PSBank
PHILIPPINE SAVINGS BANK
Metrobank Group

November 14, 2024

The Philippine Stock Exchange, Inc.
6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **Atty. Stefanie Ann B. Go**
Officer-in-charge, Disclosure Department

Subject: **Submission of SEC 17-Q - (Quarterly Report) as of September 30, 2024**

Dear Atty. Go:

Pursuant to the reportorial requirements of Section 17 of the Securities Regulation Code and Sections 25 and 177 of the Revised Corporation Code of the Philippines, we hereby submit a copy of SEC Form 17-Q of Philippine Savings Bank as of September 30, 2024.

We hope that you will find everything in order.

Thank you very much.

Very truly yours,

Leah M. Zamora
Controller
lmzamora@psbank.com.ph / 02-88858208

COVER SHEET

1 5 5 5 2
SEC Registration Number

PHILIPPINE SAVINGS BANK

(Company's Full Name)

PSBank Center, 777 Paseo de Roxas corner Sedeño Street, Makati City 1226

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

Leah M. Zamora
(Contact Person)

8845-8888
(Company Telephone Number)

3rd Quarter 2024

12 *Month* **31** *Day* (Fiscal Year)	**17-Q** (Form Type)	**04** *Month* **25** *Day* (2024 Annual Meeting)

(Secondary License Type, If Applicable)

Market and Securities Regulation Department
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Domestic | Foreign

1,430
Total No. of Stockholders
As of September 30, 2024

To be accomplished by SEC Personnel concerned

File Number | LCU

Document ID | Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1.	For the quarterly period ended	:	**September 30, 2024**
2.	Commission identification number	:	**15552**
3.	BIR tax identification number	:	**000-663-983-000**
4.	Exact name of registrant as specified in its charter	:	**PHILIPPINE SAVINGS BANK**
5.	Province, country or other jurisdiction of incorporation or organization	:	**City of Manila, Philippines**
6.	Industry classification code	:	[ ] (SEC Use Only)
7.	Address of registrant's principal office	:	**PSBank Center, 777 Paseo de Roxas cor. Sedeño St., Makati City 1226**
8.	Registrant's telephone number, including area code	:	**(632) 8885-8208**
9.	Former name, former address and former fiscal year, if changed since last report	:	**Not applicable**
10.	Securities registered pursuant to Sections 4 and 8 of the RSA:		
	Title of each class	:	**Common Shares**
	Number of shares of common stock outstanding	:	**426,859,416**
	Amount of debt outstanding (Unpaid Subscription)	:	**None**
11.	Are any or all of the securities listed on the Philippine Stock Exchange?	:	**Yes**

12. Indicate by check mark whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the Securities Regulation Code and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports).

Yes **[x]** No [ ]

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

Yes **[x]** No [ ]

PART I – FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

Attached are the following:

Unaudited Interim Statements of Condition	Annex 1
Unaudited Interim Statements of Income	Annex 2
Unaudited Interim Statements of Comprehensive Income	Annex 3
Unaudited Interim Statements of Changes in Equity	Annex 4
Unaudited Interim Statements of Cash Flows	Annex 5
Unaudited General Notes to Interim Financial Statements	Annex 6
Unaudited Schedule of Financial Soundness Indicators	Annex 7

ITEM II. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION — Annex 8

Aging of Receivables — Annex 9

PART II – OTHER INFORMATION

1. Control of Registrant

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

Name of Stockholder	Outstanding Number of Shares	Percent to Total No. of Shares
Metropolitan Bank and Trust Co.[1]	377,279,068	88.38%
De Leon, Maria Soledad S.	26,982,249	6.32%

[1] *Includes 206,331,982 shares lodged with PCD Nominee Corp.*

As of September 30, 2024, there is no person who holds more than 5% of the Bank’s securities lodged with PCD Nominee Corporation.

<u>Minimum Public Ownership</u>
As of September 30, 2024, public ownership of the Bank was at 11.61%. Of the total shares issued, 2.82 million shares or 0.66% represents foreign ownership.

2. Legal Proceedings

The Bank in the course of its operations and in running its business has several legal cases that are filed in its behalf and against it. However, these cases will not give any material effect to its financial status nor would have any material impact in continuing its operations. These cases are part of its daily business activities and consequence of its collection efforts and business dealings with the public.

3. Board Resolutions

All material disclosures of the Bank had been made under SEC 17-C.

SIGNATURE

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

PHILIPPINE SAVINGS BANK
By:

LEAH M. ZAMORA
Senior Vice President/ Controller

JOSE VICENTE L. ALDE
President

Date: November 13, 2024

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

SUBSCRIBED AND SWORN TO before me this NOV 14 2024 affiant exhibiting to me his identification as follows:

Name	Passport/SSS No.	Date of Issuance	Place of Issuance
Jose Vicente L. Alde			
Leah M. Zamora			

Doc no. 340
Page no. 71
Book no. 71
Series of 2024

Atty. JOEY V. HERRERA
Notary Public for Makati City
Until December 31, 2024
Notarial Commission Appt. No. M-592
PTR No. MKT10077565/ Jan 3, 2024 / Makati City
Roll No. 61575
IBP No. 392784/ Jan. 3, 2024 / PPLM
MCLE Compliance No. VII-0016980/04-14-25
Unit 17U2, Burgundy Corporate Tower,
252 Sen. Gil Puyat Ave., Makati City

Philippine Savings Bank

Interim Financial Statements

As of September 30, 2024 (Unaudited) and December 31, 2023 (Audited)

and for the nine months ended September 30, 2024 and 2023 (Unaudited)

Annex 1

PHILIPPINE SAVINGS BANK

ITEMI. FINANCIAL STATEMENTS

UNAUDITED INTERIM STATEMENTS OF CONDITION
(With Comparative Audited Figures as at December 31, 2023)

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Cash and Other Cash Items	**₱2,052,387,908**	₱1,653,554,961
Due from Bangko Sentral ng Pilipinas	**10,600,471,608**	9,745,633,911
Due from Other Banks	**1,293,142,786**	1,764,229,676
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	**7,300,000,000**	6,989,635,680
Fair Value Through Profit or Loss (FVTPL) Investments	**204,198,207**	414,298,313
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	**21,251,083,564**	54,359,693,631
Investment Securities at Amortized Cost	**28,151,126,465**	29,893,168,043
Loans and Receivables	**136,655,166,285**	122,764,412,226
Investment in a Joint Venture	**883,412,711**	870,178,530
Property and Equipment	**3,135,679,787**	3,141,957,377
Investment Properties	**3,732,220,937**	3,934,950,184
Deferred Tax Assets	**1,570,164,155**	1,257,607,610
Goodwill and Intangible Assets	**233,795,387**	298,197,196
Other Assets	**1,514,323,993**	1,345,778,616
	₱218,577,173,793	₱238,433,295,954

LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities		
Demand	**₱25,557,627,935**	₱25,325,912,039
Savings	**47,045,073,436**	46,463,448,245
Time	**94,154,990,089**	112,749,125,906
Long-term Negotiable Certificates of Deposits	**–**	5,084,217,598
	166,757,691,460	189,622,703,788
Bills Payable	**–**	271,896,461
Treasurer's, Cashier's and Manager's Checks	**1,774,277,383**	1,514,065,655
Accrued Taxes, Interest and Other Expenses	**2,229,976,128**	2,663,537,503
Income Tax Payable	**11,335,718**	–
Other Liabilities	**4,345,657,944**	4,206,934,631
	175,118,938,633	198,279,138,038
Equity		
Common Stock	**4,268,594,160**	4,268,594,160
Capital Paid in Excess of Par Value	**11,418,563,257**	11,418,563,257
Surplus Reserves	**1,046,398,969**	1,046,398,969
Surplus	**27,497,854,100**	24,455,554,572
Fair Value Reserves on Financial Assets at FVOCI	**346,127,283**	70,794,457
Remeasurement Losses on Retirement Plan	**(1,129,174,728)**	(1,129,174,728)
Equity in Remeasurement Gains on Retirement Plan of a Joint Venture	**2,421,056**	6,178,352
Equity in Hedge Reserves of a Joint Venture	**–**	9,707,213
Cumulative Translation Adjustment	**7,451,063**	7,541,664
	43,458,235,160	40,154,157,916
	₱218,577,173,793	₱238,433,295,954

Annex 2

PHILIPPINE SAVINGS BANK
UNAUDITED INTERIM STATEMENTS OF INCOME

	For the Quarters ended September 30		For the Nine Months Ended September 30	
	2024	2023	**2024**	2023
INTEREST INCOME				
Loans and receivables	**₱3,241,876,460**	₱2,925,178,568	**₱9,419,434,284**	₱8,458,163,532
Financial assets at FVOCI and investment securities at amortized cost	**685,746,275**	1,059,452,913	**2,551,611,016**	3,202,656,058
Due from Bangko Sentral ng Pilipinas	**90,097,070**	298,682,563	**310,475,541**	1,154,887,001
Interbank loans receivable and securities purchased under resale agreements	**87,045,095**	120,305,854	**300,457,625**	335,592,389
FVTPL investments	**6,456,092**	225,538	**39,657,688**	236,336
Due from other banks	**2,101,392**	1,627,833	**7,778,051**	13,746,310
	4,113,322,384	4,405,473,269	**12,629,414,205**	13,165,281,626
INTEREST EXPENSE				
Deposit liabilities	**1,033,953,602**	1,404,460,235	**3,415,415,294**	4,233,788,580
Lease liabilities	**21,316,601**	21,006,185	**60,457,451**	60,151,052
Bills payable	**2,597,025**	11,205,115	**14,296,519**	28,911,477
Bonds Payable	**–**	–	**–**	20,731,311
	1,057,867,228	1,436,671,535	**3,490,169,264**	4,343,582,420
NET INTEREST INCOME	**3,055,455,156**	2,968,801,734	**9,139,244,941**	8,821,699,206
Service fees and commission income	**501,104,092**	440,188,655	**1,446,036,599**	1,378,601,444
Service fees and commission expense	**26,789,280**	19,191,703	**63,952,657**	49,682,644
NET SERVICE FEES AND COMMISSION INCOME	**474,314,812**	420,996,952	**1,382,083,942**	1,328,918,800
OTHER OPERATING INCOME (CHARGES)				
Gain on foreclosure and sale of investment properties - net	**72,369,463**	144,286,826	**319,761,016**	281,851,280
Gain (loss) on foreclosure and sale of chattel mortgage properties - net	**44,786,855**	180,311,632	**282,526,108**	462,488,108
Trading and securities gains (loss) - net	**18,454,617**	(331,159)	**19,042,114**	(101,578)
Foreign exchange gain (loss) - net	**11,101,484**	953,817	**9,250,906**	9,866,860
Gain on sale of property and equipment	**540,695**	434,809	**3,198,968**	3,087,188
Miscellaneous	**116,481,894**	159,019,000	**383,145,232**	448,044,196
	263,735,008	484,674,925	**1,016,924,344**	1,205,236,054
TOTAL OPERATING INCOME	**₱3,793,504,976**	₱3,874,473,611	**₱11,538,253,227**	₱11,355,854,060

	For the Quarters ended September 30		For the Nine Months Ended September 30	
	2024	2023	**2024**	2023
OTHER EXPENSES				
Compensation and fringe benefits	**₱1,021,398,540**	₱954,162,666	**₱3,060,534,629**	₱2,851,415,110
Taxes and licenses	**369,230,911**	422,328,294	**1,163,470,572**	1,254,594,730
Depreciation	**242,196,731**	218,230,674	**701,905,301**	614,844,626
Security, messengerial and janitorial services	**152,625,377**	113,419,140	**408,714,031**	315,446,956
Occupancy and equipment-related costs	**84,686,174**	80,899,049	**264,935,426**	253,709,798
Amortization of intangible assets	**24,644,618**	28,552,059	**75,120,891**	81,236,757
Provision for credit and impairment losses	**12,032,289**	270,887,789	**358,085,304**	1,033,421,005
Miscellaneous	**398,426,831**	429,808,963	**1,234,189,731**	1,267,879,094
	2,305,241,471	2,518,288,634	**7,266,955,885**	7,672,548,076
INCOME BEFORE SHARE IN NET INCOME OF A JOINT VENTURE AND INCOME TAX	**1,488,263,505**	1,356,184,978	**4,271,297,342**	3,683,305,985
SHARE IN NET INCOME OF A JOINT VENTURE	**17,317,904**	14,760,147	**59,398,673**	85,164,096
INCOME BEFORE INCOME TAX	**1,505,581,409**	1,370,945,125	**4,330,696,015**	3,768,470,081
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	**188,464,206**	286,672,881	**640,519,347**	943,196,011
Deferred	**(122,198,354)**	(116,768,486)	**(312,556,546)**	(544,056,331)
	66,265,852	169,904,395	**327,962,801**	399,139,680
NET INCOME	**₱1,439,315,557**	₱1,201,040,730	**₱4,002,733,214**	₱3,369,330,401
Basic/Diluted Earnings Per Share	**₱3.37**	₱2.81	**₱9.38**	₱7.89

Annex 3

PHILIPPINE SAVINGS BANK
UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Quarters Ended September 30		For the Nine Months Ended September 30	
	2024	2023	**2024**	2023
NET INCOME	**₱1,439,315,557**	₱1,201,040,730	**₱4,002,733,214**	₱3,369,330,401
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that recycle to profit or loss in subsequent periods:				
Equity in Hedge Reserve of Associates and Joint Venture	**–**	–	**(9,707,213)**	–
Fair value reserves on debt securities at FVOCI	**363,364,575**	4,104,724	**275,332,826**	37,439,025
Cumulative translation adjustment	**(878,898)**	1,160,528	**(90,601)**	1,096,749
	362,485,677	5,265,252	**265,535,012**	38,535,774
Items that do not recycle to profit or loss in subsequent periods:				
Equity in remeasurement losses on retirement plan of a joint venture	**–**	–	**(3,757,296)**	–
	–	–	**(3,757,296)**	–
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**₱1,801,801,235**	₱1,206,305,982	**₱4,264,510,930**	₱3,407,866,175

Annex 4

PHILIPPINE SAVINGS BANK

UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Common Stock	Capital Paid in Excess of Par Value	Surplus Reserves	Surplus	Fair Value Reserves on Financial Assets at FVOCI	Remeasurement Losses on Retirement Plan	Equity in Remeasurement Gains on Retirement Plan of a Joint Venture	Equity in Hedge Reserves of a Joint Venture	Cumulative Translation Adjustment	Total
Balance at January 1, 2024	**₱4,268,594,160**	**₱11,418,563,257**	**₱1,046,398,969**	**₱24,455,554,572**	**₱70,794,457**	**(₱1,129,174,728)**	**₱6,178,352**	**₱9,707,213**	**₱7,541,664**	**₱40,154,157,916**
Total comprehensive income for the period	−	−	−	**4,002,733,214**	**275,332,826**	−	**(3,757,296)**	**(9,707,213)**	**(90,601)**	**4,264,510,930**
Cash dividends	−	−	−	**(960,433,686)**	−	−	−	−	−	**(960,433,686)**
Balance at September 30, 2024 (Unaudited)	**₱4,268,594,160**	**₱11,418,563,257**	**₱1,046,398,969**	**₱27,497,854,100**	**₱346,127,283**	**(₱1,129,174,728)**	**₱2,421,056**	**₱−**	**₱7,451,063**	**₱43,458,235,160**
Balance at January 1, 2023	₱4,268,594,160	₱11,418,563,257	₱1,043,979,211	₱21,207,490,714	(₱48,782,635)	(₱748,523,773)	₱2,877,392	(₱12,144,581)	₱7,557,479	₱37,139,611,224
Total comprehensive income for the period	−	−	−	3,369,330,401	37,439,025	−	−	−	1,096,749	3,407,866,175
Cash dividends	−	−	−	(960,433,686)	−	−	−	−	−	(960,433,686)
Balance at September 30, 2023 (Unaudited)	₱4,268,594,160	₱11,418,563,257	₱1,043,979,211	₱23,616,387,429	(₱11,343,610)	(₱748,523,773)	₱2,877,392	(₱12,144,581)	₱8,654,228	₱39,587,043,712

Annex 5

PHILIPPINE SAVINGS BANK
UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱4,330,696,015**	₱3,768,470,081
Adjustments to reconcile income before income tax to net cash provided by operations:		
Provision for credit and impairment losses	**358,085,304**	1,033,421,005
Depreciation	**701,905,301**	614,844,626
Amortization of premium (discount) on financial assets at fair value through other comprehensive income and investment securities at amortized cost	**(1,085,465,529)**	(1,598,310,878)
Loss (gain) on foreclosure and sale of:		
Investment properties	**(319,761,016)**	(281,851,280)
Chattel mortgage properties	**(282,526,108)**	(462,488,108)
Amortization of:		
Intangible assets	**75,120,891**	81,236,757
Debt issuance costs	–	1,550,061
Lease Liabilities	**60,457,451**	60,151,052
Accretion of modified loans	**(32,676,318)**	(54,987,588)
Realized loss on sale of financial assets at (FVOCI)	**(24,304,597)**	66,504
Share in net income of a joint venture	**(55,641,377)**	(85,164,096)
Fair value loss (gain) on fair value through profit or loss investments	**8,750**	(2,305)
Gain on sale of property and equipment	**(3,198,968)**	(3,087,188)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Fair value through profit or loss investments	**210,091,356**	–
Loans and receivables	**(16,883,526,275)**	(12,938,628,110)
Other assets	**(9,319,120)**	(439,148,220)
Increase (decrease) in:		
Deposit liabilities	**(22,865,057,479)**	(25,698,689,883)
Treasurer's, cashier's and manager's checks	**260,211,728**	233,492,025
Accrued taxes, interest and other expenses	**(433,561,516)**	(24,178,811)
Other liabilities	**107,634,415**	(185,030,192)
Cash generated from operations	**(35,890,827,092)**	(35,978,334,549)
Dividends received from joint venture investment	**32,699,984**	57,599,971
Income taxes paid	**(629,183,629)**	(888,726,356)
Net cash provided by operating activities	**(36,487,310,737)**	(36,809,460,934)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of:		
Financial assets at FVOCI	**(208,729,897,240)**	(384,797,865,639)
Investment securities at amortized cost	–	(890,227,702)
Property and equipment	**(168,659,563)**	(190,794,525)
Other intangible assets	**(10,719,083)**	(44,680,625)
Proceeds from sale/maturities of:		
Financial assets at FVOCI	**243,302,403,928**	409,192,975,230
Investment securities at amortized cost	**1,662,791,500**	-
Chattel mortgage properties	**2,458,831,929**	1,420,725,978
Investment properties	**662,380,199**	579,920,961
Property and equipment	**28,353,636**	40,793,394
Net cash provided (used) in investing activities	**₱39,205,485,306**	₱25,310,847,074

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlements of bills payable	**(₱1,879,835,304)**	(₱4,282,413,256)
Availments of bills payable	**1,607,938,843**	3,692,621,403
Settlement of Bonds Payable	**–**	(4,650,000,000)
Payment of lease liabilities	**(393,307,682)**	(400,606,663)
Dividends paid	**(960,433,686)**	(960,433,686)
Net cash provided by financing activities	**(1,625,637,829)**	(6,600,832,202)
Effect of exchange rate differences	**(2,499)**	26,684
NET DECREASE IN CASH AND CASH EQUIVALENTS	**1,092,534,241**	(18,099,419,378)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
Cash and other cash items	**1,653,554,961**	1,930,720,274
Due from Bangko Sentral ng Pilipinas	**9,745,633,911**	37,553,243,574
Due from other banks	**1,765,438,984**	2,925,163,812
Interbank loans receivable and securities purchased under resale agreements	**6,989,635,680**	2,669,609,031
	20,154,263,536	45,078,736,691
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash and other cash items	**2,052,387,908**	1,708,602,840
Due from Bangko Sentral ng Pilipinas	**10,600,471,608**	19,593,294,026
Due from other banks	**1,293,938,261**	1,574,481,138
Interbank loans receivable and securities purchased under resale agreements	**7,300,000,000**	4,102,939,309
	₱21,246,797,777	₱26,979,317,313

OPERATIONAL CASH FLOWS FROM INTEREST		
Interest paid	**₱3,751,078,992**	₱4,478,210,932
Interest received	**11,853,480,423**	11,906,286,615

Annex 6

PHILIPPINE SAVINGS BANK
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Philippine Savings Bank (the Bank) was incorporated in the Philippines primarily to engage in savings and mortgage banking. The Bank's shares are listed in the Philippine Stock Exchange (PSE). The Bank offers a wide range of products and services such as deposit products, loans, treasury and trust functions that mainly serve the retail and consumer markets. On September 6, 1991, the Bank was authorized to perform trust functions.

As of September 30, 2024 and December 31, 2023, the Bank had 250 branches. The Bank had 271 Automated Teller Machines (ATMs) on-site and 262 off-site, bringing its total number of ATMs to 533 as of September 30, 2024 and 556 as of December 31, 2023.

The Bank's original Certificate of Incorporation was issued by the Securities and Exchange Commission (SEC) on June 30, 1959. On March 28, 2006, the Board of Directors (BOD) of the Bank approved the amendment of Article IV of its Amended Articles of Incorporation to extend the corporate term of the Bank, which expired on June30, 2009, for another 50 years or up to June 30, 2059. This was subsequently approved by stockholders representing at least two-thirds of the outstanding capital stock of the Bank on April 25, 2006. The Amended Articles of Incorporation was approved by the SEC on September 27, 2006.

On April 27, 2010, by majority vote of the BOD and by stockholders representing two-thirds of the outstanding capital stock, the amendment of Article VI of its Amended Articles of Incorporation reducing the number of directors from a maximum of eleven (11) to a maximum of nine (9) has been approved. This was approved by the SEC on August 26, 2010.

On March 24, 2014, the BOD approved Article III of Articles of Incorporation to specify its principal address from Makati City to PSBank Center, 777 Paseo de Roxas corner Sedeño Street, Makati City 1226. The Amended Articles of Incorporation was approved by the SEC on December 22, 2014.

As of September 30, 2024 and December 31, 2023, Metropolitan Bank & Trust Company (MBTC), the Bank's ultimate parent, owned eighty-eight percent (88.38%) of the Bank.

2. Significant Accounting Policies

Basis of Preparation

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

The condensed financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) that have been measured at fair value. The unaudited interim condensed financial statements are presented in Philippine Peso (₱), and all values are rounded to the nearest Philippine Peso, except as otherwise indicated.

The accompanying interim condensed financial statements of the Bank include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of the RBU and FCDU is the Philippine Peso 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 Philippine peso. The financial statements of these units are combined after eliminating inter-unit accounts.

Presentation of Financial Statements

The Bank presents its statements of condition in order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within twelve (12) months after the statement of condition date (current) and more than 12 months after the statement of condition date (non-current) is presented in Note 14.

Financial assets and financial liabilities are offset and the net amount is reported in the statements of condition 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. The Bank assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of solvency or bankruptcy of the Bank and all of the counterparties.

Income and expenses are not offset in the statements of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2024. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Bank.

Standards Issued but Not Yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Bank does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Bank intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

  The amendments are not expected to have a material impact on the Bank.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

  The amendments are not expected to have a material impact on the Bank.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent assets and contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods. The effects of any change in judgments, estimates and assumptions are reflected in the financial statements as they become reasonably determinable. Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

3. Fair Value Measurement

Financial Instruments

The following describes the methodologies and assumptions used to determine the fair values of financial instruments:

Cash and other cash items, due from BSP, due from other banks, interbank loans receivable and SPURA, accounts receivable, accrued interest receivable, bills purchased, RCOCI, shortages, and petty cash fund - Carrying amounts approximate fair values due to the relatively short-term maturities of these assets.

Debt investments - Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services, or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology, using rates currently available for debt on similar terms, credit risk and remaining maturities.

Equity investments - Fair values are based on quoted prices published in markets.

Receivable from customers, sales contract receivables and security deposits- Fair values are estimated using the discounted cash flow methodology, using the Bank's current lending rates for similar types of loans.

Demand deposits, savings deposits, treasurer's, cashier's and manager's checks, accrued interest payable, accounts payable, bills purchased-contra, other credits, deposits for keys-SDB, payment orders payable and overages - Carrying amounts approximate fair values due to either the demand nature or the relatively short-term maturities of these liabilities.

Bills payable, bonds payable and time deposits- Fair values are estimated using the discounted cash flow methodology using the Bank's borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued.

The inputs used in the fair value measurement based on Level 2 are as follows:

Government securities -interpolated rates based on market rates of benchmark securities as of statement of condition date.

The inputs used in estimating fair values of financial instruments carried at amortized cost and categorized under Level 3 include risk-free rates and applicable risk premium.

Non-financial Assets

Investment properties- Fair values of the investment properties have been determined based on valuations performed by independent external 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 restriction, building coverage and floor area ratio restrictions among others. Other significant unobservable inputs include shape, location, time element, discount and corner influence. The fair value of investment properties is based on its highest and best use, which is its current use.

The following tables summarize the carrying amount and fair values of the Bank's financial instruments and investment properties, analyzed based on the hierarchy described in Note 2 (in thousands):

	September 30, 2024 (Unaudited)				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value:					
Financial Assets					
FVTPL investments					
HFT - government securities	**₱204,198**	**₱204,198**	**₱–**	**₱–**	**₱204,198**
Financial assets at FVOCI					
Government debt securities	**20,972,492**	**7,965,184**	**13,007,308**	**–**	**20,972,492**
Private debt securities	**242,563**	**242,563**	**–**	**–**	**242,563**
Equity securities	**36,029**	**28,454**	**7,575**	**–**	**36,029**
	₱21,455,282	**₱8,440,399**	**₱13,014,883**	**₱–**	**₱21,455,282**
Assets for which fair values are disclosed:					
Financial Assets					
Investment securities at amortized cost					
Government	**27,090,485**	**19,040,015**	**7,499,309**	**–**	**26,539,324**
Private	**1,060,642**	**1,047,697**	**–**	**–**	**1,047,697**
Loans and receivables					
Receivables from customers					
Consumption loans	**82,695,629**	**–**	**–**	**94,929,276**	**94,929,276**
Real estate loans	**42,507,834**	**–**	**–**	**64,968,406**	**64,968,406**
Commercial loans	**7,208,657**	**–**	**–**	**7,287,180**	**7,287,180**
Personal loans	**1,572,132**	**–**	**–**	**2,188,419**	**2,188,419**
Sales contract receivable	**3,980**	**–**	**–**	**4,176**	**4,176**
Security deposits	**128,791**	**–**	**–**	**204,019**	**204,019**
Non-Financial Assets					
Investment properties	**3,732,221**	**–**	**–**	**6,637,780**	**6,637,780**
	₱166,000,371	**₱20,087,713**	**₱7,499,309**	**₱176,219,258**	**₱203,806,280**
Liabilities for which fair values are disclosed:					
Deposit liabilities – Time	**₱94,154,990**	**₱–**	**₱–**	**₱96,869,888**	**₱–**
Deposit liabilities – LTNCD	**–**	**–**	**–**	**–**	**–**
Bills payable	**–**	**–**	**–**	**–**	**–**
	₱94,154,990	**₱–**	**₱–**	**₱96,869,888**	**₱96,869,888**

	December 31, 2023 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value:					
Financial Assets					
FVTPL investments					
HFT - government securities	₱414,298	₱414,298	₱–	₱–	₱414,298
Financial assets at FVOCI					
Government debt securities	52,699,129	50,889,402	1,809,727	-	52,699,129
Private debt securities	1,633,147	1,633,147	-	-	1,633,147
Equity securities	27,418	21,199	6,219	-	27,418
	₱54,773,992	₱52,958,046	₱1,815,946	₱-	₱54,773,992
Assets for which fair values are disclosed:					
Financial Assets					
Investment securities at amortized cost					
Government	₱27,875,963	₱18,767,093	₱8,088,712	₱–	₱26,855,805
Private	2,017,205	1,984,906	–	–	1,984,906
Loans and receivables					
Receivables from customers					
Consumption loans	71,139,977	–	–	81,231,497	81,231,497
Real estate loans	40,214,290	–	–	61,703,987	61,703,987
Commercial loans	6,521,064	–	–	87,431,028	87,431,028
Personal loans	1,629,939	–	–	2,247,444	2,247,444
Sales contract receivable	6,380	–	–	6,764	6,764
Security deposits	198,884	–	–	285,800	285,800
Non-Financial Assets					
Investment properties	3,934,950	–	–	6,617,966	6,617,966
	₱153,538,652	₱20,751,999	₱8,088,712	₱239,524,486	₱268,365,197
Liabilities for which fair values are disclosed:					
Deposit liabilities - time	₱112,749,126	₱–	₱–	₱116,153,413	₱116,153,413
Deposit liabilities - LTNCD	5,084,218	–	–	5,111,755	5,111,755
Bonds payable	-	–	–	-	-
Bills payable	271,896	–	–	310,561	310,561
	₱118,105,240	₱–	₱–	₱121,575,729	₱121,575,729

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 September 30, 2024 and December 31, 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

As of September 30, 2024 and December 31, 2023, the Bank determined the market value of its warrants to be zero due to the absence of an active market for the Bank's ROP warrants, as evidenced by the unavailability of quoted market prices.

4. Financial Risk Management Policies and Objectives

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

Organization risk management structure continues to be a top-down organization, with the BOD at the helm of all major initiatives.

Discussed below are the relevant sections on roles and responsibilities from the Risk Oversight Committee (ROC) Charter:

Board of Directors (BOD)
The corporate powers of the Bank are vested in and are exercised by the BOD, who conducts its business and controls its property. The BOD approves broad risk management strategies and policies and ensures that risk management initiatives and activities are consistent with the Bank's overall objectives. The BOD appoints the members of the ROC.

Risk Oversight Committee (ROC)
The ROC is composed of at least three members of the Board, the majority of whom are independent directors including its Chairperson. The ROC Chairperson is not the Chairperson of the Board or of any other committee. Members of the ROC possess a range of expertise and adequate knowledge of the Bank's risk exposures to be able to develop appropriate strategies for preventing losses and minimizing the impact of losses when they occur.

The BOD may also appoint non-directors to the ROC as part of the Metrobank Group risk oversight measures. However, only Bank directors shall be considered as voting members of the ROC. Non-voting members are appointed in an advisory capacity.

The ROC oversees the system of limits to discretionary authority that the BOD delegates to the management and ensures that the system remains effective, the limits are observed, and that immediate corrective actions are taken whenever limits are breached.

The ROC meets on a monthly basis and is supported by the Risk Management Office (RMO). In the absence of the ROC Chairman, another Independent Director shall preside. ROC resolutions, which require the concurrence of the majority of its voting members, are presented to the BOD for confirmation.

Risk Management Office (RMO)
The RMO, headed by the Chief Risk and Sustainability Officer, is a function that is independent from executive functions and business line responsibilities, operations and revenue-generating functions. It reports directly to the BOD, through the ROC. The RMO assists the ROC in carrying out its responsibilities by:

- analyzing, communicating, implementing, and maintaining the risk management policies approved by the ROC and the BOD;
- spearheading the regular review of the Bank's risk management policy manual and making or elevating recommendations that enhance the risk management process to the ROC and the BOD, for their approval; and

- ensuring that the risks arising from the Bank's activities are identified, measured, analyzed, reported to and understood by risk takers, management, and the board. The RMO analyzes limit exceptions and recommends enhancements to the limits structure.

The RMO does not assume risk-taking accountability nor does it have approving authority. The RMO's role is to act as liaison and to provide support to the BOD, ROC, the President, management committees, risk takers and other support and control functions on risk-related matters.

The Risk Management Function is responsible for:

- identifying the key risk exposures and assessing and measuring the extent of risk exposures of the Bank and its trust operations;
- monitoring the risk exposures and determining the corresponding capital requirement in accordance with the Basel capital adequacy framework and based on the Bank's internal capital adequacy assessment on an on-going basis;
- monitoring and assessing decisions to accept particular risks whether these are consistent with BOD-approved policies on risk tolerance and the effectiveness of the corresponding risk mitigation measures; and
- reporting on a regular basis to Senior Management and the BOD the results of assessment and monitoring.

President
The President is the Chief Executive Officer of the Bank and has the primary responsibility of carrying out the policies and objectives of the BOD. The President exercises the authorities delegated to him by the BOD and may recommend such policies and objectives he deems necessary for the continuing progress of the Bank.

Risk management
The risk management framework aims to maintain a balance between the nature of the Bank's businesses and the risk appetite of the BOD. Accordingly, policies and procedures are reviewed regularly and revised as the organization grows and as financial markets evolve. New policies or proposed changes in current policies are presented to the ROC and the BOD for approval.

a. Credit risk and concentration of assets and liabilities and off-balance sheet items

Credit risk is the risk that a counterparty will not settle its obligations in accordance with the agreed terms.

The Bank's lending business follows credit policy guidelines set by the BOD, ROC and RMO. These policies serve as minimum standards for extending credit. The people engaged in the credit process are required to understand and adhere to these policies.

Product manuals are in place for all loans and deposit products that actually or potentially expose the Bank to all types of risks that may result in financial or reputational losses. They define the product and the risks associated with the product plus the corresponding risk-mitigating controls. They embody the business plans and define the business parameters within which the product or activity is to be performed.

The system of checks around extension of credit includes approval by at least two credit approvers through the Credit Committee (CreCom), Executive Committee (ExCom) or BOD. The ROC reviews the business strategies and ensures that revenue-generating activities are consistent with the risk tolerance and standards of the Bank. The Internal Audit Group conducts regular audit across all functional units. The BOD, through the ExCom, CreCom and ROC, ensure that sound credit policies and practices are followed through all the business segments.

<u>Credit Approval</u>
Credit approval is the documented acceptance of credit risk in the credit proposal or application.

The Bank's credit decision-making for consumer loans utilizes the recommendation of the credit scoring and is performed at the CreCom level appropriate to the size and risk of each transaction, in conformity with corporate policies and procedures in regulating credit risk activities. The Bank's ExCom may approve deviations or exceptions, while the BOD approves material exceptions such as large exposures, loans to directors, officers, stockholders and other related interests (DOSRI) and related party transactions, and loan restructuring.

Credit delegation limits are identified, tracked and reviewed at least annually by the Bank's Head of Credit and Collections together with the Credit Risk Manager.

Borrower Eligibility
The Bank's credit processing commences when a customer expresses his intention to borrow through a credit application. The Bank gathers data on the customer; ensures they are accurate, up-to-date and adequate to meet the minimum regulatory requirements and to render credit decision. These data are used for the intended purpose only and are managed in adherence to the customer information secrecy law.

The customer's credit worthiness, repayment ability and cash flow are established before credit is extended. The Bank independently verifies critical data from the customer, ensuring compliance with Know Your Customer requirements under the anti-money laundering laws. The Bank requires that customer income be derived from legitimate sources and supported with government-accepted statements of income, assets and liabilities.
The Bank ascertains whether the customer is legally capable of entering a credit contract and of providing a charge over any asset presented as collateral for a loan. Guarantors or sureties may be accepted, provided they are a relative, partner, and have financial interest in the transaction, and they pass all credit acceptance criteria applied to the borrower.

Loan Structure
The Bank structures loans for its customers based on the customer's capability to pay, the purpose of the loan, and for a collateralized loan, the collateral's economic life and liquidation value over time.

The Bank establishes debt burden guidelines and minimum income requirements to assess the customer's capacity to pay.

The Bank utilizes credit bureau data, both external and internal, to obtain information on a customer's current commitments and credit history.

The Bank takes into account environmental and social issues when reviewing credit proposals of small businesses and commercial mortgage customers. The Bank ensures that all qualified securities pass through the BOD for approval. Assignments of securities are confirmed and insurance are properly secured.

The Bank uses credit scoring models and decision systems for consumer loans as approved by the BOD. Borrower risk rating model and facility risk rating model, on the other hand, are available for SME loans, and supported with qualitative evaluation. Regular monitoring of all these tools and their performance is carried out to ensure that they remain effective.

Initial loan limits are recommended by the CreCom and ExCom and approved by the BOD. The Bank ensures that secured loans are within ceilings set by local regulators. Succeeding loan availments are based on account performance and customer's credit worthiness.

Credit Management
The Bank maintains credit records and documents on all borrowings and captures transaction details in its loan systems. The credit risk policies and system infrastructure ensure that loans are monitored and managed at all times.

The Bank's Management Information System provides statistics that its business units need to identify opportunities for improving rewards without necessarily sacrificing risk. Statistical data on product, productivity, portfolio, profitability, performance and projection are made available regularly.

The Bank conducts regular loan review through the ROC, with the support of the RMO. The Bank examines its exposures, credit risk ratios, provisions and customer segments. The Bank's unique customer identification and unique group identification methodology enables it to aggregate credit exposures by customer or group of borrowers. Aggregate exposures of at least ₱100.0 million are put on a special monitoring.

The ROC assesses the adequacy of provisions for credit losses regularly. The Bank's automated loan grading system enables the Bank to set up provision per account. The Bank also performs impairment analyses on loans and receivables, whether on an individual or collective basis, in accordance with PFRS 9.

The Bank carries out stress testing analyses using Board-approved statistical models relating the default trends to macroeconomic indicators.

In February 2022, Russia launched a full-scale invasion of Ukraine. The United Nations reacted imposing sanctions to Russia. This caused a major disruption in the value chain and kicked start a significant rise in inflation in the year. The war dragged-on much longer than anticipated. This prompted the US Treasury to increase its interest rates to combat rising inflation. The Philippine economic outlook was unclear as the government now has to manage a careful balancing act of increasing interest rates to dampen the velocity of inflation and combat the weakening peso without hurting the economy. Despite these troubling signals globally, the Bank's asset quality improved compared to 2021 due to the Bank's portfolio management initiatives. Provisioning models for the bank's consumer loan portfolio were adjusted to account for economic uncertainty. To optimize the Bank's credit taking activities, the consumer credit scoring models for Mortgage and Personal loans were redeveloped. These are expected to increase the Bank's loan portfolio without increasing the Bank's risk profile.

In 2023, the Philippine economy exhibited resilience and growth despite global challenges. Steady expansion in GDP was observed but inflation and external uncertainties persisted necessitating government's careful economic management. The Bank reviewed and recalibrated its expected credit loss models to ensure the sufficiency of its calculated provisions and appropriateness of the models in light of the changing economic landscape.

b. Market risk

Market risk management covers the areas of trading and interest rate risks. The Bank utilizes various measurement and monitoring tools to ensure that risk-taking activities are managed within instituted market risk parameters. The Bank revalues its trading portfolios on a daily basis and checks the revenue or loss generated by each portfolio in relation to their level of market risk.

The Bank's risk policies and implementing guidelines are regularly reviewed by the Assets and Liabilities Committee (ALCO), ROC and BOD to ensure that these are up-to-date and in line with changes in the economy, environment and regulations. The ROC and the BOD set the comprehensive market risk limit structure and define the parameters of market activities that the Bank can engage in.

Market risk is the risk to earnings and capital arising from changes in the value of traded portfolios of financial instruments (trading market risk) and from movements in interest rates (interest rate risk). The Bank's market risk originates primarily from holding peso and dollar-denominated debt securities. The Bank utilizes Value-at-Risk (VaR) to measure and manage market risk exposure. VaR estimates the potential decline in the value of a portfolio, under normal market conditions, for a given confidence level over a specified holding period.

Trading activities
The Bank's trading portfolios consist of peso- and dollar-denominated debt securities that are marked-to-market daily.

VaR is a statistical measure that calculates the maximum potential loss from a portfolio over a holding period, within a given confidence level. The Bank's current VaR model is based on a historical simulation methodology with a one-day holding period and a 99% confidence level. The Bank establishes limits for trading portfolios and VaR, and comply with regulatory standards. VaR reports are prepared to closely monitor daily profit and loss against loss triggers and stop-loss limits. These are submitted to Treasury Group and RMO on daily basis and to ROC and BOD on monthly basis. When there is a breach in VaR limits, Treasury Group is expected to close or reduce their position and bring it down within the limit unless approval from the President is obtained to retain the same. All breaches are reported to the President for regularization. In addition to the regularization and approval of the President, breaches in VaR limits and special approvals are likewise reported to the ROC and BOD for their information and confirmation.

The Bank performs back testing to validate the VaR model. Results are reported to the ROC and BOD on a monthly basis. Stress testing is also conducted based on historical maximum percentage daily movement and on various ad-hoc rate shock scenarios to estimate potential losses in a crisis situation.

Responsibility for managing the Bank's trading market risk remains with the ROC. With the support of RMO, the ROC recommends to the BOD changes in market risk limits, approving authorities and other activities that need special consideration.

Discussed below are the limitations and assumptions applied by the Bank on its VaR methodology:

a. VaR is a statistical estimate and thus, does not give the precise amount of loss;
b. VaR is not designed to give the probability of bank failure, but only attempts to quantify losses that may arise from a bank's exposure to market risk;
c. Historical simulation does not involve any distributional assumptions, scenarios that are used in computing VaR are limited to those that occurred in the historical sample; and
d. VaR systems are backward-looking. It attempts to forecast likely future losses using past data. As such, this assumes that past relationships will continue to hold in the future. Major shifts therefore (i.e., an unexpected collapse of the market) are not captured and may inflict losses much bigger than anything the VaR model may have calculated.

The Bank's interest rate VaR follows (in millions):

	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Peso	**USD**	Peso	USD
Year-end	1	–	1	–
Average	3	–	0	–
High	7	–	2	–
Low	0	–	0	–

Non-trading activities
The Bank follows a prudent policy on managing its assets and liabilities to ensure that fluctuations in interest rates are kept within acceptable limits.

One method by which the Bank measures the sensitivity of its assets and liabilities to interest rate fluctuations is by way of "gap" analysis. This analysis provides the Bank with a static view of the maturity and repricing characteristics of the positions in its statement of condition. An interest rate gap report is prepared by classifying all assets and liabilities into various time period categories according to contracted maturities or anticipated repricing dates, whichever is earlier. Items lacking definitive repricing schedule (e.g., current and savings accounts) are assigned to repricing tenor buckets based on analysis of deposit behavioral patterns, past experience and/or expert judgment. The difference in the amount of assets and liabilities maturing or being repriced in any time period category would then give the Bank an indication of the extent to which it is exposed to the risk of potential changes in net interest income.

The interest rate sensitivity gap report measures interest rate risk by identifying gaps between the repricing dates of assets and liabilities. The Bank's sensitivity gap model calculates the effect of possible rate movements on its interest rate profile.

EaR measures the possible decline in the Bank'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. The Bank's EaR limits are based on a percentage of the Bank's projected earnings for the year or capital whichever is lower. The Bank also performs stress-testing to measure the impact of various scenarios based on interest rate volatility and shift in the yield curve. The EaR and stress testing reports are prepared on a monthly basis.

The ALCO is responsible for managing the Bank's structural interest rate exposure. The ALCO's goal is to achieve a desired overall interest rate profile while remaining flexible to interest rate movements and changes in economic conditions. The RMO and ROC review and oversee the Bank's interest rate risks.

The table below demonstrates the sensitivity of equity. Equity sensitivity was computed by calculating mark-to-market changes of debt securities at FVOCI, assuming a parallel shift in the yield curve.

	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Change in basis points	**Sensitivity of equity**	Change in basis points	Sensitivity of equity
Currency				
PHP	**+10**	**(₱54,256,283)**	+10	(₱10,854,916)
USD	**+10**	**–**	+10	–
Currency				
PHP	**-10**	**54,523,902**	-10	10,934,344
USD	**-10**	**–**	-10	–

The table below demonstrates the sensitivity of net interest income using the EAR model. Net interest income sensitivity was computed by calculating the changes in the banking book gaps assuming a parallel shift in the yield curve.

	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Change in basis points	**Sensitivity of NII**	Change in basis points	Sensitivity of NII
Currency				
PHP	**+10**	**(₱22,884,154)**	+10	(₱2,497,311)
USD	**+10**	**(8,451,125)**	+10	(9,197,978)
Currency				
PHP	**-10**	**₱22,884,154**	-10	₱2,497,311
USD	**-10**	**8,451,125**	-10	9,197,978

The Bank employs the Delta EVE model to measure the overall change in the economic value of the bank at one point. It reflects the changes in the net present value of its banking book at different interest rate shocks and stress scenarios. ΔEVE is calculated by slotting the notional repricing cash flows arising from rate-sensitive assets and liabilities into pre-defined tenor buckets. The present value of the net repricing cash flows is then calculated using various interest rate scenarios prescribed by Basel, as well as scenarios internally developed by the Bank.

Foreign Currency Risk

Foreign currency risk is the risk of an investment's value changing due to an adverse movement in currency exchange rates. It arises due to a mismatch in the Bank's foreign currency assets and liabilities. The Bank uses BSP-approved Type 3 Derivative License for plain vanilla FX forwards to manage our FX risk against adverse exchange rate movements.

The Bank's policy is to maintain foreign currency exposure within the approved position, stop loss, loss trigger, VaR limits and to remain within existing regulatory guidelines. To compute for VaR, the Bank uses historical simulation model for USD/PHP FX position, with confidence level at 99.00% and a 1 day holding period.

The Bank's VaR for its foreign exchange position for trading and non-trading activities are as follows (in thousands):

	September 30, 2024[1] (Unaudited)	**December 31, 2023[1] (Audited)**
As of year-end	**₱768**	₱1,212
Average	**836**	1,356
High	**1,676**	2,319
Low	**451**	671

[1]*Using METRISK Historical Simulation VaR*

As of September 30, 2024 and December 31, 2023, the Bank is not exposed to significant foreign currency risk.

Liquidity Risk

The Bank's policy on liquidity management emphasizes on three elements of liquidity, namely, cashflow management, ability to borrow in the interbank market, and maintenance of a stock of high-quality liquid assets. These three approaches complement one another with greater weight being given to a particular approach, depending upon the circumstances. The Bank's objective in liquidity management is to ensure that the Bank has sufficient liquidity to meet obligations under normal and adverse circumstances and is able to take advantage of lending and investment opportunities as they arise.

The main tool that the Bank uses for monitoring its liquidity is the Maximum Cumulative Outflow (MCO) reports, which is also called liquidity gap or maturity matching gap reports. The MCO is a useful tool in measuring and analyzing the Bank's cash flow projections and monitoring liquidity risks.

The MCO is generated by distributing the cash flows of the Bank's assets, liabilities and off-balance sheet items to time bands based on cash flow expectations such as contractual maturity, nature of the account, behavioral patterns and projections on business strategies. The incorporation of behavioral cash flow assumptions and business projections or targets results in a dynamic gap report that realistically captures the behavior of the products and creates a forward-looking cash flow projection.

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

The Bank's Liquidity Contingency Funding Plan (LCFP) projects the Bank's funding position during stress to help evaluate the Bank's funding needs and strategies under various stress conditions.

The Bank discourages dependence on Large Funds Providers (LFPs) and monitors the deposit funding concentrations so that it will not be vulnerable to a substantial drop in deposit level should there be an outflow of large deposits and there are enough high-quality liquid assets to fund LFP withdrawals. ALCO is responsible for managing the liquidity of the Bank while RMO and ROC review and oversee the Bank's overall liquidity risk management.

To mitigate potential liquidity problems caused by unexpected withdrawals of significant deposits, the Bank takes steps to cultivate good business relationships with clients and financial institutions, maintains high level of high-quality liquid assets, monitors the deposit funding concentrations and regularly updates the Liquidity Contingency Funding Plan. The Bank's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are managed on a daily basis to ensure compliance with the required regulatory ratios.

5. Segment Information

The Bank's operating segments are organized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit that offers different products and serves different markets. The Bank's reportable segments are as follows:

a. Consumer Banking - principally provides consumer-type loans generated by the Home Office;
b. Corporate Banking - principally handles loans and other credit facilities for small and medium enterprises, corporate and institutional customers acquired in the Home Office;
c. Branch Banking - serves as the Bank's main customer touch point which offers consumer and corporate banking products; and
d. Treasury - principally handles institutional deposit accounts, providing money market, trading and treasury services, as well as managing the Bank's funding operations by use of government securities and placements and acceptances with other banks.

These segments are the bases on which the Bank reports its primary segment information. The Bank evaluates performance on the basis of information about the components of the Bank that senior management uses to make decisions about operating matters. There are no other operating segments than those identified by the Bank as reportable segments. There were no inter-segment revenues and expenses included in the financial information. The Bank has no single customer with revenues from which is 10.00% or more of the Bank's total revenue.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Primary segment information (by business segment) for the quarters ended September 30, 2024 and 2023 and December 31, 2023, as follows (in thousands):

	For the Nine Months ended September 30, 2024 (Unaudited)				
	Consumer Banking	**Corporate Banking**	**Branch Banking**	**Treasury**	**Total**
Operating income					
Interest income	**₱3,133,737**	**₱273,758**	**₱6,011,939**	**₱3,209,980**	**₱12,629,414**
Service fees and commission	**510,278**	**13,810**	**921,949**	**–**	**1,446,037**
Other operating income	**451,152**	**6,238**	**531,694**	**28,293**	**1,017,377**
Total operating income	**4,095,167**	**293,806**	**7,465,582**	**3,238,273**	**15,092,828**
Non-cash expenses					
Provision for (reversal of) credit and impairment losses	**₱34,366**	**₱50,153**	**₱277,748**	**(₱4,181)**	**₱358,086**
Depreciation	**207,434**	**2,445**	**491,676**	**351**	**701,906**
Amortization of other intangible assets	**26,950**	**658**	**44,264**	**3,248**	**75,120**
Total non-cash expenses	**268,750**	**53,256**	**813,688**	**(582)**	**1,135,112**
Interest expense	**–**	**–**	**1,861,773**	**1,628,397**	**3,490,170**
Service fees and commission expense	**22,568**	**611**	**40,774**	**–**	**63,953**
Subtotal	**22,568**	**611**	**1,902,547**	**1,628,397**	**3,554,123**
Compensation and fringe benefits	**815,186**	**50,613**	**2,170,807**	**23,929**	**3,060,535**
Taxes and licenses	**338,533**	**14,959**	**418,591**	**391,387**	**1,163,470**
Occupancy and equipment-related costs	**76,952**	**397**	**187,504**	**82**	**264,935**
Security, messengerial and janitorial services	**140,408**	**1,857**	**266,244**	**204**	**408,713**
Miscellaneous	**376,816**	**7,776**	**782,151**	**67,900**	**1,234,643**
Subtotal	**1,747,895**	**75,602**	**3,825,297**	**483,502**	**6,132,296**
Income (loss) before share in net income of a joint venture and income tax	**2,055,955**	**164,336**	**924,050**	**1,126,956**	**₱4,271,297**
Share in net income of a joint venture					**59,399**
Income before income tax					**4,330,696**
Provision for income tax					**327,963**
Net income					**4,002,733**
Segment assets	**₱106,438,424**	**₱3,157,234**	**₱54,943,202**	**₱51,584,737**	**216,123,597**
Investment in a joint venture					**883,413**
Deferred tax assets					**1,570,164**
Total assets					**₱218,577,174**
Segment liabilities	**₱1,432,090**	**₱93,386**	**₱119,791,996**	**₱53,801,467**	**₱175,118,939**

	December 31, 2023 (Audited)				
	Consumer Banking	Corporate Banking	Branch Banking	Treasury	Total
Operating income					
Interest income	₱3,818,782	₱593,849	₱7,918,866	₱5,292,768	₱17,624,265
Service fees and commission	586,757	12,506	1,193,480	–	1,792,743
Other operating income	953,163	7,814	607,681	22,922	1,591,580
Total operating income	5,358,702	614,169	9,720,027	5,315,690	21,008,588
Non-cash expenses					
Provision for (reversal of) credit and impairment losses	1,267,662	50,112	138,210	(4,894)	1,451,090
Depreciation	209,247	2,932	626,693	1,264	840,136
Amortization of other intangible assets	37,485	944	67,087	697	106,213
Total non-cash expenses	1,514,394	53,988	831,990	(2,933)	2,397,439
Interest expense	-	-	2,514,801	3,283,288	5,798,089
Service fees and commission expense	21,465	458	43,661	-	65,584
Subtotal	21,465	458	2,558,462	3,283,288	5,863,673
Compensation and fringe benefits	981,002	59,622	2,736,065	35,026	3,811,715
Taxes and licenses	409,260	11,358	513,802	738,107	1,672,527
Occupancy and equipment-related costs	89,823	571	247,741	330	338,465
Security, messengerial and janitorial services	134,936	2,006	293,958	339	431,239
Miscellaneous	476,514	9,635	1,065,178	139,519	1,690,846
Subtotal	2,091,535	83,192	4,856,744	913,321	7,944,792
Income (loss) before share in net income of a joint venture and income tax	1,731,308	476,531	1,472,831	1,122,014	₱4,802,684
Share in net income of a joint venture					86,341
Income before income tax					4,889,025
Provision for income tax					357,963
Net income					4,531,062

	December 31, 2023 (Audited)				
	Consumer Banking	Corporate Banking	Branch Banking	Treasury	Total
Segment assets	₱96,310,679	₱2,287,007	₱46,653,000	₱91,054,823	236,305,509
Investment in a joint venture					870,179
Deferred tax assets					1,257,608
Total assets					₱238,433,296
Segment liabilities	₱1,401,753	₱94,864	₱138,894,328	₱57,888,193	₱198,279,138

	For the Nine Months Ended September 30, 2023 (Unaudited)				
	Consumer Banking	Corporate Banking	Branch Banking	Treasury	Total
Operating income					
Interest income	₱3,797,63	₱103,514	₱6,158,100	₱3,106,034	₱13,165,282
Service fees and commission	439,601	13,308	925,692	-	1,378,601
Other operating income	749,526	5,655	440,290	9,765	1,205,236
Total operating income	4,986,761	122,477	7,524,082	3,115,799	15,749,119
Non-cash expenses					
Provision for (reversal of) credit and impairment losses	868,861	26,932	138,210	(582)	1,033,421
Depreciation	147,477	2,216	464,250	901	614,844
Amortization of other intangible assets	28,359	733	51,615	530	81,237
Total non-cash expenses	1,044,697	29,881	654,075	849	1,729,502
Interest expense	-	-	2,626,324	1,717,258	4,343,582
Service fees and commission expense	15,843	480	33,360	-	49,683
Subtotal	15,843	480	2,659,684	1,717,258	4,393,265
Compensation and fringe benefits	724,159	53,989	2,047,365	25,902	2,851,415
Taxes and licenses	299,237	8,133	381,290	565,935	1,254,595
Security, messengerial and janitorial services	97,936	1,462	215,846	203	315,447
Occupancy and equipment-related costs	67,350	443	185,672	245	253,710
Miscellaneous	348,894	7,990	804,506	106,489	1,267,879
Subtotal	1,537,576	72,017	3,634,679	698,774	5,943,046
Income (loss) before share in net income of a joint venture and income tax	2,388,645	20,099	575,644	698,918	₱3,683,306
Share in net income of a joint venture					85,164
Income before income tax					3,768,470
Provision for income tax					399,140
Net income					3,369,330
Segment assets	₱89,810,215	₱2,927,042	₱49,623,120	₱91,897,514	₱234,257,891
Investment in a joint venture					843,849
Deferred tax assets					824,170
Total assets					235,925,910
Segment liabilities	₱1,276,223	₱93,438	₱136,782,421	₱58,186,785	₱196,338,867

6. Investment Securities

Fair Value Through Profit or Loss(FVTPL) Investments
FVTPL investments consist of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Government debt securities	**₱204,198,207**	₱414,298,313

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)
Financial assets at FVOCI consist of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Debt securities		
Government	**₱20,972,491,696**	₱52,699,128,847
Private	**242,563,033**	1,633,147,238
Equity securities		
Quoted	**36,028,835**	27,417,546
	₱21,251,083,564	₱54,359,693,631

As of September 30, 2024 and December 31, 2023, the ECL on debt securities at FVOCI (included in 'Fair value reserves on financial assets at FVOCI') amounted to ₱0.1 million and ₱0.7 million, respectively.

Movements in the fair value reserves on financial assets at FVOCI are as follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	**₱70,794,457**	(₱48,782,635)
Loss (gain) from sale of financial assets at FVOCI realized in profit or loss	**(24,304,597)**	677,047
Changes in allowance for ECL	**(672,887)**	(207,485)
Fair value gain (loss) recognized in OCI	**300,310,310**	119,107,530
Balance at end of year	**₱346,127,283**	₱70,794,457

Investment Securities at Amortized Cost

Investment securities at amortized cost consist of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Debt securities		
Government	**₱27,100,775,972**	₱27,886,190,462
Private	**1,061,142,178**	2,020,863,838
	28,161,918,150	29,907,054,300
Less allowance for credit losses	**10,791,685**	13,886,257
	₱28,151,126,465	₱29,893,168,043

Interest income on investment securities consists of:

	For the Nine Months ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Interest income recognized using EIR		
Financial assets at FVOCI	**₱1,566,636,923**	₱2,179,167,494
Investment securities at amortized cost	**984,974,093**	1,023,488,564
	2,551,611,016	3,202,656,058
Interest income recognized using nominal interest rates		
FVTPL investments	**39,657,688**	236,336
	₱2,591,268,704	₱3,202,892,394

Trading and securities gains (losses) - net on investment securities consist of:

	For the Nine Months ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
FVTPL investments	**(₱5,262,482)**	(₱168,082)
Financial assets at FVOCI	**24,304,596**	66,504
	₱19,042,114	(₱101,578)

7. Loans and Receivables

This account consists of:

	September 30, 2024 (Unaudited)	December 31,2023 (Audited)
Receivables from customers		
Consumption loans	**₱85,802,767,662**	₱75,082,900,240
Real estate loans	**43,024,887,742**	41,266,767,900
Commercial loans	**7,446,106,127**	6,749,239,198
Personal loans	**2,038,291,116**	2,103,099,117
	138,312,052,647	125,202,006,455
Less unearned discounts	**82,311,411**	115,002,708
	138,229,741,236	125,087,003,747

	September 30, 2024 (Unaudited)	December 31,2023 (Audited)
Other receivables		
Accrued interest receivable	**₱2,093,339,092**	₱2,398,689,550
Accounts receivable	**1,139,224,900**	1,393,060,263
Sales contract receivables	**4,347,438**	6,951,309
Bills purchased	**472,537**	42,243,033
	141,467,125,203	128,927,947,902
Less allowance for credit losses	**4,811,958,918**	6,163,535,676
	₱136,655,166,285	₱122,764,412,226

Personal loans comprise deposit collateral loans, employee salary and consumer loan products such as money card, multi-purpose loan and flexi-loan.

As of September 30, 2024 and December 31, 2023, 34.28% and 35.65%, respectively, of the total receivables from customers are subject to periodic interest repricing with average EIR of 8.47% and 8.50%. Remaining receivables earn average annual fixed interest rates of 16.82% and 16.43%.

Interest income on loans and receivables consists of:

	For the Nine Months ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Receivables from customers		
Consumption loans	**₱5,942,022,094**	₱5,010,724,616
Real estate loans	**2,666,169,138**	2,617,292,300
Personal loans	**445,130,137**	354,553,255
Commercial loans	**366,035,891**	475,418,999
Other receivables		
Sales contract receivables	**77,024**	174,362
	₱9,419,434,284	₱8,458,163,532

8. Property and Equipment

The composition of and movements in this account follow:

	September 30, 2024 (Unaudited)					
	Land	**Building**	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Right-of-use Assets: Building**	**Total**
Cost						
Balance at beginning of the period	**₱976,443,676**	**₱1,164,846,258**	**₱3,415,338,919**	**₱1,131,384,796**	**₱1,963,591,638**	**₱8,651,605,287**
Acquisitions/Additions	**–**	**2,159,383**	**151,723,860**	**14,776,321**	**358,929,174**	**527,588,738**
Disposals/Retirement	**–**	**–**	**(57,771,690)**	**–**	**(322,309,444)**	**(380,081,134)**
Balance at end of the period	**976,443,676**	**1,167,005,641**	**3,509,291,089**	**1,146,161,117**	**2,000,211,368**	**8,799,112,891**
Accumulated Depreciation						
Balance at beginning of the period	–	**634,324,894**	**2,835,102,506**	**1,070,267,248**	**969,953,262**	**5,509,647,910**
Depreciation	–	**26,728,839**	**139,085,831**	**20,706,274**	**322,190,716**	**508,711,660**
Disposals	–	**–**	**(32,617,021)**	**–**	**(322,309,445)**	**(354,926,466)**
Balance at end of the Period	–	**661,053,733**	**2,941,571,316**	**1,090,973,522**	**969,834,533**	**5,663,433,104**
Net Book Value	**₱976,443,676**	**₱505,951,908**	**₱567,719,773**	**₱55,187,595**	**₱1,030,376,835**	**₱3,135,679,787**

	December 31, 2023 (Audited)					
	Land	Building	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-use Assets: Building	Total
Cost						
Balance at beginning of the period	₱976,443,676	₱1,155,304,612	₱3,135,342,532	₱1,101,893,510	₱2,001,043,368	₱8,370,027,698
Acquisitions/Additions	–	9,541,646	349,393,788	29,491,286	312,921,930	701,348,650
Disposals/Retirement	–	–	(69,397,401)	–	(350,373,660)	(419,771,061)
Balance at end of the period	976,443,676	1,164,846,258	3,415,338,919	1,131,384,796	1,963,591,638	8,651,605,287

	December 31, 2023 (Audited)					
	Land	Building	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-use Assets: Building	Total
Accumulated Depreciation						
Balance at beginning of the period	₱–	₱598,513,254	₱2,715,701,056	₱1,041,927,841	₱887,162,420	₱5,243,304,571
Depreciation	–	35,811,640	156,665,664	28,339,407	417,200,588	638,017,299
Disposals/Retirement	–	–	(37,264,214)	–	(334,409,746)	(371,673,960)
Balance at end of the period	–	634,324,894	2,835,102,506	1,070,267,248	969,953,262	5,509,647,910
Net Book Value	₱976,443,676	₱530,521,364	₱580,236,413	₱61,117,548	₱993,638,376	₱3,141,957,377

Gain on sale of property and equipment amounted to ₱3.2 million and ₱3.1 million for the nine-month period ended September 30, 2024 and 2023.

The details of depreciation under the statements of income follow:

	For the Nine Months ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Right-of-Use-Asset	**₱322,190,716**	₱311,258,277
Property and equipment	**186,520,944**	159,882,813
Chattel mortgage properties	**125,578,285**	74,914,310
Investment properties	**67,615,356**	68,789,226
	₱701,905,301	₱614,844,626

9. Investment Properties

The composition of and movements in this account follow:

	September 30, 2024 (Unaudited)		
	Land	**Building Improvements**	**Total**
Cost			
Balance at beginning of year	**₱1,404,474,771**	**₱3,221,547,911**	**₱4,626,022,682**
Additions	**105,423,811**	**303,313,939**	**408,737,750**
Disposals	**(133,238,853)**	**(488,174,884)**	**(621,413,737)**
Balance at end of year	**1,376,659,729**	**3,036,686,966**	**4,413,346,695**
Accumulated Depreciation			
Balance at beginning of year	**–**	**486,395,513**	**486,395,513**
Depreciation	**–**	**67,615,356**	**67,615,356**
Disposals	**–**	**(53,741,382)**	**(53,741,382)**
Balance at end of year	**–**	**500,269,487**	**500,269,487**
Allowance for Impairment Losses			
Balance at beginning of year	**56,127,134**	**148,549,851**	**204,676,985**
Provisions (reversals) for the year	**5,932,121**	**2,603,269**	**8,535,390**
Disposals	**–**	**(32,356,104)**	**(32,356,103)**
Balance at end of year	**62,059,255**	**118,797,016**	**180,856,271**
Net Book Value	**₱1,314,600,474**	**₱2,417,620,463**	**₱3,732,220,937**

	December 31, 2023 (Audited)		
	Land	Building Improvements	Total
Cost			
Balance at beginning of year	₱1,372,656,512	₱3,345,050,833	₱4,717,707,345
Additions	196,132,372	464,387,687	660,520,059
Disposals	(164,314,113)	(587,890,609)	(752,204,722)
Balance at end of year	1,404,474,771	3,221,547,911	4,626,022,682
Accumulated Depreciation			
Balance at beginning of year	–	459,729,368	459,729,368
Depreciation	–	92,758,455	92,758,455
Disposals	–	(66,092,310)	(66,092,310)
Balance at end of year	–	486,395,513	486,395,513

	December 31, 2023 (Audited)		
	Land	Building Improvements	Total
Allowance for Impairment Losses			
Balance at beginning of year	₱57,557,773	₱168,949,139	₱226,506,912
Provisions (reversals) for the year	415,646	11,769,290	12,184,936
Disposals	(1,846,285)	(32,168,578)	(34,014,863)
Balance at end of year	56,127,134	148,549,851	204,676,985
Net Book Value	₱1,348,347,637	₱2,586,602,547	₱3,934,950,184

The details of the net book value of investment properties follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Real estate properties acquired in settlement of loans and receivables	**₱3,660,098,622**	₱3,859,953,928
Bank premises leased to third parties and held for capital appreciation	**72,122,315**	74,996,256
	₱3,732,220,937	₱3,934,950,184

Gain on foreclosure of investment properties amounted to ₱192.7 million and ₱187.8 million in September 30, 2024 and 2023, respectively. The Bank realized gain on sale of investment properties amounting to ₱127.1 million and ₱94.0 million in September 30, 2024 and 2023, respectively.

10. Other Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Financial assets		
Security deposits	**₱203,663,981**	₱198,883,979
Liquidity requirement for electronic money products	**112,223,628**	187,273,039
RCOCI	**31,498,354**	14,419,807
Others*	**439,550**	436,826
	347,825,513	401,013,651
Non-financial assets		
Chattel mortgage properties - net	**825,865,863**	667,892,031
Prepayments	**215,115,750**	164,561,700
Creditable withholding tax	**55,617,100**	45,044,403
Stationeries and supplies on hand	**43,428,891**	44,329,293
Documentary stamps on hand	**26,439,281**	22,890,982
Others**	**31,595**	46,556
	1,166,498,480	944,764,965
	₱1,514,323,993	₱1,345,778,616

* Others under financial assets comprise of other investments
** Others under non-financial assets comprise of postages stamps

Prepayments represent prepaid insurance, rent, taxes and other prepaid expenses.

Creditable withholding tax (CWT) pertains to the excess credits after applying CWT against income tax payable.

The movements in chattel mortgage properties - net follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost		
Balance at beginning of year	**₱736,797,092**	₱417,400,112
Additions	**2,909,977,780**	2,320,586,633
Disposals	**(2,756,169,925)**	(2,001,189,653)
Balance at the end of year	**890,604,947**	736,797,092

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accumulated Depreciation		
Balance at beginning of year	**₱68,762,517**	₱82,062,955
Depreciation	**125,578,285**	109,360,006
Disposals	**(129,638,272)**	(122,660,444)
Balance at the end of year	**64,702,530**	68,762,517
Allowance for Impairment Losses		
Balance at beginning of year	**142,544**	19,614
Provision	**216,180**	674,171
Disposals	**(322,170)**	(551,241)
Balance at end of year	**36,554**	142,544
Net Book Value	**₱825,865,863**	₱667,892,031

Gain on foreclosure of chattel mortgage properties amounted to ₱449.9 million and ₱331.4 million in September 30, 2024 and 2023, respectively.

The Bank realized gain/(loss) on sale of chattel mortgage properties amounting to (₱167.4) million and ₱131.1 million in September 30, 2024 and 2023, respectively.

11. Bills Payable

Bills Payable
As of September 30, 2024 and December 31, 2023, SSURA is amounting to nil and ₱271.9 million, respectively. This pertains to borrowings from counterparties secured by pledge of government securities with maturities ranging from 7 to 65 days and annual interest rate ranges from 4.79% to 5.91% in 2023.

12. Accrued Taxes, Interest and Other Expenses

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accrued other taxes and licenses payable	**₱329,216,404**	₱304,180,386
Accrued interest payable	**254,796,603**	515,706,331
Accrued other expenses payable	**1,645,963,121**	1,843,650,786
	₱2,229,976,128	₱2,663,537,503

Accrued other expenses payable consist of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Compensation and fringe benefits	**₱861,591,393**	₱597,067,561
Litigation	**357,433,281**	627,167,507
Information technology	**111,662,894**	148,708,322
Insurance	**84,199,439**	189,856,417
Repairs and maintenance	**41,582,060**	50,282,060
Rental - ATM Offsites	**37,989,751**	37,989,751
ATM maintenance	**34,262,378**	24,040,826
Donations	**31,730,956**	23,369,956
Advertising	**26,338,624**	34,173,067
Security, messengerial and janitorial	**20,202,162**	39,070,448
Membership, fees and dues	**3,773,951**	3,773,951
Miscellaneous	**35,196,232**	68,150,920
	₱1,645,963,121	₱1,843,650,786

Compensation and fringe benefits include salaries and wages, as well as medical, dental and hospitalization benefits.

Miscellaneous include accruals for utilities and maintenance and other expenses.

13. Other Liabilities

This account consists of:

Financial liabilities	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts payable	**₱1,904,658,925**	₱1,998,393,906
Lease liabilities	**1,207,279,866**	1,181,200,923
Other credits	**220,921,863**	169,937,805
Overages	**4,605,409**	4,108,652
Deposit for keys - SDB	**735,895**	741,645
Bills purchased – contra	**472,537**	42,243,033
	3,338,674,495	3,396,625,964
Non-financial liabilities		
Sundry credits	**592,042,229**	222,364,272
Provision on undrawn portion of committed credit lines	**118,050,771**	132,829,383
Withholding taxes payable	**103,323,561**	116,772,129
Net retirement liability	**79,693,513**	241,017,602
Due to the Treasurer of the Philippines	**40,911,728**	36,437,950
SSS, Medicare, ECP and HDMF premium payable	**21,910,781**	20,016,801
Miscellaneous	**51,050,866**	40,870,530
	1,006,983,449	810,308,667
Total	**₱4,345,657,944**	₱4,206,934,631

Accounts payable includes payable to suppliers and service providers, and loan payments and other charges received from customers in advance.

Other credits represent long-outstanding unclaimed cashier's checks.

Sundry credits represent various items or transactions which cannot be classified immediately under any credit account and subsequently classified to proper credit accounts the following month.

14. Maturity Analysis of Assets and Liabilities

The following table shows an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from the statement of condition dates (in thousands):

	September 30, 2024 (Unaudited)			December 31, 2023 (Audited)		
	Within One Year	**Beyond One Year**	**Total**	Within One Year	Beyond One Year	Total
Financial Assets						
Cash and other cash items	**₱2,052,388**	**₱–**	**₱2,052,388**	₱1,653,555	₱–	₱1,653,555
Due from BSP - gross	**10,600,472**	**–**	**10,600,472**	9,745,634	–	9,745,634
Due from other banks - gross	**1,293,938**	**–**	**1,293,938**	1,765,439	–	1,765,439
Interbank loans receivable and SPURA – gross	**7,300,000**	**–**	**7,300,000**	6,989,636	–	6,989,636
FVTPL investments	**204,198**	**–**	**204,198**	414,298	–	414,298
Financial assets at FVOCI	**8,298,866**	**12,952,218**	**21,251,084**	52,558,045	1,801,649	54,359,694
Investment securities at amortized cost	**2,151,790**	**26,010,128**	**28,161,918**	1,545,720	28,361,334	29,907,054
Loans and receivables - gross	**12,654,147**	**128,895,289**	**141,549,436**	13,806,138	115,236,813	129,042,951
Other assets - gross*	**162,347**	**185,039**	**347,386**	236,741	164,273	401,014
	44,718,146	**168,042,674**	**212,760,820**	88,715,206	145,564,069	234,279,275
Nonfinancial Assets						
Investment in a joint venture	**–**	**883,413**	**883,413**	–	870,179	870,179
Property and equipment - gross	**–**	**8,798,653**	**8,798,653**	–	8,651,605	8,651,605
Investment properties - gross	**–**	**4,413,347**	**4,413,347**	–	4,626,023	4,626,023
Deferred tax assets	**–**	**1,570,164**	**1,570,164**	–	1,257,608	1,257,608
Intangible assets and goodwill - gross	**–**	**1,823,667**	**1,823,667**	–	404,410	404,410
Other assets - gross**	**341,072**	**890,605**	**1,231,677**	276,873	736,797	1,013,670
	341,072	**18,379,849**	**18,720,921**	276,873	16,546,622	16,823,495
Less: Allowance for credit and impairment losses			**5,004,439**			6,383,451

	September 30, 2024 (Unaudited)			December 31, 2023 (Audited)		
	Within One Year	**Beyond One Year**	**Total**	Within One Year	Beyond One Year	Total
Accumulated depreciation			**₱7,817,817**			₱6,171,020
Unearned discounts and capitalized interest			**82,311**			115,003
			₱12,904,567			₱12,669,474
			₱218,577,174			₱238,433,296

* Other assets under financial assets comprise security deposits, liquidity requirement for electronic money products, RCOCI, petty cash fund, shortages and other investments
** Other assets under nonfinancial assets comprise chattel mortgage properties, net retirement assets, prepayments, documentary stamps on hand, stationeries and supplies on hand, creditable withholding tax, inter-office float items, sundry debits, deferred charges, postages stamps.

	September 30, 2024 (Unaudited)			December 31, 2023 (Audited)		
	Within One Year	**Beyond One Year**	**Total**	Within One Year	Beyond One Year	Total
Financial Liabilities						
Deposit liabilities	**₱149,633,820**	**₱17,123,872**	**₱166,757,692**	₱174,454,708	₱15,167,996	₱189,622,704
Bills payable	**–**	**–**	**–**	271,896	–	271,896
Treasurer's, cashier's and manager's checks	**1,774,277**	**–**	**1,774,277**	1,514,066	–	1,514,066
Accrued other expenses payable	**1,645,963**	**–**	**1,645,963**	1,843,651	–	1,843,651
Accrued interest payable	**254,797**	**–**	**254,797**	515,706	–	515,706
Other liabilities*	**2,573,404**	**806,182**	**3,379,586**	2,574,961	821,665	3,396,626
	155,882,261	**17,930,054**	**173,812,315**	181,174,988	15,989,661	197,164,649
Nonfinancial Liabilities						
Accrued other taxes and licenses payable	**329,216**	**–**	**329,216**	304,180	–	304,180
Other liabilities**	**977,408**	**–**	**977,408**	551,507	258,802	810,309
	1,306,624	**–**	**1,306,624**	855,687	258,802	1,114,489
	₱157,188,885	**₱17,930,054**	**₱175,118,939**	₱182,030,675	₱16,248,463	₱198,279,138

* Other liabilities under financial liabilities comprise accounts payable, lease liabilities, bills purchased contra, other credits, overages, and deposit for safety deposit box.
** Other liabilities under nonfinancial liabilities comprise provision on undrawn portion of committed credit lines, withholding taxes payable, sundry credits, due to the treasurer of the Philippines, SSS, Medicare, ECP & HDMF premium payable and miscellaneous liabilities.

15. Equity

Issued Capital
The movement in the Bank's capital stock consists of:

	September 30, 2024		December 31, 2023	
	Shares	**Amount**	Shares	Amount
Authorized common stock - ₱10 par value	**600,000,000**	**₱6,000,000,000**	600,000,000	₱6,000,000,000
Common Stock - Issued and outstanding	**426,859,416**	**₱4,268,594,160**	426,859,416	₱4,268,594,160

The Bank became listed in the Philippine Stock Exchange (PSE) on October 10, 1994. Subsequently, the SEC approved the increase in the capital stock of the Bank. The summarized information on the Bank's registration of securities under the Securities Regulation Code follows:

Date of SEC Approval	Type	Authorized Shares	Par Value
August 16, 1995	Common	300,000,000	₱10
October 8, 1997	Common	425,000,000	₱10
November 20, 2019	Common	600,000,000	₱10

As of September 30, 2024 and December 31, 2023, the total number of stockholders is 1,430 and 1,438 with share price closed at ₱56.03 and ₱56.95, respectively.

On November 28, 2018, the PSE approved the application of the Bank for the listing of additional 142,856,925 common shares to cover the Bank's 1:1.68177 stock rights offering at an offer price of ₱56.0 per share or additional capital of ₱8.0 billion. The Bank successfully completed ₱8.0 billion stock rights offer and shares were listed on January 18, 2019 in the PSE. Capital paid in excess of par related to the offering amounted to ₱6.5 billion, net of transactions costs of ₱101.5 million.

On March 12, 2019, the BOD approved (a) the amendment of the AOI to increase the authorized capital stock from ₱4.25 billion to ₱6.00 billion and (b) the declaration of a 11.42% stock dividend equivalent to 43,750,000 shares amounting to ₱2.57 billion representing the minimum 11.42% subscription and paid-up capital for the increase in the authorized capital stock of the Bank which were ratified by the stockholders representing at least 2/3 of the outstanding capital stock on April 15, 2019. These were approved by BSP on August 8, 2019 and by the SEC on November 20, 2019. Following this, the authorized capital stock of the Bank increased from ₱4.25 billion to ₱6.00 billion consisting of 600.00 million common shares with par value of ₱10.00 per share.

On January 16, 2020, the Bank received the SEC order fixing the record date of the 11.42% stock dividend on January 31, 2020. The 11.42% stock dividend was issued on February 21, 2020 with record date on January 31, 2020. On February 17, 2020, the PSE approved the listing of such stock dividend. Capital paid in excess of par related to the issuance of stock dividend amounted to ₱2.1 billion.

Dividends Paid and Proposed
Details of the Bank's dividend distributions as approved by the Bank's BOD and the BSP follow:

Cash Dividends

Date of declaration	Per share	Total amount	Record date	Payment date
January 17, 2022	0.75	₱320,144,562	February 2, 2022	February 16, 2022
April 25, 2022	0.75	320,144,562	May 11, 2022	May 21, 2022
July 21, 2022	0.75	320,144,562	August 5, 2022	August 22, 2022
October 20, 2022	0.75	320,144,562	November 7, 2022	November 21, 2022
January 26, 2023	0.75	320,144,562	February 10, 2023	February 27, 2023
April 27, 2023	0.75	320,144,562	May 15, 2023	May 29, 2023
July 20, 2023	0.75	320,144,562	August 4, 2023	August 22, 2023
October 19, 2023	0.75	320,144,562	November 8, 2023	November 20, 2023
January 18, 2024	0.75	320,144,562	February 2, 2024	February 19, 2024
April 25, 2024	0.75	320,144,562	May 13, 2024	May 27, 2024
July 25, 2024	0.75	320,144,562	August 9, 2024	August 27, 2024

Stock Dividends

Date of declaration	Per share	Total amount	Record date	Payment date
March 12, 2019	11.42%	₱–	January 31, 2020	February 21, 2020

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.

The following table presents information used to calculate basic EPS:

		For the Nine Months ended September 30	
		2024 (Unaudited)	2023 (Unaudited)
a.	Net income	**₱4,002,733,214**	₱3,369,330,401
b.	Weighted average number of common shares for basic EPS	**426,859,416**	426,859,416
c.	Basic/Diluted EPS (a/b)	**₱9.38**	₱7.89

As of September 30, 2024 and 2023, there were no potential common shares with dilutive effect on the basic EPS of the Bank.

Effect of Existing or Probable Government Regulations

Regulatory Qualifying Capital
Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's unimpaired capital (regulatory capital) as reported to the BSP. This is determined on the basis of regulatory accounting policies which differ from PFRS in some respects.

In addition, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis and consolidated basis. Qualifying capital and risk-weighted assets are computed based on BSP regulations.

Risk-weighted assets consist of total assets less 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 of the BSP.

On January 15, 2013, the BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements,* which states 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 took effect on January 1, 2014.

On March 29, 2022, the BSP issued Circular No. 1142, Amendments to the Guidelines on the Computation of Minimum Required Capital and Risk-Based Capital Adequacy Ratio, which provides amended guidelines on the computation of the minimum required capital and the risk-based capital adequacy ratio.

The Bank considered BSP regulations, which set out a minimum CET1 ratio of 6.00% and Tier 1 capital ratio of 7.50%, and require capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.00% and these ratios shall be maintained at all times.

Regulatory qualifying capital consists of Tier 1 (going concern) capital, which comprises capital stock, surplus, surplus reserves, net unrealized gains on FVOCI securities, cumulative foreign currency translation and remeasurements of net defined benefit asset. Certain adjustments are made to PFRS-based results and reserves, as prescribed by the BSP. The other component of regulatory capital is Tier 2 (gone-concern) capital, which is comprised of the Bank's general loan loss provision and unsecured subordinated debt (refer to Note 17). Certain items are deducted from the regulatory Gross Qualifying Capital, such as but not limited to, outstanding unsecured credit accommodations, both direct and indirect, to DOSRI, and unsecured loans, other credit accommodations, and guarantees granted to subsidiaries and affiliates (net of specific provisions), deferred tax assets, goodwill, other intangible assets and significant minority investments in a joint venture.

Risk-weighted assets are determined by assigning defined risk weights to amounts of on-balance sheet exposures and to the credit equivalent amounts of off-balance sheet exposures. As of June 30, 2024 and 2023, the Bank has complied with the requirements of BSP Circular No. 781 and BSP Circular No. 538.

On October 29, 2014, the BSP issued Circular No. 856 which 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. On September 27, 2019, the BSP issued Circular No. 1051 which covers the enhancements in the assessment methodology of D-SIBs. The Bank has complied with this requirement.

The issuance of BSP Circular No. 639 covering the Internal Capital Adequacy Assessment Process (ICAAP) in 2009 supplements the BSP's risk-based capital adequacy framework under BSP Circular No. 538. In compliance with this new circular, the Metrobank 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 directives. The Bank follows the Group's ICAAP framework and submits the result of its assessment to the Parent Company. Per BSP Circular No. 869, effective January 31, 2015, submission of an ICAAP document is required by BSP every March 31 of each year. The Bank has complied with this requirement.

The Bank has taken into consideration the impact of the foregoing requirements to ensure that the appropriate level and quality of capital are maintained on an ongoing basis. As of September 30, 2024 and December 31, 2023, the CAR as reported to the BSP, were at 24.19% and 24.46%, respectively.

BASEL III Leverage Ratio (BLR)
On June 9, 2015, the BSP issued Circular No. 881 covering the implementing guidelines on the Basel III Leverage Ratio Framework which is designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.0 percent. The monitoring period has been set every quarter starting December 31, 2014 and extended until June 30, 2018 under BSP Circular No. 990 issued on January 22, 2018. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

The Basel III Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirements. The Basel III Leverage Ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as percentage. Capital measure is the Tier 1 capital. Exposure measure is the sum of on-balance sheet exposures, derivative exposures, security financing exposures and off-balance sheet items. The leverage ratio shall not be less than 5.0 percent computed on both solo (head office plus branches) and consolidated bases (including subsidiary financial allied undertakings but excluding insurance companies).

As of September 30, 2024 and December 31, 2023, the Bank maintains these ratios above minimum requirements as shown in the table below (in millions):

		September 30, 2024	December 31, 2023
A.	Capital Measure	**₱37,94**	₱35,878
B.	Exposure Measure	**215,38**	236,514
C.	Basel III Leverage Ratio (A/B)	**17.62%**	15.17%

Summary Comparison of Accounting Assets and Common Disclosure vs. Leverage Ratio Exposures as of September 30, 2024 and December 31, 2023 are shown in the table below (in millions):

Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure	**September 30, 2024**	December 31, 2023	**Common Disclosure vs. Leverage Ratio Exposure**	**September 30, 2024**	December 31, 2023
Total consolidated assets	**₱217,038**	₱237,120	On-balance sheet exposures	**₱215,354**	₱229,505
Adjustments for derivative financial instruments	**–**	–	Derivative exposures	–	–
Adjustments for securities financial transactions	**–**	–	Securities financing transaction exposures	–	6,990
Adjustments for off-balance sheet items	**32**	20	Other off-balance sheet exposures	**32**	20
Other adjustments	**(1,684)**	(626)	Tier 1 capital	**37,943**	35,878
			Total Leverage Ratio exposures	**₱215,386**	₱236,514
Leverage Ratio Exposures	**₱215,386**	₱236,514	**Basel III Leverage Ratio**	**17.62%**	15.17%

Liquidity Coverage Ratio

On March 10, 2016 and February 8, 2018, the BSP issued Circular Nos. 905 and 996, respectively, which include guidelines on LCR, and LCR disclosure standards that are consistent with the Basel III framework. The LCR is the ratio of high-quality liquid assets (HQLAs) to total net cash outflows. To promote the short-term resilience of the liquidity risk profile of the Bank, it shall maintain an adequate stock of unencumbered HQLAs that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs under stressed conditions. The stock of liquid assets should enable the Bank to withstand significant liquidity shocks for at least thirty (30) calendar days, which would give time for corrective actions to be taken by the Bank's management and/or the BSP.

On March 15, 2019, the BSP issued Circular No. 1035 which approved the: (1) extension of the observation period of the minimum Basel III LCR requirement to December 31, 2019 for subsidiary banks and quasi-banks (QBs) of universal and commercial banks (U/KBs), (2) adoption of a seventy percent (70%) LCR floor for subsidiary banks and QBs during the observation period, (3) minimum requirement of one hundred (100%) starting January 1, 2020. As of September 30, 2024 and December 31, 2023, the LCR in single currency as reported to the BSP, is 247.32% and 167.91%, respectively.

Net Stable Funding Ratio

On June 6, 2018, the BSP issued Circular No. 1007, covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards - NSFR. The NSFR limits overreliance on short-term wholesale funding and promotes enhanced assessment of funding risk across all on- and off-balance sheet accounts. The NSFR complements the LCR, which promotes short term resilience of the Bank's liquidity profile. The covered bank shall maintain an NSFR of at least 100.0 percent at all times. Compliance with this requirement was phased-in effective July 1, 2018, with full implementation of the minimum NSFR on January 1, 2019.

On March 15, 2019, the BSP issued Circular No. 1034 which approved the extension of the observation period for the Basel III Framework on Liquidity Standards - NSFR for subsidiary banks/quasi-banks.

The implementation of the minimum NSFR shall be phased in to help ensure that the covered banks/QBs can meet the standard through reasonable measures without disrupting credit extension and financial market activities. In order to facilitate compliance, covered banks/QBs shall undergo an observation period before the NSFR becomes a minimum requirement. Subsidiary banks/QBs of U/KBs shall be subject to an NSFR floor of seventy percent (70%) during the observation period. Starting January 1, 2020, the minimum NSFR for subsidiary banks/quasi-banks of universal and commercial banks (UBs/KBs) shall be 100%. As of September 30, 2024 and December 31, 2023, the NSFR as reported to the BSP, were at 133.24% and 139.01%, respectively.

Basel III Countercyclical Capital Buffer
On December 6, 2018, the BSP issued Circular No. 1024 covering the Philippine adoption of the Basel III Countercyclical Capital Buffer (CCyB) which imposed the following capital buffers:

- Capital Conservation buffer (CCB) of two and a half percent (2.5%); and
- Countercyclical capital buffer (CCyB) of zero percent (0%) subject to upward adjustment to a rate determined by the Monetary Board of the BSP when systemic conditions warrant but not to exceed two and a half percent (2.5%). Any increase in the CCyB rate shall be effective 12 months after its announcements. Decreases shall be effective immediately.

The prescribed ratios shall be maintained at all times.

Applicable Tax Regulations
Under Philippine tax laws, the Bank is subject to percentage and other taxes (presented as 'Taxes and licenses' in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax (DST). Income taxes include corporate income tax, further discussed below, and final taxes paid at the rate of 20.00%, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

On March 26, 2021, RA No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.00% to 25.00% effective July 1, 2020. With the implementation of this Act, the allowable deduction for interest expense was reduced from 33% to 20.00% of the interest income subject to final tax.

The regulations also provide for MCIT of 2.00% (prior to CREATE) and 1.00% from (July 1, 2020 to June 30, 2023 before reverting to 2.00%) on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Bank's income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2020, 2021 and 2022, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulation (RR) No. 25-2020.

The deferred tax assets and liabilities as of December 31, 2020 were also remeasured using the lower RCIT rate of 25.00%. These reductions were recognized in the 2021 financial statements.

Starting July 1, 2008, the Optional Standard Deduction (OSD) equivalent to 40.00% of gross income may be claimed as an alternative deduction in computing for the RCIT. The Bank elected to claim itemized expense deductions instead of the OSD in computing for the RCIT in 2022 and 2021.

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

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 OBUs is taxed at 15.00% in 2022 and 2021. Under current tax regulations, the income derived by the FCDU from foreign currency 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.

Financial Soundness Indicators
The following ratios measure the financial performance of the Bank:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Return on average equity	**12.77%**	11.72%
Return on average assets	**2.34%**	1.80%
Net interest margin on average earning assets	**5.91%**	5.18%
Liquidity ratio	**28.67%**	48.89%
Debt-to-equity ratio	**4.03:1**	4.94:1
Asset-to-equity ratio	**5.03:1**	5.94:1
Interest rate coverage ratio	**2.24:1**	1.84:1

16. Miscellaneous Income

This account consists of:

	For the Nine Months ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Recovery of charged-off assets	**₱194,434,045**	₱239,974,577
Insurance commission income	**54,013,460**	68,686,147
Rental income	**44,450,716**	34,223,253
Others	**90,247,011**	105,160,219
	₱383,145,232	₱448,044,196

Rental income arises from the lease of properties and safety deposit boxes of the Bank.

Other miscellaneous income includes renewal fees, checkbook charges, break funding cost and other miscellaneous income. Accretion of modified loans amounted to ₱32.7 million and ₱55.0 million in September 30, 2024 and 2023, respectively.

17. Interest Expense on Deposit Liabilities and Miscellaneous Expenses

Interest expense on deposit liabilities consists of:

	For the Nine Months ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Time	**₱3,331,666,425**	₱3,965,150,432
Demand	**37,402,588**	38,071,637
Savings	**33,630,824**	33,282,691
LTNCD	**12,715,457**	197,283,820
	₱3,415,415,294	₱4,233,788,580

Miscellaneous expenses account consists of:

	For the Nine Months ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Information technology	**₱357,059,178**	₱308,088,315
Insurance	**261,884,000**	293,171,000
Litigation	**208,528,742**	167,403,377
Communications	**93,850,658**	99,931,455
Repairs and maintenance	**87,426,890**	90,245,567
Transportation and traveling	**48,483,254**	41,765,922

	For the Nine Months ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Supervision and Examination fees	**₱40,947,157**	₱54,810,463
Advertising	**38,576,189**	38,777,050
Stationery and supplies	**32,638,004**	31,413,746
Training and seminars	**16,807,229**	11,792,535
Management and other professional fees	**14,720,879**	19,827,058
Banking activities expenses	**8,484,073**	10,065,413
Donations and charitable contributions	**8,361,000**	7,817,714
Fines, penalties and other charges	**4,332,541**	85,177,536
Membership fees and dues	**3,479,743**	2,306,378
Others	**8,610,194**	5,285,565
	₱1,234,189,731	₱1,267,879,094

Insurance expense includes premiums paid to the Philippine Deposit Insurance Corporation (PDIC) amounting to ₱261.9 million and ₱293.2 million in September 30, 2024 and 2023, respectively.

Other expenses include entertainment, amusement and recreation (EAR), rewards and incentives, meeting allowance, sponsorship expenses, home free loan expenses, appraisal fees and notarial fees.

18. 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. The Bank's related parties are as follows:

- Bank's Directors, Officers, Stockholders and their Related Interests (DOSRI) as defined per BSP's existing DOSRI rules and regulations;
- Close Family Members (i.e., 2nd degree relatives) of the Bank's Directors, Officers with rank of SVP and up, and Individual Substantial Stockholders;
- Bank's Subsidiaries and Affiliates as defined per BSP's existing rules and regulations on lending to subsidiaries and affiliates;
- Any party that the Bank exerts direct or indirect control over or that exerts direct or indirect control over the Bank;
- Subsidiaries, Affiliates and Special Purpose Entities (SPEs) of any party that the Bank exerts direct or indirect control over or that exerts direct or indirect control over the Bank;
- Corresponding Persons in Affiliated Companies as defined in the Bank's Related Party Transaction (RPT) Policy; and
- Any natural person or juridical entity whose interest may pose potential conflict with the Bank's interest.

The Bank has several business relationships with related parties. The terms of the transactions with such parties are listed below on substantially the same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties, and are usually settled in cash. These transactions also did not involve more than the nominal risk of collectability or present other unfavorable conditions.

Transactions with the Retirement Plan

On December 20, 2012, the SEC issued Memorandum Circular No. 12 providing for guidelines on the disclosure of transactions with retirement benefit funds. Under said circular, a reporting entity shall disclose information about any transaction with a related party (retirement fund, in this case) and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Under PFRS, certain post-employment benefit plans are considered as related parties. The Bank has business relationships with its retirement plan pursuant to which it provides trust and management services to the said plan. The retirement plan of the employees of the Bank is being managed and maintained by the Trust Division of the Bank.

The following table shows the amount of outstanding balances of related party transactions of the Bank with the retirement plan of the employees of the Bank as of September 30, 2024 and December 31, 2023:

		September 30, 2024 (Unaudited)	
		Elements of Transaction	
Related Party	**Nature of Transaction**	**Statement of Condition**	**Statement of Income**
Philippine Savings Bank	Savings Deposit	**₱10,973,746**	**₱–**
	Investment in Money Market Fund*	**39,804,842**	–
	Income from UITF**	–	**1,335,659**
	Interest income	–	**13,382**
First Metro ETF	Equity investment***	**27,719,523**	–

*Includes fair value gains of ₱2.0 million
**Includes fair value loss of ₱0.01 million
***Includes fair value loss of ₱1.7 million

		December 31, 2023 (Audited)	
		Elements of Transaction	
Related Party	**Nature of Transaction**	Statement of Condition	Statement of Income
Philippine Savings Bank	Savings Deposit	₱5,081,077	₱–
	Investment in Money Market Fund*	44,473,708	–
	Income from UITF**	–	1,913,824
	Interest income	–	15,523
First Metro ETF	Equity investment***	25,255,881	–

*Includes fair value gains of ₱2.0 million
**Includes fair value gains of ₱1.5 million
***Includes fair value loss of ₱1.7 million

Transactions relating to the Bank's retirement plan are approved by its Retirement Committee. The voting right over the investments in the Bank's capital stocks is exercised by a member of the Retirement Committee as approved by all members of the Retirement Committee, whom are senior officers of the Bank.

Remunerations of Directors and Other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The Bank considers the members of the Management Committee to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures.*

Total remunerations of key management personnel (covering assistant vice presidents and up) included under 'Compensation and fringe benefits' in the statements of income are as follows:

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Short-term employee benefits	**₱285,408,285**	₱288,246,709
Post-employment pension benefits	**7,185,126**	2,694,653
	₱292,593,411	₱290,941,362

Short-term employee benefits include salaries and other non-monetary benefits.

Remuneration given to directors, as approved by the Board Remuneration Committee, amounted to
₱12.1 million and 12.6 million in September 30, 2024 and 2023.

The Bank also provides banking services to directors and other key management personnel and persons connected to them.

Other Related Party Transactions

Other related party transactions of the Bank by category of related party are presented below. The following tables show the amount and outstanding balances included in the financial statements (in thousands):

	September 30, 2024 (Unaudited)		
Category	**Amount/ Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Parent Company			
Due from other banks	**(₱157,966)**	**₱971,088**	Short term peso and foreign-currency denominated deposits with fixed rates ranging from 0.05% to 5.00%
Financial assets at Amortized Cost	**–**	**60,000**	Pledged for security of payroll account with MBTC.
Accounts receivable	**163**	**3,587**	Outstanding ATM service fees, rental and utility receivables, non-interest bearing; no impairment
Interbank Loans Receivable			Peso denominated lending with fixed interest rate ranging from
Placements	**222,700,000**		6.31% to 6.59% maturities ranging from 1 to 5 days,
Maturities	**(215,700,000)**		secured - Php 0.00

	September 30, 2024 (Unaudited)		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Accrued Interest Receivable	**₱1,203**	**₱1,203**	Accrued Interest on outstanding Interbank Loans
Prepaid rent	**1,508**	**1,508**	From leasing agreement
Miscellaneous assets	**856**	**1,713**	Security deposits on lease contracts
Miscellaneous liabilities	**1,598**	**5,156**	Advance payments of security deposits
Deposit liabilities	**–**	**82,507**	Short term (peso and foreign) denominated deposits and peso time deposits
Accrued other expense payable	**14,693,536**	**14,718,839**	Outstanding information technology expense payable
Interest income	**76,179**	**–**	Income on deposits and interbank loans receivables
Rental income	**16,438**	**–**	Income from leasing agreements with various lease terms ranging from 2 to 5 years
Rental expense	**2,325**	**–**	Payment of rent
Information technology expense	**163,698**	**–**	Payment of information technology expenses
Interest expense	**3,602**	**–**	Interest from bills payable
Securities transactions			
Outright purchases	**21,135,700**	**–**	Outright purchase of Financial assets at amortized cost investment
Joint Venture			
Investment in a joint venture	**39,564**	**883,413**	Capital investment in SMFC
Accounts receivable	**472**	**757**	Outstanding rental and utility receivables, non-interest bearing
Deposit liabilities	**27,996**	**417,047**	Demand and short-term peso time deposits with annual fixed rates of 0.25% to 5.63%
Accrued interest payable	**1,128**	**1,128**	Interest payable on deposit liabilities
Miscellaneous liabilities	**2,679**	**10,540**	Advance payment of security deposits
Rental income	**14,160**	**–**	Income from leasing agreements
Interest expense	**31**	**–**	Interest on deposit liabilities
Other Related Parties (DOSRI/Indirect)			
Receivable from customers	**–**	**1,123,570**	Peso denominated lending which earn 3.00% to 6.00% with maturity terms from 1 to 15 years (excluding key personnel); mostly unsecured, with ECL
Availment	**–**	**–**	
Settlement	**(17,512)**	**–**	
Miscellaneous assets	**(2,625)**	**1,513**	Security deposits
Accounts receivable	**200**	**1,245**	Outstanding ATM service fees, rental and utility receivables, non-interest bearing
Prepaid insurance	**1,921**	**6,147**	Payment of various motor car vehicles, fire, money, security, payroll and robbery insurance
Deposit liabilities	**7,334,429**	**11,101,541**	Demand, savings and short-term peso and foreign currency time deposits with fixed rates ranging from 0.00% to 5.63%
Accrued other expense payable	**–**	**446**	Outstanding group life insurance
Accrued interest payable	**24,897**	**24,897**	Interest payable on deposit liabilities
Accounts payable	**398**	**(57)**	Various personal and car insurance payable
Miscellaneous liabilities	**2,101**	**6,878**	Advance payment of security deposits from various tenants
Rental income	**8,809**	**–**	Income from leasing agreements with various lease terms
Miscellaneous income	**17,073**	**–**	Miscellaneous income from insurance
Insurance expense	**39,662**	**–**	Payment of insurance premium
Interest expense	**114**	**–**	Interest on deposit liabilities
Rent expense	**160**	**–**	Payment of rent expense to various lessors
Securities transactions			
Outright purchases	**3,160,000**	**–**	Outright purchase of FVTPL and FVOCI
Key Personnel			
Receivables from customers	**–**	**13,906**	Unsecured, no impairment, with annual fixed interest rates of 6.00% and maturities ranging from 2 to 10 years
Placements	**2,900**	**–**	
Maturities	**2,908**	**–**	
Interest income	**888**	**–**	Interest income from loans

	December 31, 2023 (Audited)		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Parent Company			
Due from other banks	(₱462,999)	₱1,129,054	Short term peso and foreign-currency denominated deposits with fixed rates ranging from 0.00% to 5.00%
Financial assets at amortized cost	–	60,000	Pledged for security of payroll account with MBTC
Interbank loans receivable			Peso denominated lending with fixed interest rate ranging from 6.19% to 6.41% maturities ranging from 1 to 5 days, secured - Php 0.00
Placements	27,000,000		
Maturities	(27,000,000)		
Accounts receivable	2,118	3,424	Outstanding ATM service fees, rental and utility receivables, non-interest bearing; no impairment
Miscellaneous assets	857	857	Security deposits on lease contracts
Miscellaneous liabilities	1,189	3,558	Advance payments of security deposits from various tenants
Deposit liabilities	–	36,782	Short term peso and foreign-currency denominated deposits
Accrued other expense payable	(128,137)	25,303	Outstanding information technology expense payable
Interest income	9,717		Income on deposits and interbank loans receivables
Rental income	9,039	–	Income from leasing agreements with various lease terms ranging from 1 to 5 years
Rent expense	122	–	Payment of rent
Information technology expense	112,411	–	Payment of information technology transactions
Securities transactions			
Outright purchases	60,000	–	Outright purchase of FVOCI investments

(Forward)

	December 31, 2023 (Audited)		
Category	**Amount/ Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Joint Venture			
Investment in a joint venture	₱27,564	₱843,849	Outstanding balance of capital investment in SMFC
Dividends from joint venture	57,600	–	Dividends from SMFC
Accounts receivable	(716)	285	Outstanding rental and utility receivables, non-interest bearing
Deposit liabilities	313,170	389,051	Short term peso time-deposits deposits with annual fixed rates ranging from 5.50% to 5.75%
Miscellaneous liabilities	–	7,861	Advance payment of security deposits
Rental income	12,204	–	Income from leasing agreements
Interest expense	20	–	Interest on deposit liabilities
Other Related Parties (DOSRI/Indirect)			
Receivable from customers		1,141,082	Peso denominated lending with interest rates ranging from 3.00% to
Placements	950,000	–	4.83% with maturity terms of 14 days to 5 years (excluding key
Maturities	(951,433)	–	personnel); mostly unsecured, with ECL
Miscellaneous assets	4,138	4,138	Security deposits
Accounts receivable	372	1,045	Outstanding ATM service fees, rental and utility receivables, non-interest bearing
Prepaid insurance	(2,220)	4,226	Payment of various motor car vehicles, fire, money, security, payroll and robbery insurance
Deposit liabilities	225,907	3,767,112	Demand, savings and short term peso and foreign currency time deposits with fixed rates ranging from 0.00% to 2.00%
Accrued other expense payable	(705)	446	Outstanding group life insurance
Accounts payable	(8,304)	(455)	Various personal and car insurance payable
Miscellaneous liabilities	2,905	4,777	Advance payment of security deposits
Rental income	42,771	–	Income from leasing agreements with various lease terms
Insurance expense	29,846	–	Payment of insurance premium
Interest expense	244	–	Interest on deposit liabilities
Rent expense	165	–	Payment of rent expense to various lessors
Securities transactions			
Outright purchases	236,792	–	Outright purchase of Financial Assets at amortized cost
Key Personnel			
Receivables from customers		13,914	Unsecured, no impairment, with annual
Availments	2,975	–	fixed interest rates of 6.00%
Maturities	(557)	–	and maturities ranging from 2 to 10 years
Interest income	1,038	–	Interest income from loans

19. Commitments and Contingent Liabilities

In the normal course of the Bank's operations, there are various outstanding commitments and contingent liabilities such as guarantees and commitments to extend credit, which are not reflected in the accompanying financial statements. The Bank, however, does not anticipate significant losses as a result of these transactions.

The following is a summary of the Bank's commitments and contingent liabilities at their equivalent peso contractual amounts:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trust department accounts	**₱10,425,433,623**	₱9,295,113,015
Stand-by credit lines	**98,719,113**	41,100,000
Spot foreign exchange and contracts sale	**28,015,000**	27,685,000
Late deposits/payments received	**175,299**	290,311
Items held for safekeeping	**781,339**	215,511
Others	**54,747**	57,244

Also, several suits and claims, on behalf of or against the Bank in relation to its banking operations and labor-related cases are pending before the courts and quasi-judicial bodies. The Bank and its legal counsel believe that any losses arising from suits and claims which are not specifically provided for will not have a material adverse effect on the financial statements.

20. Subsequent Event

Cash Dividend Declaration

On October 17, 2024, the BOD of the Bank approved the declaration of a 7.5% regular cash dividend for the third quarter of 2024 for stockholders on record as of November 4, 2024 amounting to ₱320.14 million or ₱0.75 per share, to be paid on November 18, 2024.

21. Other Disclosures

a) There are no unusual items of asset, liability, equity, net income or cash flow.

b) No material items of changes were noted in the comparison of actual results with estimated amounts.

c) No unregistered securities were sold or offered for sale by the Bank as of September 30, 2024.

d) Segment revenue and result of business segments are found in subsequent tables.

e) The Bank was not engaged in any business combinations, acquisitions or disposal of subsidiaries and long-term investments.

Annex 7

PHILIPPINE SAVINGS BANK
UNAUDITED SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS OF AND FOR THE PERIOD ENDED SEPTEMBER 30, 2024 AND 2023

	September 30	
	2024	2023
PROFITABILITY RATIOS		
Return on Assets		
Net Income * / Average Total Resources	**2.34%**	1.80%
Return on Equity		
Net Income * / Average Stockholders' Equity	**12.77%**	11.71%
Net Interest Margin		
Net Interest Income / Average Earning Assets	**5.91%**	5.16%
Cost to Income Ratio		
Operating Expenses Excluding Provision for Impairment and Credit Losses and Income Taxes / Net Interest Income + Operating Income	**60.10%**	58.63%
SOLVENCY RATIOS		
Debt to Equity Ratio		
Total Liabilities / Total Stockholders' Equity	**4.03:1**	4.96:1
Asset-to-Equity Ratio		
Total Assets / Total Stockholders' Equity	**5.03:1**	5.96:1
Interest Rate Coverage Ratio		
Earnings Before Interest and Taxes / Interest Expense	**2.24:1**	1.87:1
LIQUIDITY RATIOS		
Liquidity Ratio		
Current Assets / Current Liabilities	**28.67%**	23.62%
Loans to Deposit Ratio		
Gross Loans / Total Deposits	**82.89%**	65.41%
Capital Adequacy Ratio		
Total Qualifying Capital / Total Risk-Weighted Assets	**24.19%**	24.56%

**Computed based on annualized net income*

Annex 8

PHILIPPINE SAVINGS BANK
ITEM II. MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of Statements of Condition

As of September 30, 2024 (Unaudited) and December 31, 2023 (Audited)

The Bank recorded Total Assets as of September 30, 2024 at ₱218.58 billion. This was 8.33% lower than the ₱238.43 billion level in December 2023.

As of September 30, 2024, Loans and Receivables, net of allowance and unearned interest and discounts, representing 62.52% of total assets was higher by 11.31%, from ₱122.76 billion in December 31, 2023 to ₱136.66 billion recorded in September 2024.

Interbank Loans Receivable and Securities Purchased under Resale Agreements increased by 4.44% from ₱6.99 billion in December 2023 to ₱7.30 billion in September 2024. Cash and Other Cash Items went up by 24.12% or ₱398.83 million to ₱2.05 billion in September 2024. Due from Other Banks decreased by ₱471.09 million to ₱1.29 billion from ₱1.76 billion in December 2023. Meanwhile, Due from Bangko Sentral ng Pilipinas, representing 4.85% of total assets, increased to ₱10.60 billion from ₱9.75 billion in December 2023.

As of September 30, 2024, Fair Value Through Other Comprehensive Income (FVOCI) went down by ₱33.11 billion to ₱21.25 billion from ₱54.36 billion in December 2023. Fair Value through Profit or Loss Investments (FVTPL) decreased by 50.71% or ₱210.10 million to ₱ 204.20 million in September 2024 from ₱414.30 million in December 2023. Meanwhile, Investment Securities at Amortized Cost recorded at ₱28.15 billion decreased by 5.83% or ₱ 1.74 billion as of September 2024. These investment securities represent 22.70% of the total assets as of September 30, 2024.

Investment Properties decreased by 5.15% or ₱202.73 million to ₱3.73 billion as of September 30, 2024. Property and Equipment decreased by ₱6.28 million to ₱3.14 billion as of September 30, 2024.

Investment in a joint venture increased by 1.52% or ₱13.23 million to ₱883.41 million as of September 30, 2024, due to the recognition of PSBank's share in the net performance of Sumisho Motor Finance Corporation (SMFC), a joint venture between PSBank and Sumitomo Corporation. As of September 30, 2024, the Bank's ownership interest in SMFC is 30.00%.

Deferred Tax Assets increased by 24.85% or ₱312.56 million to ₱1.57 billion versus ₱1.26 billion in December 2023. Goodwill and Other Intangibles decreased by 21.60% or ₱64.40 million to ₱233.80 million in September 2024 from ₱298.20 million in December 2023.

Other Assets as of September 30, 2024 and December 31, 2023 amounted to ₱1.51 billion and ₱1.35 billion, respectively.

The Bank's deposit level, representing 95.23% of total liabilities, reached ₱166.76 billion, 12.06% lower than ₱189.62 billion in December 2023. CASA increased by ₱813.34 million to ₱72.60 billion, while Time deposits decreased by 16.49% to ₱94.15 billion in September 2024. As of September 30, 2024 and December 31, 2023, Long Term Negotiable Certificate of Time Deposits (LTNCD) amounted to nil and ₱5.08 billion, respectively, due to the maturity of LTNCD on February 9, 2024.

Treasurer's, Cashier's and Manager's Checks increased by 17.19% or ₱260.21 million to ₱1.77 billion in September 2024 from ₱1.51 billion in December 2023. Meanwhile, Accrued Taxes, Interest and Other Expenses decreased by ₱433.56 million to ₱2.23 billion from ₱2.66 billion in December 2023. Income Tax Payable as of September 30, 2024 was posted at ₱11.34 million representing accrual for the current quarter which is due for remittance to BIR on or before November 29, 2024.

Other Liabilities increased by ₱138.72 million to ₱4.35 billion in September 2024 from ₱4.21 billion as of year-end 2023.

As of September 30, 2024, Total Equity remained strong at ₱43.46 billion, 8.23% or ₱3.30 billion higher than December 31, 2023 level of ₱40.15 billion. Fair Value Reserves on Financial Assets at FVOCI was recorded at ₱346.13 million in September 2024 versus ₱70.79 million in December 2023.

The Bank recorded Remeasurement Losses on Retirement Plan of ₱1.13 billion as of September 30, 2024 and December 31, 2023. On the other hand, the Bank's share in the Remeasurement losses on retirement plan and Hedge Reserve of its joint venture was posted at ₱2.42 million and ₱6.18 million as of September 30, 2024 and December 31, 2023, respectively.

As of September 30, 2024, Cumulative Translation Adjustment amounted to ₱7.45 million.

As of September 30, 2024, Capital Adequacy Ratio (CAR) was at 24.19%. This is above the minimum regulatory requirement of 10%.

Return on Average Equity (ROAE) was registered at 12.77% in September 2024 compared to the 11.72% recorded in December 2023. Return on Average Assets (ROAA) was at 2.34% in September 2024 versus 1.80% in December 2023.

Discussion of Results of Operations

For the nine months ended September 30, 2024 (Unaudited) and September 30, 2023 (Unaudited)

The Bank grew its net income by 18.80% to ₱4 billion in the 3rd quarter of 2024 from ₱3.37 billion reported last year resulting in an annualized return on equity of 12.77%. The strong demand for consumer loans and improvement in credit quality contributed to the Bank's solid financial performance.

Total Interest Income for the nine months of 2024 was recorded at ₱12.63 billion, 4.07% lower than ₱13.17 billion in the same quarter last year. Total Interest Expense decreased by 19.65% or ₱853.41 million to ₱3.49 billion from ₱4.34 billion year on year. Net Interest Income increased by 3.60% or ₱317.55 million to ₱9.14 billion versus the ₱8.82 billion posted during the same period last year.

Interest income on Loans and Receivables was recorded at ₱9.42 billion, 11.37% higher than ₱8.46 billion recorded on the same period last year. Interest income on Investment Securities decreased to ₱2.59 billion from ₱3.20 billion year on year. Interest earned from deposits with BSP and other banks decreased to ₱310.48 million and ₱7.78 million, respectively. Meanwhile, Interest earned from Interbank Loans Receivable and SPURA went down to ₱300.46 million or 10.47% lower than the ₱335.59 million posted in 2023.

Interest Expense on the Bank's deposit liabilities decreased by 19.33% to ₱3.42 billion. The Bank recorded ₱60.46 million in Interest Expense on lease liabilities and ₱14.30 million Interest Expense on bills payable for the first three quarters of 2024.

Net Service Fees and Commission Income increased to ₱1.38 billion, 4.00% higher than the ₱1.33 billion recorded last year.

Meanwhile, Other Operating Income decreased by 15.62% or ₱188.31 million to ₱1.02 billion.

The Bank posted a net gain on foreclosure and sale of chattel mortgage amounting to ₱282.53 million and ₱462.49 million. Net gain on foreclosure and sale of investment properties amounting to ₱319.76 million in September 2024.

For the nine months ended September 30, 2024, Gain on sale of property and equipment and Trading and securities gains (loss) - net were recorded at ₱3.20 million and ₱19.04 million, respectively. Meanwhile, Foreign exchange loss and Miscellaneous Income were posted at ₱9.25 million and ₱383.15 million, respectively.

Other Operating Expenses, excluding provision for impairment and credit losses, increased by 4.10% to ₱6.91 billion in September 2024 from ₱6.64 billion in September 2023. Taxes and Licenses went down by 7.26% or ₱91.12 million to ₱1.16 billion from ₱1.25 billion in 2023. Depreciation and amortization of Bank's properties and leasehold improvements rose to ₱701.91 million, 14.16% or ₱87.06 million higher than ₱614.84 million recorded in September 2023. Meanwhile, amortization of software costs was recorded at ₱75.12 million in September 2024.

Compensation and Fringe Benefits amounted to ₱3.06 billion while security, messengerial and janitorial services was at ₱408.71 million. Occupancy and equipment-related costs and Miscellaneous Expenses were recorded at ₱264.94 million and ₱1.23 billion, respectively.

For the period ended September 30, 2024, the Bank set aside ₱358.09 million in provision for impairment and credit losses.

The Bank also reported share in net performance from its investment in Sumisho Motor Finance Corporation (SMFC) amounting to ₱59.40 million in September 2024.

For the quarter ended September 30, 2024 (Unaudited) vs. September 30, 2023 (Unaudited)

The Bank reflected a net income after tax of ₱1.44 billion for the quarter ended September 30, 2024, ₱238.27 million higher than the ₱1.20 billion reported for the same quarter last year.

Total Interest Income for the third quarter of 2024 was registered at ₱4.11 billion, 6.63% lower than the ₱4.41 billion recorded in the same quarter last year. Meanwhile, Total Interest Expense went down by 26.37% to ₱1.06 billion from ₱1.44 billion posted during the same quarter last year. These resulted to increase in Net Interest Income by 2.92% or ₱86.65 million to ₱3.06 billion from the ₱2.97 billion recorded during the third quarter of 2023.

Interest income on Loans and Receivables increased by ₱316.70 million or 10.83% to ₱3.24 billion as compared against the ₱2.93 billion posted during same quarter last year. Interest earned from Investment Securities decreased by 34.68% or ₱367.48 million to ₱685.75 million. Interest earned from Interbank Loans Receivable and SPURA decreased by ₱33.26 million, 27.65% lower than the ₱120.31 million in 2023. Interest earned from deposit with BSP was recorded at ₱90.01 million. Interest income from placements with other banks was higher at ₱2.10 million versus ₱1.6 million recorded last year of the same quarter.

Other Operating Income slid to ₱3.79 billion during the third quarter of 2024. The gain on foreclosure and sale of chattel mortgage properties was posted at ₱44.79 million versus ₱180.31 million during the same quarter in 2023. Gain from foreclosure and sale of investment properties decreased to ₱72.37 million versus ₱144.29 million during the same quarter last year. Miscellaneous Income decreased by ₱42.54 million to ₱116.48 million from ₱159.02 million during the third quarter of 2023. The Bank reflected a foreign exchange gain of ₱11.10 million for the third quarter of 2024.

Total Operating Expenses, excluding provision for impairment was recorded at ₱2.29 billion and ₱2.25 billion for the third quarter of 2024 and 2023, respectively. The Bank set aside a provision for credit loss of ₱12.03 million during the third quarter of 2024.

Compensation and fringe benefits increased by 7.05% or ₱67.24 million to ₱1.02 billion from ₱0.95 billion. Occupancy and equipment-related costs was higher by 4.68% or ₱3.79 million to ₱84.69 million compared to ₱80.90 million on the same quarter last year. Security, messengerial and janitorial services increased to ₱152.63 million from ₱113.42 million during the third quarter of 2023. Amortization of software costs went up to ₱24.64 million in 2024 from ₱28.55 million posted a year ago. In addition, taxes and licenses decreased to ₱369.23 million from ₱422.33 million for the quarter ended September 2023.

The Bank also recorded share in income from its investments in Sumisho Motor Finance Corporation (SMFC) amounting to ₱17.32 million and ₱14.76 million for the third quarter of 2024 and 2023, respectively.

Analysis of Key Financial Soundness Indicators

For the Nine Months Ended September 30, 2024 vs. September 30, 2023 Comparative highlights on Key Financial Soundness Indicators

The following ratios measure the financial performance of the Bank:

		September 30, 2024	September 30, 2023	December 31, 2023
		(Unaudited)		(Audited)
Return on Average Equity*	ROAE	**12.77%**	11.71%	11.72%
Return on Average Assets*	ROAA	**2.34%**	1.80%	1.80%

		September 30, 2024	September 30, 2023	December 31, 2023
		(Unaudited)		(Audited)
Net Interest Margin on Average Earning Assets	NIM	**5.91%**	5.16%	5.18%
Earnings per share	EPS	**₱9.38**	₱7.89	₱10.61
Capital-to-Risk Assets Ratio	CAR	**24.19%**	24.56%	24.46%
Liquidity Ratio	LR	**28.67%**	23.62%	48.89%
Debt-Equity Ratio	DER	**4.03:1**	4.96:1	4.94:1
Asset-to-Equity Ratio	AER	**5.03:1**	5.96:1	5.94:1
Interest Rate Coverage Ratio	IRCR	**2.24:1**	1.87:1	1.84:1

** computed based on annualized/normalized net income*

1. Return on Average Equity (ROAE) in September 30, 2024 increased to 12.77% from 11.71% in the same period last year. ROAE measures how well the Bank is using common shareholders' invested money. It is calculated by dividing the annualized/normalized net income by the average of the outstanding balances of shareholders' equity at the beginning and ending of the period.

2. Return on Average Assets (ROAA) increased to 2.34% from 1.80% in September 30, 2024 versus the same period last year. ROAA is calculated by dividing the annualized/normalized net income by the average of the outstanding balances of total assets at the beginning and ending of the period.

3. Net Interest Margin on Average Earning Assets (NIM) was posted at 5.91% and 5.16% for the comparative periods of September 30, 2024 and 2023, respectively. NIM is calculated by dividing the net interest income by the average earning assets. Average interest-earning assets is based on outstanding balances at the beginning and ending of the period divided by two. (Earning assets comprised of Due from BSP - Specialized Deposit Account, Due from Other Banks, Interbank Loans Receivable and Securities Purchased Under Resale Agreements, Loans & Discounts (Current), Bills Purchased, and Sales Contract Receivables, Financial Assets at Fair Value Through Profit or Loss (FVTPL), Financial Assets at Fair Value Through Other Comprehensive (FVOCI) and Investment at amortized cost.

4. Earnings per Share (EPS) was higher at ₱9.38 as of September 30, 2024 compared to the ₱7.89 EPS as of September 30, 2023. EPS represents the net profit the Bank has generated per common share. It is computed by dividing the year to date net income by the weighted average number of outstanding common shares.

5. Capital-to-Risk Assets Ratio (CAR) was at 24.19% in September 2024 versus 24.56% in September 2023. CAR is the measure of the Bank's capital strength. It is calculated by dividing the qualified capital by risk-weighted assets as defined by the Bangko Sentral ng Pilipinas (BSP).

6. Liquidity Ratio (LR) was higher at 28.67% in September 2024 from 23.62% the same period last year. LR measures the Bank's ability to meet its short-term liabilities. It is derived by dividing the current assets by current liabilities.

7. Debt-to-Equity Ratio (DER) decreased to 4.03:1 as of September 30, 2024 from 4.96:1 in September 2023. DER indicates the extent to which the Bank's leveraged, or financed by credit. This is computed by dividing total liabilities by total stockholder's equity.

8. Asset-to-Equity Ratio (AER) was lower at 5.03:1 as of September 30, 2024 from 5.96:1 as of September 30, 2023. AER is computed by dividing the total assets by total shareholder's equity.

9. Interest Rate Coverage Ratio (IRCR) increased to 2.24:1 this year from 1.87:1 in September 2023. IRCR is a measure of the Bank's ability to meet its interest payments on outstanding debt. It is calculated by dividing the total earnings before interest and taxes over interest expense.

Key Variables and Other Qualitative and Quantitative Factors

Liquidity

PSBank manages its liquidity position to ensure that it has more than adequate funds to meet its obligations at any given time. The Bank monitors its daily liquidity and reserve position by determining inflows and outflows, short-term and long-term obligations, holdings and repayments. Short-term liquidity management identifies obligations and repayments in the next 12-months, aids in the determination of the securities trading strategy, and influences the Bank's pricing mechanism. On the other hand, long-term liquidity management covers maturing obligations and repayments of loans and investments beyond the next 12-months.

The level of liquid assets remained strong, exhibiting healthy growth in both placements with BSP/other banks and investments.

With the Bank's high capitalization, current liquidity position, strong deposit growth trend, continuing development of retail and corporate accounts, and prudent liquidity management, PSBank does not anticipate encountering any cash flow or liquidity problems in the next 12 months. It remains confident of its ability to meet its obligations and is committed to providing the necessary funding to support the projected loan growth, investment activities and expenditures for 2024.

The Bank also performs liquidity stress testing under various stress scenarios to ensure its ability to meet its funding obligations. The Bank has a Liquidity Contingency Funding Plan to anticipate and manage any funding crisis that may occur.

Material Commitments for Capital Expenditures
The Bank's capital expenditure target in 2024 includes projected expenses for IT-related activities on systems and licenses, and upgrade of bank premises including infrastructure, furniture, fixtures and equipment.

Causes for Any Material Changes from Period to Period of Financial Statements
See previous discussion on Analysis of Statement of Condition and Discussion of Results of Operations.

Known Trends, Events or Uncertainties or Seasonal Aspects
The financial statements of the Bank have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Annex 9

PHILIPPINE SAVINGS BANK
AGING OF RECEIVABLES

As of September 30, 2024 (Unaudited)

			PAST DUE	PAST DUE				
	TOTAL	CURRENT	PAST DUE & ITEMS IN LITIGATION	90 Days or Less	91-180 Days	181 Days to 1 Year	More Than 1 Year	ITEMS IN LITIGATION
Accounts Receivables	**₱1,139,224,900**	**₱608,182,930**	**₱531,041,970**	**₱32,182,147**	**₱6,550,148**	**₱10,079,927**	**₱472,214,037**	**₱10,015,711**
Accrued Interest Receivables	**2,093,339,092**	**1,880,303,523**	**213,035,569**	**122,497,949**	**32,970,439**	**19,897,679**	**15,403,645**	**22,265,857**
Sales Contract Receivable	**4,347,438**	**113,682**	**4,233,756**	**61,402**	**-**	**-**	**-**	**4,172,354**
Total Receivables	**₱3,236,911,430**	**₱2,488,600,135**	**₱748,311,295**	**₱ 154,741,498**	**₱39,520,587**	**₱29,977,606**	**₱487,617,682**	**₱36,453,922**