the borrowers amounted to ₱1.0 billion and ₱1.1 billion, respectively, for the Group and ₱150.8 million and ₱121.5 million, respectively, for the Parent Company.

As of December 31, 2019 and 2018, aggregate market value of investment properties amounted to ₱14.3 billion and ₱14.2 billion, respectively, for the Group and ₱7.2 billion and ₱6.2 billion, respectively, for the Parent Company, of which ₱8.1 billion for the Group and ₱7.1 billion for the Parent Company were determined by independent external appraisers. Information about the fair value measurement of investment properties are also presented in Note 5.

Rental income on investment properties (included in 'Leasing income' in the statements of income) in 2019, 2018 and 2017 amounted to ₱85.1 million, ₱67.3 million and ₱59.9 million, respectively, for the Group and nil, ₱1.0 million and ₱1.4 million, respectively, for the Parent Company (Note 13).



Direct operating expenses on investment properties that generated rental income (included under 'Litigation expenses') in 2019, 2018 and 2017 amounted to ₱0.1 million, ₱0.4 million and ₱1.0 million, respectively, for the Group and nil, ₱0.3 million and ₱1.0 million, respectively, for the Parent Company. Direct operating expenses on investment properties that did not generate rental income (included under 'Litigation expenses') in 2019, 2018 and 2017 amounted to ₱286.4 million, ₱257.9 million and ₱219.4 million, respectively, for the Group and ₱90.6 million, ₱102.5 million and ₱66.9 million, respectively, for the Parent Company (Note 25).

Net gains from sale of investment properties (included in 'Profit from assets sold' in the statements of income) in 2019, 2018 and 2017 amounted to ₱605.4 million, ₱883.3 million and ₱960.0 million, respectively, for the Group and ₱189.5 million, ₱322.4 million and ₱497.0 million, respectively, for the Parent Company (Note 31).

13. Leases

Group as a Lessee

As of December 31, 2019 and 2018, 59.69% and 59.55% of the Parent Company's branch sites are under lease arrangements. Also, some of its subsidiaries lease the premises occupied by their Head Offices and most of their branches. The lease contracts are for periods ranging from one to 29 years and some are renewable at the Group's option under certain terms and conditions. Various lease contracts include escalation clauses, which bear an annual rent increase of 2% to 20%. As of December 31, 2019 and 2018, the Group has no contingent rent payable.

As of December 31, 2019, the carrying amounts of lease liabilities (included in 'Other Liabilities' in Note 21) are as follows:

	Consolidated	Parent Company
Balance at beginning of year	₱4,530	₱2,407
Additions	657	338
Expiry/termination	(31)	—
Accretion of interest	319	170
Payments	(1,436)	(754)
Others	(1)	(1)
	₱4,038	₱2,160

With the adoption of PFRS 16, as of December 31, 2019, the Group and the Parent Company recognized interest expense on lease liabilities (included in 'Interest and Finance Charges' in the Statement of Income) amounting to ₱319.3 million and ₱169.9 million, respectively, and rent expense from short-term leases and leases of low-value assets amounting to ₱736.0 million and ₱413.9 million, respectively. Prior to PFRS 16 adoption, rent expense (included in 'Occupancy and equipment-related costs' in the statements of income) in 2018 and 2017 amounted to ₱2.4 billion and ₱2.2 billion, respectively, for the Group and ₱1.3 billion and ₱1.2 billion, respectively, for the Parent Company.



Future minimum rentals payable under non-cancelable leases follows:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Within one year	₱1,553	₱1,322	₱824	₱708
After one year but not more than five years	3,075	3,346	1,659	1,963
More than five years	903	750	595	402
	₱5,531	₱5,418	₱3,078	₱3,073

As of December 31, 2019, the Group and the Parent Company has undiscounted potential future rental payments arising from extension options expected not to be exercised and thus, not included in the calculation of lease liability amounting to ₱89.3 million and ₱89.1 million, respectively. In addition, the Group has undiscounted potential future rental payments amounting to ₱6.6 million which were not included in the calculation of lease liability due to expected exercise of termination options.

Group as a Lessor

The Group has entered into commercial property leases on its investment property portfolio, consisting of the Group's available office spaces and investment properties and lease agreements over various items of machinery and equipment which are non-cancelable and have remaining non-cancelable lease terms of between 1 to 20 years. In 2019, 2018 and 2017, leasing income amounted to ₱2.1 billion, ₱2.3 billion and ₱2.1 billion, respectively, for the Group and ₱210.5 million, ₱223.6 million and ₱215.2 million, respectively, for the Parent Company.

Future minimum rentals receivable under non-cancelable operating leases follows:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Within one year	₱875	₱1,655	₱86	₱114
After one year but not more than five years	776	1,638	121	184
More than five years	—	1	—	1
	₱1,651	₱3,294	₱207	₱299

Finance Leases

Lease contract receivables under finance leases, which are accounts of ORIX Metro, are due in monthly installments with terms ranging from one to five years. These are broken down as follows (Note 9):

	2019	2018
Within one year	₱218	₱607
After one year but not more than five years	1,301	5,476
	₱1,519	₱6,083



14. Other Assets

This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Investment in SPVs	₱8,857	₱8,857	₱8,857	₱8,857
Software costs - net	2,080	1,800	1,011	665
Creditable withholding tax	1,692	1,505	1,150	956
Interoffice float items	1,643	2,536	1,654	2,619
Customized system development cost	1,616	1,753	1,616	1,753
Residual value of leased assets	1,135	1,130	—	—
Chattel properties acquired in foreclosure - net	1,093	835	32	24
Prepaid expenses	730	832	193	165
Documentary and postage stamps on hand	486	491	339	355
Returned checks and other cash items	407	417	378	397
Assets held under joint operations (Note 31)	219	219	219	219
Miscellaneous (Note 27)	5,927	5,654	4,671	4,258
	25,885	26,029	20,120	20,268
Less allowance for impairment losses	10,311	10,308	10,282	10,285
	₱15,574	₱15,721	₱9,838	₱9,983

Investment in SPVs represents subordinated notes issued by Cameron Granville 3 Asset Management, Inc. and LNC 3 Asset Management, Inc. with face amount of ₱9.4 billion and ₱2.6 billion, respectively. These notes are non-interest bearing and payable over five (5) years starting April 1, 2006, with rollover of two (2) years at the option of the note issuers. These were received by the Parent Company on April 1, 2006 in exchange for the subordinated note issued by Asia Recovery Corporation (ARC) in 2003 with face amount of ₱11.9 billion. The subordinated note issued by ARC represents payment on the non-performing assets (NPAs) sold by the Parent Company to ARC in 2003. The related deed of absolute sale was formalized on September 17, 2003 and approved by the BSP on November 28, 2003, having qualified as a true sale. The subordinated notes have gross carrying amount of ₱8.9 billion and are fully provided with allowance for impairment losses.

Movements in software costs account follow:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Cost				
Balance at beginning of year	₱5,164	₱4,653	₱2,165	₱1,925
Additions	1,050	636	606	233
Others	(151)	(125)	(61)	7
Balance at end of year	6,063	5,164	2,710	2,165
Accumulated amortization				
Balance at beginning of year	3,364	2,906	1,500	1,353
Amortization	632	512	241	131
Others	(13)	(54)	(42)	16
Balance at end of year	3,983	3,364	1,699	1,500
Net book value at end of year	₱2,080	₱1,800	₱1,011	₱665



Movements in chattel properties acquired in foreclosure follow:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Cost				
Balance at beginning of year	₱1,036	₱979	₱49	₱61
Additions	3,750	2,824	29	19
Disposals/others	(3,476)	(2,767)	(21)	(31)
Balance at end of year	1,310	1,036	57	49
Accumulated depreciation and amortization				
Balance at beginning of year	192	155	22	25
Depreciation and amortization	313	267	10	10
Disposals/others	(297)	(230)	(9)	(13)
Balance at end of year	208	192	23	22
Allowance for impairment losses	9	9	2	3
Net book value at end of year	₱1,093	₱835	₱32	₱24

Assets held under joint operations are parcels of land and former branch sites of the Parent Company which were contributed to separate joint operations with FLI and Federal Land Orix Corporation (Note 31). These are carried at costs which are lower than the net realizable values.

15. Allowance for Credit and Impairment Losses

An analysis of changes in the ECL allowances in 2019 and 2018 is as follows:

	Consolidated					
	Due from Other Banks	Interbank Loans Receivable	Investment Securities at FVOCI			Investment Securities at Amortized Cost
			Stage 1	Stage 3	Total	
2019						
ECL allowance, January 1, 2019	₱6	₱12	₱248	₱—	₱248	₱48
New assets originated	5	1	176	—	176	1
Assets derecognized or repaid	(6)	(12)	(87)	—	(87)	—
Transfers to/(from) Stage 1	—	—	(2)	—	(2)	—
Transfers to/(from) Stage 3	—	—	—	30	30	—
Changes in assumptions	—	—	(217)	—	(217)	(23)
ECL allowance, December 31, 2019	₱5	₱1	118	30	₱148	₱26
2018						
ECL allowance, January 1, 2018	₱18	₱25	₱140	₱—	₱140	₱2
New assets originated	6	12	69	—	69	46
Assets derecognized or repaid	—	(25)	(20)	—	(20)	—
Changes in assumptions	(18)	—	59	—	59	—
ECL allowance, December 31, 2018	₱6	₱12	₱248	₱—	₱248	₱48

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
2019				
Commercial loans				
ECL allowance, January 1, 2019	₱2,093	₱781	₱5,639	₱8,513
New assets originated	3,408	—	—	3,408
Assets derecognized or repaid	(762)	(497)	(631)	(1,890)
Amounts written off	—	—	(293)	(293)
Transfers to/(from) Stage 1	(1,730)	—	—	(1,730)
Transfers to/(from) Stage 2	—	724	—	724
Transfers to/(from) Stage 3	—	—	1,878	1,878
Changes in assumptions	(37)	(188)	692	467
ECL allowance, December 31, 2019	2,972	820	7,285	11,077

(Forward)



	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
Auto loans				
ECL allowance, January 1, 2019	₱538	₱1,077	₱1,048	₱2,663
New assets originated	1,466	—	—	1,466
Assets derecognized or repaid	(1,147)	(134)	(708)	(1,989)
Amounts written off	(1)	(45)	(111)	(157)
Transfers to/(from) Stage 1	(122)	—	—	(122)
Transfers to/(from) Stage 2	—	(358)	—	(358)
Transfers to/(from) Stage 3	—	—	424	424
Changes in assumptions	(1)	(1)	49	47
ECL allowance, December 31, 2019	733	539	702	1,974
Residential mortgage loans				
ECL allowance, January 1, 2019	122	280	466	868
New assets originated	51	—	—	51
Assets derecognized or repaid	(21)	(31)	(56)	(108)
Transfers to/(from) Stage 1	(17)	—	—	(17)
Transfers to/(from) Stage 2	—	(61)	—	(61)
Transfers to/(from) Stage 3	—	—	2	2
Changes in assumptions	(11)	(2)	(15)	(28)
ECL allowance, December 31, 2019	124	186	397	707
Trade loans				
ECL allowance, January 1, 2019	224	21	95	340
New assets originated	96	—	—	96
Assets derecognized or repaid	(52)	(16)	—	(68)
Transfers to/(from) Stage 1	(12)	—	—	(12)
Transfers to/(from) Stage 2	—	7	—	7
Transfers to/(from) Stage 3	—	—	5	5
Changes in assumptions	(107)	(1)	7	(101)
ECL allowance, December 31, 2019	149	11	107	267
Credit card				
ECL allowance, January 1, 2019	917	1,841	1,328	4,086
New assets originated	58	—	—	58
Amounts written off	—	—	(4,758)	(4,758)
Transfers to/(from) Stage 1	427	—	—	427
Transfers to/(from) Stage 2	—	(65)	—	(65)
Transfers to/(from) Stage 3	—	—	5,043	5,043
Changes in assumptions	(10)	(93)	(107)	(210)
ECL allowance, December 31, 2019	1,392	1,683	1,506	4,581
Other loans				
ECL allowance, January 1, 2019	148	289	722	1,159
New assets originated	609	—	—	609
Assets derecognized or repaid	(349)	(27)	(223)	(599)
Amounts written off	(1)	(96)	(866)	(963)
Transfers to/(from) Stage 1	(306)	—	—	(306)
Transfers to/(from) Stage 2	—	171	—	171
Transfers to/(from) Stage 3	—	—	444	444
Changes in assumptions	156	(79)	665	742
ECL allowance, December 31, 2019	257	258	742	1,257
Total receivables from customers				
ECL allowance, January 1, 2019	4,042	4,289	9,298	17,629
New assets originated	5,688	—	—	5,688
Assets derecognized or repaid	(2,331)	(705)	(1,618)	(4,654)
Amounts written off	(2)	(141)	(6,028)	(6,171)
Transfers to/(from) Stage 1	(1,760)	—	—	(1,760)
Transfers to/(from) Stage 2	—	418	—	418
Transfers to/(from) Stage 3	—	—	7,796	7,796
Changes in assumptions	(10)	(364)	1,291	917
ECL allowance, December 31, 2019	₱5,627	₱3,497	₱10,739	₱19,863
2018				
Commercial loans				
ECL allowance, January 1, 2018	₱1,995	₱852	₱4,745	₱7,592
New assets originated	1,418	—	—	1,418
Assets derecognized or repaid	(985)	(323)	(258)	(1,566)
Amounts written off	—	—	(52)	(52)
Transfers to/(from) Stage 1	(422)	—	—	(422)
Transfers to/(from) Stage 2	—	251	—	251
Transfers to/(from) Stage 3	—	—	1,060	1,060
Changes in assumptions	87	1	144	232
ECL allowance, December 31, 2018	2,093	781	5,639	8,513

(Forward)



	Consolidated			
	Receivables from Customers			Total
	Stage 1	Stage 2	Stage 3	
Auto loans				
ECL allowance, January 1, 2018	₱520	₱1,232	₱1,218	₱2,970
New assets originated	881	—	—	881
Assets derecognized or repaid	(306)	(288)	(278)	(872)
Amounts written off	—	(12)	(447)	(459)
Transfers to/(from) Stage 1	(258)	—	—	(258)
Transfers to/(from) Stage 2	—	(45)	—	(45)
Transfers to/(from) Stage 3	—	—	191	191
Changes in assumptions	(299)	190	364	255
ECL allowance, December 31, 2018	538	1,077	1,048	2,663
Residential mortgage loans				
ECL allowance, January 1, 2018	129	580	449	1,158
New assets originated	82	—	—	82
Assets derecognized or repaid	(46)	(147)	(76)	(269)
Transfers to/(from) Stage 1	(25)	—	—	(25)
Transfers to/(from) Stage 2	—	(165)	—	(165)
Transfers to/(from) Stage 3	—	—	85	85
Changes in assumptions	(18)	12	8	2
ECL allowance, December 31, 2018	122	280	466	868
Trade loans				
ECL allowance, January 1, 2018	145	56	88	289
New assets originated	280	—	—	280
Assets derecognized or repaid	(145)	(41)	(7)	(193)
Transfers to/(from) Stage 1	(10)	—	—	(10)
Transfers to/(from) Stage 2	—	10	—	10
Transfers to/(from) Stage 3	—	—	(3)	(3)
Changes in assumptions	(46)	(4)	17	(33)
ECL allowance, December 31, 2018	224	21	95	340
Credit card				
ECL allowance, January 1, 2018	836	1,739	1,059	3,634
New assets originated	23	—	—	23
Amounts written off	—	—	(3,980)	(3,980)
Transfers to/(from) Stage 1	(330)	—	—	(330)
Transfers to/(from) Stage 2	—	59	—	59
Transfers to/(from) Stage 3	—	—	4,339	4,339
Changes in assumptions	388	43	(90)	341
ECL allowance, December 31, 2018	917	1,841	1,328	4,086
Other loans				
ECL allowance, January 1, 2018	118	145	625	888
New assets originated	620	—	—	620
Assets derecognized or repaid	(59)	(15)	(16)	(90)
Amounts written off	(3)	(66)	(173)	(242)
Transfers to/(from) Stage 1	(512)	—	—	(512)
Transfers to/(from) Stage 2	—	225	—	225
Transfers to/(from) Stage 3	—	—	287	287
Changes in assumptions	(16)	—	(1)	(17)
ECL allowance, December 31, 2018	148	289	722	1,159
Total receivables from customers				
ECL allowance, January 1, 2018	3,743	4,604	8,184	16,531
New assets originated	3,304	—	—	3,304
Assets derecognized or repaid	(1,541)	(814)	(635)	(2,990)
Amounts written off	(3)	(78)	(4,652)	(4,733)
Transfers to/(from) Stage 1	(1,557)	—	—	(1,557)
Transfers to/(from) Stage 2	—	335	—	335
Transfers to/(from) Stage 3	—	—	5,959	5,959
Changes in assumptions	96	242	442	780
ECL allowance, December 31, 2018	₱4,042	₱4,289	₱9,298	₱17,629



	Consolidated			
	Other Receivables			
	Stage1	Stage 2	Stage 3	Total
2019				
ECL allowance, January 1, 2019	₱194	₱80	₱1,039	₱1,313
New assets originated	262	—	—	262
Assets derecognized or repaid	(29)	(40)	(178)	(247)
Amounts written off	—	—	(1)	(1)
Transfers to/(from) Stage 1	(386)	—	—	(386)
Transfers to/(from) Stage 2	—	(20)	—	(20)
Transfers to/(from) Stage 3	—	—	273	273
Changes in assumptions	(36)	(8)	65	21
ECL allowance, December 31, 2019	₱5	₱12	₱1,198	₱1,215
2018				
ECL allowance, January 1, 2018	₱43	₱42	₱716	₱801
New assets originated	390	—	—	390
Assets derecognized or repaid	(18)	(10)	(158)	(186)
Transfers to/(from) Stage 1	(397)	—	—	(397)
Transfers to/(from) Stage 2	—	23	—	23
Transfers to/(from) Stage 3	—	—	378	378
Changes in assumptions	176	25	103	304
ECL allowance, December 31, 2018	₱194	₱80	₱1,039	₱1,313

	Consolidated			
	Loan Commitments and Financial Guarantees			
	Stage1	Stage 2	Stage 3	Total
2019				
ECL allowance, January 1, 2019	₱943	₱3	₱—	₱946
New assets originated or purchased	41	—	—	41
Assets derecognized or repaid	(14)	—	—	(14)
Transfers to/(from) Stage 1	(3)	—	—	(3)
Transfers to/(from) Stage 2	—	4	—	4
Changes in assumptions	(142)	—	—	(142)
ECL allowance, December 31, 2019	₱825	₱7	₱—	₱832
2018				
ECL allowance, January 1, 2018	₱874	₱13	₱—	₱887
New assets originated	97	—	—	97
Assets derecognized or repaid	(19)	(4)	—	(23)
Transfers to/(from) Stage 1	—	—	—	—
Transfers to/(from) Stage 2	—	(6)	—	(6)
Changes in assumptions	(9)	—	—	(9)
ECL allowance, December 31, 2018	₱943	₱3	₱—	₱946

	Parent Company					Investment Securities at Amortized Cost
	Due from Other Banks	Interbank Loans Receivable	Investment Securities at FVOCI			
			Stage 1	Stage 3	Total	
2019						
ECL allowance, January 1, 2019	₱—	₱12	₱244	₱—	₱244	₱48
New assets originated	—	1	177	—	177	—
Assets derecognized or repaid	—	(12)	(87)	—	(87)	—
Transfers to/(from) Stage 1	—	—	(2)	—	(2)	—
Transfers to/(from) Stage 3	—	—	—	30	30	—
Changes in assumptions	—	—	(217)	—	(217)	(48)
ECL allowance, December 31, 2019	₱—	₱1	₱115	₱30	₱145	₱—
2018						
ECL allowance, January 1, 2018	₱18	₱25	₱140	₱—	₱140	₱2
New assets originated	—	12	69	—	69	46
Assets derecognized or repaid	—	(25)	(20)	—	(20)	—
Changes in assumptions	(18)	—	55	—	55	—
ECL allowance, December 31, 2018	₱—	₱12	₱244	₱—	₱244	₱48



	Parent Company				
	Receivables from Customers				
	Stage1	Stage 2	Stage 3	POCI	Total
2019					
Commercial loans					
ECL allowance, January 1, 2019	₱1,563	₱700	₱2,604	₱2,656	₱7,523
New assets originated	2,889	—	—	—	2,889
Assets derecognized or repaid	(678)	(488)	(381)	(95)	(1,642)
Amounts written off	—	—	(233)	—	(233)
Transfers to/(from) Stage 1	(1,489)	—	—	—	(1,489)
Transfers to/(from) Stage 2	—	629	—	—	629
Transfers to/(from) Stage 3	—	—	1,651	—	1,651
Changes in assumptions	(199)	(123)	301	430	409
ECL allowance, December 31, 2019	2,086	718	3,942	2,991	9,737
Auto loans					
ECL allowance, January 1, 2019	66	86	85	—	237
New assets originated	7	—	—	—	7
Assets derecognized or repaid	(53)	(18)	(15)	—	(86)
Amounts written off	—	—	(5)	—	(5)
Transfers to/(from) Stage 1	(1)	—	—	—	(1)
Transfers to/(from) Stage 2	—	(62)	—	—	(62)
Transfers to/(from) Stage 3	—	—	6	—	6
Changes in assumptions	—	—	48	—	48
ECL allowance, December 31, 2019	19	6	119	—	144
Residential mortgage loans					
ECL allowance, January 1, 2019	68	106	300	—	474
New assets originated	10	—	—	—	10
Assets derecognized or repaid	(1)	(13)	(22)	—	(36)
Transfers to/(from) Stage 1	4	—	—	—	4
Transfers to/(from) Stage 2	—	(70)	—	—	(70)
Transfers to/(from) Stage 3	—	—	(11)	—	(11)
Changes in assumptions	(11)	(2)	(14)	—	(27)
ECL allowance, December 31, 2019	70	21	253	—	344
Trade loans					
ECL allowance, January 1, 2019	223	22	95	—	340
New assets originated	96	—	—	—	96
Assets derecognized or repaid	(51)	(17)	—	—	(68)
Transfers to/(from) Stage 1	(12)	—	—	—	(12)
Transfers to/(from) Stage 2	—	7	—	—	7
Transfers to/(from) Stage 3	—	—	5	—	5
Changes in assumptions	(107)	(1)	7	—	(101)
ECL allowance, December 31, 2019	149	11	107	—	267
Other loans					
ECL allowance, January 1, 2019	1	—	40	—	41
New assets originated	14	—	—	—	14
Assets derecognized or repaid	(1)	—	(18)	—	(19)
Transfers to/(from) Stage 1	(14)	—	—	—	(14)
Transfers to/(from) Stage 3	—	—	13	—	13
Changes in assumptions	1	—	1	—	2
ECL allowance, December 31, 2019	1	—	36	—	37
Total receivables from customers					
ECL allowance, January 1, 2019	1,921	914	3,124	2,656	8,615
New assets originated	3,016	—	—	—	3,016
Assets derecognized or repaid	(784)	(536)	(436)	(95)	(1,851)
Amounts written off	—	—	(238)	—	(238)
Transfers to/(from) Stage 1	(1,512)	—	—	—	(1,512)
Transfers to/(from) Stage 2	—	504	—	—	504
Transfers to/(from) Stage 3	—	—	1,664	—	1,664
Changes in assumptions	(316)	(126)	343	430	331
ECL allowance, December 31, 2019	₱2,325	₱756	₱4,457	₱2,991	₱10,529
2018					
Commercial loans					
ECL allowance, January 1, 2018	₱1,292	₱813	₱1,563	₱2,775	₱6,443
New assets originated	1,180	—	—	—	1,180
Assets derecognized or repaid	(693)	(311)	(155)	(60)	(1,219)
Transfers to/(from) Stage 1	(302)	—	—	—	(302)
Transfers to/(from) Stage 2	—	197	—	—	197
Transfers to/(from) Stage 3	—	—	993	—	993
Changes in assumptions	86	1	203	(59)	231
ECL allowance, December 31, 2018	1,563	700	2,604	2,656	7,523

(Forward)



	Parent Company				
	Receivables from Customers				
	Stage1	Stage 2	Stage 3	POCI	Total
2018					
Auto loans					
ECL allowance, January 1, 2018	₱124	₱387	₱65	₱—	₱576
New assets originated	33	—	—	—	33
Assets derecognized or repaid	(84)	(56)	(21)	—	(161)
Transfers to/(from) Stage 1	3	—	—	—	3
Transfers to/(from) Stage 2	—	(255)	—	—	(255)
Transfers to/(from) Stage 3	—	—	40	—	40
Changes in assumptions	(10)	10	1	—	1
ECL allowance, December 31, 2018	66	86	85	—	237
Residential mortgage loans					
ECL allowance, January 1, 2018	57	319	277	—	653
New assets originated	39	—	—	—	39
Assets derecognized or repaid	(16)	(40)	(26)	—	(82)
Transfers to/(from) Stage 1	5	—	—	—	5
Transfers to/(from) Stage 2	—	(185)	—	—	(185)
Transfers to/(from) Stage 3	—	—	42	—	42
Changes in assumptions	(17)	12	7	—	2
ECL allowance, December 31, 2018	68	106	300	—	474
Trade loans					
ECL allowance, January 1, 2018	145	56	88	—	289
New assets originated	280	—	—	—	280
Assets derecognized or repaid	(145)	(41)	(7)	—	(193)
Transfers to/(from) Stage 1	(10)	—	—	—	(10)
Transfers to/(from) Stage 2	—	11	—	—	11
Transfers to/(from) Stage 3	—	—	(2)	—	(2)
Changes in assumptions	(47)	(4)	16	—	(35)
ECL allowance, December 31, 2018	223	22	95	—	340
Other loans					
ECL allowance, January 1, 2018	4	—	42	—	46
New assets originated	1	—	—	—	1
Assets derecognized or repaid	(3)	—	(1)	—	(4)
Changes in assumptions	(1)	—	(1)	—	(2)
ECL allowance, December 31, 2018	1	—	40	—	41
Total receivables from customers					
ECL allowance, January 1, 2018	1,622	1,575	2,035	2,775	8,007
New assets originated	1,533	—	—	—	1,533
Assets derecognized or repaid	(941)	(448)	(210)	(60)	(1,659)
Transfers to/(from) Stage 1	(304)	—	—	—	(304)
Transfers to/(from) Stage 2	—	(232)	—	—	(232)
Transfers to/(from) Stage 3	—	—	1,073	—	1,073
Changes in assumptions	11	19	226	(59)	197
ECL allowance, December 31, 2018	₱1,921	₱914	₱3,124	₱2,656	₱8,615

	Parent Company			
	Other Receivables			
	Stage1	Stage 2	Stage 3	Total
2019				
ECL allowance, January 1, 2019	₱188	₱54	₱672	₱914
New assets originated	218	—	—	218
Assets derecognized or repaid	(12)	(44)	(150)	(206)
Amounts written off	—	—	(1)	(1)
Transfers to/(from) Stage 1	(353)	—	—	(353)
Transfers to/(from) Stage 2	—	3	—	3
Transfers to/(from) Stage 3	—	—	218	218
Changes in assumptions	(36)	(8)	65	21
ECL allowance, December 31, 2019	₱5	₱5	₱804	₱814
2018				
ECL allowance, January 1, 2018	₱7	₱28	₱704	₱739
New assets originated	21	—	—	21
Assets derecognized or repaid	(1)	(10)	(45)	(56)
Transfers to/(from) Stage 1	(15)	—	—	(15)
Transfers to/(from) Stage 2	—	10	—	10
Transfers to/(from) Stage 3	—	—	8	8
Changes in assumptions	176	26	5	207
ECL allowance, December 31, 2018	₱188	₱54	₱672	₱914



	Parent Company			
	Loan Commitments and Financial Guarantees			
	Stage 1	Stage 2	Stage 3	Total
2019				
ECL allowance, January 1, 2019	₱28	₱2	₱—	₱30
New assets originated	41	—	—	41
Assets derecognized or repaid	(14)	—	—	(14)
Transfers to/(from) Stage 1	(4)	—	—	(4)
Transfers to/(from) Stage 2	—	5	—	5
Changes in assumptions	(2)	—	—	(2)
ECL allowance, December 31, 2019	₱49	₱7	₱—	₱56
2018				
ECL allowance, January 1, 2018	₱43	₱13	₱—	₱56
New assets originated	13	—	—	13
Assets derecognized or repaid	(19)	(4)	—	(23)
Transfers to/(from) Stage 1	—	—	—	—
Transfers to/(from) Stage 2	—	(6)	—	(6)
Changes in assumptions	(9)	(1)	—	(10)
ECL allowance, December 31, 2018	₱28	₱2	₱—	₱30

The amounts of “transfers to/(from)” include the changes in the ECL on the exposures transferred from one stage to another during the year.

As of December 31, 2019 and 2018, the ECL allowances on loan commitments and financial guarantees are included in ‘Miscellaneous liabilities’ under ‘Other liabilities’ (Note 21).

The increase in the ECL allowances was driven by an increase in the gross size of the portfolio and movements between stages as a result of increase in credit risk.

The ECL allowance on accounts receivables of the Group and the Parent Company based on their aging as of December 31, 2019 and 2018 follows:

Age of accounts receivables	Consolidated		Parent Company	
	2019	2018	2019	2018
Up to 1 month	₱563	₱19	₱62	₱—
> 1 to 2 months	15	1	15	—
> 2 to 3 months	9	1	7	0
More than 3 months	2,558	3,725	2,495	3,268
Total ECL	₱3,145	₱3,746	₱2,579	₱3,268

Below is the breakdown of provision for (reversal of) credit and impairment losses:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Financial assets and other credit-related exposures:						
Loans and receivables	₱9,627	₱7,676	₱7,969	₱1,645	₱748	₱1,821
Investment securities at FVOCI/AFS investments	11	94	1	—	92	—
Investment securities at amortized cost	—	49	—	—	49	—
Interbank loans receivable	(1)	(17)	—	(1)	(17)	—
Due from other banks	—	4	(7)	—	—	—
Loan commitments and financial guarantees	1	(65)	—	—	(65)	—
	9,638	7,741	7,963	1,644	807	1,821
Non-financial assets:						
Investment properties	—	27	(32)	—	—	—
Chattel properties acquired in foreclosure	—	—	2	—	—	—
Investments in associates and a joint venture	439	—	—	—	—	—
Other assets	1	2	(426)	—	—	(426)
	440	29	(456)	—	—	(426)
	₱10,078	₱7,770	₱7,507	₱1,644	₱807	₱1,395



With the foregoing level of allowance for credit and impairment losses, management believes that the Group has sufficient allowance to take care of any losses that the Group may incur from the non-collection or non-realization of its receivables and other risk assets.

16. Deposit Liabilities

The LTNCDs of the Group and the Parent Company consist of the following:

BSP Approval	Interest Rate	Issue Date	Maturity Date	2019	2018
Parent Company					
September 18, 2014	4.00%	October 24, 2014	April 24, 2020	₱8,000	₱8,000
September 18, 2014	4.25%	November 21, 2014	November 22, 2021	6,250	6,250
August 12, 2016	3.50%	September 19, 2016	September 19, 2023	8,650	8,650
August 12, 2016	3.88%	July 20, 2017	July 20, 2024	3,750	3,750
July 19, 2018	5.38%	October 4, 2018	April 4, 2024	8,680	8,680
				35,330	35,330
PSBank					
December 8, 2016	3.50%	January 30, 2017	April 30, 2022	3,363	3,375
July 13, 2018	5.00%	August 9, 2018	February 9, 2024	5,047	5,085
				8,410	8,460
				₱43,740	₱43,790

On September 18, 2019, the BOD of the Parent Company approved the issuance of PHP LTNCDs of up to ₱25.0 billion in one or more tranches of at least ₱2.0 billion per tranche, and tenors of 5.5 years up to 10 years, subject to market conditions.

As of December 31, 2019 and 2018, 34.25% and 33.51%, respectively, of the total interest-bearing deposit liabilities of the Group and 31.94% and 30.69%, respectively, of the total interest-bearing deposit liabilities of the Parent Company are subject to periodic interest repricing. In 2019, 2018 and 2017 the remaining peso deposit liabilities (excluding LTNCDs above) earn annual fixed interest rates ranging from 0.00% to 4.50%, while the remaining foreign currency-denominated deposit liabilities earn annual fixed interest rates ranging from 0.00% to 3.00%, from 0.00% to 7.56%, and from 0.00% to 3.80%, respectively.

Interest expense on deposit liabilities consists of:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
CASA	₱2,388	₱2,351	₱2,155	₱1,987	₱1,948	₱1,795
Time	19,126	15,240	9,389	13,806	10,353	6,029
LTNCD	1,893	1,377	1,069	1,500	1,146	953
	₱23,407	₱18,968	₱12,613	₱17,293	₱13,447	₱8,777

Reserve Requirement

In 2019, BSP Circular Nos. 1041, 1056 and 1063 were issued reducing the reserve requirements against deposit and deposit substitute liabilities. As of December 31, 2019, non-FCDU deposit liabilities of the Parent Company and deposit substitutes of FMIC, ORIX Metro and MCC are subject to required reserves of 14% from 18% in 2018 while non-FCDU deposit liabilities of PSBank are subject to required reserves of 4% from 8% in 2018. Peso-denominated LTNCDs are subject to reserves equivalent to 4% from 7% in 2018. The required reserves can be kept in the form of deposits maintained in the demand deposit accounts with the BSP and any government securities used as compliance until they mature. The Parent Company, PSBank, FMIC, MCC and ORIX Metro were in compliance with such regulations as of December 31, 2019 and 2018.



The total statutory and liquidity reserves (under ‘Due from BSP’ account), as reported to the BSP are as follows:

	2019	2018
Parent Company	₱166,770	₱206,289
PSBank	6,798	15,178
MCC	5,994	9,527
ORIX Metro	5,682	5,669
FMIC	1,255	3,490
	₱186,499	₱240,153

17. Bills Payable and Securities Sold Under Repurchase Agreements

This account consists of borrowings from:

	Consolidated		Parent Company	
	2019	2018	2019	2018
SSURA	₱91,492	₱95,247	₱90,780	₱95,247
Deposit substitutes	61,197	53,225	—	—
Foreign banks	55,799	35,895	46,212	27,335
Local banks	29,793	53,740	2,080	8,497
BSP	—	21,500	—	20,000
	₱238,281	₱259,607	₱139,072	₱151,079

Interbank borrowings with foreign and local banks are mainly short-term borrowings. Deposit substitutes pertain to borrowings of PSBank, FMIC, ORIX Metro and MCC from the public. The following are the carrying values of government debt securities (Note 8) pledged and transferred under SSURA transactions of the Group and the Parent Company:

	Consolidated				Parent Company			
	2019		2018		2019		2018	
	Transferred Securities	SSURA	Transferred Securities	SSURA	Transferred Securities	SSURA	Transferred Securities	SSURA
Investment securities at amortized cost	₱71,073	₱53,635	₱111,504	₱70,217	₱71,073	₱53,635	₱111,504	₱70,217
Investment securities at FVOCI	46,678	37,857	32,166	25,030	45,965	37,145	32,166	25,030
	₱117,751	₱91,492	₱143,670	₱95,247	₱117,038	₱90,780	₱143,670	₱95,247

The Group’s peso borrowings are subject to annual fixed interest rates ranging from 0.88% to 7.25%, from 0.88% to 7.45% and from 0.06% to 6.45% in 2019, 2018 and 2017, respectively, while the Group’s foreign currency-denominated borrowings are subject to annual fixed interest rates ranging from 1.30% to 4.28%, from 1.38% to 8.00% and from 0.05% to 3.76% in 2019, 2018 and 2017, respectively.

Interest expense on bills payable (included in the ‘Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others’ in the statements of income) in 2019, 2018 and 2017 amounted to ₱10.4 billion, ₱7.2 billion and ₱4.2 billion, respectively, for the Group and ₱4.2 billion, ₱2.8 billion and ₱1.4 billion, respectively, for the Parent Company.



18. Accrued Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Accrued interest (Note 31)	₱3,916	₱4,288	₱2,481	₱2,375
Accrued other expenses	6,583	5,331	4,173	3,250
	₱10,499	₱9,619	₱6,654	₱5,625

Accrued other expenses include accruals for compensation and fringe benefits, rentals, percentage and other taxes, professional fees, advertising and information technology expenses and other expenses.

19. Bonds Payable

This account consists of the following scripless fixed rate bonds:

Issue Date	Maturity Date	Interest Rate	Face Value	Carrying Value	
				2019	2018
Parent Company					
November 9, 2018	November 9, 2020	7.15%	₱10,000	₱9,962	₱9,922
December 17, 2018	November 9, 2020	7.15%	18,000	17,952	17,904
April 11, 2019	April 11, 2022	6.30%	17,500	17,384	—
July 3, 2019	July 3, 2021	5.50%	11,250	11,178	—
October 24, 2019	April 24, 2023	4.50%	13,750	13,634	—
			70,500	70,110	27,826
PSBank					
July 24, 2019	July 24, 2021	5.60%	6,300	6,255	—
ORIX Metro					
November 15, 2019	November 15, 2021	4.55%	4,160	4,121	—
FMIC					
August 10, 2012	August 10, 2019	5.75%	2,920	—	2,917
			₱83,880	₱80,486	₱30,743

Parent Company Fixed Rate Bonds

On November 9, 2018, the Parent Company issued ₱10.0 billion fixed rate bonds with issue price at 100% face value, which bear an interest rate of 7.15% per annum and will mature on November 9, 2020 and further issued ₱18.0 billion fixed rate bonds (Additional Bonds) on December 17, 2018 at an issue price of 100.26% plus an amount corresponding to accrued interest from, and including, November 9, 2018, but excluding the new issue date. The interest of the bonds for the entire term are payable quarterly in arrears on February 9, May 9, August 9 and November 9 of each year, commencing on February 9, 2019. Total bond issuance costs, net of bonds premium, amounted to ₱184.9 million.

On April 11, 2019, the Parent Company issued ₱17.5 billion fixed rate bonds with an issue price at 100% face value, which bear an interest rate of 6.30% per annum and will mature on April 11, 2022. The interest of the bonds for the entire term are payable quarterly in arrears on January 11, April 11, July 11 and October 11 of each year, commencing on July 11, 2019. Total bond issuance costs amounted to ₱148.47 million. On July 3, 2019, the Parent Company also issued ₱11.25 billion fixed rate bonds with an issue price at 100% face value, which bear an interest rate of 5.50% per annum and will mature on July 3, 2021. The interest of the bonds for the entire term are payable quarterly in arrears on January 3, April 3, July 3 and October 3 of each year, commencing on July 3, 2019. Total bond issuance costs amounted to ₱94.55 million. Further, on October 24, 2019, ₱13.75 billion fixed



rate bonds were issued at 100% face value. The bonds bear an interest rate of 4.50% per annum and will mature on April 24, 2023. The interest of the bonds for the entire term are payable quarterly in arrears on January 24, April 24, July 24 and October 24 of each year, commencing on October 24, 2019. Total bond issuance costs amounted to ₱122.1 million.

PSBank Fixed Rate Bonds due 2021

On July 24, 2019, PSBank issued ₱6.30 billion fixed rate bonds with issue price at 100% face value. The bonds bear an interest rate of 5.60% per annum and will mature on July 24, 2021. The interest of the bonds for the entire term are payable quarterly in arrears on January 24, April 24, July 24 and October 24 of each year, commencing on July 24, 2019. Total bond issuance costs amounted to ₱56.9 million.

ORIX Metro Fixed Rate Bonds due 2021

On November 15, 2019, ORIX Metro issued ₱4.16 billion fixed rate bonds with issue price at 100% face value. The bonds bear an interest rate of 4.55% per annum and will mature on November 15, 2021. The interest of the bonds for the entire term are payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, commencing on November 15, 2019. Total bond issuance costs amounted to ₱44.2 million.

FMIC Fixed Rate Corporate Bonds due 2019

These bonds were issued in principal amounts of ₱50,000 and in multiples of ₱5,000 in excess of ₱50,000 with an option to redeem in whole, but not in part, on any quarterly interest payment after the fourth or fifth anniversary of the issue date at 102.00% of its face value plus accrued interest. These are exempt securities pursuant to certain provisions of the Securities Regulation Code (SRC) and are covered by deeds of assignment on government securities held in trust by a collateral agent which shall have aggregate market value of 100.00% of the issued amount, otherwise, additional government securities shall be offered to increase and maintain the cover at 100.00%. The carrying amount of government securities assigned as collateral amounted to ₱3.9 billion classified under 'Investment securities at amortized cost' as of December 31, 2018. FMIC has complied with the terms of the issuance in 2019 and 2018.

Interest expense on bonds payable (included in 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others') in 2019, 2018 and 2017 amounted to ₱3.6 billion, ₱336.7 million and ₱399.9 million, respectively for the Group and ₱3.4 billion in 2019 and ₱163.9 million in 2018 for the Parent Company. As of December 31, 2019 and 2018, unamortized bond issue costs amounted to ₱474.2 million and ₱174.3 million for the Group, and ₱389.9 million and ₱174.3 million for the Parent Company.

Reserve Requirement

Peso-denominated bonds are subject to reserves equivalent to 3% and 4% in 2019 and 2018, respectively. The Parent Company, PSBank and Orix Metro were in compliance with such regulations as of December 31, 2019. The Parent and FMIC were in compliance with such regulations as of December 31, 2018.



20. Subordinated Debts

This account consists of the following Peso Notes:

	Maturity Date	Face Value	Carrying Value		Market Value	
			2019	2018	2019	2018
Parent Company						
2025	August 8, 2025	P6,500	P6,494	P6,484	P6,502	P6,234
2024	June 27, 2024	16,000	—	15,987	—	15,813
		22,500	6,494	22,471	6,502	22,047
MCC-2023	December 20, 2023	1,170	1,166	1,165	1,195	1,113
PSBank-2024	August 23, 2024	3,000	—	2,982	—	2,243
		P26,670	P7,660	P26,618	P7,697	P25,403

On April 15, 2013, of the BOD of the Parent Company approved the issuance of Basel III-compliant Tier 2 capital notes of up to USD500 million in one or more tranches, issued as part of its regulatory capital compliance and to proactively manage its capital base for growth and refinancing of maturing capital securities which was also approved by the BSP on July 26, 2013 and the amendment to the terms and conditions on January 30, 2014. Specifically, the BSP approved the issuance of up to USD500 million equivalent in either USD or PHP or combination in one or more tranches over the course of one (1) year. The Peso Notes issued by the Parent Company are unsecured and subordinated obligations and will rank *pari passu* and without any preference among themselves and at least equally with all its other present and future unsecured and subordinated obligations. These Peso Notes have a term of 10.25 and 11 years and are redeemable at the option of the Parent Company (but not the holders) on the call option date in whole but not in part at redemption price equal to 100.00% of the principal amount together with accrued and unpaid interest on the call option date, upon prior approval of the BSP and at least 30-banking day prior written notice to the Noteholders of record, subject to the following conditions: (1) the capital adequacy of the Issuer is at least equal to the required minimum ratio; (2) the note is simultaneously replaced with the issues of new capital which are neither smaller in size nor lower in quality than the original issue. Furthermore, upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event, the Parent Company may, upon prior approval of the BSP and at least a 30-banking day prior written notice to the Noteholders on record, redeem all and not less than all of the outstanding Notes prior to the stated maturity by paying the Noteholder the Redemption Option Amount which, (a) in the case of a Tax Redemption Event is an amount equal to 100.00% of the face value of the Note plus accrued Interest at the Interest Rate relating to the then current Interest Period up to but excluding the date of such redemption, and (b) in the case of a Regulatory Redemption Event is an amount equal to 101.00% of the face value of the Note plus accrued Interest at the Interest Rate relating to the then current Interest Period up to but excluding the date of such redemption. The Notes have a loss absorption feature which are subject to a Non-Viability Write-Down in case of the occurrence of a Non-Viability Trigger Event, subject to certain conditions as set out in “Terms and Conditions of the Notes - Loss Absorption Measure”, when the Issuer is considered non-viable as determined by the BSP. Non-Viability is a deviation from a certain level of CET1 Ratio or the inability of the Issuer to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. A Non-Viability Trigger Event shall be deemed to have occurred if the BSP notifies the Issuer in writing that it has determined that a: (i) a Write-Down (as defined in “Terms and Conditions of the Notes”) of the Notes and other capital instruments of the Issuer is necessary because, without such Write-Down, the Issuer would become non-viable, (ii) public sector injection of capital, or equivalent support, is necessary because, without such injection or support, the Issuer would become non-viable, or (iii) Write-Down of the Notes and other capital instruments of the Issuer is necessary because, as a result of the closure of the Issuer, the Issuer has become non-viable.



Each Noteholder may not exercise or claim any right of set-off in respect of any amount owed to it by the Parent Company arising under or in connection with the Peso Notes and to the fullest extent permitted by applicable law, waive and be deemed to have waived all such rights of set-off. These Notes are not deposits and are not insured by the Philippine Deposit Insurance Corporation.

Specific terms of these Basel III-compliant Peso Notes follow:

Parent Company

2024 Peso Notes - issued on March 27, 2014 at 100.00% of the principal amount of ₱16.0 billion

- Bear interest at 5.375% per annum from March 27, 2014 to but excluding June 27, 2019. Interest will be payable quarterly in arrears on March 27, June 27, September 27 and December 27 of each year, commencing on June 27, 2014. Unless the Notes are previously redeemed, the initial interest rate will be reset at the equivalent of the five-year PDST-F as of reset date plus a spread of 1.51% per annum and such interest will be payable commencing on June 27, 2019 (call option date) up to and including June 27, 2024. As approved by the BSP on April 25, 2019, on June 27, 2019, the Parent Company redeemed the Notes ahead of its maturity.

2025 Peso Notes - issued on August 8, 2014 at 100.00% of the principal amount of ₱6.5 billion

- Bear interest at 5.25% per annum from August 8, 2014 to but excluding August 8, 2020. Interest will be payable quarterly in arrears on February 8, May 8, August 8 and November 8 of each year, commencing on November 8, 2014. Unless the Notes are previously redeemed, the initial interest rate will be reset at equivalent of the five-year PDST-R2 as of reset date plus a spread of 1.67% per annum and such interest will be payable commencing on August 8, 2020 (call option date) up to and including August 8, 2025.

MCC

2023 Peso Notes - issued on December 20, 2013 at 100.00% of the principal amount of ₱1.2 billion

- Bear interest at 6.21% per annum payable quarterly in arrears every 20th of March, June, September and December each year, commencing on March 20, 2014.
- Basel III - compliant unsecured subordinated notes qualified as Tier 2 capital as approved by the BSP on February 17, 2013.
- In case of insolvency or liquidation of MCC, the notes will be subordinated in the right of payment of principal and interest to all depositors and other creditors of MCC, except those creditors expressed to rank equally with, or behind holders of the notes.
- If a non-viability trigger event occurs, MCC shall immediately write down some or all of the notes in accordance with the BSP's determination.
- Subject to the written approval of the BSP, MCC may redeem all and not less than the entire outstanding 2023 Notes, at a redemption price equal to the face value together with the accrued and unpaid interest based on the interest rate.

PSBank

2024 Peso Notes - issued on May 23, 2014 at 100.00% of the face value of ₱3.0 billion

- Bear interest at the rate 5.50% per annum for the first 5 years and 3 months. Interest will be payable quarterly in arrears on August 23, November 23, February 23 and May 23 of each year, commencing on August 23, 2014. Unless the Notes are previously redeemed, the initial interest rate will be reset at the equivalent of the five-year PDST-F as of reset date plus a spread of 1.4438% per annum.
- Basel III - compliant unsecured subordinated notes qualified as Tier 2 capital as approved by the BSP on April 14, 2014.
- May be redeemed by PSBank in full, but not in part, on the call option date upon prior approval of the BSP and subject to certain conditions.



- May be redeemed by PSBank in full, but not in part, upon the occurrence of a Tax Redemption or Regulatory Redemption Event prior to maturity by paying the Holders the following:
 - a) In the case of a Tax Redemption Event, 100.00% of the face value of the Note plus accrued interest
 - b) In the case of a Regulatory Redemption Event, 101.00% of the face value of the Note plus accrued interest.
- Have a loss absorption feature which means the Notes are subject to a Non-Viability Write-Down in case of the occurrence of a Non-Viability Trigger Event, subject to certain conditions.

As approved by the BSP on April 25, 2019, on August 23, 2019, PSBank redeemed the Notes ahead of its maturity.

As of December 31, 2019 and 2018, the Parent Company, PSBank and MCC are in compliance with the terms and conditions upon which these subordinated notes have been issued.

In 2019, 2018 and 2017, interest expense on subordinated debts included in 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others' amounted to ₱983.0 million, ₱1.5 billion and ₱1.5 billion (including amortization of debt issue cost and premium of ₱41.9 million, ₱38.2 million and ₱35.3 million), respectively, for the Group, and ₱0.8 billion, ₱1.2 billion and ₱1.2 billion, respectively (including amortization of debt issue cost and premium of ₱22.5 million, ₱34.4 million and ₱32.6 million, respectively) for the Parent Company.

21. Non-equity Non-controlling Interest and Other Liabilities

Non-equity Non-controlling Interest

This account arises when mutual funds are consolidated and where the Group holds less than 100.00% of the investment in these funds. When this occurs, the Group acquires a liability in respect of non-controlling interests in the funds of which the Group has control. Such non-controlling interests are distinguished from equity non-controlling interests in that the Group does not hold an equity stake in such funds. Further, income (loss) attributable to non-equity non-controlling interests amounting to (₱0.2 billion), ₱0.7 billion, and (₱1.3 billion) in 2019, 2018 and 2017, respectively, is included under 'Trading and securities gain (loss) - net' in the statements of income (Note 8).

Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Accounts payable	₱17,436	₱15,629	₱8,269	₱7,104
Bills purchased - contra (Note 9)	14,089	12,171	14,080	12,158
Marginal deposits	6,374	4,232	236	166
Lease liability (Note 13)	4,038	—	2,160	—
Notes payable	2,592	2,600	—	—
Other credits	1,800	1,887	853	726
Deposits on lease contracts	1,725	1,643	—	—
Outstanding acceptances	1,611	1,793	1,611	1,793
Deferred revenues (Note 25)	1,486	1,398	63	64
Retirement liability (Note 27)	938	277	—	—
Withholding taxes payable	742	897	448	564
Miscellaneous (Notes 11 and 15)	3,339	3,086	2,340	1,532
	₱56,170	₱45,613	₱30,060	₱24,107



Notes payable represent unsecured notes issued by ORIX Metro on October 29, 2018 maturing on April 29, 2020 and October 29, 2020 with annual interest rates of 7.02% and 7.45%, respectively, payable quarterly in arrears every January 29, April 29, July 29 and October 29 until their maturity. In 2019 and 2018, interest expense on notes payable included in 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others' amounted to ₱188.8 million and ₱32.6 million, respectively.

Deferred revenues include deferral and release of MCC's loyalty points program transactions and membership fees and dues.

As of December 31, 2019 and 2018, miscellaneous liabilities of the Group include dividends payable amounting to ₱90.0 million and ₱90.4 million, respectively.

22. Maturity Profile of Assets and Liabilities

The following tables present the assets and liabilities by contractual maturity and settlement dates:

	Consolidated					
	2019			2018		
	Due Within One Year	Due Beyond One Year	Total	Due Within One Year	Due Beyond One Year	Total
Financial Assets - at gross						
Cash and other cash items	₱32,956	₱—	₱32,956	₱33,091	₱—	₱33,091
Due from BSP	219,994	—	219,994	240,134	—	240,134
Due from other banks	54,772	—	54,772	45,808	—	45,808
Interbank loans receivable and SPURA (Note 7)	72,175	—	72,175	50,731	—	50,731
Investment securities at FVTPL (Note 8)	61,867	—	61,867	39,689	—	39,689
Investment securities at FVOCI (Note 8)	16,418	186,102	202,520	25,167	86,121	111,288
Investment securities at amortized cost (Note 8)	24,075	227,579	251,654	2,684	262,740	265,424
Loans and receivables (Note 9)						
Receivables from customers	697,171	788,465	1,485,636	631,150	761,930	1,393,080
Unquoted debt securities	150	866	1,016	—	1,018	1,018
Accrued interest receivable	13,102	3	13,105	10,661	6	10,667
Accounts receivable	9,382	84	9,466	9,574	81	9,655
Sales contract receivable	62	83	145	119	71	190
Other receivables	313	18	331	335	—	335
Other assets (Note 14)						
Investments in SPVs	8,857	—	8,857	8,857	—	8,857
Interoffice float items	1,643	—	1,643	2,536	—	2,536
Returned checks and other cash items	407	—	407	417	—	417
Other investments	—	31	31	—	26	26
	1,213,344	1,203,231	2,416,575	1,100,953	1,111,993	2,212,946
Non-Financial Assets - at gross						
Investments in associates and a JV (Note 11)	—	7,105	7,105	—	6,022	6,022
Property and equipment (Note 10)	—	49,298	49,298	—	43,167	43,167
Investment properties (Note 12)	—	10,369	10,369	—	10,217	10,217
Deferred tax assets (Note 28)	—	10,512	10,512	—	10,238	10,238
Goodwill (Note 11)	—	5,200	5,200	—	5,200	5,200
Assets held under joint operations (Note 14)	—	219	219	—	219	219
Accounts receivable (Note 9)	—	3,241	3,241	—	3,636	3,636
Residual value of leased asset	390	745	1,135	354	776	1,130
Other assets (Note 14)	2,908	14,885	17,793	2,828	13,581	16,409
	3,298	101,574	104,872	3,182	93,056	96,238
	<u>₱1,216,642</u>	<u>₱1,304,805</u>	<u>2,521,447</u>	<u>₱1,104,135</u>	<u>₱1,205,049</u>	<u>2,309,184</u>
Less:						
Unearned discounts and capitalized interest (Note 9)			5,149			4,859
Accumulated depreciation and amortization (Notes 10, 12 and 14)			28,898			25,909
Allowance for credit and impairment losses (Notes 10, 11, 12, 14, and 15)			36,587			34,723
			<u>₱2,450,813</u>			<u>₱2,243,693</u>



	Consolidated					
	2019			2018		
	Due Within One Year	Due Beyond One Year	Total	Due Within One Year	Due Beyond One Year	Total
Financial Liabilities						
Deposit liabilities						
CASA	₱1,077,507	₱—	₱1,077,507	₱964,944	₱—	₱964,944
Time	565,982	26,915	592,897	527,635	20,384	548,019
LTNCD (Note 16)	8,000	35,740	43,740	—	43,790	43,790
	1,651,489	62,655	1,714,144	1,492,579	64,174	1,556,753
Bills payable and SSURA (Note 17)	195,762	42,519	238,281	212,478	47,129	259,607
Derivative liabilities (Note 8)	6,322	1,105	7,427	6,537	—	6,537
Manager's checks and demand drafts outstanding	6,806	—	6,806	7,565	—	7,565
Accrued interest and other expenses	8,412	43	8,455	8,155	95	8,250
Bonds payable (Note 19)	27,914	52,572	80,486	2,917	27,826	30,743
Subordinated debts (Note 20)	6,494	1,166	7,660	15,987	10,631	26,618
Non-equity non-controlling interest (Note 21)	6,553	—	6,553	6,747	—	6,747
Other liabilities (Note 21)						
Bills purchased – contra	14,089	—	14,089	12,171	—	12,171
Accounts payable	17,226	210	17,436	15,629	—	15,629
Marginal deposits	6,374	—	6,374	4,232	—	4,232
Notes payable	—	2,592	2,592	—	2,600	2,600
Outstanding acceptances	1,588	23	1,611	1,793	—	1,793
Deposits on lease contracts	627	1,098	1,725	540	1,103	1,643
Dividends payable	90	—	90	90	—	90
	1,949,746	163,983	2,113,729	1,787,420	153,558	1,940,978
Non-Financial Liabilities						
Retirement liability (Note 21 and 27)	—	938	938	—	277	277
Income taxes payable	4,188	—	4,188	2,830	—	2,830
Lease liability	779	3,259	4,038	—	—	—
Accrued other expenses	2,044	—	2,044	1,369	—	1,369
Withholding taxes payable (Note 21)	742	—	742	897	—	897
Deferred tax and other liabilities (Notes 21 and 28)	4,735	1,908	6,643	4,394	2,244	6,638
	12,488	6,105	18,593	9,490	2,521	12,011
	₱1,962,234	₱170,088	₱2,132,322	₱1,796,910	₱156,079	₱1,952,989
	Parent Company					
	2019			2018		
	Due Within One Year	Due Beyond One Year	Total	Due Within One Year	Due Beyond One Year	Total
Financial Assets - at gross						
Cash and other cash items	₱30,659	₱—	₱30,659	₱29,280	₱—	₱29,280
Due from BSP	195,770	—	195,770	206,289	—	206,289
Due from other banks	38,698	—	38,698	35,218	—	35,218
Interbank loans receivable and SPURA (Note 7)	56,153	—	56,153	24,724	—	24,724
Investment securities at FVTPL (Note 8)	7,551	41,999	49,550	30,166	—	30,166
Investment securities at FVOCI (Note 8)	8,262	180,414	188,676	16,647	75,497	92,144
Investment securities at amortized cost (Note 8)	22,420	194,224	216,644	471	212,184	212,655
Loans and receivables (Note 9)						
Receivables from customers	596,047	575,239	1,171,286	547,558	563,646	1,111,204
Unquoted debt securities	—	386	386	—	386	386
Accrued interest receivable	10,500	3	10,503	7,981	6	7,987
Accounts receivable	5,731	—	5,731	5,975	—	5,975
Sales contract receivable	55	47	102	47	72	119
Other receivables	12	—	12	13	—	13
Other assets (Note 14)						
Investments in SPVs	8,857	—	8,857	8,857	—	8,857
Interoffice float items	1,654	—	1,654	2,619	—	2,619
Returned checks and other cash items	378	—	378	397	—	397
	982,747	992,312	1,975,059	916,242	851,791	1,768,033
Non-Financial Assets - at gross						
Investments in subsidiaries (Note 11)	—	95,739	95,739	—	81,288	81,288
Investments in associates (Note 11)	—	617	617	—	569	569
Property and equipment (Note 10)	—	31,684	31,684	—	27,990	27,990
Investment properties (Note 12)	—	4,989	4,989	—	4,552	4,552
Deferred tax assets (Note 28)	—	6,918	6,918	—	6,769	6,769
Assets held under joint operations (Note 14)	—	219	219	—	219	219
Accounts receivable (Note 9)	—	3,241	3,241	—	3,636	3,636
Other assets (Note 14)	1,682	9,054	10,736	1,477	8,224	9,701
	1,682	152,461	154,143	1,477	133,247	134,724
	₱984,429	₱1,144,773	2,129,202	₱917,719	₱985,038	1,902,757
Less:						
Unearned discounts and capitalized interest (Note 9)			238			266
Accumulated depreciation and amortization (Notes 10, 12 and 14)			16,183			14,537
Allowance for credit and impairment losses (Notes 10, 11, 12, 14, and 15)			25,346			24,290
			₱2,087,435			₱1,863,664



	Parent Company					
	2019			2018		
	Due Within One Year	Due Beyond One Year	Total	Due Within One Year	Due Beyond One Year	Total
Financial Liabilities						
Deposit liabilities						
CASA	₱1,003,249	₱—	₱1,003,249	₱900,186	₱—	₱900,186
Time	460,529	1,184	461,713	389,008	1,467	390,475
LTNCD (Note 16)	8,000	27,330	35,330	—	35,330	35,330
	1,471,778	28,514	1,500,292	1,289,194	36,797	1,325,991
Bills payable and SSURA (Note 17)	117,755	21,317	139,072	131,870	19,209	151,079
Derivative liabilities (Note 8)	5,994	—	5,994	6,182	—	6,182
Manager's checks and demand drafts outstanding	5,508	—	5,508	5,950	—	5,950
Accrued interest and other expenses	4,567	43	4,610	3,863	93	3,956
Bonds payable (Note 19)	27,914	42,196	70,110	—	27,826	27,826
Subordinated debts (Note 20)	6,494	—	6,494	15,987	6,484	22,471
Other liabilities (Note 21)						
Bills purchased – contra	14,080	—	14,080	12,158	—	12,158
Accounts payable	8,269	—	8,269	7,104	—	7,104
Marginal deposits	236	—	236	166	—	166
Outstanding acceptances	1,588	23	1,611	1,793	—	1,793
	1,664,183	92,093	1,756,276	1,474,267	90,409	1,564,676
Non-Financial Liabilities						
Income taxes payable	3,259	—	3,259	1,670	—	1,670
Lease liability	615	1,545	2,160	—	—	—
Accrued other expenses	2,044	—	2,044	1,669	—	1,669
Withholding taxes payable (Note 21)	448	—	448	564	—	564
Other liabilities (Note 21)	2,403	853	3,256	1,596	726	2,322
	8,769	2,398	11,167	5,499	726	6,225
	₱1,672,952	₱94,491	₱1,767,443	₱1,479,766	₱91,135	₱1,570,901

23. Capital Stock

As of December 31, 2019 and 2018, this account consists of (amounts in millions, except par value and number of shares):

	Shares		Amount	
	2019	2018	2019	2018
Authorized				
Common stock – ₱20.00 par value	6,000,000,000	4,000,000,000		
Preferred stock – ₱20.00 par value	1,000,000,000	1,000,000,000		
Common stock issued and outstanding				
Balance at beginning of year	3,980,015,036	3,180,172,786	₱79,600	₱63,603
Issuance of stock rights	—	799,842,250	—	15,997
Issuance of stock dividend	517,400,519	—	10,348	—
Balance at the end of year	4,497,415,555	3,980,015,036	₱89,948	₱79,600

As of December 31, 2019 and 2018, treasury shares totaling 959,257 and 825,000, respectively, represent shares of the Parent Company held by FMIC's mutual fund subsidiary (Note 31).

Preferred shares are non-voting except as provided by law; have preference over Common Shares in the distribution of dividends; subject to such terms and conditions as may be determined by the BOD and to the extent permitted by applicable law, may or may not be redeemable; and shall have such other features as may be determined by the BOD at the time of issuance.

On March 15, 2013, the BOD of the Parent Company approved (a) the amendment of the Articles of Incorporation (AOI) to increase the authorized capital stock and (b) the declaration of 30.00% stock dividend, which were ratified by the stockholders representing at least 2/3 of the outstanding capital stock on April 15, 2013. These were subsequently approved by the BSP on May 15, 2013 and by the SEC on August 13, 2013. Following this, the authorized capital stock of the Parent Company increased from ₱50.0 billion to ₱100.0 billion consisting of 4.0 billion Common Shares and 1.0 billion Preferred Shares, both with par value of ₱20.00 per share. The 30.00% stock dividend



equivalent to 633,415,049 common shares amounting to ₱12.7 billion represents at least the minimum 25.00% subscribed and paid-up capital for the increase in the authorized capital stock referred to above which was issued/paid on September 16, 2013 with record date on September 3, 2013. On September 10, 2013, the PSE approved the listing of such additional common shares.

On January 21, 2015, the Parent Company's BOD approved the Stock Rights Offer (SRO) by way of issuance from the unissued portion of the authorized capital stock which was noted by BSP with the issuance of a letter of no objection to the Rights Issue on February 17, 2015. On February 24, 2015, the SEC confirmed the exemption of this issuance of ₱32.0 billion worth of common shares from the registration requirements under Section 8 of the SRC. On February 25, 2015, the PSE approved the listing of up to 500.0 million common shares to cover the SRO to all stockholders of record as of March 18, 2015. On April 7, 2015, following regulatory approvals, the Parent Company concluded the ₱32.0 billion SRO, involving 435,371,720 common shares with par value of ₱20.00 priced at ₱73.50 per share and listed with the PSE on the same date. The difference between the issued price and the par value is recognized as 'Capital paid in excess of par value'.

On January 17, 2018, the Parent Company's BOD approved the SRO by way of issuance of up to a maximum of 819,827,214 common shares to raise additional capital of up to ₱60.0 billion. This was noted by the BSP with the issuance of a letter of no objection to the rights issue on January 29, 2018. On April 4, 2018, following the regulatory approvals, the Parent Company concluded the ₱60.0 billion SRO, involving 799,842,250 common shares with par value of ₱20.00 priced at ₱75.00 per share and listed on the PSE on April 12, 2018. Transaction costs on SRO amounting to ₱878.2 million were charged against 'Capital paid in excess of par value'.

On February 13, 2019, the BOD of the Parent Company approved (a) the amendment of the AOI to increase the authorized capital stock from ₱100.0 billion to ₱140.0 billion and (b) the declaration of a 13% stock dividend equivalent to 517,401,955 shares amounting to ₱10.3 billion representing the minimum 25% subscription and paid-up capital for the increase in the authorized capital stock which were ratified by the stockholders representing at least 2/3 of the outstanding capital stock on April 24, 2019. These were approved by the BSP on August 8, 2019 and by the SEC on October 4, 2019. Following this, the authorized capital stock of the Parent Company increased from ₱100.0 billion to ₱140.0 billion consisting of 6.0 billion common shares and 1.0 billion preferred shares, both with par values of ₱20.0 per share. On October 16, 2019, the Parent Company received the SEC Order fixing the Record Date of the 13% stock dividend on October 31, 2019. The 13% stock dividend was issued on November 26, 2019 with record date on October 31, 2019. On November 19, 2019, the PSE approved the listing of such stock dividend.

All issued and outstanding shares of the Parent Company are listed with the PSE (Note 1). As of December 31, 2019 and 2018, there are 2,986 and 3,031 holders, respectively, of the listed shares of the Parent Company, with share price closed at ₱66.30 and ₱80.95 a share, respectively.

The history of share issuances during the last ten years follows:

Year	Issuance	Listing Date	Number of Shares Issued
2019	Stock dividend	November 26, 2019	517,400,519
2018	Stock rights	April 12, 2018	799,842,250
2015	Stock rights	April 7, 2015	435,371,720
2013	Stock dividend	September 16, 2013	633,415,049
2011	Stock rights	January 24, 2011	200,000,000



Details of the Parent Company's cash dividend distributions from 2017 to 2019 follow:

Date of Declaration	Per Share	Total Amount	Record Date	Payment Date
February 13, 2019	₱1.00	₱3,980	March 1, 2019	March 14, 2019
February 21, 2018	1.00	3,180	March 8, 2018	March 16, 2018
February 22, 2017	1.00	3,180	March 9, 2017	March 23, 2017

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

24. Surplus Reserves

This account consists of:

	2019	2018
Reserve for trust business (Note 29)	₱1,596	₱1,475
Reserve for self-insurance	502	481
	₱2,098	₱1,956

In compliance with existing BSP regulations, 10.0% of the Parent Company's income from trust business is appropriated to surplus reserves. This yearly appropriation is required until the surplus reserve for trust business equals 20.0% of the Parent Company's regulatory net worth.

Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation by and other unlawful acts of the Parent Company's personnel or third parties.

25. Other Operating Income and Expenses

Service Charges, Fees and Commissions

The table below presents the disaggregation of service charges, fees and commission by business segment:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Consumer banking	₱5,724	₱5,694	₱5,094	₱110	₱125	₱93
Branch banking	3,679	3,418	2,711	2,589	2,482	1,957
Corporate banking	1,639	791	585	936	812	635
Investment banking/treasury	855	680	599	357	297	267
Others	2,369	2,112	2,056	1,153	1,238	1,219
	₱14,266	₱12,695	₱11,045	₱5,145	₱4,954	₱4,171

Others include the remittance business of the Group and the Parent Company.

The remaining performance obligations on revenue contracts with customers of the Group under PFRS 15, which are expected to be recognized beyond one year amounting to ₱832.0 million and ₱722.1 million (included in 'Deferred revenues' under 'Other liabilities') as of December 31, 2019 and 2018, respectively, relate to the customer loyalty program of MCC. The customer loyalty points have no expiration and redemptions can go beyond one year.



Miscellaneous Income and Expenses

In 2019, 2018 and 2017, miscellaneous income includes gain on initial recognition of investment properties and other non-financial assets amounting to ₱486.5 million, ₱638.5 million and ₱1.1 billion, respectively, for the Group and ₱33.2 million, ₱22.8 million and ₱25.5 million, respectively, for the Parent Company; recovery on charged-off assets amounting to ₱866.8 million, ₱874.9 million and ₱1.1 billion, respectively, for the Group and ₱12.0 million, ₱8.8 million and ₱28.9 million, respectively, for the Parent Company; and information technology and other fees amounting to ₱44.9 million, ₱895.9 million and ₱307.6 million, respectively, for the Group and ₱38.1 million, ₱365.9 million and ₱369.2 million, respectively, for the Parent Company (Note 31).

Miscellaneous expenses consist of:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Insurance	₱3,420	₱3,422	₱3,220	₱2,764	₱2,684	₱2,457
Security, messengerial and janitorial	2,581	2,433	2,359	2,054	1,837	1,779
Management, professional and supervision fees	1,569	1,530	1,302	1,308	1,151	936
Information technology (Note 31)	1,385	1,066	769	911	684	520
Advertising	1,161	986	895	340	221	284
Litigation (Note 12)	904	781	794	390	276	309
Communications	634	647	616	115	115	96
Repairs and maintenance	569	538	608	222	190	292
Transportation and travel	569	527	497	428	382	344
Stationery and supplies used	520	446	403	337	261	240
Entertainment, amusement and representation (EAR) (Note 28)	488	340	302	440	295	261
Others (Note 31)	2,776	2,519	1,965	1,777	1,477	1,035
	₱16,576	₱15,235	₱13,730	₱11,086	₱9,573	₱8,553

26. Notes to Statements of Cash Flows

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

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Interbank loans receivable and SPURA	₱72,175	₱50,731	₱45,475	₱56,153	₱24,724	₱27,208
Interbank loans receivable and SPURA not considered as cash and cash equivalents	(4,862)	(11,351)	(12,739)	(1,575)	(1,982)	(7,966)
	₱67,313	₱39,380	₱32,736	₱54,578	₱22,742	₱19,242

Significant non-cash transactions of the Group and the Parent Company (other than the impact of PFRS 9 and PFRS 16 adoption) include; additions to ROU assets as disclosed in Note 10; foreclosures of properties or additions to investment and chattel properties as disclosed in Notes 12 and 14, respectively; accrual of cash dividends from subsidiaries and SMBC Metro as disclosed in Notes 11 and 31; reclassifications of BUC (Note 10); and issuance of stock dividends (Note 23).



The table below provides for the changes in liabilities arising from financing activities in 2019 and 2018:

	Consolidated			
	Beginning	Net cash flows	Others	Ending
2019				
Bills payable and SSURA (Note 17)	₱259,607	(₱29,298)	₱7,972	₱238,281
Bonds payable (Note 19)	30,743	49,499	244	80,486
Subordinated debts (Note 20)	26,618	(19,000)	42	7,660
Notes payable (Note 21)	2,600	—	(8)	2,592
Dividends payable (Note 21)	90	—	—	90
Total liabilities from financing activities	₱319,658	₱1,201	₱8,250	₱329,109
2018				
Bills payable and SSURA (Note 17)	₱227,835	₱46,724	(₱14,952)	₱259,607
Bonds payable (Note 19)	2,910	27,826	7	30,743
Subordinated debts (Note 20)	26,580	—	38	26,618
Notes payable (Note 21)	—	2,600	—	2,600
Dividends payable (Note 21)	91	(3,180)	3,179	90
Total liabilities from financing activities	₱257,416	₱73,970	(₱11,728)	₱319,658

	Parent Company			
	Beginning	Net cash flows	Others	Ending
2019				
Bills payable and SSURA (Note 17)	₱151,079	(₱12,007)	₱—	₱139,072
Bonds payable (Note 19)	27,826	42,135	149	70,110
Subordinated debts (Note 20)	22,471	(16,000)	23	6,494
Total liabilities from financing activities	₱201,376	₱14,128	₱172	₱215,676
2018				
Bills payable and SSURA (Note 17)	₱106,482	₱44,597	₱—	₱151,079
Bonds payable (Note 19)	—	27,826	—	27,826
Subordinated debts (Note 20)	22,437	—	34	22,471
Dividends payable	—	(3,180)	3,180	—
Total liabilities from financing activities	₱128,919	₱69,243	₱3,214	₱201,376

Others include the effect of cash flows of liabilities arising from operating activities, declaration of dividends, and effect of amortization of transaction costs.

27. Retirement Plan and Other Employee Benefits

The Parent Company and most of its subsidiaries have funded non-contributory defined benefit retirement plan covering all their respective permanent and full-time employees. Benefits are based on the employee's years of service and final plan salary.

For employees of the Parent Company, retirement from service is compulsory upon the attainment of the 55th birthday or 30th year of service, whichever comes first.

The existing regulatory framework, Republic Act (RA) 7641 (Retirement Pay Law) requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Parent Company and most of its subsidiaries meet the minimum retirement benefit specified under RA 7641.



The principal actuarial assumptions used in determining retirement liability of the Parent Company and significant subsidiaries are shown below:

	Parent Company	MCC	FMIC	PSBank	ORIX Metro
As of January 1, 2019					
Average remaining working life	9.6 years	10 years	7 years	12 years	14 to 27 years
Discount rate	7.29%	7.28%	7.16% to 7.32%	7.33%	6.80% to 7.80%
Future salary increases	7.00%	8.00%	5.00%	6.00%	7.00% to 8.00%
As of January 1, 2018					
Average remaining working life	9 years	12 years	7 to 10 years	11 years	12 to 27 years
Discount rate	5.39%	5.74%	5.62% to 5.77%	5.73%	4.84% to 5.40%
Future salary increases	7.00%	8.00%	5.00%	5.00%	7.00% to 8.00%

Discount rates used in computing for the present value of the DBO of the Parent Company and significant subsidiaries as of December 31, 2019 and 2018 follow:

	Parent Company	MCC	FMIC	PSBank	ORIX Metro
2019	4.74%	4.88%	4.61% to 4.84%	4.86%	5.10% to 5.20%
2018	7.29%	7.28%	7.16% to 7.32%	7.33%	6.80% to 7.83%

The net retirement liability (asset) of the Group and the Parent Company is presented in the following accounts in the statement of financial position:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Other assets (Note 14)	(P3,930)	(P3,654)	(P3,930)	(P3,606)
Other liabilities (Note 21)	938	277	—	—
	(P2,992)	(P3,377)	(P3,930)	(P3,606)

The defined benefit plan exposes the Group and the Parent Company to actuarial risk, such as longevity risk, interest rate risk and market (investment risk).

The fair value of plan assets by each class as at the end of the reporting year are as follows:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Cash and cash equivalents	P974	P1,500	P4	P417
Investment securities				
Debt securities (Note 31)	21,415	14,648	17,997	12,318
Equity securities (Note 31)	4,855	4,078	4,640	3,811
Unit investment trust fund and others (Note 31)	573	1,960	415	1,838
Total investment securities	26,843	20,686	23,052	17,967
Other assets	266	453	245	423
Total assets	28,083	22,639	23,301	18,807
Total liabilities	(6)	(8)	—	(6)
Fair value of net plan assets	P28,077	P22,631	P23,301	P18,801



Changes in net defined benefit liability (asset) in 2019 are as follows:

Consolidated	Present Value of DBO	Fair Value of Plan Assets	Net retirement liability/(asset)
January 1, 2019	₱19,254	(₱22,631)	(₱3,377)
Net benefit cost			
Current service cost	1,558	—	1,558
Past service cost	4	—	4
Net interest	1,326	(1,658)	(332)
Sub-total	2,888	(1,658)	1,230
Benefits paid	(1,474)	1,474	—
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	—	(1,509)	(1,509)
Actuarial changes arising from experience adjustments	734	—	734
Actuarial changes arising from changes in financial/demographic assumptions	3,683	—	3,683
Sub-total	4,417	(1,509)	2,908
Benefits paid from previous year separation	—	8	8
Settlement	1	—	1
Effect of curtailment	(1)	—	(1)
Contributions paid	—	(3,761)	(3,761)
December 31, 2019	₱25,085	(₱28,077)	(₱2,992)

Parent Company	Present Value of DBO	Fair Value of Plan Assets	Net retirement liability/(asset)
January 1, 2019	₱15,195	(₱18,801)	(₱3,606)
Net benefit cost			
Current service cost	1,169	—	1,169
Net interest	1,039	(1,369)	(330)
Sub-total	2,208	(1,369)	839
Benefits paid	(1,291)	1,291	—
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	—	(1,507)	(1,507)
Actuarial changes arising from experience adjustments	647	—	647
Actuarial changes arising from changes in financial/demographic assumptions	2,612	—	2,612
Sub-total	3,259	(1,507)	1,752
Contributions paid	—	(2,915)	(2,915)
December 31, 2019	₱19,371	(₱23,301)	(₱3,930)

Changes in net defined benefit liability (asset) in 2018 are as follows:

Consolidated	Present Value of DBO	Fair Value of Plan Assets	Net retirement liability/(asset)
January 1, 2018	₱20,281	(₱16,674)	₱3,607
Net benefit cost			
Current service cost	1,641	—	1,641
Past service cost	55	—	55
Net interest	1,048	(923)	125
Sub-total	2,744	(923)	1,821
Benefits paid	(1,498)	1,498	—
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	—	1,559	1,559
Actuarial changes arising from experience adjustments	(70)	—	(70)
Actuarial changes arising from changes in financial/demographic assumptions	(2,203)	—	(2,203)
Sub-total	(2,273)	1,559	(714)
Contributions paid	—	(8,091)	(8,091)
December 31, 2018	₱19,254	(₱22,631)	(₱3,377)



Parent Company	Present Value of DBO	Fair Value of Plan Assets	Net retirement liability/(asset)
January 1, 2018	₱16,279	(₱13,461)	₱2,818
Net benefit cost			
Current service cost	1,225	—	1,225
Net interest	830	(735)	95
Sub-total	2,055	(735)	1,320
Benefits paid	(1,273)	1,273	—
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	—	1,414	1,414
Actuarial changes arising from experience adjustments	(97)	—	(97)
Actuarial changes arising from changes in financial/demographic assumptions	(1,769)	—	(1,769)
Sub-total	(1,866)	1,414	(452)
Contributions paid	—	(7,292)	(7,292)
December 31, 2018	₱15,195	(₱18,801)	(₱3,606)

In 2019, 2018 and 2017, deferred tax on remeasurements on retirement plans credited (charged) to OCI amounted to (₱873.1 million), (₱214.2 million), and ₱11.1 million, respectively, for the Group, and (₱525.6 million), (₱135.6 million) and (₱7.6 million), respectively, for the Parent Company (Note 28).

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the balance of defined benefit obligation as of December 31, 2019 and 2018, assuming all other assumptions were held constant:

	Parent Company	MCC	FMIC	PSBank	ORIX Metro
As of December 31, 2019					
Discount rate					
+100 basis points (bps)	₱18,192	₱1,309	₱311	₱3,033	₱527
- 100 bps	20,703	1,593	358	3,697	675
Salary increase rate					
+100 bps	20,593	1,562	359	3,706	672
- 100 bps	18,259	1,328	310	3,020	527
Turnover rate					
+300 bps	18,824	—	—	—	—
+ 20 bps	—	1,402	322	3,280	—
- 300 bps	20,068	—	—	—	—
- 20 bps	—	1,484	346	3,407	—
As of December 31, 2018					
Discount rate					
+100 basis points (bps)	₱14,368	₱890	₱231	₱2,240	₱295
- 100 bps	16,117	1,069	259	2,699	367
Salary increase rate					
+100 bps	16,082	1,052	261	2,717	364
- 100 bps	14,380	901	229	2,220	297
Turnover rate					
+300 bps	14,930	—	—	—	—
+100 bps	—	—	—	2,448	—
+ 25 bps	—	952	239	—	—
- 300 bps	15,494	—	—	—	—
- 100 bps	—	—	—	2,457	—
- 25 bps	—	998	250	—	—

The Group expects to contribute to the defined benefit retirement plans the required funding for normal cost in 2020 amounting to ₱522.5 million.



The average duration of the DBO of the Group as of December 31, 2019 and 2018 are as follows:

	Parent Company	FMIC	PSBank	MCC	ORIX Metro
2019	12.15 years	10.57 to 14.94 years	15.43 years	14.26 years	11.40 to 12.60 years
2018	12.55 years	10.14 to 15.90 years	16.69 years	14.81 years	9.00 to 11.50 years

Shown below is the maturity analysis of the undiscounted benefit payments:

	Parent Company	FMIC	PSBank	MCC	ORIX Metro
As of December 31, 2019					
Less than 1 year	₱2,165	₱28	₱184	₱58	₱-
More than 1 year to 5 years	9,782	156	968	353	157
More than 5 years to 10 years	11,066	316	1,984	1,025	344
More than 10 years to 15 years	8,517	217	2,385	1,432	-
More than 15 years to 20 years	10,755	189	3,515	1,934	-
More than 20 years	11,762	199	3,999	1,123	-
As of December 31, 2018					
Less than 1 year	₱1,877	₱28	₱130	₱33	₱4
More than 1 year to 5 years	8,425	123	788	274	120
More than 5 years to 10 years	11,363	292	1,699	867	265
More than 10 years to 15 years	7,631	161	2,396	1,204	-
More than 15 years to 20 years	9,664	134	3,547	1,918	-
More than 20 years	11,954	125	5,280	1,124	-

In addition, the Parent Company has a Provident Plan which is a supplementary contributory retirement plan to and forms part of the main plan, the Retirement Plan, for the exclusive benefit of eligible employees of the Parent Company in the Philippines. Based on the provisions of the plan, upon retirement or resignation, a member shall be entitled to receive as retirement or resignation benefits 100.00% of the accumulated value of the personal contribution plus a percentage of the accumulated value arising from the Parent Company's contributions in accordance with the completed number of years serviced. The Parent Company's contribution to the Provident Fund in 2019 and 2018 amounted to ₱265.3 million and ₱273.1 million, respectively.

As of December 31, 2019 and 2018, the retirement funds of the Group's employees amounting to ₱28.1 billion and ₱22.6 billion, respectively, are being managed by its trust banking units. The Parent Company has a Trust Committee that is mandated to approve, the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the retirement plan. Certain members of the BOD of the Parent Company are represented in the Trust Committee. Directors' fees and bonuses of the Parent Company in 2019, 2018 and 2017 amounted to ₱66.1 million, ₱57.8 million and ₱65.7 million, respectively, while, officers' compensation and benefits of the Parent Company aggregated to ₱8.5 billion, ₱7.8 billion and ₱7.3 billion, respectively.

28. Income and Other Taxes

Under Philippine tax laws, the RBU of the Parent Company and its domestic subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statement of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax (DST). Income taxes include 30.00% regular corporate income tax (RCIT) and 20.00% final taxes paid, which is a final withholding tax on gross interest income from government securities and other deposit substitutes. Interest allowed as a deductible expense is reduced by an amount equivalent to 33.00% of interest income subjected to final tax.



Current tax regulations also provide for the ceiling on the amount of EAR expense (Note 25) that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. The regulations also provide for MCIT of 2.00% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group's income tax liability and taxable income, respectively, over a three-year period from the year of inception.

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

Following are the applicable taxes and tax rates for the foreign branches of the Parent Company:

Foreign Branches	Tax Rates
USA - New York Branch	2019 - 21.00% federal income tax; 8.85% state tax; 6.50% city tax
Japan - Tokyo and Osaka Branches	2018 - 21.00% federal income tax; 7.10% state tax; 6.50% city tax 23.40% income tax; various rates for business taxes - income tax, local business, sheet value and sheet capital allocations
Korea - Seoul and Pusan Branches	Various rates; 0.50% education tax
Taiwan - Taipei Branch	20.00% income tax; 5.00% gross business receipts tax; 5.0% value-added tax

The provision for income tax consists of:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Current:						
Final tax	₱3,442	₱2,928	₱2,875	₱2,915	₱2,389	₱2,286
RCIT*	6,631	5,010	5,374	3,772	2,090	2,318
	10,073	7,938	8,249	6,687	4,479	4,604
Deferred*	(12)	(193)	(259)	(78)	5	(89)
	₱10,061	₱7,745	₱7,990	₱6,609	₱4,484	₱4,515

* Includes income taxes of foreign subsidiaries.

Components of net deferred tax assets of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Deferred tax asset on:				
Allowance for credit and impairment losses	₱7,692	₱7,650	₱4,785	₱4,774
Unamortized past service cost	2,744	2,629	2,437	2,382
Retirement asset/liability	1,255	861	996	791
Deferred membership/awards	334	340	—	—
Accumulated depreciation of investment properties	272	284	160	169
Unrealized foreign exchange and mark-to-market losses	7	—	—	—
Fair value loss on securities	—	299	—	390
Others	189	461	47	98
	12,493	12,524	8,425	8,604
Deferred tax liability on:				
Unrealized foreign exchange and mark-to-market losses	1,386	1,522	1,384	1,677
Unrealized gain on initial measurement of investment properties	433	546	58	158
Fair value gain on securities	70	50	65	—
Retirement asset/liability	17	14	—	—
Others	75	154	—	—
	1,981	2,286	1,507	1,835
Net deferred tax assets	₱10,512	₱10,238	₱6,918	₱6,769



Components of net deferred tax liabilities of the Group follow:

	2019	2018
Deferred tax asset on:		
Allowance for credit and impairment losses	₱287	₱231
Unamortized past service cost	4	3
Others	256	49
	547	283
Deferred tax liability on:		
Leasing income differential on lease accounting methods	581	559
Fair value gain on securities	4	5
Retirement asset/liability	–	2
Others	70	74
	655	640
Net deferred tax liabilities	₱108	₱357

In 2019 and 2018, deferred tax credited to OCI amounted to ₱511.0 million and ₱225.7 million for the Group, respectively, and ₱70.9 million and ₱259.7 million for the Parent Company, respectively.

As of December 31, 2019 and 2018, no deferred tax asset was recognized on the following temporary differences: (a) allowance for credit and impairment losses amounting to ₱16.8 million and ₱341.9 million, respectively, for the Group; (b) NOLCO of ₱813.8 million and ₱816.5 million, respectively, for the Group, (c) MCIT of ₱19.7 million and ₱8.5 million, respectively, for the Group, and ₱5.4 million in 2019 for the Parent Company. The Group believes that it is not reasonably probable that the tax benefits of these temporary differences will be realized in the future.

There are no income tax consequences attaching to the payment of dividends by the Group to the shareholders of the Group. There are no temporary differences arising from undistributed profits of subsidiaries, branches, associates and a JV.

Details of the excess MCIT credits follow:

	Consolidated				Parent Company			
	Amount	Used/Expired	Balance	Expiry Year	Amount	Used/Expired	Balance	Expiry Year
2018	₱9	₱–	₱9	2021	₱–	₱–	₱–	2021
2019	11	–	11	2022	5	–	5	2022
	₱20	₱–	₱20		₱5	₱–	₱5	

Details of the consolidated NOLCO follow:

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2016	₱258	₱258	₱–	2019
2017	266	–	266	2020
2018	281	–	281	2021
2019	267	–	267	2022
	₱1,072	₱258	₱814	



A reconciliation of the statutory income tax rates and the effective income tax rates follows:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Statutory income tax rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Tax effect of:						
Tax-paid, tax-exempt and other non-taxable income	(10.41)	(12.13)	(14.52)	(8.16)	(12.02)	(14.23)
Non-deductible interest expense	4.14	4.94	3.33	3.82	4.08	3.04
FCDU income	(1.51)	(1.89)	(2.29)	(1.43)	(1.94)	(2.52)
Others - net	3.62	3.92	10.79	(5.16)	(3.19)	3.57
Effective income tax rate	25.84%	24.84%	27.31%	19.07%	16.93%	19.86%

29. Trust Operations

Properties held by the Parent Company and PSBank in fiduciary or agency capacity for their customers are not included in the accompanying statements of financial position since these are not their resources (Note 30).

In compliance with current banking regulations relative to the Parent Company and PSBank's trust functions, the following are government securities deposited with the BSP.

	Consolidated		Parent Company	
	2019	2018	2019	2018
Investment securities at amortized cost	₱5,000	₱5,000	₱5,000	₱5,000
Investment securities at FVOCI	143	84	—	—
	₱5,143	₱5,084	₱5,000	₱5,000

30. Commitments and Contingent Liabilities

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

BSP Reporting

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

	Consolidated		Parent Company	
	2019	2018	2019	2018
Trust Banking Group accounts (Note 29)	₱491,659	₱429,162	₱484,586	₱422,761
Credit card lines	209,766	188,211	—	—
Unused commercial letters of credit (Note 31)	44,036	43,051	41,342	42,123
Undrawn commitments - facilities to lend	21,980	6,890	21,980	6,890
Bank guaranty with indemnity agreement (Note 31)	9,904	11,708	9,904	11,708
Credit line certificate with bank commission	5,984	5,509	5,984	5,492
Outstanding shipside bonds/airway bills	1,931	6,350	1,931	6,350
Late deposits/payments received	1,539	1,376	1,530	1,366
Inward bills for collection	991	1,141	991	1,141
Confirmed export letters of credits	935	235	44	83
Outward bills for collection	850	747	849	746
Outstanding guarantees	139	209	139	209
Others	12,933	9,080	835	612
	₱802,647	₱703,669	₱570,115	₱499,481



Upon its own discovery, the Bank immediately caused the arrest of its Corporate Service Management Division Head, Ma. Victoria S. Lopez on July 17, 2017 for qualified theft through falsification of commercial documents. Both the Motion to Fix Bail and Motion for Reconsideration were denied. On July 24, 2017, another criminal complaint for qualified theft through falsification of commercial documents and violation of Section 55 of the General Banking Law (GBL) was filed against her and her cohorts for the abstraction of ₱900.0 million before the Regional Trial Court (RTC) of Makati City. On December 5, 2017, a third criminal case for the qualified theft through falsification of commercial documents and violation of Section 55 of GBL was filed against her, her cohorts and family members relative to the abstraction of ₱850.0 million. In addition, foreign proceedings are ongoing on the cases which were filed in the United States of America and in Singapore to preserve and recover their identified properties. Accounts receivable classified under 'Loans and Receivables' includes total identified claims of ₱1.75 billion with provisioning. Relative to this incident, the Monetary Board (MB) approved the imposition of certain sanctions to the Bank (Note 4) and added that the MB took into consideration the strong financial condition and immediate corrective actions of the Bank as well as its safety and soundness given the medium to long-term initiatives that improve governance, controls and compliance. The Bank does not expect this isolated incident to have long term material impact on its financial statements. Further, the Bank is reinforcing its commitment to the highest standards of integrity and upholds the protection of its customers as its main priority.

In June 2019, Ms. Lopez was found guilty of qualified theft and was sentenced accordingly. Two more convictions followed in September 2019 and October 2019. Ms. Lopez is serving her prison sentence at the Correctional Institute for Women as her convictions are already final and unappealable. Two counts of qualified theft are still pending with the RTC. In the civil case, the RTC issued judgment ordering Ms. Lopez to restitute the Bank.

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

31. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control or common significant influence such as subsidiaries and associates of subsidiaries or other related parties. Related parties may be individuals or corporate entities and are classified as entities with significant influence, subsidiaries, associates, other related parties and key personnel (Notes 2 and 11).

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

The Parent Company has a Related Party Transactions Committee (RPTC) and a Related Party Transactions Management Committee (RPTMC), both of which are created to assist the BOD in ensuring that transactions with related parties are reviewed to assess risks and are subjected to appropriate restrictions to ensure that these are conducted at arm's-length terms and that corporate or business resources of the Parent Company are not misappropriated or misapplied. After appropriate review, RPTMC (through RPTC) and RPTC disclose all information and endorses to the BOD with



recommendations, the proposed related party transactions. The members of the RPTC are appointed annually by the BOD, composed of at least three (3) Board non-executive members, two (2) of whom should be independent directors, including the Chairman. Currently, RPTC is composed of three (3) independent directors (including the Committee's Chairman); the head of Internal Audit Group (as Resource Person); and the Compliance Officer (as the Committee Secretary) and meets bi-monthly or as the need arises. On the other hand, RPTMC members are appointed annually by the President, composed of four (4) members. RPTC's and RPTMC's review of the proposed related party transactions considers the following: (a) identity and relationship of the parties involved in the transaction; (b) terms of the transaction and whether these are no less favorable than terms generally available to an unrelated third party under the same circumstances; (c) business purpose, timing, rationale and benefits of the transaction; (d) approximate monetary value of the transaction and the approximate monetary value of the related party's interest in the transaction; (e) valuation methodology used and alternative approaches to valuation of the transaction; (f) information concerning potential counterparties in the transaction; (g) description of provisions or limitations imposed as a result of entering into the transaction; (h) whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the transaction; (i) impact to a director's independence; (j) extent that such transaction or relationship would present an improper conflict of interest; and (k) the availability of other sources of comparable products or services. Further, no director or officer participates in any discussion of a related party transaction for which he, she, or any member of his or her immediate family is a related party, including transactions of subordinates except in order to provide material information on the related party transaction to RPTC.

Major subsidiaries, which include FMIC, PSBank, MCC 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 Parent Company, MCC, PSBank, FMIC, and ORIX Metro.

The following table shows information on related party loans as reported to the BSP:

	Consolidated			
	2019		2018	
	DOSRI Loans	Related Party Loans	DOSRI Loans	Related Party Loans
Total outstanding loans	₱13,837	₱69,244	₱8,218	₱59,772
Percent of DOSRI/ Related Party Loans to total loan portfolio	0.89%	4.46%	0.57%	4.15%
Percent of unsecured DOSRI/Related Party Loans to total DOSRI/Related Party Loans	22.10%	83.93%	31.51%	84.27%
Percent of past due DOSRI/Related Party Loans to total DOSRI/Related Party Loans	0.00%	0.00%	0.00%	0.04%
Percent of non-performing DOSRI/Related Party Loans to total DOSRI/Related Party Loans	0.00%	0.00%	0.00%	0.02%



	Parent Company			
	2019		2018	
	DOSRI Loans	Related Party Loans	DOSRI Loans	Related Party Loans
Total outstanding loans	₱13,571	₱67,944	₱7,869	₱59,772
Percent of DOSRI/ Related Party Loans to total loan portfolio	1.11%	5.54%	0.69%	5.26%
Percent of unsecured DOSRI/Related Party Loans to total DOSRI/Related Party Loans	20.73%	83.62%	28.69%	84.27%
Percent of past due DOSRI/Related Party Loans to total DOSRI/Related Party Loans	0.00%	0.00%	0.00%	0.04%
Percent of non-performing DOSRI/Related Party Loans to total DOSRI/Related Party Loans	0.00%	0.00%	0.00%	0.02%

BSP Circular Nos. 560 and 654 provide the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks which require that the total outstanding loans, other credit accommodations and guarantees to each of the bank's/quasi-bank's subsidiaries and affiliates shall not exceed 10.00% while a separate individual limit of 25.00% for those engaged in energy and power generation, of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% or 12.50%, respectively, of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank as reported to the BSP. As of December 31, 2019 and 2018, 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 16.59% and 17.61%, respectively, of the Parent Company's net worth. The Parent Company has no outstanding loans, other credit accommodations and guarantees to subsidiaries and affiliates engaged in energy and power generation.

Total interest income on DOSRI loans in 2019, 2018 and 2017 amounted to ₱485.8 million, ₱276.5 million and ₱52.3 million, respectively, for the Group and ₱468.7 million, ₱262.8 million and ₱37.2 million, respectively, for the Parent Company.

Details on significant related party transactions of the Group and the Parent Company follow (transactions with subsidiaries have been eliminated in the consolidated financial statements):

Category	Consolidated	
	Amount	Terms and Conditions/Nature
2019		
Entity with Significant Influence Over the Group		
<u>Outstanding Balance:</u>		
Deposit liabilities*	₱2,371	With annual fixed interest rates ranging from 0.00% to 3.00% including time deposits with maturity terms from 10 to 30 days (Note 16)
Bills payable*	212	Peso borrowings subject to annual fixed interest rates ranging from 3.63% to 4.00% with maturity term of 60 days (Note 17)
<u>Amount/Volume:</u>		
Deposit liabilities	1,891	Generally similar to terms and conditions above
Bills payable	8	Generally similar to terms and conditions above
Service charges, fees and commissions	129	Financial advisory fees

(Forward)



Category	Consolidated	
	Amount	Terms and Conditions/Nature
Interest expense	₱16	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Subsidiaries		
<u>Outstanding Balance:</u>		
Interbank loans receivable*	6,878	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 0.00% to 4.00% with maturity terms from 7 to 366 days (Note 7)
Investment securities at FVTPL	125	Treasury notes and private bonds purchased from FMIC (Note 8)
Amortized cost	2,368	Treasury note purchased from FMIC (Note 8)
Receivables from customers*	16,079	Secured - ₱14.1 million and unsecured - ₱16.0 billion, with ECL of ₱1.7 million; with annual fixed interest rates ranging from 2.94% to 4.25% and maturity terms from 6 days to 3 years (Note 9)
Accounts receivable	194	Non-interest bearing receivables on service fees, underwriting fees, remittance, rental fees and common use service area fees (Note 9)
Derivative assets	726	Cross-currency swaps with various terms (Note 8)
Deposit liabilities*	4,229	With annual fixed interest rates ranging from 0.00% to 3.00% including time deposits with maturity terms from 6 to 126 days (Note 16)
Bills payable*	139	Peso borrowings subject to annual fixed interest rates ranging from 3.00% to 5.88% with maturity terms from 90 to 365 days (Note 17)
Treasury stock	72	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Dividends declared	1,073	Dividend declared by PSBank and MB Bahamas (Note 11)
<u>Amount/Volume:</u>		
Interbank loans receivable	2,244	Generally similar to terms and conditions above
Receivables from customers	2,394	Generally similar to terms and conditions above
Accounts receivable	(139)	Generally similar to terms and conditions above
Deposit liabilities	954	Generally similar to terms and conditions above
Bills payable	12	Generally similar to terms and conditions above
Bonds payable	(81)	Generally similar to terms and conditions above
Interest income	826	Interest income on receivables from customers and interbank loan receivables (Notes 7 and 9)
Service charges, fees and commissions	102	Income on transactional fees, including underwriting fees
Trading and securities gain - net	300	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(123)	Net loss from foreign exchange transactions
Leasing income	58	Income from leasing agreements with various lease terms
Miscellaneous income	344	Information technology and other fees
Interest expense	73	Interest expense on deposit liabilities, bills payable and bonds payable (Notes 16, 17 and 19)
Contingent - derivatives	8,473	Cross-currency swaps with various terms
Securities transactions		
Purchases	13,100	Outright purchases of investment securities at FVTPL, FVOCI and at amortized cost
Sales	77,841	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	28,461	Outright purchases of foreign currency
Sell	18,638	Outright sale of foreign currency
Associates		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱1,307	Unsecured with ECL of ₱0.1 million; with annual fixed interest rates ranging from 5.00% to 6.85% and maturity terms from 94 to 360 days (Note 9)
Accounts receivable	1	Non-interest bearing receivable on rental fees (Note 9)
Deposit liabilities*	1,415	With annual fixed interest rates ranging from 0.00% to 3.63% including time deposits with maturity terms from 31 to 35 days (Note 16)

(Forward)



Category	Consolidated	
	Amount	Terms and Conditions/Nature
Dividends declared	₱169	Dividends declared by PALIC, SMFC and TSI
<u>Amount/Volume:</u>		
Receivables from customers	604	Generally similar to terms and conditions above
Accounts receivable	(1)	Generally similar to terms and conditions above
Deposit liabilities	579	Generally similar to terms and conditions above
Interest Income	57	Interest income on receivables from customers (Note 9)
Trading and securities gain - net	5	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(13)	Net loss from foreign exchange transactions
Leasing income	17	Income from leasing agreements with various lease terms
Interest expense	2	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Outright sales	1,664	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	168	Outright purchases of foreign currency
Sell	374	Outright sale of foreign currency
Other Related Parties		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱32,227	Secured - ₱6.6 billion and unsecured - ₱25.6 billion, with ECL of ₱11.4 million; with annual fixed interest rates ranging from 3.88% to 5.20% and maturity terms from 28 days to 5 years (Note 9)
Accounts receivable	2	Credit card receivables, current and non-revolving (Note 9)
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	13,890	With annual fixed interest rates ranging from 0.00% to 3.50% including time deposits with maturity terms from 1 day to 357 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	2,755	Generally similar to terms and conditions above
Accounts receivable	(1)	Generally similar to terms and conditions above
Deposit liabilities	69	Generally similar to terms and conditions above
Bills payable	(51)	Generally similar to terms and conditions above
Interest income	1,025	Interest income on receivables from customers (Note 9)
Foreign exchange gain - net	2	Net gain from foreign exchange transactions
Leasing income	21	Income from leasing agreements with various lease terms
Interest expense	605	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Contingent		
Unused commercial LCs	5	LC transactions with various terms
Securities transactions		
Outright sales	572	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	308	Outright purchases of foreign currency
Sell	1,140	Outright sale of foreign currency
Key Personnel		
<u>Outstanding Balance:</u>		
Receivables from customers	₱85	Secured - ₱62.5 million unsecured - ₱22.1 million, no impairment; with annual fixed interest rates ranging from 0.00% to 10.00% and maturity terms from 1 year to 15 years (Note 9)
Deposit liabilities	167	With various terms and minimum annual interest rate of 0.00% (Note 16)
<u>Amount/Volume:</u>		
Deposit liabilities	1	Generally similar to terms and conditions above
Interest income	3	Interest income on receivables from customers (Note 9)
2018		
Entity with Significant Influence Over the Group		
<u>Outstanding Balance:</u>		
Deposit liabilities*	₱480	With annual fixed interest rates ranging from 0.00% to 4.00% including time deposits with maturity terms from 21 to 30 days (Note 16)
Bills payable*	204	Peso borrowings subject to annual fixed interest rates ranging from 4.25% to 4.38% with maturity term of 45 days (Note 17)

(Forward)



Category	Consolidated	
	Amount	Terms and Conditions/Nature
<u>Amount/Volume:</u>		
Deposit liabilities	P464	Generally similar to terms and conditions above
Bills payable	204	Generally similar to terms and conditions above
Interest expense	40	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
<u>Subsidiaries</u>		
<u>Outstanding Balance:</u>		
Interbank loans receivable*	P4,634	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 2.61% to 3.54% with maturity terms from 32 to 184 days with minimal ECL (Note 7)
Receivables from customers*	13,685	Unsecured, with ECL of P3.0 million; with annual fixed interest rates ranging from 3.43% to 5.45% and maturity terms from 5 days to 3 years (Note 9)
Accounts receivable	333	Non-interest bearing receivables on service fees, underwriting fees, remittance, rental fees and common use service area fees (Note 9)
Derivative assets	118	Fair value of forward and swaps bought with various terms
Deposit liabilities*	3,275	With annual fixed interest rates ranging from 0.00% to 1.25% including time deposits with maturity terms from 5 to 31 days (Note 16)
Bills payable*	127	Peso borrowings subject to annual fixed interest rates ranging from 4.00% to 6.25% with maturity terms from 30 to 185 days (Note 17)
Bonds payable*	81	Issued by FMIC with interest rate of 5.75% and maturity term of 5 years (Note 19)
Treasury stock	67	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Dividends declared	2,255	Dividend declared by PSBank, MCC and Metrobank Bahamas
<u>Amount/Volume:</u>		
Interbank loans receivable	1,195	Generally similar to terms and conditions above
Receivables from customers	13,450	Generally similar to terms and conditions above
Accounts receivable	(167)	Generally similar to terms and conditions above
Deposit liabilities	(3,936)	Generally similar to terms and conditions above
Bills payable	(761)	Generally similar to terms and conditions above
Treasury stock	10	Proceeds from disposal of Parent Company's shares held by FMIC's mutual fund subsidiaries
Interest income	406	Interest income on receivables from customers and interbank loan receivables (Note 9)
Service charges, fees and commissions	323	Income on transactional fees, including underwriting fees
Trading and securities loss - net	(6)	Net loss from securities transactions (Note 8)
Foreign exchange gain - net	7	Net gain from foreign exchange transactions
Leasing income	77	Income from leasing agreements with various lease terms
Miscellaneous income	248	Information technology and other fees
Interest expense	29	Interest expense on deposit liabilities, bills payable and bonds payable (Notes 16, 17 and 19)
Miscellaneous expense	45	Other fees (Note 25)
Contingent - derivatives	989	Swap bought with various terms
Securities transactions		
Purchases	7,040	Outright purchases of investment securities at FVTPL and FVOCI
Sales	13,715	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	43,162	Outright purchases of foreign currency
Sell	37,744	Outright sale of foreign currency
<u>Associates</u>		
<u>Outstanding Balance:</u>		
Receivables from customers*	P703	Unsecured with ECL of P0.01 million; with annual fixed interest rates ranging from 4.33% to 6.18% and maturity terms from 346 to 360 days (Note 9)
Accounts receivable	2	Non-interest bearing receivable on rental fees (Note 9)
Investments in associates	180	Liquidating dividends from SMBC Metro (Note 11)
Deposit liabilities*	836	With annual fixed interest rates ranging from 0.00% to 3.38% including time deposits with maturity terms from 31 to 36 days (Note 16)
Dividends declared	10	Dividend declared by NLI
(Forward)		



Category	Consolidated	
	Amount	Terms and Conditions/Nature
<u>Amount/Volume:</u>		
Receivables from customers	₱703	Generally similar to terms and conditions above
Deposit liabilities	(289)	Generally similar to terms and conditions above
Interest Income	19	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	1	Net loss from foreign exchange transactions
Leasing income	33	Income from leasing agreements with various lease terms
Interest expense	1	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Outright sales	1,561	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	1,924	Outright purchases of foreign currency
Sell	1,054	Outright sale of foreign currency
<u>Other Related Parties</u>		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱29,472	Secured - ₱5.2 billion and unsecured - ₱24.2 billion, with ECL of ₱3.1 million; with annual fixed interest rates ranging from 3.88% to 6.00% and maturity terms from 14 days to 5 years (Note 9)
Accounts receivable	3	Credit card receivables, current and non-revolving (Note 9)
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	13,821	With annual fixed interest rates ranging from 0.00% to 4.00% including time deposits with maturity terms from 6 to 359 days (Note 16)
Bills payable*	51	Peso-denominated borrowings subject to annual fixed interest rates ranging from 2.25% to 4.00% with maturity terms from 90 to 122 days (Note 17)
<u>Amount/Volume:</u>		
Receivables from customers	9,769	Generally similar to terms and conditions above
Accounts receivable	(1)	Generally similar to terms and conditions above
Deposit liabilities	(13,149)	Generally similar to terms and conditions above
Bills payable	(146)	Generally similar to terms and conditions above
Interest income	713	Interest income on receivables from customers (Note 9)
Foreign exchange gain - net	1	Net gain from foreign exchange transactions
Leasing income	22	Income from leasing agreements with various lease terms
Interest expense	678	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Contingent - others	3	Bank guaranty with indemnity agreement (Note 30)
Securities transactions		
Outright sales	219	Outright sale of investment securities at FVTPL and FVOCI investments
Foreign currency		
Buy	422	Outright purchases of foreign currency
Sell	967	Outright sale of foreign currency
<u>Key Personnel</u>		
<u>Outstanding Balance:</u>		
Receivables from customers	₱85	Secured - ₱59.5 million unsecured - ₱25.1 million, no impairment; with annual fixed interest rates ranging from 0.00% to 10.00% and maturity terms from 1 year to 15 years (Note 9)
Deposit liabilities	166	With various terms and with annual interest rates ranging from 0.00% to 6.00%; with interest of ₱0.7 million (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	9	Generally similar to terms and conditions above
Deposit liabilities	2	Generally similar to terms and conditions above
Interest income	4	Interest income on receivables from customers (Note 9)

*including accrued interest



Category	Parent Company	
	Amount	Terms and Conditions/Nature
2019		
Entities with Significant Influence		
<u>Outstanding Balance:</u>		
Deposit liabilities*	₱2,371	With annual fixed interest rate ranging from 0.00% to 3.00% (including time deposits) and maturity terms of 10 to 30 days (Note 16)
<u>Amount/Volume:</u>		
Deposit liabilities	1,891	Generally similar to terms and conditions above
Interest expense	6	Interest expense on deposit liabilities (Note 16)
Subsidiaries		
<u>Outstanding Balance:</u>		
Interbank loans receivable*	₱5,678	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 0.00% to 3.17% and maturity terms of 7 to 366 days with minimal ECL (Note 7)
Investment Securities at		
FVTPL	125	Treasury notes and private bonds purchased from FMIC (Note 8)
Amortized Cost	2,368	Treasury notes purchased from FMIC (Note 8)
Receivables from customers*	16,079	Secured - ₱14.1 million and unsecured – ₱16.0 billion, with ECL of ₱1.7 million; with annual fixed interest rates ranging from 2.94% to 4.25% and maturity terms of 6 days to 3 years (Note 9)
Accounts receivable	136	Non-interest bearing receivables on service fees, underwriting fees, remittance, rental fees and common use service area fees (Note 9)
Derivative assets	726	Cross-currency swaps with various terms (Note 8)
Deposit liabilities*	4,229	With annual fixed interest rates ranging from 0.00% to 3.00% (including time deposits) and maturity terms of 6 days to 126 days (Note 16)
Treasury stocks	72	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Dividend declared	1,073	Dividend declared by PSBank and MB Bahamas (Note 11)
<u>Amount/Volume:</u>		
Interbank loans receivable	1,044	Generally similar to terms and conditions above
Receivables from customers	2,394	Generally similar to terms and conditions above
Accounts receivable	(138)	Generally similar to terms and conditions above
Deposit liabilities	1,136	Generally similar to terms and conditions above
Interest income	767	Interest income on receivables from customers and interbank loans receivables (Note 9)
Service charges, fees and commissions	38	Income from transactional fees
Trading and securities gain - net	167	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(123)	Net loss from foreign exchange transactions
Leasing income	31	Income from leasing agreements with various lease terms
Miscellaneous income	305	Information technology and other fees (Note 25)
Interest expense	53	Interest expense on deposit liabilities, bills payable and interbank loans payable (Notes 16 and 17)
Contingent - derivatives	8,473	Cross-currency swaps with various terms
Securities transactions		
Purchases	13,100	Outright purchases of investment securities at FVTPL, FVOCI and at amortized cost
Sales	77,541	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	28,461	Outright purchases of foreign currency
Sell	18,638	Outright sale of foreign currency
Associates		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱1,307	Unsecured with ECL; with annual fixed rates ranging from 5.00% to 6.85% and maturity terms of 94 to 360 days (Note 9)
Deposit liabilities*	1,391	With annual fixed interest rates ranging from 0.00% to 3.63% (including time deposits) and maturity terms of 31 to 35 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	604	Generally similar to terms and conditions above
Deposit liabilities	570	Generally similar to terms and conditions above
Interest Income	57	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	(13)	Net loss from foreign exchange transactions
Leasing income	3	Income from leasing agreements with various lease terms
Interest expense	2	Interest expense on deposit liabilities (Note 16)

(Forward)



Category	Parent Company	
	Amount	Terms and Conditions/Nature
Outright sale of securities	₱268	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	168	Outright purchases of foreign currency
Sell	374	Outright sale of foreign currency
Other Related Parties		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱32,227	Secured - ₱6.6 billion and unsecured - ₱25.6 billion, with ECL of ₱11.4 million; with annual fixed interest rates ranging from 3.88% to 5.20% and maturity terms of 28 days to 5 years (Note 9)
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	13,377	With annual fixed interest rates ranging from 0.00% to 3.50% (including time deposits) and maturity terms of 6 to 357 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	2,755	Generally similar to terms and conditions above
Deposit liabilities	194	Generally similar to terms and conditions above
Interest income	1,025	Interest income on receivables from customers
Foreign exchange gain - net	2	Net gain from foreign exchange transactions
Leasing income	21	Income from leasing agreements with various lease terms
Interest expense	591	Interest expense on deposit liabilities (Note 16)
Contingent		
Unused commercial LCs	5	LC transactions with various terms
Securities transactions		
Sales	200	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	308	Outright purchases of foreign currency
Sell	1,140	Outright sale of foreign currency
Key Personnel		
<u>Outstanding Balance:</u>		
Receivables from customers	₱70	Secured - ₱58.8 million and unsecured - ₱10.8 million, no impairment; with annual fixed interest rates ranging from 0.00% to 10.00% and maturity terms of 5 to 15 years (Note 9)
Deposit liabilities	167	With various terms and with annual interest rates of 0.00% (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	2	Generally similar to terms and conditions above
Deposit liabilities	1	Generally similar to terms and conditions above
Interest income	2	Interest income on receivables from customers (Note 9)
2018		
Entities with Significant Influence		
<u>Outstanding Balance:</u>		
Deposit liabilities*	₱480	With annual fixed interest rate ranging from 0.00% to 4.00% including time deposits with maturity terms of 21 to 30 days (Note 16)
<u>Amount/Volume:</u>		
Deposit liabilities	464	Generally similar to terms and conditions above
Interest expense	36	Interest expense on deposit liabilities (Note 16)
Subsidiaries		
<u>Outstanding Balance:</u>		
Interbank loans receivable*	₱4,634	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 2.61% to 3.54% with maturity terms of 32 to 184 days with minimal ECL (Note 7)
Receivables from customers*	13,685	Unsecured, with ECL of ₱3.0 million; with annual fixed interest rates ranging from 3.43% to 5.45% and maturity terms of 5 days to 3 years (Note 9)
Accounts receivable	274	Non-interest bearing receivables on service fees, underwriting fees, remittance, rental fees and common use service area fees (Note 9)
Derivative assets	118	Fair value of forward and swaps bought with various terms (Note 8)
Deposit liabilities*	3,093	With annual fixed interest rates ranging from 0.00% to 0.50% including time deposits with maturity terms of 3 days to 357 days (Note 16)

(Forward)



Category	Parent Company	
	Amount	Terms and Conditions/Nature
Treasury stock	₱67	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Dividend declared	2,255	Dividend declared by PSBank, MCC and MB Bahamas (Note 11)
<u>Amount/Volume:</u>		
Interbank loans receivable	2,496	Generally similar to terms and conditions above
Receivables from customers	13,450	Generally similar to terms and conditions above
Accounts receivable	(171)	Generally similar to terms and conditions above
Deposit liabilities	(2,661)	Generally similar to terms and conditions above
Treasury stock	10	Proceeds from disposal of Parent Company's shares held by FMIC's mutual fund subsidiaries
Interest income	365	Interest income on receivables from customers and interbank loans receivables
Service charges, fees and commissions	35	Income from transactional fees
Trading and securities loss - net	(17)	Net loss from securities transactions
Foreign exchange gain - net	7	Net gain from foreign exchange transactions
Leasing income	36	Income from leasing agreements with various lease terms
Miscellaneous income	212	Information technology and other fees (Note 25)
Interest expense	16	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Miscellaneous expense	45	Other fees (Note 25)
Contingent - derivatives	989	Swap bought with various terms
Securities transactions		
Purchases	6,907	Outright purchases of investment securities at FVTPL and FVOCI
Sales	13,566	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	43,162	Outright purchases of foreign currency
Sell	37,744	Outright sale of foreign currency
Associates		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱703	Unsecured with ECL of ₱0.01 million; with annual fixed rates ranging from 4.33% to 6.18% and maturity terms of 346 to 360 days (Note 9)
Investment in associates	180	Liquidating dividends from SMBC Metro (Note 11)
Deposit liabilities*	821	With annual fixed interest rates ranging from 0.00% to 3.38% (including time deposits) and maturity terms of 31 to 36 days (Note 16)
Dividends declared	10	Dividend declared by NLI (Note 11)
<u>Amount/Volume:</u>		
Receivables from customers	703	Generally similar to terms and conditions above
Deposit liabilities	(290)	Generally similar to terms and conditions above
Interest Income	19	Interest income on receivables from customers (Note 9)
Foreign exchange gain - net	1	Net gain from foreign exchange transactions
Leasing income	8	Income from leasing agreements with various lease terms
Interest expense	1	Interest expense on deposit liabilities (Note 16)
Outright sale of securities	340	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	1,924	Outright purchases of foreign currency
Sell	1,054	Outright sale of foreign currency
Other Related Parties		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱29,472	Secured - ₱5.2 billion and unsecured - ₱24.2 billion, with ECL of ₱3.1 million; with annual fixed interest rates ranging from 3.88% to 6.00% and maturity terms of 14 days to 5 years (Note 9)
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	13,183	With annual fixed interest rates ranging from 0.00% to 4.00% (including time deposits) and maturity terms of 6 to 359 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	9,770	Generally similar to terms and conditions above
Deposit liabilities	(12,237)	Generally similar to terms and conditions above
Interest income	713	Interest income on receivables from customers (Note 9)
Foreign exchange gain - net	1	Net gain from foreign exchange transactions
Leasing income	22	Income from leasing agreements with various lease terms
Interest expense	636	Interest expense on deposit liabilities (Note 16)

(Forward)



Category	Parent Company	
	Amount	Terms and Conditions/Nature
Contingent		
Others	₱3	Bank guaranty with indemnity agreement
Securities transactions		
Sales	70	Outright sale of FVTPL and AFS investments
Foreign currency		
Buy	422	Outright purchases of foreign currency
Sell	967	Outright sale of foreign currency
Key Personnel		
<u>Outstanding Balance:</u>		
Receivables from customers	₱68	Secured - ₱55.9 million and unsecured - ₱11.9 million, no impairment; with annual fixed interest rates ranging from 0.00% to 10.00% and maturity terms of 5 to 15 years (Note 9)
Deposit liabilities	166	With various terms and with annual interest rates ranging from 0.00% to 6.00%; with interest expense of ₱0.7 million (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	8	Generally similar to terms and conditions above
Deposit liabilities	2	Generally similar to terms and conditions above
Interest income	2	Interest income on receivables from customers (Note 9)

*including accrued interest

As of December 31, 2019 and 2018, government bonds with total face value of ₱60.0 million (classified as 'Investment securities at amortized cost') are pledged by PSBank to the Parent Company to secure the latter's payroll account with PSBank. Also, the Parent Company has assigned to PSBank government securities with total face value of ₱4.0 billion (classified as 'Investment securities at amortized cost') to secure PSBank's deposits to the Parent Company.

As of December 31, 2018, government securities classified as 'Investment securities at amortized cost' amounting to ₱40.9 billion for the Group and the Parent Company are pledged to various funds managed by the Trust Banking Group of the Parent Company to secure borrowings from these funds.

Receivables from customers and deposit liabilities and their related statement of financial position and statement of income accounts resulted from the lending and deposit-taking activities of the Group and the Parent Company. Together with the sale of investment properties, borrowings, contingent accounts including derivative transactions, outright purchases and sales of securities and foreign currency buy and sell, leasing of office premises, securing of insurance coverage on loans and property risk, and other management services rendered, these are conducted in the normal course of business, at arm's-length transactions and are generally settled in cash. The amounts and related volumes and changes are presented in the summary above. Terms of receivables from customers, deposit liabilities and borrowings are also disclosed in Notes 9, 16 and 17, respectively, while other related party transactions above have been referred to their respective note disclosures.

The compensation of the key management personnel of the Group and the Parent Company follows:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Short-term employee benefits	₱3,446	₱3,222	₱2,910	₱2,500	₱2,334	₱2,165
Post-employment benefits	140	197	132	56	80	46
	₱3,586	₱3,419	₱3,042	₱2,556	₱2,414	₱2,211

Transactions with Retirement Plans

Under PFRS, certain post-employment benefit plans are considered as related parties. The Parent Company has business relationships with a number of related party retirement plans pursuant to which it provides trust and management services to these plans. Certain trustees of the plans are either officers or directors of the Parent Company and/or the subsidiaries. Income earned by the Parent Company from such services amounted to ₱98.3 million, ₱69.1 million and ₱65.2 million in



2019, 2018 and 2017, respectively. In 2019 and 2018, the Parent Company sold securities totaling ₱4.5 billion and ₱2.2 billion, respectively, to its related party retirement plans and recognized net trading losses of ₱11.3 million and ₱94 thousand in 2019 and 2018, respectively, and has also purchased securities totaling ₱2.1 billion and ₱266.9 million, respectively. Further, as of December 31, 2019 and 2018, the total outstanding deposit liabilities of the Group to these related party retirement funds amounted to ₱103.6 million and ₱433.6 million, respectively. Interest expense on deposit liabilities amounted to ₱23.7 million, ₱17.7 million and ₱13.8 million in 2019, 2018 and 2017, respectively.

As of December 31, 2019 and 2018, the related party retirement plans also hold investments in the equity shares of various companies within the Group amounting to ₱278.8 million and ₱196.3 million, respectively, with unrealized trading losses of ₱20.1 million and ₱14.3 million, respectively, and investments in mutual funds and trust funds of various companies within the Group amounting to ₱672.4 million and ₱2.0 billion, respectively, with unrealized trading gains of ₱19.5 million and ₱48.7 million, respectively. Further as of December 31, 2019 and 2018, investments in the corporate bonds of the Parent Company by the related party retirement plans amounted to ₱3.7 billion and ₱2.1 billion, respectively, with unrealized trading gain of ₱109.1 million and minimal unrealized trading loss in 2019 and 2018, respectively. In 2019, 2018 and 2017, realized trading gains amounted to ₱92 million, ₱48.6 million and ₱7.8 million, respectively. The related party retirement plans also recognized dividend income amounting to ₱0.7 million in 2019.

32. 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):

	2019	2018	2017
a. Net income attributable to equity holders of the Parent Company	₱28,055	₱22,008	₱18,223
b. Weighted average number of outstanding common shares of the Parent Company	4,496	4,267	3,665
c. Basic/diluted earnings per share (a/b)	₱6.24	₱5.16*	₱4.97*

*Restated to show the effect of stock dividends issued in 2019 and stock rights issued in 2018.

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Return on average equity ⁽¹⁾	9.47%	9.08%	9.16%	9.16%	8.81%	9.05%
Return on average assets ⁽²⁾	1.20%	1.02%	0.92%	1.42%	1.23%	1.12%
Net interest margin on average earning assets ⁽³⁾	3.84%	3.82%	3.75%	3.09%	2.98%	2.85%

⁽¹⁾ Net income attributable to equity holders of the Parent Company for the year divided by average total equity attributable to the Parent Company.

⁽²⁾ Net income attributable to equity holders of the Parent Company for the year divided by average total assets.

⁽³⁾ Net interest income for the year divided by average interest-earning assets.



33. Foreign Exchange

Closing rates as of December 31 and WAR for each of the year ended December 31 are as follows:

	BAP		PDS
	2019	2018	2017
Closing	₱50.64	₱52.58	₱49.93
WAR	51.79	52.68	50.41

34. Other Matters

The Group has no significant matters to report in 2019 on the following:

- Known trends, events or uncertainties that would have material impact on liquidity and on the sales or revenues.
- Explanatory comments about the seasonality or cyclicalities of operations.
- Issuances, repurchases and repayments of debt and equity securities except for the issuances of ₱17.5 billion, ₱11.25 billion and ₱13.75 billion fixed rate bonds and the redemption of the 2024 Peso Notes by the Parent Company; the issuance of ₱6.3 billion fixed rate bonds and the redemption of the 2024 Peso Notes by PSBank; and the issuance of ₱4.16 billion fixed rate bonds by ORIX Metro as discussed in Notes 19 and 20.
- 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 23; and
- Effect of changes in the composition of the Group during the year, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations (except as discussed in Notes 2 and 11).

35. Subsequent Events

- The SEC approved the merger of MCC into the Parent Company effective January 3, 2020.
- As discussed in Note 16, on January 10, 2020, the BSP approved the Parent Company's application to issue up to ₱25.0 billion LTNCD over a period of one year from BSP approval.
- On January 16, 2020, the BOD of PSBank declared a 7.50% regular cash dividend for the fourth quarter of 2019 amounting to ₱287.3 million or ₱0.75 per share, payable on February 17, 2020 to all stockholders of record as of January 31, 2020.
- On January 16, 2020, PSBank received the SEC Order fixing the Record Date of the 11.42% stock dividend involving 43,750,000 shares on January 31, 2020. Payment date of February 21, 2020 was set in accordance with the BOD approval and the rules of the PSE.
- On February 4, 2020, PSBank issued ₱4.65 billion fixed rate bonds with an issue price at 100% face value, which bear an interest rate of 4.50% per annum and will mature on February 4, 2023.



- f. On February 19, 2020, the BOD of the Parent Company approved the following:
- Declaration of 5% regular cash dividend payable on March 20, 2020 to all stockholders of record as of March 6, 2020; and
 - Exercise the call option on the Parent Company's ₱6.50 billion 2025 Peso Notes described in Note 20 on August 8, 2020 in accordance with its terms and conditions subject to BSP approval.

36. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were authorized for issue by the BOD on February 19, 2020.

37. Report on the Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

Supplementary Information Under RR No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 to amend certain provisions of RR No. 21-2002 which provides that starting 2010, the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

The Parent Company reported the following types of taxes for the year ended December 31, 2019 included under 'Taxes and licenses' account in the statements of income:

GRT	₱3,426
DST	2,400
Local taxes	177
Real estate tax	95
Others	368
	<u>₱6,466</u>

Details of the total withholding taxes remittances for the taxable year December 31, 2019 follow:

Final withholding taxes	₱4,561
Taxes withheld on compensation	2,205
Expanded withholding taxes	231
	<u>₱6,997</u>

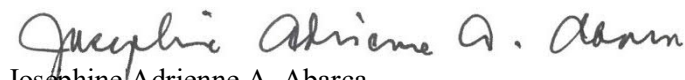


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Metropolitan Bank & Trust Company and Subsidiaries (the Group) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated February 19, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Josephine Adrienne A. Abarca
Partner

CPA Certificate No. 92126
SEC Accreditation No. 0466-AR-4 (Group A),
November 13, 2018, valid until November 12, 2021
Tax Identification No. 163-257-145
BIR Accreditation No. 08-001998-61-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 8125200, January 7, 2020, Makati City

February 19, 2020

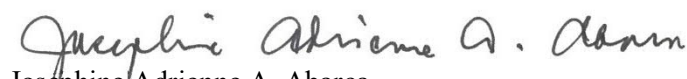


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Metropolitan Bank & Trust Company and Subsidiaries (the Group) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, included in this Form 17-A, and have issued our report thereon dated February 19, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Josephine Adrienne A. Abarca
Partner

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February 19, 2020



METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2019

Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68

Schedule	Description	Page No.
A	Financial Assets Financial Assets at Fair Value Through Profit of Loss Financial Assets at Fair Value Through Other Comprehensive Income Financial Assets at Amortized Cost-Unquoted Debt Securities	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	2
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Metropolitan Bank & Trust Company and Subsidiaries
Schedule A - Financial Assets
December 31, 2019

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes (in ₱ million)	Amount shown in the balance sheet (in ₱ million)	Valued based on market quotation at end of reporting period (in ₱ million)	Income received and accrued (in ₱ million)
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)				
Held-for-Trading (HFT) Securities				
Debt Securities				
Philippine Government Bonds (including its agencies)	24,446	27,160	27,160	
Other Government Bonds	11,299	11,697	11,697	
Private	7,859	7,935	7,935	
		46,792	46,792	1,936
Equity Securities	198	6,585	6,585	132
Derivative Assets		8,490	8,490	-
TOTAL FINANCIAL ASSETS AT FVTPL		61,867	61,867	2,068
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)				
Debt Securities				
Philippine Government Bonds (including its agencies)	115,909	125,170	125,170	
Other Government Bonds	38,595	39,491	39,491	
Private	35,848	36,199	36,199	
		200,860	200,860	5,538
Equity Securities	254	1,660	1,660	40
TOTAL FINANCIAL ASSETS AT FVOCI		202,520	202,520	5,578
FINANCIAL ASSETS AT AMORTIZED COST				
Debt Securities				
Philippine Government Bonds (including its agencies)	224,700	243,762	229,337	
Other Government Bonds	4,023	3,989	3,983	
Private	3,831	3,877	3,849	
TOTAL FINANCIAL ASSETS AT AMORTIZED COST		251,628	237,169	11,035
UNQUOTED DEBT SECURITIES				
	1,640	630	647	128

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties
and Principal Stockholders (Other Than Related Parties)
December 31, 2019

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period
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NOT APPLICABLE

Note: Transactions to these parties are made in the ordinary course of business.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

Schedule C - Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

December 31, 2019

(In P Millions)

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Current	Not Current	Balance at End of Year
			Amounts Collected	Amounts Written-Off			
First Metro Investment Corporation	539	6,915	6,403	-	1,051	-	1,051
Metrobank Card Corporation	7,062	23,006	21,534	-	6,645	1,889	8,534
Metropolitan Bank (China) Ltd.	4,107	16,206	14,636	-	5,677	-	5,677
ORIX Metro Leasing and Finance Corporation	6,620	3,489	2,398	-	2,503	5,208	7,711
Philippine Savings Bank	54	1,122	1,123	-	53	-	53
Remittance Centers:							
Metro Remittance Center, Inc.	191	1,859	2,018	-	32	-	32
Metro Remittance (Singapore) Pte. Ltd.	39	188	183	-	44	-	44
Metro Remittance (USA), Inc.	-	39	39	-	-	-	-
Metro Remittance (UK) Limited	13	163	147	-	29	-	29
Metro Remittance (Hong Kong) Limited	3	7	6	-	4	-	4
Metro Remittance (Japan) Co. Limited	8	66	74	-	-	-	-
Others	16	204	204	-	16	-	16
Total	18,652	53,264	48,765	-	16,054	7,097	23,151

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule D - Long Term Debt
December 31, 2019

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
<i>Subordinated Debt</i>					
2023 Peso Notes issued December 20, 2013	1,170		1,166	6.21%	December 20, 2023
<i>Total Subordinated Debt</i>	1,170		1,166		
<i>Bills Payable</i>					
Local Banks	950		949	5.53%	April 21, 2021
Local Banks	1,000		999	4.74%	May 20, 2021
Local Banks	300		300	4.65%	August 12, 2021
Local Banks	1,500		1,494	5.27%	August 13, 2021
Local Banks	1,500		1,494	5.33%	August 16, 2021
Local Banks	1,500		1,491	4.70%	September 3, 2021
Local Banks	10		10	4.70%	September 9, 2021
Local Banks	3,291		3,241	3.78%	December 20, 2021
Local Banks	1,671		1,648	2.40%	December 23, 2021
Local Banks	1,904		1,872	2.70%	December 23, 2021
Local Banks	1,000		999	5.00%	March 31, 2022
Local Banks	2,532		2,477	2.50%	September 30, 2022
Local Banks	2,000		1,985	4.01%	December 19, 2022
	19,158		18,958		
Foreign Banks	3,304		3,304	3.59%	October 18, 2021
Foreign Banks	2,895		2,895	3.80%	October 18, 2021
Foreign Banks	10,127		10,103	1.89%	December 13, 2021
Foreign Banks	5,064		5,015	4.59%	December 29, 2021
	21,390		21,317		
Deposit Substitutes	2		2	3.50%	January 4, 2021
Deposit Substitutes	5		5	6.50%	January 6, 2021
Deposit Substitutes	23		23	3.63%	January 11, 2021
Deposit Substitutes	5		5	6.00%	January 11, 2021
Deposit Substitutes	1		1	5.27%	January 12, 2021
Deposit Substitutes	5		5	5.50%	January 14, 2021
Deposit Substitutes	5		5	3.63%	January 18, 2021
Deposit Substitutes	2		2	3.63%	January 19, 2021
Deposit Substitutes	6		6	3.63%	January 25, 2021
Deposit Substitutes	2		1	5.27%	January 28, 2021
Deposit Substitutes	2		2	3.63%	February 1, 2021
Deposit Substitutes	3		2	5.90%	February 4, 2021
Deposit Substitutes	3		3	3.63%	February 8, 2021
Deposit Substitutes	3		3	3.75%	February 8, 2021

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule D - Long Term Debt
December 31, 2019

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	2		2	3.50%	February 9, 2021
Deposit Substitutes	3		3	4.13%	February 10, 2021
Deposit Substitutes	5		5	6.50%	February 10, 2021
Deposit Substitutes	5		5	5.00%	February 11, 2021
Deposit Substitutes	7		7	3.63%	February 15, 2021
Deposit Substitutes	10		10	3.75%	February 15, 2021
Deposit Substitutes	5		5	6.50%	February 15, 2021
Deposit Substitutes	1		1	3.63%	February 22, 2021
Deposit Substitutes	11		11	3.75%	February 22, 2021
Deposit Substitutes	5		5	6.50%	February 22, 2021
Deposit Substitutes	5		5	6.50%	March 1, 2021
Deposit Substitutes	8		8	3.63%	March 8, 2021
Deposit Substitutes	13		12	4.50%	March 8, 2021
Deposit Substitutes	5		5	6.50%	March 8, 2021
Deposit Substitutes	1		1	4.13%	March 9, 2021
Deposit Substitutes	6		6	3.75%	March 15, 2021
Deposit Substitutes	3		3	4.13%	March 15, 2021
Deposit Substitutes	14		14	4.50%	March 15, 2021
Deposit Substitutes	5		5	6.50%	March 15, 2021
Deposit Substitutes	51		50	4.50%	March 16, 2021
Deposit Substitutes	1		1	4.13%	March 17, 2021
Deposit Substitutes	12		12	4.50%	March 17, 2021
Deposit Substitutes	12		12	6.25%	March 19, 2021
Deposit Substitutes	5		5	3.50%	March 22, 2021
Deposit Substitutes	5		5	3.63%	March 22, 2021
Deposit Substitutes	5		5	6.50%	March 22, 2021
Deposit Substitutes	6		6	4.50%	March 26, 2021
Deposit Substitutes	3		3	3.63%	March 29, 2021
Deposit Substitutes	3		2	3.75%	March 29, 2021
Deposit Substitutes	3		3	3.88%	March 29, 2021
Deposit Substitutes	5		5	6.50%	March 29, 2021
Deposit Substitutes	10		10	4.50%	March 31, 2021
Deposit Substitutes	6		6	3.63%	April 5, 2021
Deposit Substitutes	4		4	3.75%	April 5, 2021
Deposit Substitutes	5		5	6.50%	April 5, 2021
Deposit Substitutes	4		4	3.63%	April 6, 2021
Deposit Substitutes	3		3	4.13%	April 6, 2021
Deposit Substitutes	14		13	4.13%	April 7, 2021
Deposit Substitutes	6		6	3.63%	April 12, 2021
Deposit Substitutes	27		27	4.13%	April 12, 2021
Deposit Substitutes	1		1	4.18%	April 12, 2021
Deposit Substitutes	5		5	6.50%	April 12, 2021
Deposit Substitutes	2		2	4.38%	April 13, 2021
Deposit Substitutes	50		50	4.50%	April 13, 2021
Deposit Substitutes	1		1	4.13%	April 14, 2021
Deposit Substitutes	17		17	4.38%	April 15, 2021

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule D - Long Term Debt
December 31, 2019

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	8		8	4.13%	April 19, 2021
Deposit Substitutes	4		4	4.38%	April 19, 2021
Deposit Substitutes	5		5	6.50%	April 19, 2021
Deposit Substitutes	6		6	3.63%	April 20, 2021
Deposit Substitutes	2		2	4.38%	April 20, 2021
Deposit Substitutes	5		5	4.13%	April 23, 2021
Deposit Substitutes	7		7	4.13%	April 26, 2021
Deposit Substitutes	18		18	4.38%	April 26, 2021
Deposit Substitutes	2		2	4.50%	April 26, 2021
Deposit Substitutes	5		5	6.50%	April 26, 2021
Deposit Substitutes	16		16	4.50%	May 3, 2021
Deposit Substitutes	5		5	6.50%	May 3, 2021
Deposit Substitutes	3		3	4.13%	May 4, 2021
Deposit Substitutes	1		1	4.13%	May 5, 2021
Deposit Substitutes	3		2	3.50%	May 10, 2021
Deposit Substitutes	8		8	4.50%	May 10, 2021
Deposit Substitutes	5		5	6.50%	May 10, 2021
Deposit Substitutes	1		1	4.13%	May 17, 2021
Deposit Substitutes	8		8	4.50%	May 17, 2021
Deposit Substitutes	5		5	6.50%	May 17, 2021
Deposit Substitutes	12		12	4.50%	May 24, 2021
Deposit Substitutes	5		5	6.50%	May 24, 2021
Deposit Substitutes	1		1	4.50%	May 25, 2021
Deposit Substitutes	27		27	4.13%	May 26, 2021
Deposit Substitutes	1		1	4.13%	May 31, 2021
Deposit Substitutes	1		1	4.75%	May 31, 2021
Deposit Substitutes	5		5	6.50%	May 31, 2021
Deposit Substitutes	2		2	4.13%	June 2, 2021
Deposit Substitutes	1		1	4.13%	June 7, 2021
Deposit Substitutes	11		11	4.75%	June 7, 2021
Deposit Substitutes	2		2	4.88%	June 7, 2021
Deposit Substitutes	3		3	4.88%	June 7, 2021
Deposit Substitutes	5		5	4.88%	June 8, 2021
Deposit Substitutes	13		13	4.13%	June 9, 2021
Deposit Substitutes	12		11	3.88%	June 14, 2021
Deposit Substitutes	30		30	4.13%	June 14, 2021
Deposit Substitutes	10		10	4.75%	June 14, 2021
Deposit Substitutes	16		15	4.88%	June 14, 2021
Deposit Substitutes	1		1	4.13%	June 21, 2021
Deposit Substitutes	20		20	4.88%	June 21, 2021
Deposit Substitutes	5		5	6.50%	June 21, 2021
Deposit Substitutes	2		2	4.00%	June 22, 2021
Deposit Substitutes	10		10	4.13%	June 24, 2021
Deposit Substitutes	17		16	4.88%	June 28, 2021
Deposit Substitutes	1		0	4.88%	June 29, 2021
Deposit Substitutes	20		19	4.13%	June 30, 2021

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule D - Long Term Debt
December 31, 2019

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	8		8	4.88%	July 5, 2021
Deposit Substitutes	3		3	4.13%	July 12, 2021
Deposit Substitutes	40		40	5.00%	July 12, 2021
Deposit Substitutes	5		5	6.50%	July 12, 2021
Deposit Substitutes	6		6	4.13%	July 14, 2021
Deposit Substitutes	3		3	4.13%	July 19, 2021
Deposit Substitutes	13		13	5.00%	July 19, 2021
Deposit Substitutes	1		1	5.13%	July 20, 2021
Deposit Substitutes	8		8	5.00%	July 26, 2021
Deposit Substitutes	12		12	4.13%	July 28, 2021
Deposit Substitutes	1		1	4.13%	August 2, 2021
Deposit Substitutes	2		1	5.38%	August 2, 2021
Deposit Substitutes	13		13	4.13%	August 3, 2021
Deposit Substitutes	2		2	4.25%	August 3, 2021
Deposit Substitutes	7		6	4.13%	August 4, 2021
Deposit Substitutes	2		2	4.13%	August 9, 2021
Deposit Substitutes	3		3	5.25%	August 9, 2021
Deposit Substitutes	23		22	4.13%	August 10, 2021
Deposit Substitutes	50		50	5.75%	August 10, 2021
Deposit Substitutes	1		1	4.13%	August 11, 2021
Deposit Substitutes	8		8	4.00%	August 16, 2021
Deposit Substitutes	5		5	4.13%	August 16, 2021
Deposit Substitutes	1		1	4.90%	August 16, 2021
Deposit Substitutes	5		5	4.63%	August 18, 2021
Deposit Substitutes	11		11	4.00%	August 23, 2021
Deposit Substitutes	5		5	4.63%	August 23, 2021
Deposit Substitutes	1		1	5.25%	August 23, 2021
Deposit Substitutes	2		2	3.75%	August 25, 2021
Deposit Substitutes	5		5	4.00%	August 25, 2021
Deposit Substitutes	1		1	3.75%	August 26, 2021
Deposit Substitutes	5		5	4.63%	August 26, 2021
Deposit Substitutes	1		1	3.75%	August 30, 2021
Deposit Substitutes	15		15	4.00%	August 30, 2021
Deposit Substitutes	2		2	4.90%	August 30, 2021
Deposit Substitutes	8		8	5.25%	August 30, 2021
Deposit Substitutes	12		12	4.00%	September 1, 2021
Deposit Substitutes	6		6	4.63%	September 1, 2021
Deposit Substitutes	10		10	4.00%	September 6, 2021
Deposit Substitutes	5		5	4.63%	September 6, 2021
Deposit Substitutes	6		6	4.90%	September 6, 2021
Deposit Substitutes	1		1	5.25%	September 6, 2021
Deposit Substitutes	18		18	4.00%	September 7, 2021
Deposit Substitutes	8		8	3.75%	September 9, 2021
Deposit Substitutes	5		5	4.63%	September 13, 2021
Deposit Substitutes	1		1	3.75%	September 14, 2021
Deposit Substitutes	4		4	3.75%	September 15, 2021

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule D - Long Term Debt
December 31, 2019

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	15		15	4.00%	September 20, 2021
Deposit Substitutes	1		1	4.90%	September 27, 2021
Deposit Substitutes	3		3	5.25%	September 27, 2021
Deposit Substitutes	2		2	3.75%	September 29, 2021
Deposit Substitutes	5		5	4.00%	September 29, 2021
Deposit Substitutes	4		4	3.75%	October 4, 2021
Deposit Substitutes	250		250	4.00%	October 4, 2021
Deposit Substitutes	5		5	3.75%	October 5, 2021
Deposit Substitutes	1		1	3.75%	October 12, 2021
Deposit Substitutes	4		4	4.00%	October 12, 2021
Deposit Substitutes	1		1	3.75%	October 18, 2021
Deposit Substitutes	2		2	5.75%	October 18, 2021
Deposit Substitutes	88		88	4.00%	October 25, 2021
Deposit Substitutes	5		5	4.25%	October 25, 2021
Deposit Substitutes	1		1	5.25%	October 25, 2021
Deposit Substitutes	1		1	3.75%	November 2, 2021
Deposit Substitutes	5		5	4.25%	November 2, 2021
Deposit Substitutes	1		1	3.75%	November 3, 2021
Deposit Substitutes	2		2	5.10%	November 4, 2021
Deposit Substitutes	6		6	4.06%	November 8, 2021
Deposit Substitutes	5		5	4.25%	November 8, 2021
Deposit Substitutes	5		5	6.00%	November 8, 2021
Deposit Substitutes	1		1	3.75%	November 15, 2021
Deposit Substitutes	10		10	4.00%	November 15, 2021
Deposit Substitutes	1		1	3.75%	November 22, 2021
Deposit Substitutes	1		1	4.00%	November 29, 2021
Deposit Substitutes	4		4	7.00%	November 29, 2021
Deposit Substitutes	4		4	3.88%	December 6, 2021
Deposit Substitutes	15		15	4.00%	December 6, 2021
Deposit Substitutes	3		3	4.13%	December 6, 2021
Deposit Substitutes	1		1	7.00%	December 6, 2021
Deposit Substitutes	30		30	4.00%	December 7, 2021
Deposit Substitutes	1		1	5.90%	December 7, 2021
Deposit Substitutes	1		1	7.00%	December 7, 2021
Deposit Substitutes	1		1	7.00%	December 9, 2021
Deposit Substitutes	3		3	3.88%	December 13, 2021
Deposit Substitutes	25		25	4.00%	December 13, 2021
Deposit Substitutes	2		2	5.90%	December 13, 2021
Deposit Substitutes	2		2	3.88%	December 15, 2021
Deposit Substitutes	5		5	3.50%	December 20, 2021
Deposit Substitutes	5		5	3.50%	December 27, 2021
Deposit Substitutes	2		2	4.90%	January 10, 2022
Deposit Substitutes	1		1	4.00%	January 11, 2022
Deposit Substitutes	4		4	3.88%	January 19, 2022
Deposit Substitutes	3		3	3.88%	January 24, 2022
Deposit Substitutes	5		5	4.00%	January 24, 2022

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule D - Long Term Debt
December 31, 2019

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	6		6	3.88%	January 26, 2022
Deposit Substitutes	3		3	3.88%	February 2, 2022
Deposit Substitutes	1		1	4.00%	February 7, 2022
Deposit Substitutes	4		4	4.90%	February 14, 2022
Deposit Substitutes	4		4	5.38%	February 21, 2022
Deposit Substitutes	5		5	3.75%	February 22, 2022
Deposit Substitutes	10		10	3.88%	February 24, 2022
Deposit Substitutes	6		5	3.75%	February 28, 2022
Deposit Substitutes	10		10	4.25%	February 28, 2022
Deposit Substitutes	7		7	6.00%	February 28, 2022
Deposit Substitutes	2		2	3.88%	March 7, 2022
Deposit Substitutes	2		2	3.75%	March 15, 2022
Deposit Substitutes	1		1	4.00%	March 21, 2022
Deposit Substitutes	2		2	3.75%	March 28, 2022
Deposit Substitutes	2		2	3.75%	May 16, 2022
Deposit Substitutes	1		1	4.00%	May 31, 2022
Deposit Substitutes	15		15	4.13%	June 6, 2022
Deposit Substitutes	1		1	4.00%	June 8, 2022
Deposit Substitutes	5		5	4.13%	June 20, 2022
Deposit Substitutes	8		8	4.25%	June 20, 2022
Deposit Substitutes	0		0	4.88%	June 20, 2022
Deposit Substitutes	5		5	4.25%	June 22, 2022
Deposit Substitutes	1		1	4.13%	July 4, 2022
Deposit Substitutes	4		4	5.20%	September 19, 2022
Deposit Substitutes	5		5	5.13%	November 3, 2022
Deposit Substitutes	1		1	5.13%	November 7, 2022
Deposit Substitutes	1		1	5.65%	November 8, 2022
Deposit Substitutes	4		4	5.13%	November 14, 2022
Deposit Substitutes	1		1	5.20%	November 14, 2022
Deposit Substitutes	15		15	5.13%	December 1, 2022
Deposit Substitutes	1		1	4.63%	December 19, 2022
Deposit Substitutes	2		2	4.50%	January 3, 2023
Deposit Substitutes	3		3	4.50%	January 9, 2023
Deposit Substitutes	2		2	5.13%	January 16, 2023
Deposit Substitutes	25		25	5.25%	January 24, 2023
Deposit Substitutes	5		5	4.63%	January 25, 2023
Deposit Substitutes	23		23	5.25%	January 25, 2023
Deposit Substitutes	1		1	5.25%	January 26, 2023
Deposit Substitutes	9		9	5.25%	January 30, 2023
Deposit Substitutes	1		1	4.63%	January 31, 2023
Deposit Substitutes	1		1	4.63%	February 6, 2023
Deposit Substitutes	3		3	5.25%	February 6, 2023
Deposit Substitutes	2		2	4.63%	February 7, 2023
Deposit Substitutes	5		5	5.13%	February 13, 2023
Deposit Substitutes	2		2	4.63%	February 27, 2023
Deposit Substitutes	25		25	5.13%	March 2, 2023

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule D - Long Term Debt
December 31, 2019

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	81		81	5.00%	March 15, 2023
Deposit Substitutes	1		1	5.13%	March 15, 2023
Deposit Substitutes	4		4	5.13%	March 16, 2023
Deposit Substitutes	2		2	5.13%	March 28, 2023
Deposit Substitutes	1		1	4.63%	April 3, 2023
Deposit Substitutes	2		2	4.63%	April 5, 2023
Deposit Substitutes	1		1	5.00%	April 5, 2023
Deposit Substitutes	1		1	5.00%	April 13, 2023
Deposit Substitutes	7		7	5.00%	April 27, 2023
Deposit Substitutes	4		4	5.00%	May 4, 2023
Deposit Substitutes	4		4	5.00%	May 17, 2023
Deposit Substitutes	2		2	5.00%	May 29, 2023
Deposit Substitutes	2		1	5.00%	June 1, 2023
Deposit Substitutes	3		2	5.00%	June 5, 2023
Deposit Substitutes	1		1	5.00%	June 14, 2023
Deposit Substitutes	1		1	5.00%	June 15, 2023
Deposit Substitutes	12		12	5.00%	June 19, 2023
Deposit Substitutes	6		6	5.00%	June 21, 2023
Deposit Substitutes	6		5	5.13%	June 26, 2023
Deposit Substitutes	5		5	5.25%	July 17, 2023
Deposit Substitutes	2		2	5.00%	July 20, 2023
Deposit Substitutes	1		2	5.50%	July 24, 2023
Deposit Substitutes	6		6	5.00%	July 27, 2023
Deposit Substitutes	5		5	6.25%	July 31, 2023
Deposit Substitutes	1		1	6.50%	July 31, 2023
Deposit Substitutes	1		1	6.25%	August 1, 2023
Deposit Substitutes	5		5	5.00%	August 3, 2023
Deposit Substitutes	1		1	5.00%	August 9, 2023
Deposit Substitutes	4		4	5.00%	August 10, 2023
Deposit Substitutes	1		1	5.30%	August 10, 2023
Deposit Substitutes	50		50	6.50%	August 10, 2023
Deposit Substitutes	5		5	4.13%	August 24, 2023
Deposit Substitutes	1		1	4.13%	August 28, 2023
Deposit Substitutes	1		1	5.30%	August 29, 2023
Deposit Substitutes	1		1	6.25%	August 29, 2023
Deposit Substitutes	1		1	6.25%	August 30, 2023
Deposit Substitutes	3		3	4.13%	September 20, 2023
Deposit Substitutes	1		1	4.13%	September 26, 2023
Deposit Substitutes	4		4	4.38%	September 26, 2023
Deposit Substitutes	1		1	6.75%	September 26, 2023
Deposit Substitutes	2		2	4.63%	October 4, 2023
Deposit Substitutes	2		2	6.75%	October 5, 2023
Deposit Substitutes	4		4	4.38%	October 11, 2023
Deposit Substitutes	4		4	4.38%	October 16, 2023
Deposit Substitutes	1		1	6.75%	October 23, 2023
Deposit Substitutes	3		3	6.88%	October 25, 2023

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule D - Long Term Debt
December 31, 2019

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	2		2	6.88%	November 7, 2023
Deposit Substitutes	1		1	4.13%	November 21, 2023
Deposit Substitutes	1		1	4.13%	November 23, 2023
Deposit Substitutes	1		1	4.13%	November 27, 2023
Deposit Substitutes	6		6	4.13%	November 27, 2023
Deposit Substitutes	0		0	4.00%	December 18, 2023
Deposit Substitutes	2		2	4.13%	February 8, 2024
Deposit Substitutes	1		1	4.13%	February 13, 2024
Deposit Substitutes	1		1	4.13%	March 6, 2024
Deposit Substitutes	1		1	4.25%	May 9, 2024
Deposit Substitutes	5		5	4.75%	March 5, 2025
Deposit Substitutes	35		35	6.20%	December 18, 2025
	<u>2,080</u>		<u>2,245</u>		
Total Bills Payable	<u>42,628</u>		<u>42,520</u>		
Other Liabilities					
Bonds Payable - Fixed Rate Bonds	11,250		11,178	5.500%	July 3, 2021
Bonds Payable - Fixed Rate Bonds	6,300		6,255	5.600%	July 24, 2021
Bonds Payable - Fixed Rate Bonds	4,160		4,121	4.550%	November 15, 2021
Bonds Payable - Fixed Rate Bonds	17,500		17,384	6.300%	April 11, 2022
Bonds Payable - Fixed Rate Bonds	13,750		13,634	4.500%	October 24, 2023
	<u>52,960</u>		<u>52,572</u>		
	<u>96,758</u>		<u>96,257</u>		

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2019

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
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NOT APPLICABLE

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

Schedule F - Guarantees of Securities of Other Issuers

December 31, 2019

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee
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NOT APPLICABLE

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule G - Capital Stock
December 31, 2019

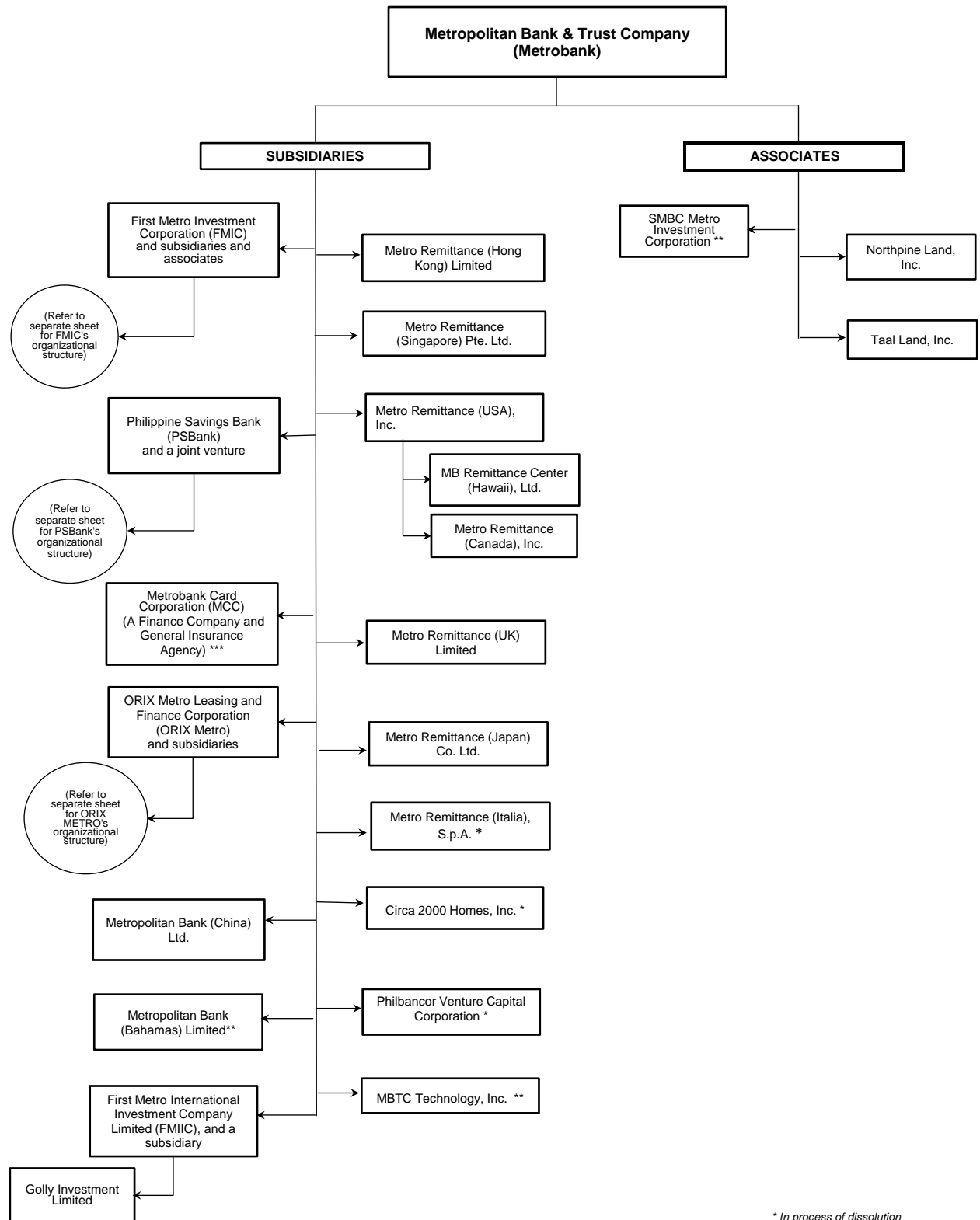
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Authorized						
Preferred stock - P20 par value	1,000,000,000					
Common stock - P20 par value	6,000,000,000					
Issued and outstanding						
Common stock - P20 par value		4,497,415,555		2,269,450,419	34,316,398	2,193,648,738

METROPOLITAN BANK & TRUST COMPANY
SURPLUS AVAILABLE FOR DIVIDENDS *
AS OF DECEMBER 31, 2019
(In ₱ Millions)

UNAPPROPRIATED SURPLUS, BEGINNING	₱ 130,550
Adjustments:	
Less: Non-actual/unrealized income net of tax:	
Accumulated share in net income of subsidiaries, associates and joint venture - net of dividends, restated	36,494
Fair value adjustments (mark-to-market gains)	4,052
Recognized deferred tax asset (DTA)	5,005
Unrealized gains on foreclosure of investment properties - net of accumulated depreciation	364
	45,915
UNAPPROPRIATED SURPLUS AS ADJUSTED TO AVAILABLE FOR DIVIDEND DISTRIBUTION AT BEGINNING OF YEAR	84,635
Add: Net income actually earned/realized during the year:	
Net income during the year closed to Surplus	28,055
Less: Non-actual/unrealized income net of tax:	
Fair value adjustment (mark-to-market gains)	929
Movement on DTA	84
Unrealized gains on foreclosure of investment properties - net of accumulated depreciation	6
Equity in net income of subsidiaries, associates and a joint venture-net of dividends	7,865
	8,884
Net income actually earned during the year	19,171
Add/(Less):	
Realized gain on sale of equity securities at FVOCI	19
Dividend declarations during the year	(14,328)
Appropriations of Retained Earnings during the year	(142)
	(14,451)
UNAPPROPRIATED SURPLUS AVAILABLE FOR DIVIDENDS, END	₱ 89,355

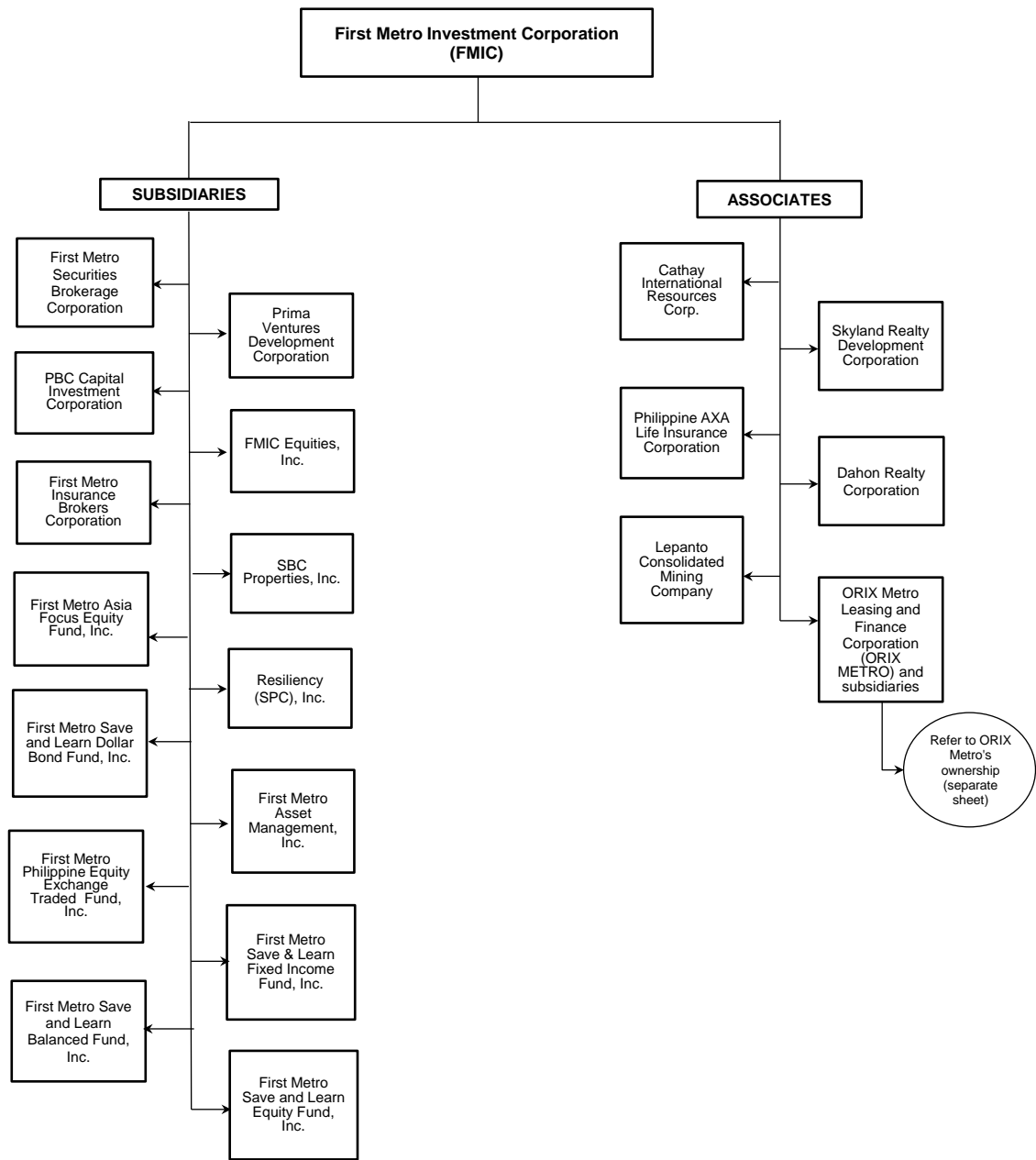
* The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following Bangko Sentral ng Pilipinas guidelines.

Metropolitan Bank & Trust Company
Subsidiaries and Associates
As of December 31, 2019

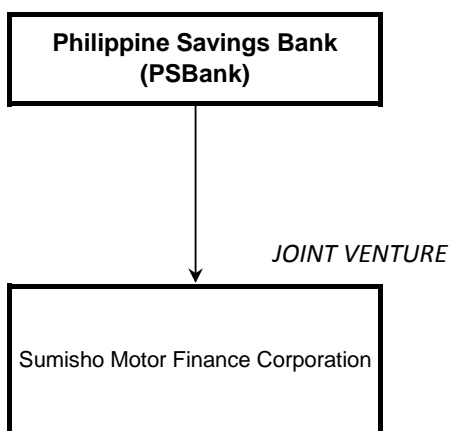


* In process of dissolution
 ** In process of liquidation
 *** The SEC approved the merger of MCC into the Bank effective January 3, 2020

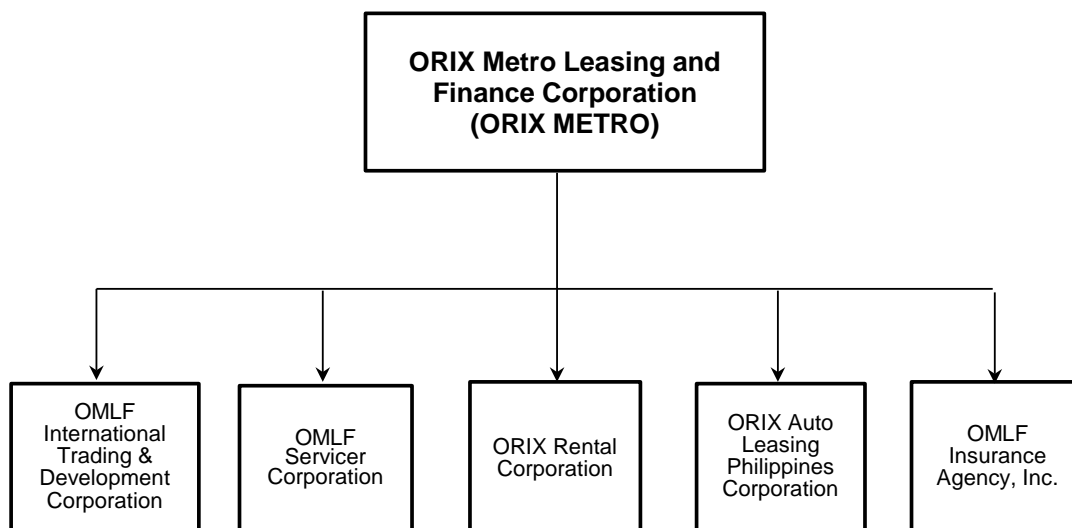
First Metro Investment Corporation
Subsidiaries and Associates
As of December 31, 2019



**Philippine Savings Bank
Joint Venture
As of December 31, 2019**



ORIX Metro Leasing and Finance Corporation (ORIX METRO)
Subsidiaries
As of December 31, 2019



METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
FINANCIAL INDICATORS
AS OF DECEMBER 31, 2019 AND 2018

RATIO	FORMULA	2019	2018
a) Liquidity Ratio	Liquid Assets	36.56%	35.04%
	Total Assets		
b) Loans to Deposits Ratio	Total Loans	86.67%	89.49%
	Total Deposit Liabilities		
c) Debt to Equity Ratio	Total Liabilities	688.84%	690.20%
	Total Equity Attributable to Equity Holders of the Parent Company		
d) Asset to Equity Ratio	Total Assets	791.72%	792.94%
	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	9.47%	9.08%
	Average Equity		
f) Return on Average Assets	Net Income Attributable to Equity Holders of the Parent Company	1.20%	1.02%
	Average Assets		
g) Net Interest Margin on Average Earning Assets	Net Interest Income	3.84%	3.82%
	Average Earning Assets		
h) Operating Efficiency Ratio	Total Operating Expenses	54.60%	58.49%
	Net Operating Income		
i) Interest Coverage Ratio	Earnings Before Interest and Taxes	199.36%	209.93%
	Interest Expense		
j) Net Profit Margin	Net Income	19.76%	19.37%
	Total Income		
k) Capital Adequacy Ratio	Total Qualifying Capital	17.49%	16.98%
	Total Risk-Weighted Assets		
l) Common Equity Tier 1 Ratio	Net Tier 1 Capital	16.19%	14.56%
	Total Risk-Weighted Assets		