POSITIONED FOR GROWTH

GT CAPITAL
HOLDINGS INCORPORATED

2022

INTEGRATED REPORT

POSITIONED FOR GROWTH

Upon successfully completing its first decade as a Philippine Stock Exchange-listed company, GT Capital Holdings, Inc. (GT Capital or GTCAP) has proven to be one of the leading conglomerates in the country and a key contributor to nation-building. GT Capital effectively consolidated its various businesses within the Group, while continuing to provide world-class products and services to the Filipino people in five key sectors of the Philippine economy – banking, automotive assembly, importation, distribution and financing, property development, infrastructure and utilities, and life and general insurance. Over the last ten years, GT Capital has expanded its existing businesses, created synergies across its various operating companies, and ventured into new growth sectors. Through its sound business practices, effective capital and risk management, and innovative strategies, GT Capital's operating companies have achieved and maintained top tier positions in their respective sectors. Despite many years of solid growth and steady value creation, there are still opportunities that lie ahead for GT Capital and for its various lines of business. With the support of its best-in-class global strategic partners, GT Capital continues to be ably positioned for further growth as it moves on to its next decade and beyond.

Operating Companies Description and Ownership

GT Capital is a listed major Philippine conglomerate with interests in market-leading businesses across banking, automotive assembly, importation, dealership, and financing, property development, life and general insurance, and infrastructure. Its operating companies are Metropolitan Bank & Trust Company (Metrobank), Toyota Motor Philippines Corporation (TMP), Toyota Manila Bay Corporation (TMBC), Toyota Financial Services Philippines Corporation (TFSPH), Sumisho Motor Finance Corporation (Sumisho), GT Capital Auto and Mobility Holdings, Inc. (GTCAM), Federal Land, Inc. (Federal Land), Philippine AXA Life Insurance Corporation (AXA Philippines), and Metro Pacific Investments Corporation (MPIC).

Federal Land

100% GT CAPITAL-OWNED

Php 4.5 Bn 2022 NET INCOME

Federal Land, Inc. is a leading Philippine property developer known for its distinct design, superior customer service, and comprehensive market knowledge. With a solid track record of over 50 years, Federal Land develops innovative, well-built residential projects, commercial developments, and master-planned, mixed-use communities. The company primarily caters to the luxury and upper middle-income market segments with developments in prime locations. The company's land bank, most of which is highly concentrated in key cities within the boundaries of Metro Manila, is sufficient for many years' worth of project development.

Metrobank

37.15% GT CAPITAL-OWNED

Php 32.8 Bn 2022 NET INCOME

Metropolitan Bank & Trust Company is a leading universal bank providing corporate and consumer banking products and services through its extensive nationwide branch network and its foreign branches and representative offices. The Bank reaches out to and serves a wide range of clients that includes large local and multinational corporations, middle market and small and medium enterprises, high net-worth individuals, and retail customers.

AXA

25.33% GT CAPITAL-OWNED

Php 2.5 Bn 2022 NET INCOME

AXA Philippines is one of the largest and fastest growing insurance companies in the country, offering financial security to close to two million individuals through its group and individual life insurance products. AXA Philippines is a pioneer in the bancassurance industry and is also a market leader in variable unit-linked life insurance products. The company also offers general insurance products and services.

Toyota

51% GT CAPITAL-OWNED

Php 5.7 Bn 2022 NET INCOME

Incorporated on August 3, 1988, Toyota Motor Philippines Corporation is the leading and largest automotive and mobility company in the Philippines. Established through a joint venture between GT Capital and Toyota Motor Corporation (TMC), TMP is engaged in the assembly, importation, and wholesale distribution of Toyota and Lexus motor vehicles in the Philippines. TMP operates a facility located at the Toyota Special Economic Zone in Santa Rosa, Laguna, where it currently assembles its top-selling Vios and Innova models. Through its wide array of vehicle models and robust sales distribution and service network, TMP achieved its 21st consecutive Triple Crown in 2022, topping the industry in passenger car, commercial vehicle, and overall vehicle sales.

Metro Pacific Investments

17.08% GT CAPITAL-OWNED

Php 14.2 Bn 2022 CORE NET INCOME

Metro Pacific Investments Corporation is a leading infrastructure conglomerate in the Philippines. Committed to transforming and growing its infrastructure assets, Metro Pacific continuously seeks investment and partnership opportunities for the benefit of all its stakeholders. Metro Pacific currently manages a diverse business portfolio including power generation and distribution, toll roads, water, hospital operations, light rail, property, and agriculture.

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ABOUT THIS REPORT

This is the second Integrated Report of GT Capital Holdings, Inc. containing information about its financial and environmental, social and governance (ESG) performance as a conglomerate. All of the information written in this report covers GT Capital and its operating companies for the calendar period ending December 31, 2022. Material risks, opportunities, strategies, and outcomes attributable to or associated with entities that are included in the financial reporting entity, are also declared.

We welcome feedback, inquiries, and other concerns related to this report through our Investor Relations Department at ir@gtcapital.com.ph.

The 2022 Integrated Report was published in May 2023 and available for download from https://www.gtcapital.com.ph/sustainability-report

Reporting Standards and Framework

This report has been prepared and presented in accordance with the International Integrated Reporting <IR> Framework, on the identified topics material to GT Capital and its priority stakeholders, following the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB), and the United Nations Sustainable Development Goals (UN SDGs).

To start aligning the report with the Task Force for Climate-Related Financial Disclosures (TCFD) recommendations, GT Capital narrated its journey on reporting climate-related disclosures.

GT Capital's Reporting Journey

Recognizing the importance of sustainability in ensuring the longevity and growth of the company and the society as a whole, GT Capital's sustainability reporting journey started in 2017. The Company conducted its first Stakeholder Engagement and Materiality Assessment and identified 16 material economic, environmental, social and governance topics.

The first Sustainability Report was published in 2018 and reported GT Capital's performance at the parent company level in accordance with GRI Standards: Core Option. The Company expanded its sustainability disclosures to include performance from its top five material operating companies (Metropolitan Bank & Trust Company, Toyota Motor Philippines, Federal Land, Inc., AXA Philippines, and Metro Pacific Investments Corporation) in 2020.

Starting 2021, GT Capital adopted the International Integrated Reporting <IR> Framework, integrating financial and ESG disclosures, to communicate how the company's strategy, governance, practices and performance creates long-term value to stakeholders. In 2022, ESG disclosures were externally assured to improve credibility and ensure adherence to reporting standards and frameworks of the Integrated Report

Through the Integrated Report, GT Capital aims to continuously embed economic, environmental, social, and governance considerations in business decisions in support of its vision to contribute to the nation's sustainable development.

External Assurance

Financial Disclosures

SGV & Co. was GT Capital's external auditor for the calendar year 2022. GT Capital is compliant with SRC Rule 68, Paragraph 3 (b) (ix) (Rotation of External Auditors), which states that the independent auditors, or in the case of an audit firm, the signing partner, shall be rotated after every five (5) years of engagement, with a two-year cooling off period to be observed in the re-engagement of the same signing partner or individual auditor.

GT Capital's financial statements comply with Philippine Accounting Standards and Philippine Financial Reporting Standards and are submitted and disclosed in compliance with the applicable laws, rules and regulations. GT Capital did not revise its financial statements in 2022.

Non-Financial Disclosures

GT Capital engaged DNV Business Assurance Singapore Pte Ltd (DNV) to verify the company's non-financial data for sustainability reporting using DNV's assurance methodology, VeriSustainTM, and global best practices such as the International Standard on Assurance Engagements (ISAE) 3000 Revised, the GRI Principles for Defining Report Content, the Report Quality Standards, and SASB industry-specific standards. The assurance process involved desk reviews, interviews, sample-based data checks and site visits to GT Capital's and material operating companies' head offices. DNV was not involved in developing our sustainability disclosures or publication of any of its contents.

Report Disclaimer

This report contains statements that are forward-looking and are, by nature, subject to future changes regarding the external environment, risks, and opportunities, among others. These statements are based on GT Capital's projections, analysis of trends, and strategies in place in order to offer reasonable expectations on the company's future outcomes. Actual outcomes may significantly vary from the ones stated herein.

These forward-looking statements are identified by the words "expect," "anticipate," "estimate," "forecast," "can," "may," and other similar terms or expressions. They reflect GT Capital's views based on available information at the time of writing and therefore should not be taken as definite predictions on the company's future performance. Investors and other stakeholders are advised to exercise caution.

Statement of the Board

The Board acknowledges its responsibility and provides oversight to ensure the integrity of the Integrated Report through its Audit and Risk Oversight Committees.

It is the Board's opinion that the Integrated Report is presented in accordance with the Integrated Reporting <IR> Framework and presents a fair and balanced view of GT Capital's overall performance and how the business is creating sustainable value for our stakeholders.

To provide assurance on the credibility and quality of the disclosures, SyCip Gorres Velayo & Company (SGV & Co.) assured the company's financial performance while DNV Business Assurance Singapore Pte Ltd (DNV) assured the non-financial performance. The University of Asia and the Pacific Center for Social Responsibility (UA&P CSR) provided support in 2022 for the first adoption of the Integrated Report to ensure alignment to the Integrated Reporting <IR> Framework.

The Board unanimously approved this report on May 10, 2023.

ABOUT THE COMPANY

Vision

To be a leading conglomerate, dominant in all sectors invested, most sought strategic partner in the Philippines, as a major contributor to the nation's sustainable development.

Mission

GT Capital Holdings, Inc., a Philippine conglomerate with a strategic business portfolio, has a heritage of leadership in the vital sectors of financial services, automotive assembly distribution, and mobility, insurance, property development, and infrastructure and utilities that are essential to national development.

It has earned its stature of prominence in these key sectors by blending local ingenuity and resources with the technology and expertise of best-of-class global business partners.

Anchored on our core values of integrity, excellence, respect, and sustainable value creation, we fulfill our mission to ensure long-term value for our stakeholders by creating a synergistic business portfolio and exploring new sectors that contribute to our nation's sustainable development.

Values

Integrity

Above everything else, we practice consistent adherence to ethical and moral values under all circumstances both from an institutional and individual basis. Such values are embedded in our corporate culture, which has earned for us the trust and confidence of our clients, investors, and business partners.

Excellence

Each of the group subsidiaries and affiliates has a solid track record of consistently delivering excellence in all our products and services, resulting in the highest level of satisfaction to our customers and stakeholders, who account for our continued success and leadership in each of the sectors where we are present. Our human capital or workforce is highly equipped with the proper education, knowledge, and expertise to successfully carry out their respective roles and responsibilities within the Group to the best of their ability. Our excellence and capability as an organization have allowed us to become one of the most credible and trusted conglomerates in the country.

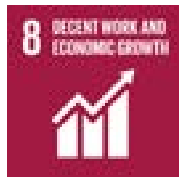
Respect

We take a special regard for the individual, for their empowerment, and for the diversity of opinions, resulting in a more balanced view of our business proposition, open to different perspectives, constantly challenging assumptions and revisiting previously set ways, within the framework of a shared vision and a shared corporate culture, with the end objective of constant improvement.

Sustainable Value Creation

We are committed to planting the seeds today that will result in the creation of sustainable stakeholder value in the future. We believe that taking a long-term and sustainable perspective is essential to contributing to the nation's sustainable development.

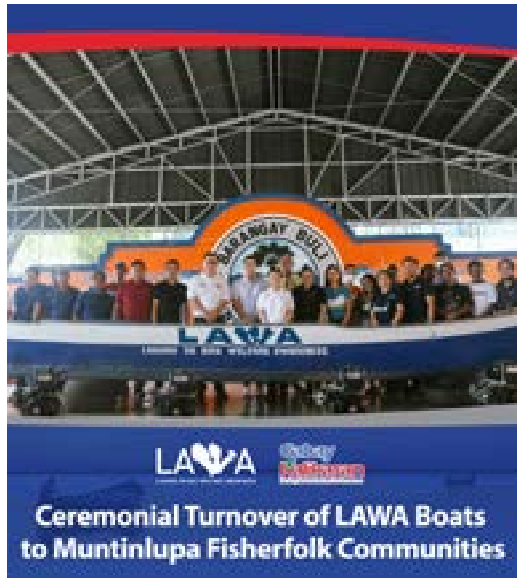
Priority SDGs



SDGs where our business portfolio creates the most meaningful impacts to Philippine sustainable development.

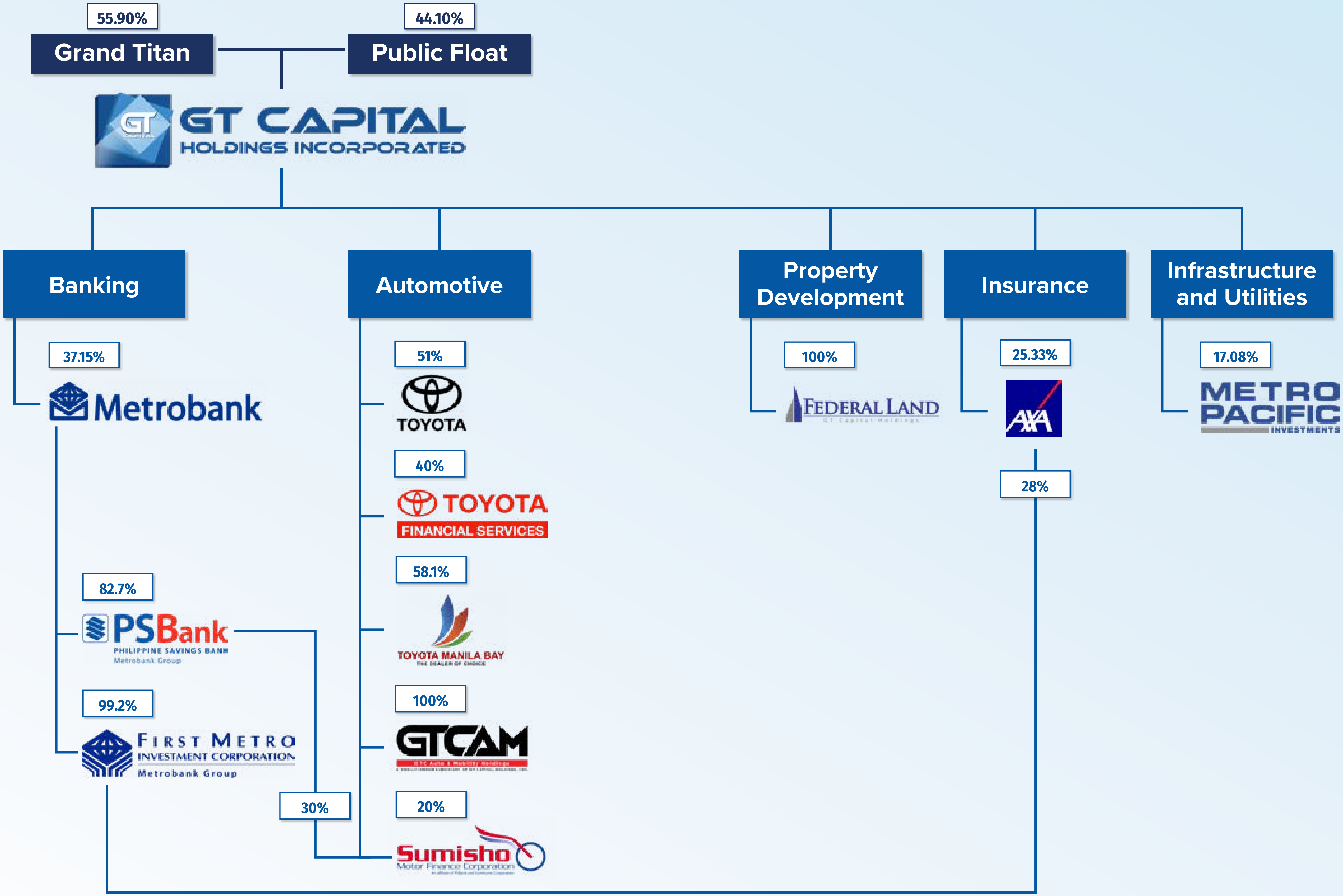
CSR SDGs

SDGs that are impacted by our corporate social responsibility programs which add to our contributions to Philippine sustainable development.



GT Capital Portfolio

(as of December 31, 2022)



Strategic Global Partners

Toyota Motor Corporation (Japan)
A top automotive company worldwide engaged in the design, manufacture, assembly, and sale of passenger cars and commercial vehicles. The wide range of vehicles the company manufactures includes compact, subcompact, mid-sized, sports utility, and hybrid cars, as well as minivans and pick-up trucks, among others. Toyota is the brand name the company uses for these vehicles, while luxury cars are under the Lexus brand. Aside from vehicles, Toyota also manufactures spare parts and offers financial services for retail and wholesale financing, retail leasing, insurance, credit cards, and housing loans. Toyota operates in over 170 countries worldwide.

AXA, S.A. (France)
Primarily engaged in providing life insurance coverage, as well as property and casualty insurance. Asset management is another service that the group offers, which includes employee benefit plans, medical plans, and investment advice. The bulk of AXA's customers are in Europe, the Mediterranean, and Latin America, whereas other customers come from North America, Asia, and the United Kingdom. The organization's roots may be traced to the time when Claude Bebear decided to join the Ancienner Mutuelle insurance company – France's oldest insurance company – in Rouen, France in 1958.

Mitsui & Co. Ltd. (Japan)
One of the most diversified and comprehensive trading, investment, and service enterprises in the world. Utilizing global operating locations, network, and information resources, Mitsui is multilaterally pursuing businesses that range from product sales, worldwide logistics, and financing to the development of major international infrastructure and other projects. It is involved in iron and steel projects, mineral and metal resources, infrastructure projects, motor vehicles, marine and aerospace, chemicals, energy, food resources, food products and services, consumer services, IT, finance and new businesses, and transportation logistics.

Metro Pacific Investments Corporation
A leading infrastructure conglomerate in the Philippines. MPIC's intention is to maintain and continue to develop a diverse set of infrastructure assets through its investments in water utilities, toll roads, electricity distribution, hospital operations and light rail. MPIC is therefore committed to investing through acquisitions and strategic partnerships in prime infrastructure assets with the potential to provide synergies with its existing operations.

Toyota Financial Services Corporation (Japan)
Wholly owned by Toyota Motor Corporation, the entity was established as a holding company for Toyota's financial subsidiaries worldwide. The TFS Group mission is to provide sound financial services that contribute to the prosperous life for Toyota customers and others. The company has expanded its global presence, covering more than 30 countries in different regions. TFS offers a diverse range of products and services, such as motor vehicle financing, to meet the various needs of its valued customers.

Orix Corporation (Japan)
Engages in non-depository credit intermediation such as leasing, installment loans, life insurance, and other related financial services. It is also involved in property development. In the automotive industry, the company is engaged in corporate and personal leasing, rental, car sharing, and used-vehicle sales. The company's corporate financial services include lending, building lease, e-commerce, corporate pension, life and accident insurance consulting, and investment banking. ORIX also is into energy conservation, energy recycling, and electric power. In property development, the company offers housing, real estate investment, and building management.

Nomura Real Estate Development (Japan)
Nomura Real Estate Development (NRE) is one of Japan's largest real estate developers. Established in 1954, NRE is involved in residential development, corporate real estate brokerage, commercial property development, building leasing, architectural design. It is a sister company of the Nomura Holdings financial conglomerate and is a part of the Nomura business group.

Sumitomo Corporation (Japan)
An international trading company that operates in various industries including finance, insurance, metal products, transportation and construction systems, infrastructure, mineral resources, energy, chemicals, electronics, real estate, media, and new industry development, among others. The company also provides information technology (IT) solutions, mobile communications, and Internet services, and operates TV shopping channels, supermarkets, and drugstores. It develops and imports coal, iron ore, and other minerals. The company also engages in business development, planning, production management, processing, logistics, and construction and real estate ventures.

Isetan Mitsukoshi Holdings (Japan)
Isetan Mitsukoshi Holdings Ltd. is the Japanese parent company of world-renowned Isetan and Mitsukoshi department stores. The Isetan Mitsukoshi Group was created in 2008 with the vision of becoming the world's foremost retail services group. With over 19,000 employees in Japan and around the globe, the Isetan Mitsukoshi Group is Japan's largest department store group. It operates a total of 26 stores nationwide and 10 outlets overseas and encompasses four separate department store brands: Mitsukoshi, Isetan, Iwataya and Marui-Imai.

Grand Hyatt Hotels (USA)
A distinguished brand of the Hyatt global hospitality company, Grand Hyatt Hotels are large-scale hotels that provide upscale accommodations in major cities. All Grand Hyatt hotels boast of dramatic, energetic lobbies, exquisite dining options, state-of-the-art technology, spas, fitness centers, and comprehensive business and meeting facilities. Located in the heart of the cities and destinations they serve, Grand Hyatt hotels combine breathtaking spaces, unforgettable experiences, and signature hospitality that create truly grand moments.

Marco Polo Hotels (Hong Kong)
Offers a legendary blend of Asian hospitality and Western innovation, served in modern, chic sophistication. Located in strategic business and cultural centers of Hong Kong, China, and the Philippines, Marco Polo Hotels provide its guests with a unique travel experience that embraces the local charm and the adventure of travel with the deeply instilled elegance and warmth of the in-house culture of the Marco Polo group. In the Visayas, Marco Polo Plaza Cebu provides a panoramic view of the city while still accessible from the shopping and business districts of cosmopolitan Cebu City. It is one of the 5-star hotels in the city, offering spacious and comfortable guest rooms and suites.

JBA Philippines, Inc.
An auction house for used cars established through a strategic partnership between GT Mobility Ventures, Inc. and Japan Bike Auction Co. Ltd. JBAP utilizes an APP-based Inspection System where each vehicle undergoes a 935-point check to accomplish a Vehicle Information and Grading Sheet that summarizes the car's exterior, interior, and engine inspection results. With this uniquely transparent and fair system, JBAP provides sellers with a stable auction platform and promises buyers an exciting car purchase experience.

Premium Warranty Services Philippines, Inc.
A wholly-owned subsidiary of Japan's largest and leading automotive warranty provider, Premium Group Co. Ltd. It is also a key strategic partner of GT Mobility Ventures, Inc. The company serves a critical need in the used car market by providing high-quality vehicle inspection services and warranty for used vehicles. Using an extensive 200-point vehicle inspection procedure covering exteriors, interiors, engine, transmission, and electronics, the company can certify the quality of used cars being bought and sold and can also offer warranty services for eligible vehicles. These services create a more transparent used car market in the Philippines that provides used car buyers and sellers with a clear and fair value proposition. It enhances GT Capital's footprint in the automotive value chain.

Toyota Corolla Sapporo Philippines
A wholly-owned subsidiary of Toyota Corolla Sapporo Corporation Ltd., one of the largest Toyota dealers in Japan with over 110 outlets across the country. With over 50 years of experience and combined sales of over 40,000 units for new and used vehicles for 2019 alone, Toyota Corolla Sapporo brings a wealth of best practices, experience, and expertise into the Philippine market. As a strategic partner in Toyota Santa Rosa, Laguna, the company's commitment is to elevate operational efficiency and to build the dealership's used car sales operations as part of GT Capital's objective to add value across the entire automotive value chain.

2022 Milestones

JAN

1. Federal Land and Nomura Real Estate establish strategic joint venture, Federal Land NRE Global, Inc. (FNG)

FEB

2. Federal Land launches Aki Tower, the third residential tower of The Seasons Residences in Bonifacio Global City (BGC)

MAR

3. Toyota Motor Philippines sells Two Million Vehicles since starting operations in 1988

APR

4. GT Capital celebrates its Philippine Stock Exchange (PSE) 10th Listing Anniversary

5. Metrobank recognized as Best Domestic Private Bank in the Philippines in the Asiamoney Private Banking Awards

6. Metrobank awarded Best Multi-Product Financing Deal, as well as Best Syndicated Loan Deal during The Asset Triple-A Awards

7. GT Capital awarded Best Investor Relations Team in the Philippines by The Global Economics

8. GT Capital awarded Best Investor Relations Team in the Philippines by World Business Outlook

MAY

9. Mr. Francisco C. Sebastian appointed as GT Capital's new Chairman

JUN

10. Metrobank recognized as Most Helpful Bank during Covid-19 in the Philippines by The Asian Banker

11. Federal Land, GT Capital, SM Prime Holdings, and SM Development Corporation inaugurate first phase of Riverpark North, a 100-hectare mixed use project in General Trias, Cavite

1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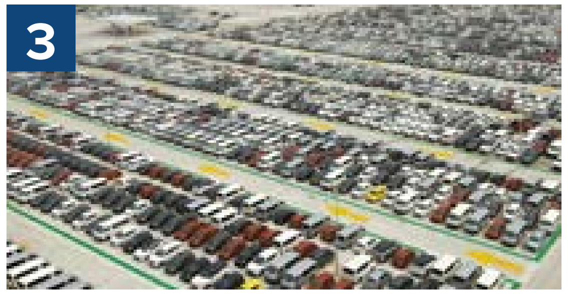
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JUL

12. Metrobank awarded Best Bank in the Philippines by Euromoney Awards for Excellence

13. AXA's Health Care Access recognized as Health Insurance Initiative of the Year in the Philippines in the Insurance Asia Awards

AUG

14. GT Capital awarded Best Investor Relations Team in the Philippines by International Finance

15. Toyota Motor Philippines incorporates wholly-owned subsidiary, Toyota Mobility Solutions Philippines, Inc.

SEP

16. Metrobank recognized as Best Corporate Bank in the Philippines by Asiamoney Best Bank Awards

OCT

17. The Seasons Residences of Federal Land awarded Best Condo Development in the Philippines in the Property Guru Philippines Awards

NOV

18. The Institute of Corporate Directors (ICD) recognized GT Capital for its inclusion in the ASEAN Asset Class according to the ASEAN Corporate Governance Scorecard (ACGS)

19. Metrobank recognized as Strongest Bank in the Philippines for the second consecutive year by The Asian Banker

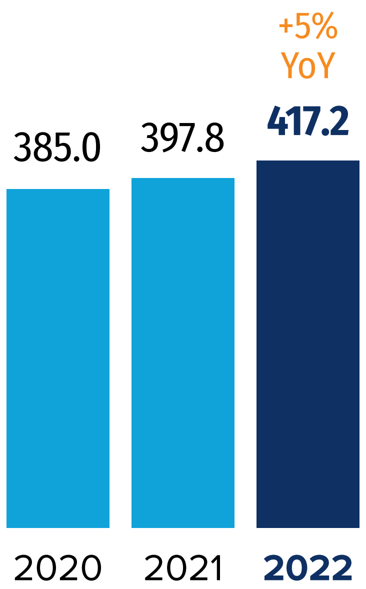
20. Federal Land launches MITSUKOSHI BGC, the first Japanese-themed mall in the Philippines, in partnership with Isetan Mitsukoshi Holdings and Nomura Real Estate.

DEC

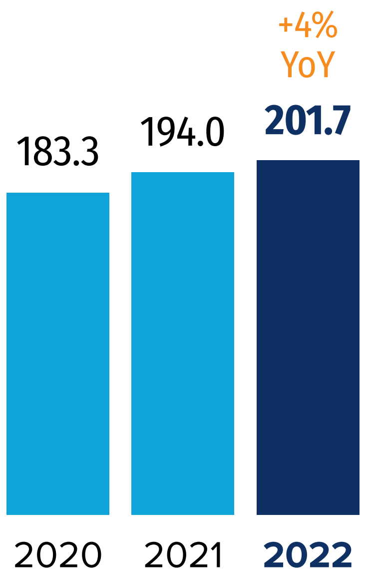
21. Toyota Motor Philippines receives its 21st consecutive Triple Crown Award for nationwide dominance in passenger car, commercial vehicle, and overall unit sales

Consolidated Financial Highlights

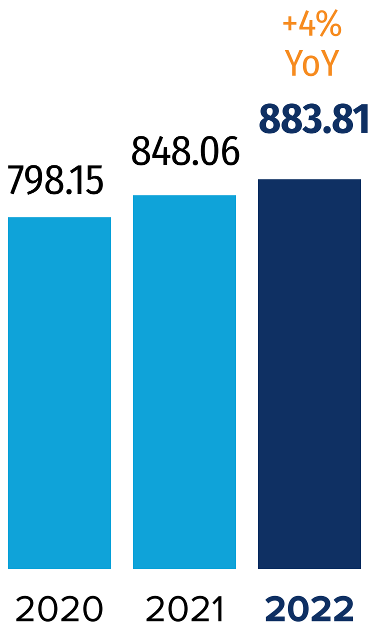
Total Assets
(in Php Billion)



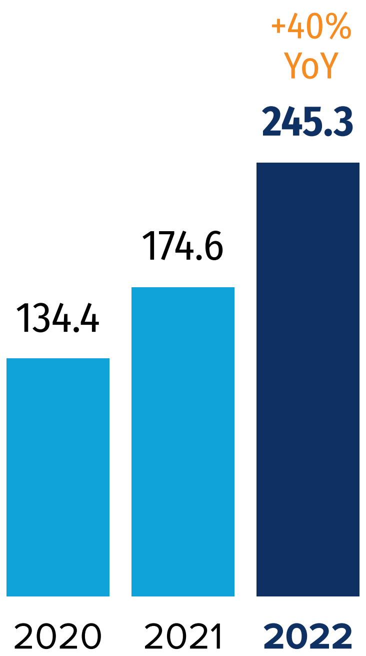
Total Equity Attributable to Equity Shareholders
(in Php Billion)



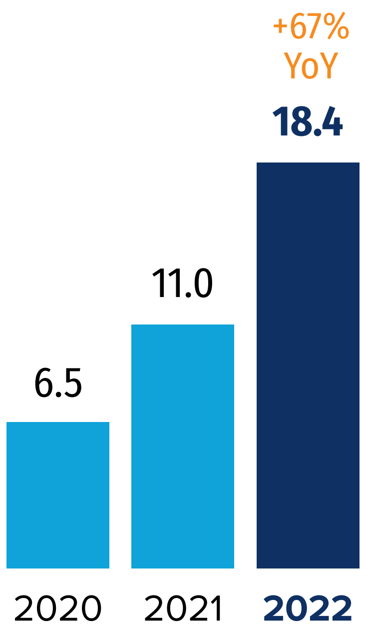
Book Value of Common Shares
(in Php)



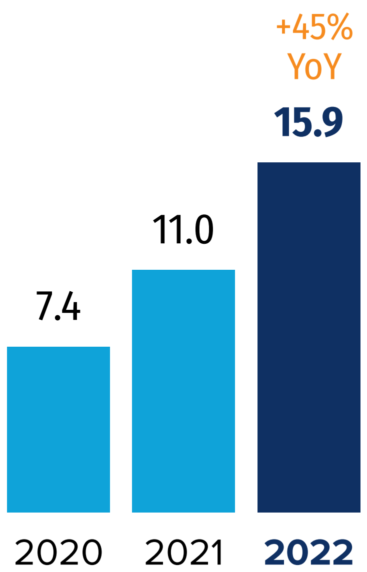
Total Revenues
(in Php Billion)



Consolidated Net Income
(in Php Billion)



Core Net Income
(in Php Billion)



In Php Billion, unless otherwise stated	2022	2021	2020
Consolidated Net Income	**18.4**	11.0	6.5
Core Net Income	**15.9**	11.0	7.4
Total Revenues	**245.3**	174.6	134.4
Earnings Before Interest and Taxes (EBIT)	**30.0**	20.4	14.6
EBITDA	**32.1**	22.6	17.1
EBITDA Margin (in %)	**13.1%**	12.9%	13.2%
Total Assets	**417.2**	397.8	385.0
Total Liabilities	**204.1**	192.7	192.8
Total Equity	**213.0**	205.1	192.2
Total Equity Attributable to Equity Shareholders	**201.7**	194.0	183.3
Earnings per share (in Php)	**82.55**	48.28	27.67
Book Value of Common Shares (in Php)	**883.81**	848.06	798.15
Current Ratio (x)	**1.94**	2.37	1.76
D/E Ratio (x)	**0.71**	0.70	0.76
Return on Average Assets (ROAA) (in %)	**4.51%**	2.81%	1.76%
Return on Average Equity (ROAE) (in %)	**9.28%**	5.82%	3.63%

ESG Highlights

ENVIRONMENTAL

12,593 MWh
of renewable energy consumed

7.97 million tons-CO_2e
of scope 1, 2 and 3 emissions (equity-based)

15%
reduction in scope 1 emissions vs 2021

SOCIAL

38,000+
total employees across the group

45%
females in the workforce

Php 614 million
spent for communities

GOVERNANCE

3
Golden Arrow Award at the 2022 ACGS Golden Arrow Awards, Institute of Corporate Directors

4
Independent Directors, of which 1 is a female Director

Corporate Governance Training
on ESG Issues for GT Capital and Operating Companies' Directors and Officers

ESG Ratings and Awards

SILVER
Asia Integrated Reporting Awards 2022
Asia's Best Integrated Report (First Time)

MSCI
BBB RATING

S&P Global
43 ESG SCORE

MORNINGSTAR SUSTAINALYTICS
LOW RISK

CDP
DISCLOSURE INSIGHT ACTION
C (AWARENESS) RATING ON CLIMATE CHANGE

Chairman's Message and President's Report

FRANCISCO C. SEBASTIAN
Chairman

CARMELO MARIA LUZA BAUTISTA
President

Through the years, the conglomerate has consolidated diverse businesses—each a dominant brand in their respective sectors—and unified them under a cohesive holding company with one strategy, one mission, and one vision.

Dear fellow shareholders,

In 2022, GT Capital Holdings, Inc. commemorated its 10th listing anniversary, a decade wherein the company achieved the milestones it set forth during its initial public offering back in 2012.

GT Capital was created under the vision and leadership of Metropolitan Bank & Trust Company Founder and Group Chairman, Dr. George S.K. Ty. Through the years, the conglomerate has consolidated diverse businesses—each a dominant brand in their respective sectors—and unified them under a cohesive holding company with one strategy, one mission, and one vision. Consequently, the synergy that evolved within the Group allowed GT Capital to create further value for our stakeholders and contribute to nation-building.

This year, GT Capital accelerated its recovery under a more favorable macroeconomic environment.

The Philippine's gross domestic product (GDP) grew by 7.6% in 2022, surpassing both the national government's target of 6.5-7.5% and the previous year's growth of 5.6%. The Philippine economy also outpaced the GDP growth rate of the Southeast Asia region, which is estimated at 5.2% in 2022.

Household consumption expenditure rose by 8.3% in 2022, nearly doubling from 4.2% in 2021. We expect the increase in consumption to be further fueled by a 3.6% growth in overseas Filipino worker remittances and a decreasing unemployment rate. As of year-end 2022, the Philippine unemployment rate dropped to 4.3%, its lowest level since 2005.

In line with the performance of the Philippine economy, our key sectors likewise recovered in 2022. The banking sector saw an increase in borrowing activity as quarantine restrictions were removed and economic activity rebounded, resulting in a loan growth of 13%. Non-performing loans continued its downward trend, reaching its lowest level since the onset of the pandemic.

The banking sector remained resilient, while inflation was tempered by the central bank's adjustments in monetary policy.

In the automotive sector, the continued motorization and resurgence of consumer confidence resulted in improved unit sales for the year. Strong market demand for motor vehicles resulted in a total sales level of 348,200 units, up 24.2% from 280,338 units in 2021.

On the other hand, the property sector benefited from businesses returning to work onsite and the lifting of mobility restrictions in 2022. Federal Land, Inc. launched new residential and commercial projects in partnership with best-in-class property developers, garnering awards and further strengthening and diversifying its offerings.

Expectedly, the infrastructure and utilities sector continued to grow with the construction of various key projects throughout the year, in line with the administration's thrust for building and improving the country's infrastructure. The resumption of economic activity also resulted in increased demand and consumption for power and water during the year.

Over its first decade, GT Capital grew its income from Php 6.6 billion to Php 18.4 billion, an annual compounded growth rate of 11%. Our earnings per share rose from Php 44.50 to Php 85.50 per share, a 92% expansion over ten years. Book value likewise more than doubled from Php 65 billion to Php 213 billion which translates to a book value per share of Php 308 at the time of public listing in 2012 to Php 884 per share as of year end 2022. This equates to an annual growth rate of 11%. Stronger auto sales from Toyota Motor Philippines, successfully launched projects and joint ventures by Federal Land, as well as the noteworthy performance of Metrobank, AXA Philippines, and Metro Pacific all contributed to GT Capital's impressive performance for the past ten years.

Enhancing Sustainability Initiatives

Even prior to the recent trend of sustainability as a key indicator of a company's overall performance, GT Capital had already prioritized this, as stated in its vision: "To be a leading conglomerate, dominant in all sectors invested, most sought strategic partner in the Philippines, as a major contributor to the nation's sustainable development."

Through the significant contributions of its operating companies, GT Capital reinforces its commitment to national development by offering key products and services in banking and finance, automotive, property development, insurance, and infrastructure and utilities to all Filipinos.

To enhance the Group's ESG efforts, GT Capital prioritized United Nations Sustainable Development Goals (UN SDGs) to better align with its strategic focus. GT Capital identified UN SDGs 8 (Decent Work and Economic Growth), 11 (Sustainable Cities and Communities), and 13 (Climate Action) as its priority SDGs in which the Group creates the most impact.

GT Capital continued to adopt the International Integrated Reporting <IR> Framework to better disclose how we contribute to our priority SDGs and create value as a Group. The International Integrated Reporting <IR> Framework was developed by the International Integrated Reporting Council to embed integrated thinking in business reporting practices. Currently, it is used by more than 2,500 businesses globally.

Moving forward, GT Capital's operating companies will continue to drive growth in their respective industries and implement initiatives aligned with best sustainability practices. At the parent level, GT Capital will closely monitor its ESG impact across the Group.

Positioned For Growth Moving Into 2023 And Beyond

Moving into 2023, GT Capital remains optimistic about the continued growth of the Philippine economy, as well as the key sectors we are invested in. Through our sound strategic planning practices and prudent risk management, we intend to capture new growth opportunities as we move forward.

Despite the elevated level of inflation expected this coming year, Metrobank is well prepared to weather any potential headwinds and well capitalized to support the expansion plans of its clients as the economy further recovers. We expect further loan growth, improved margins, stable operating costs, and digital initiatives to drive the Bank's profitability. For the automotive industry, motorization is expected to continue, especially as the Philippines approaches the upper middle-income status threshold. To capture this demand, Toyota Motor Philippines will focus on further expanding its product offerings in high demand segments. In line with Toyota's global electrification strategy, TMP also plans on launching more hybrid variants over the coming years.

It is noteworthy that over the past two years, COVID notwithstanding, Federal Land successfully concluded in 2022 a very significant partnership with one of Japan's largest property companies, Nomura Real Estate. This transaction generated Php16 billion in new capital for us that should fuel the growth of our property business. This landmark transaction is not only a huge vote of confidence for GT Capital and Federal Land, but also a testament to the Philippine growth story, which is attracting significant foreign direct investments. We welcome Nomura Real Estate to our growing list of partnerships with prestigious global companies.

Through our sound strategic planning practices and prudent risk management, we intend to capture new growth opportunities as we move forward.

*Despite the last ten years of robust growth and steady value creation, there are still many opportunities that lie ahead for GT Capital. With the continued support of our best-in-class global strategic partners, we are confident that GT Capital is well **positioned for growth** as we move onto our next decade.*

The insurance industry in the Philippines remains underpenetrated, and we expect AXA Philippines to continue introducing new health and protection products that cater to the evolving needs of Filipinos. Metro Pacific will continue building key infrastructure projects that are essential for the country's development.

As previously mentioned, GT Capital celebrated its 10th anniversary as a Philippine Stock Exchange-listed company in 2022. Over the last ten years, GT Capital has successfully accomplished its mandate of consolidating the diversified businesses within the Group. We have expanded our existing businesses, developed synergies across our various operating companies, and ventured into new high growth sectors. We are proud to say that our operating companies have claimed and maintained dominant positions in their respective sectors. Despite the last ten years of robust growth and steady value creation, there are still many opportunities that lie ahead for GT Capital. With the continued support of our best-in-class global strategic partners, we are confident that GT Capital is well **positioned for growth** as we move onto our next decade.

As we strive towards contributing to a more sustainable future for our nation, we would like to thank our valued stakeholders for your continued trust in GT Capital. Rest assured that in 2023 and beyond, we shall remain focused on fulfilling our mission of being a world-class conglomerate, committed to nation-building and providing the best products and services to the Filipino.

Sincerely yours,

FRANCISCO C. SEBASTIAN
Chairman

CARMELO MARIA LUZA BAUTISTA
President

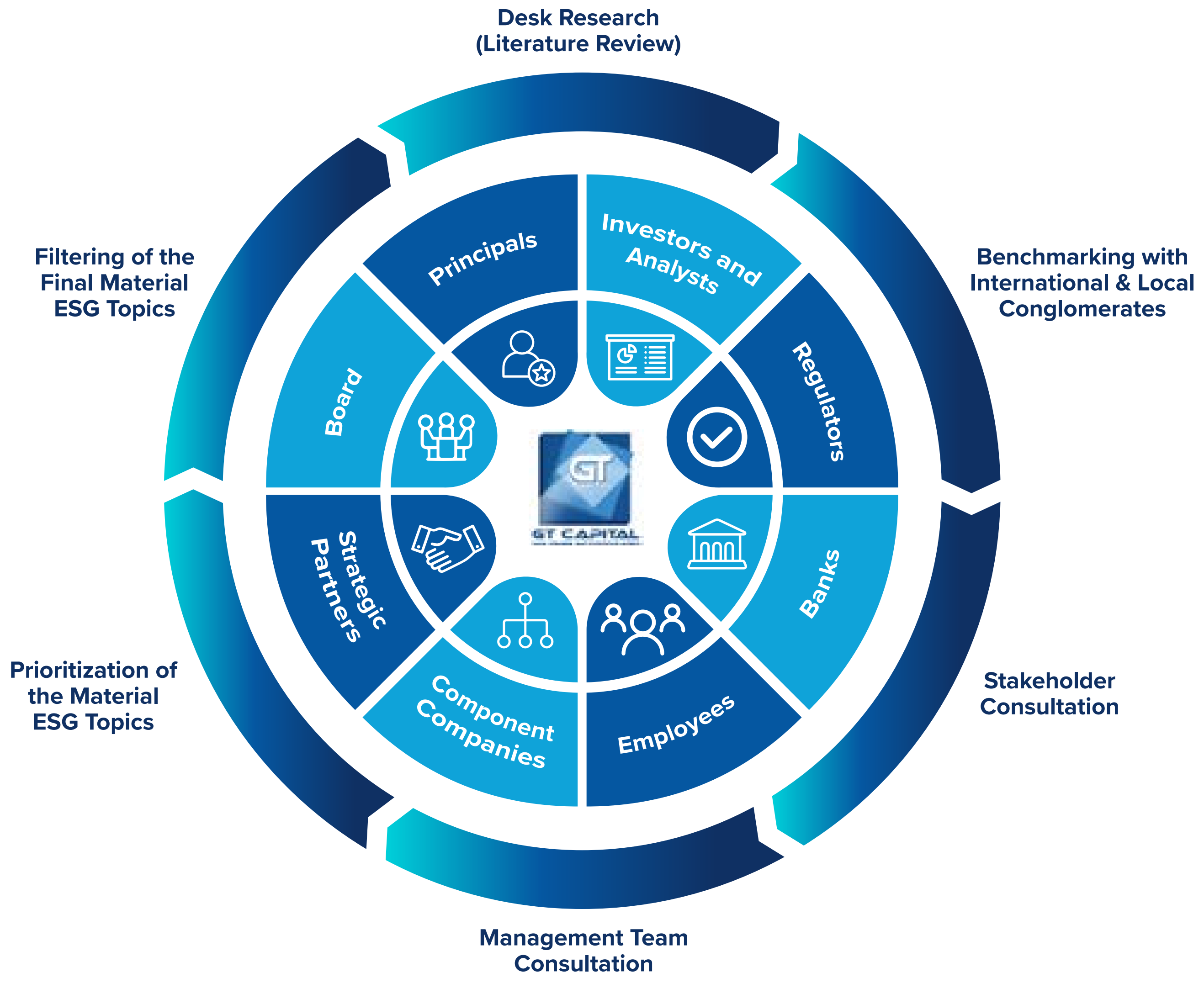
Approach to Materiality

As part of GT Capital Holdings, Inc.'s (GT Capital) commitment to value creation, it proactively assesses the trends that affect its business environment to determine its material issues that inform the company's strategic direction. Thus, for the first Integrated Sustainability Report, GT Capital commissioned the University of Asia and the Pacific - Center for Social Responsibility (UA&P-CSR) to conduct its materiality assessment process.

UA&P-CSR conducted a pioneering approach called the "Quadrilateral Materiality Assessment" which is guided by the <IR> Framework to provide an objective and robust evaluation of the emerging environmental, social, and governance (ESG) topics that are material to the company and its priority stakeholders.

UA&P-CSR facilitated the process by doing the following: a) desk research of sustainability topics that are relevant to international organizations, regulators, investors, industry associations, and academic institutions, b) benchmarking of material topics with its international and local industry peers, c) consultation with GT Capital's priority stakeholders, and d) consultation with the Management Committee.

The process resulted in a total of 25 material ESG topics including three (3) economic, four (4) environmental, twelve (12) social, and six (6) governance.



GRI: 2-29, 3-1, 3-2, 2-26

Material Topics and Impact on Value Creation

Material Topics	Capital: Financial	Capital: Manufactured	Capital: Intellectual	Capital: Human	Capital: Social & Relationship	Capital: Natural	Priority SDGs: 8	Priority SDGs: 11	Priority SDGs: 13	CSR SDGs: 1	CSR SDGs: 3	CSR SDGs: 4
ECONOMIC												
Economic Performance	●	●			●		●					
Indirect Economic Impacts	●	●			●		●	●	●	●	●	●
Sustainable Investing & Stewardship	●		●				●					
ENVIRONMENTAL												
Environmental Compliance		●				●		●	●			
Energy		●				●			●			
Emissions		●			●	●			●			
Climate Action		●				●			●			
SOCIAL												
Employment				●			●			●		
Labor/Management Relations				●			●			●		
Occupational Health & Safety		●		●	●		●				●	
Training & Education				●			●					●
Equality & Diversity				●			●			●		
Non-Discrimination				●			●			●		
Human Rights				●	●		●			●		
Local Communities		●			●	●	●			●	●	●
Supplier Social Assessment		●			●		●					
Marketing & Labeling		●	●		●							
Socioeconomic Compliance		●			●		●			●		
Pandemic					●						●	
GOVERNANCE												
Corporate Governance	●		●	●	●		●					
Board Diversity				●								
Risk Management	●		●				●		●			
Integrity, Ethics, & Transparency			●		●		●	●	●			
Investor Engagement			●		●		●		●			
Data Privacy & Security			●				●					

GRI: 2-26, 2-29, 3-1, 3-2

Stakeholder Engagement

Strong long-term relationships with stakeholders are crucial in enabling GT Capital to fulfill its vision to be a leading conglomerate and a major contributor to the Philippines' sustainable development. To do so, GT Capital engages with its stakeholders to understand and address their needs and concerns, aiming to create positive stakeholder value today and in the future.

Strategy	Concerns	Mode of Engagement
Principals	■ Vision, Mission, and Values ■ Strategic Direction ■ Succession Planning ■ Business and Financial Performance ■ Investment Opportunities ■ Nation Building	■ Executive Committee Meetings ■ Board and Committee Meetings
Board	■ Strategic Decision Making ■ Corporate Governance ■ Appointment of Board Members and Election of Corporate Officers ■ Risk Oversight ■ Audit and Financial Performance ■ Shareholder and Board Reserve Matters	■ Pre-Board, Regular, Special and Organizational Board Meetings ■ Board and Committee Meetings ■ Annual Stockholders Meeting
Investors and Analysts	■ Presentation, Explanation, and Dissemination of the Company's Financial and Operating Performance, Business Model, and Strategy	■ Financial and Operating Results Briefings ■ Domestic and Foreign Investor Conferences and Roadshows ■ One-on-One and Group Investor Meetings ■ Investor Materials ■ Press Releases, Presentations, Speeches, Slides and Integrated Report ■ Annual Stockholders Meeting ■ Special Engagements
Regulators	■ Market Transparency	■ Disclosures & Filings ■ Meetings ■ Governance Hotline
Banks	■ Balance Sheet ■ Debt Management	■ Client Calls ■ Investor Briefings ■ ESG Surveys
Employees	■ Townhalls and Meetings ■ Engagement Surveys ■ Governance Hotline	■ Career Growth ■ Financial Stability ■ Compensation & Benefits
Operating Companies	■ Business Concerns ■ Financial Performance ■ Synergy & Strategic Direction	■ Monthly & Quarterly Meetings
Strategic Partners	■ Existing Business and Financial Performance ■ New Business Opportunities ■ Synergy Initiatives	■ Shareholder, Board and Committee Meetings ■ Shareholder Agreements

GRI: 2-26, 2-29 **SASB:** FN-AC-270a.3

Data Gathering Methodology and Principles Overview

The 25 material topics above reflect the interests and needs of GT Capital Priority Stakeholders. GT Capital requested data from the following operating companies: Metropolitan Bank & Trust Company (Metrobank or the Bank), Philippine AXA Life Insurance Corporation (AXA Philippines), Toyota Motor Philippines Corporation (TMP), Federal Land, Inc. (Federal Land or FLI), and Metro Pacific Investments Corporation (Metro Pacific or MPIC). Where applicable, GRI and SASB Standards relevant to the material topics were used to measure the company's ESG performance.

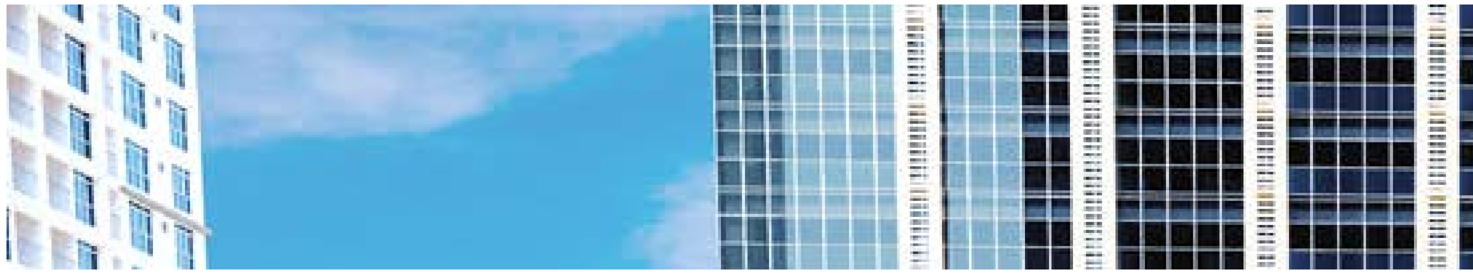
Data across operating companies varied depending on the relevance, availability, applicability, and confidentiality constraints. The operating companies' individual sustainability stages and journeys also affected the availability of information.

This Integrated Report is intended to continue the establishment of a baseline upon which GT Capital can identify opportunities and targets with respect to its sustainability initiatives. Moving forward, GT Capital will:

- Establish areas for improvement on relevant ESG information
- Facilitate capacity building across the operating companies based on their business-specific context and sustainability stage and journey; and
- Work on a roadmap of collecting additional ESG disclosures in alignment with stakeholders' interests and needs

Feature stories on select programs and policies are also provided to give additional substance and context for a better appreciation of the Group's efforts.

On-site external audit of non-financial disclosures with GT Capital, TMP and DNV.



STRATEGIC REPORT

External Environment and Outlook

GT Capital's external environment is the context under which the Group operates. The key macroeconomic, geopolitical, environmental, technological, and societal factors that influenced the external environment of 2022 are as follows:

Economic

Resumption of Economic Activity in the Philippines

Despite the challenges of soaring commodity prices and global geopolitical headwinds, the Philippine economy remained resilient in its growth. The nation maintains its position as one of the region's most rapidly growing economies, mainly due to the enduring strength of personal consumption, persistent remittance inflows, expanding IT-BPO sector and the resurgence of the tourism industry.

The Philippine government projects a 6-7% growth target for the country's economy in 2023. The government cites strong macroeconomic fundamentals, such as increased government spending on infrastructure and social services, strong demand for consumption and investment as contributing factors to this growth. However risks from pandemic, global economic uncertainties, elevated inflation, tightening interest rates could dampen the achievement of the higher end of growth target. The government expects the economy to grow 6.5-8% in 2024 and 2025. Overall, the Philippine economy is fundamentally sound, and three is a good reason to be optimistic in the years ahead. Overall, there are grounds for optimism regarding the Philippine economy's future because it is essentially sound.

Global Banking Turmoil

The consecutive increases in interest rates pose a risk to the stability of the financial system, exerting pressure on banks in the United States (US) and the European Union (EU) while even compelling some of them to undergo restructuring measures in certain cases. According to the Bangko Sentral ng Pilipinas (BSP), this is unlikely to have a substantial impact on the Philippine economy and that local banks have minimal exposure to US banks. The BSP also assured that any potential losses would be manageable, and that the country's financial system is stable enough to withstand any external shocks. The BSP still advises banks to remain vigilant and adopt risk management strategies to mitigate any potential risks.

Opportunities in Expanding Local Markets

Although the financial sector in the Philippines has made considerable strides in increasing the availability of financial products for Filipinos, there remains significant untapped potential for growth. This is evident from the most recent Financial Inclusion Survey conducted by the Bangko Sentral ng Pilipinas (BSP), which reveals that an estimated 34 million Filipinos do not currently have a banking account. On another note, loan growth in the Philippines persists despite the interest rate hikes in 2022 to curb inflation. While these rate hikes may positively impact banks' margins, companies could potentially experience increased costs for refinancing in the upcoming year, which may result in a slowdown in loan growth during 2023. The BSP maintains that interest rate hikes are necessary to maintain price stability and support the economy in the long term.

For the automotive sector, further growth is expected as motor vehicle penetration in the Philippines is still behind its ASEAN counterparts, with only 45 vehicles per 1,000 individuals. Toyota, being the largest automotive company in the country with 73 dealerships nationwide (including Lexus), strives to increase these figures.

For the insurance sector, a vast majority of individuals are currently underserved when it comes to insurance coverage. The insurance penetration rate in the Philippines is approximately 2%, which creates significant opportunities for AXA Philippines, one of the leading insurance companies in the country, to grow organically. Additionally, the health crisis has raised awareness among Filipinos about the advantages of having insurance. According to the latest available BSP Financial Inclusion report, only 16% and 13% of respondents have Life insurance and microinsurance respectively.

Meanwhile in the real estate sector, office take-up is growing as traditional corporate occupiers return, driven by IT-BPM firms, while physical mall spaces are expected to be occupied by an increasing number of local and foreign retailers due to the increasing consumer foot traffic. "Revenge travel" is leading to frequent and extensive touring to compensate for missed opportunities during the pandemic, resulting in remarkable growth in international visitor arrivals and tourism revenue. Employment in the tourism sector is improving, and it is projected to fully recover in 2023, according to the Department of Tourism, indicating optimism for the revival of the tourism industry and further economic activity in the country.

Geopolitical

Geopolitical Conflict

The consecutive increases in interest rates pose a risk to the stability of the financial system, exerting pressure on banks in the United States (US) and the European Union (EU) while even compelling some of them to undergo restructuring measures in certain cases. According to the Bangko Sentral ng Pilipinas (BSP), this is unlikely to have a substantial impact on the Philippine economy and that local banks have minimal exposure to US banks. The BSP also assured that any potential losses would be manageable, and that the country's financial system is stable enough to withstand any external shocks. The BSP still advises banks to remain vigilant and adopt risk management strategies to mitigate any potential risks.

Environmental

Sustainability Trends

With the implementation of new sustainability disclosure standards worldwide, stakeholders will face the task of dealing with the intricate nature and potential hurdles of aligning with these initiatives. Additionally, companies and investors will have to confront the growing risk of environmental, social, and governance (ESG) litigation, including litigation related to sustainability disclosure.

Meanwhile, achieving the goal of limiting global warming to 1.5°C necessitates an extraordinary and unprecedented effort to reduce emissions, which in turn requires companies and governments to be prepared for drastic and immediate changes. The actions of individuals and organizations over the next few years will be crucial in preventing the irreversible consequences of climate change. Higher demand is expected and embedding sustainability into corporate strategies is now a necessity.

Technological

Digital Transformation

The growth prospects for digital transformation are expected to remain strong in the coming years. As businesses continue to realize the benefits of digitalization, they are increasingly investing in digital technologies to streamline their operations, improve customer experiences, and increase their overall competitiveness. The COVID-19 pandemic has accelerated this trend, as businesses have had to rapidly adapt to remote work and online business models. Many companies that were previously hesitant to adopt digital technologies have now realized their importance and are investing heavily in digital transformation initiatives.

Societal

Philippine Development Plan

The newly approved Philippine Development Plan for 2023-2028 is anticipated to drive the country towards achieving upper middle-income status by 2025. The plan goes beyond economic development and encompasses social development (health and education), food & energy security, disaster resilience, digital transformation, employment, and other key areas of focus. It is expected that the improved connectivity both digitally and physically, will be pursued in the coming years. The improved infrastructure and transportation will connect markets, urban and rural areas, which enables the movement of people for various purposes such as employment, business transactions, socialization, and recreation. Boosting tourism through airport expansion can be a catalyst for revitalizing tourism in the Philippines. By upgrading ports and improving maritime safety measures, the movement of goods can be facilitated, thereby promoting trade, and making the country more appealing to potential investments. Another key point is that the Philippines aims to provide investment incentives to attract multinational enterprises. This is in response to the shift in the investment portfolios of foreign investors, who are diversifying from China and relocating in Southeast Asia. Finally, it is highlighted that the partnerships between the government and private sector will deliver greater benefits to the public.

Toyota Assembly Plant, Sta. Rosa, Laguna

Key Risks

The following are GT Capital's identified top risks in order of impact on GT Capital and its likelihood, as well as the capitals and SDGs that are affected by the risk.

Groundbreaking Ceremony for Federal Land's Riverpark North in General Trias, Cavite held on June 30, 2022

1. NATURAL DISASTERS AND CLIMATE RISK

Time Horizon	Risk Score		Source of Risks	Impact	
	Impact	Likelihood		SDGs	Capitals
☑ Short-term ☑ Medium-term ☑ Long-term	High	High	☑ External ☐ Internal ☐ Both External & Internal		Environmental Financial Manufactured Social Human

The risk is defined as the risk of loss arising from the impact of climate risk to the long-term value of the company along with other natural calamities that impact the Philippines quite severely.

The Philippines faces major climate risks due to its location in a disaster-prone region. Rising sea levels and changing rainfall patterns also affect agriculture, infrastructure, and coastal communities. With many Filipinos living and working along the coast and relying on natural resources, the country is particularly vulnerable to severe climate impacts. In the World Risk Index 2022, the Philippines was ranked as the country with the highest risk in the world, based on various factors such as exposure to natural hazards, susceptibility of populations, and resilience of infrastructure and institutions.

The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment described the impact of climate change as a significant strain on agricultural and forestry systems, resulting in detrimental effects on the livelihoods, food security, and nutrition of millions of people, particularly in regions with lower latitudes. Moreover, the current global food system is inadequately addressing the issues of food insecurity and malnutrition while also failing to incorporate environmentally sustainable practices.

Asian Development Bank (ADB) Despite its strong economic performance, the Philippines remains highly susceptible to natural disasters. This is made worse by changing climate patterns and the lack of preparedness and resilience among the population, particularly among those who are poor and lack knowledge and resources. For example, jobs that require intense manual labor tend to be among the lowest paying and also have a higher risk of decreased productivity due to heat stress. Businesses with limited resources are unable to invest in air conditioning, which is becoming increasingly necessary as temperatures continue to rise. Poor farmers and communities have limited access to resources such as local water storage, irrigation infrastructure, and technologies that would allow them to adapt to changing conditions.

Physical assets remain exposed to the increased severity of extreme weather events. This consists of the vast branch network of Metrobank, the manufacturing plant of Toyota at Sta. Rosa, Laguna and the pre-inspection facility Batangas Vehicle Center, the dealership network and the various project real estate developments of Federal Land. Flooding can cause property damage and disrupt transportation routes, leading to labor shortages and supply chain disruptions. Rising temperatures can reduce machinery output, requiring more maintenance and operational time limits. Cooling and ventilation investments may increase energy consumption to maintain safe workplaces. Increasing natural disasters may also lead to more frequent insurance claims, potentially affecting AXA.

To manage and mitigate the risk, the operating companies have well-established business continuity programs which include several components, such as risk assessment, business impact analysis, contingency planning, testing, and training. Location planning remains a big factor and organizations must carefully consider the location of their physical assets. This involves identifying areas that are less vulnerable to climate change impacts and investing in those locations. In contribution to the overall safety of local communities, CSR efforts are directed to mangrove planting to restore damaged ecosystems and protect coastal communities from natural disasters. The group has a climate risk roadmap that covers governance, risk management, and strategy as key pillars for implementation.

Risk Outlook	
	The current trajectory of global emissions is not aligned with the goal of limiting temperature increase to 1.5 degrees Celsius, as outlined in the Paris Agreement. Many countries have committed to achieving net-zero emissions by mid-century, which is a critical step towards limiting global temperature increase, but significant additional efforts are needed to achieve this goal. The Philippines will remain highly vulnerable to the impacts of climate change and is considered to be one of the most at-risk countries in the world. The IPCC has projected that the Philippines will experience increases in temperature, changes in precipitation patterns, and rising sea levels in the coming decades. These changes are likely to exacerbate existing challenges such as water scarcity, food insecurity, and energy insecurity. The outlook for carbon tax varies by country and political context. The Philippines is currently studying the feasibility of implementing a carbon tax to reduce greenhouse gas (GHG) emissions and comply with the Paris Agreement. However, the taxes on carbon are still in the early stages of study by the Department of Finance (DOF).

2. GLOBAL ECONOMIC SLOWDOWN

Time Horizon	Risk Score		Source of Risks	Impact	
	Impact	Likelihood		SDGs	Capitals
☑ Short-term ☑ Medium-term ☐ Long-term	Medium	Medium	☑ External ☐ Internal ☐ Both External & Internal		Financial

The risk is defined as the risk of loss arising from an overall tightening or recessionary economic environment characterized by lower demand for goods, high inflation and elevated interest rates.

Governments and central banks, particularly in the US, Eurozone, and the UK, are facing the challenge of balancing inflation management with avoiding a prolonged recession and protecting citizens from high costs of living while servicing record-high debt. The World Economic Forum's Global Risks Report from last year warned about the emerging risks of inflation, debt, and interest rate rises. Debt crises, failure to stabilize price trajectories, and prolonged economic downturn are among the top 10 risks over the next two years, as ranked by public-sector respondents to the report.

In the Philippines, this has led to price increases for goods and services, making it difficult for consumers to maintain their standard of living. Central banks, worried that high inflation could harm their country's economic growth, raised interest rates aggressively to curb inflation. Businesses were burdened with the rising cost of debt and were challenged to remain profitable amidst a tough economic environment.

A global slowdown can have a cascading effect on the local economy, resulting to lower GDP and reduced consumer confidence affecting GT Capital's business portfolio. The financial sector may experience additional stress as individuals and businesses struggle to repay their loans, leading to higher rates of loan defaults. This can result in significant losses for banks, particularly if they have a large portfolio of risky loans.

Inflation directly impacts the average Filipino's spending pattern making it difficult for customers to purchase discretionary items such as automotive and property. Higher prices and financing costs result in consumers delaying purchases which dampens demand for the operating companies on top of the increased financing cost. Overall business environment becomes more competitive during this period of economic tightening.

To manage and mitigate the risk, GT Capital has taken the following steps:

- Continually exploring new growth opportunities and sectors which can help diversify the business portfolio, and further enhance both profitability and synergy.
- Enable risk mitigating mechanisms such as selective price increases and hedging as options for the operating companies to manage their own risks.
- Ensuring prudent cash management within the group allowing for sufficient reserves acting as a cushion to weather any economic downturns.
- Streamlining any cost saving opportunities which optimizes and simplifies operations.

Risk Outlook

The International Monetary Fund (IMF) released its World Economic Outlook Update in January 2023, which provides an assessment of the global economic situation and short-term prospects. The IMF predicts that the global economy will slow down in the short term, but there are indications of resilience, especially in China, where the economy is beginning to re-open. Global growth is projected to be positive in 2023, slightly lower than the previous forecast due to supply chain disruptions and slower vaccination rollouts in some countries. Inflation is expected to remain elevated in the short term, but should ease as supply chain disruptions are resolved.

The BSP will prioritize the inflation outlook in its monetary policy decisions, rather than relying solely on the decisions of the US Federal Reserve. The governor of the BSP stated that the central bank will continue to monitor economic developments in the country and abroad to guide its monetary policy decisions.

3. SUPPLY CHAIN

Time Horizon	Risk Score		Source of Risks	Impact	
	Impact	Likelihood		SDGs	Capitals
☑ Short-term ☐ Medium-term ☐ Long-term	Medium	Low	☑ External ☐ Internal ☐ Both External & Internal		Financial Manufactured

The risk is defined as the risk of loss arising from disruptions within a supply chain that can adversely affect the flow of goods or services from suppliers to customers. This can include risks related to raw materials, transportation, logistics, labor, regulations, natural disasters, geopolitical events, and other factors that can impact the ability of companies to deliver products or services to their customers.

The pandemic had a significant impact on global supply chains and led to widespread disruptions and shortages of goods and services as countries implemented lockdowns, travel restrictions, and other measures to slow the spread of the virus. The automotive manufacturing industry has faced challenges related to the availability of critical components and raw materials, transportation disruptions, and labor shortages. The pandemic has caused a global shortage of semiconductors, affecting the availability of essential components in many vehicles.

The global supply chain shortage had a significant impact on the auto industry, leading to reduced production and sales of vehicles worldwide. However, the shortage has also led to increased prices of new and used vehicles, leading to higher margins. Dealerships struggled to maintain inventory levels, but margin figures improved. Risks to volume achievement remain to be seen as the strong brand management and sales activities ensured the largest market share in the Philippines. On the other hand, some consumers have been forced to wait longer to receive their new vehicles, while others have opted to purchase used cars instead. This has resulted in a shift in consumer demand, with more people opting for vehicles that are readily available, rather than waiting for specific models.

To manage and mitigate the risk, Toyota has continuously assessed and updated the plans for supplier diversification and contingency to ensure their alignment with the organization's objectives and risk appetite. Establishing rigorous programs for evaluating and monitoring supplier performance to detect and promptly resolve any supply chain problems.

Risk Outlook

The global outlook indicates that supply chain disruptions will ease in 2023 according to Fitch Ratings, leading to an increase in global vehicle production and sales. However, weaker economic conditions in the U.S. and Europe will limit sales especially with the higher interest rates which may dampen overall demand in 2023. Pent-up demand may linger due to the return of some customers that were priced out of the market. Lower commodity prices and easing costs will support profitability.

In the Philippines, the Chamber of Automotive Manufacturers of the Philippines (CAMPI) predicts that the automotive industry will experience significant growth in 2023. The expected growth is attributed to the government's infrastructure projects, which are expected to boost consumer confidence and increase demand for vehicles. Additionally, the gradual recovery of the economy is expected to support the industry's growth.

4. DIGITALIZATION AND CYBER RISK

Time Horizon	Risk Score		Source of Risks	Impact	
	Impact	Likelihood		SDGs	Capitals
☑ Short-term ☑ Medium-term ☐ Long-term	Medium	Low	☑ External ☐ Internal ☐ Both External & Internal		Financial Intellectual Manufactured

The risk is defined as the risk of loss arising from the compromise of information systems. This may potentially result in the disruption of the daily operations and services of the operating company leading to financial losses and damage to reputation and branding.

The pandemic has accelerated digital trends, leading to a rapid increase in global digitalization and interconnectivity. However, this newfound digital existence has given rise to an alarming development - the rising frequency, expense, and severity of cyber incidents that have the potential to disrupt vital services and infrastructure. Unfortunately, this trend is likely to continue, as threat actors gain access to more advanced tools and techniques, which are increasingly available at a low or no cost.

The potential effects of cyber risk can be severe and far-reaching for individuals, businesses, and organizations. Cyber risk can result in various negative consequences, including financial losses, reputational damage, legal liabilities, and operational disruptions. Financial losses can arise from the theft of funds or sensitive financial information, as well as the costs of investigating and remediating a cyber-attack. Reputational damage can occur due to the loss of customer trust, negative media coverage, or public disclosure of sensitive information.

Legal liabilities may arise from data breaches or other cyber incidents that violate data protection laws and regulations. Operational disruptions can result from the loss of access to critical systems and data, causing delays or even complete shutdowns of business operations. Although the group did not experience any significant consequences for the year, they continue to remain watchful in preventing any cyber incidents across all levels of their organization. The group is taking proactive measures to educate and raise awareness among their employees, customers, and vendors to guard against cyber fraud.

Preventing cyber risks requires consistent investment in enhancing IT infrastructures and security measures. To manage and mitigate the risk, the group's strategy involves sharing best practices through ongoing communication and support among companies within the group. Furthermore, the group prioritizes extensive cyber security campaigns, both internally and externally, to mitigate cyber threats and safeguard the interests of customers vulnerable to cyber fraud schemes.

To combat cyber threats in the financial industry, institutions have launched campaigns and education programs for customers. One such effort is "Scam Proof," which is a joint initiative of banks and companies from diverse industries. The online platform provides information on various fraudulent schemes employed by scammers, while promoting security measures to prevent their activities. Users can also share their experiences to warn others and prevent similar cyber traps.

Risk Outlook

According to the latest study of the World Economic Forum (WEF) in partnership with Accenture, numerous institutions are embarking on extensive initiatives to transform their digital landscape. Integrating cutting-edge technology with existing IT infrastructure amplifies the intricacy of their digital environments and, consequently, heightens the cybersecurity hazards faced by these organizations.

Decision-makers find it challenging to strike a balance between the benefits of adopting new technology and the possible escalation in cyber threats to their institutions.

5. PORTFOLIO CONCENTRATION

Time Horizon	Risk Score		Source of Risks	Impact	
	Impact	Likelihood		SDGs	Capitals
☑ Short-term ☑ Medium-term ☐ Long-term	Medium	Low	☐ External ☑ Internal ☐ Both External & Internal		Financial

The risk is defined as the risk of loss arising from business portfolio concentration in certain industries. Potential risks include narrow income growth and tightening liquidity when a certain sector declines.

The group primarily generates its earnings from the financial and auto sectors. The aim is to optimize its investment portfolio by minimizing concentration risks in a particular industry. This is managed to diversify income and reduce susceptibility to any single sector, resulting in higher returns. In addition, most of the companies within the group focus on serving the Philippine market. Therefore, if the country's growth prospects weaken, it's likely that the individual companies' performance will also be affected.

During times of crisis, a concentrated portfolio can increase correlation risks, which in turn can elevate other risks such as market, credit, liquidity, and even regulatory risk. If a particular industry is affected by additional tax regulations, then the negative outlook can be limited to a few companies.

However, no material impact on financials is expected as the two sectors remain strong with Metrobank and Toyota as leading in each of their industries while the portfolio remained resilient during the pandemic providing consistent cash flows.

To manage and mitigate the risk, the company is actively exploring potential acquisitions. Currently, the investment portfolio is heavily concentrated in the banking and automotive sectors, but the company is seeking to boost its real estate income through the development of its land bank and upcoming partnerships with various developers.

The company's key strategy is to partner with best-in-class organizations that can provide expertise, with the objective of expanding the real estate portion of its income in the coming years.

Additionally, the company is aiming to improve its used car business through JBAP and Premium Warranty Services Philippines, Inc. (PWSI), which will help to ensure the investment portfolio's resilience during industry-wide or market-specific contractions. The used car business aligns with the company's mobility partnership strategy and is expected to drive revenue growth and enhance branding efforts. By entering new markets and expanding partnerships, the company aims to benefit from additional revenue streams and new products.

Risk Outlook

In the coming years, the primary drivers for business performance and expansion will continue to revolve around two sectors, leading to steady business performance and growth. In the long-term, the portfolio will gradually shift towards real estate and as well as downstream business expansion in the automotive sector, resulting in a redistribution of net income in the coming years.

Despite the portfolio exposure to these sectors, the current allocation benefits the conglomerate by capitalizing on the reopening economy and boosting all its operating companies' net income. Potential risks may emanate from current events in the global setting struggling with inflation and interest rate management.

Emerging Risks

1. CARBON TRANSITION

In recent years, there has been a growing trend towards increasing sustainability and environmental awareness across various industries and sectors. This trend is driven by a combination of factors, including growing concerns about climate change, resource depletion, and environmental degradation.

As a result, many governments, organizations, and businesses are adopting more stringent sustainability policies and practices to reduce their environmental impact and promote sustainable development. The implementation of the Electric Vehicle Industry Development Act (EVIDA) system is part of the Philippine government's efforts to promote the use of electric vehicles (EVs) and reduce the country's dependence on imported fossil fuels.

Although vehicle electrification offers a promising solution for reducing emissions from vehicles in the country, there is a pressing need to establish the necessary infrastructure to support widespread adoption. In addition, for electrification to be truly effective, it is essential to ensure that the source of energy used to power the vehicles is also clean. Therefore, there is a concerted effort to transition towards greener sources of energy, as the majority of power generation in the country currently relies on coal, which will only partially transition until 2040.

The move to transition will have a significant and long-term impact on the group and the potential shift in customer demand. Significant modifications and substantial investments could be required to facilitate the current manufacturing facility and its associated supply chain to accommodate the transition to electric vehicles. The present suppliers might encounter difficulties in procuring the necessary components for an electric vehicle.

In order to encourage vehicle owners to transition to electric vehicles in the face of significant future changes, substantial investment in infrastructure is necessary. This includes increasing the availability of charging stations both within and outside Metro Manila, as well as addressing the current energy mix of the Philippines, which heavily relies on coal and natural gas. All of these must be addressed in the future, acknowledging that the transition process will take time.

Despite these potential risks, Toyota is taking proactive measures by developing and introducing their hybrid and electric vehicles to the market. Additionally, they are working in collaboration with the government to address the challenges of balancing the need for mobility and the pressing concerns related to the environment.

2. ENERGY SUPPLY

In modern economies, electricity plays a crucial role as a key component in various critical infrastructures, such as transportation, telecommunications, and banking. The continuous supply of electricity is essential for these infrastructures to function properly. However, despite the increasing digitalization and technology adoption, some parts of the population still experience frequent power interruptions, which can significantly impede productivity.

According to the most recent release of the Philippine Energy Plan, there are several obstacles that the country's energy industry must contend with, including heightened energy demands, reliance on foreign fossil fuels, and susceptibility to the effects of natural calamities and climate change. While The Philippines has been experiencing power shortages for several years now, the primary cause of the shortage is the increasing demand for electricity due to the country's growing population and economy, coupled with insufficient investment in the power sector.

The power shortage in the Philippines has led to frequent brownouts or power interruptions, particularly during the summer months when electricity demand is at its highest. The potential impact includes the following:

Energy is a critical input for many industries, and shortages can lead to reduced productivity and output. This can result in lost income, decreased competitiveness, and even layoffs. When energy supplies are limited, prices tend to rise as demand outstrips supply. This can lead to higher prices for fuel, electricity, and other energy-related goods and services, which can have a cascading effect on the overall cost of living.

In extreme cases, energy shortages can lead to blackouts and brownouts, which can have significant consequences for businesses and individuals. Blackouts can result in lost productivity, spoilages, and even safety risks in some cases. In some cases, energy shortages can lead to increased use of polluting energy sources or deforestation to meet energy needs. This can have negative environmental impacts, such as increased GHG emissions, air pollution, and habitat destruction.

To address the power shortage, the Philippine government has implemented various measures, including the construction of new power plants, the use of renewable energy sources such as solar and wind power, and the implementation of energy conservation measures. Despite these efforts, the power shortage remains a significant challenge for the Philippines, and the government continues to work towards finding a sustainable solution to ensure a stable and reliable power supply for the country.

Climate Risk

Cognizant of the physical and transition risks associated with the impacts of climate change, GT Capital continues with its journey of understanding, managing and reporting climate risks and opportunities. The company is working towards aligning with the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD) framework built on four pillars: governance, strategy, risk management, and metrics and targets.

Governance	Strategy	Risk Management	Metrics & Targets
Goals			
■ Establish oversight and role in managing climate-related risks and opportunities at the Board and Senior Management level ■ Continuous training and capacity building on climate-related risks and opportunities for the Board and Senior Management	■ Conduct climate-related scenario analysis for physical and transition risks ■ Identify climate-related risks and opportunities over the short, medium and long term ■ Establish climate mitigation and adaptation strategy	■ Integrate climate risks in GTCAP's enterprise risk management	■ Complete the baseline scope 1, 2 and 3 emissions across the group ■ Establish targets in line with decarbonization strategy ■ Disclose climate-related performance, metrics and targets
Progress as of 2022 and Next Steps			
■ Climate Risk Roadmap approved by the Risk Oversight Committee ■ Continuous capacity building across all members of the organization from the Board to Senior Management to key implementation teams ■ 2 climate risk briefings and 1 energy sector briefing included operating company executives ■ 3 out of 3 passers of the Global Association for Risk Professionals (GARP) Sustainability & Climate Risk international certification exam	■ The Board approved the Responsible Investment Policy to articulate principles surrounding investment decisions by ensuring ESG factors are considered for better risk management and sustainable long-term returns.	■ Climate risk assessments embedded in investment assessment process	■ Public disclosures consolidates emission data from operating companies and prepared in accordance with the equity approach of the GHG Protocol Corporate Accounting and Reporting Standard ■ Rated “C” on the first participation in the Carbon Disclosure Project corporate disclosure on climate change

Business Strategy

Strategy	Capitals	Strategic Objectives	KPIs and Targets
Enhance synergies	Intellectual Human Social & Relationship	■ Identify cross-selling opportunities within the Group and engage with operating companies to establish such connections ■ Measure the wallet sizes of the business ■ Consolidate synergy wish lists ■ Limit leakages from transactions ■ Maximize cross-selling within the GT Capital ecosystem ■ Link existing digital platforms of operating companies	■ Increase penetration within operating companies ■ Lower leakage ■ Higher sales
Explore new sectors	Financial Intellectual Human Social and Relationship	■ Invest in new businesses that are in underpenetrated sectors, give the potential to establish market dominance with a strategic partner, and provide synergy opportunities with existing operating companies	■ Higher customer base ■ Higher sales volume ■ Higher customer retention
Expand existing sectors	Financial Intellectual Manufactured Human Social and Relationship Natural	■ Continue growing existing businesses under the GT Capital Group ■ Grow operating companies organically	■ Return on Equity ■ Internal Rate of Return ■ Earnings Per Share accretion ■ Return on Investment ■ Net Income Targets ■ Number of new business partnerships established

Metro Pacific Investments Corporation and Carmen's Best Business Partnership


Federal Land NRE Global, Inc. Media Launch Event


Palm Beach West - Misibis Tower Ceremonial Opening

CONTRIBUTION TO THE UN SDGs

The United Nations Sustainable Development Goals are a global thrust toward achieving social, economic, and environmental sustainability. The 17 SDGs, each with their own targets for measuring progress, cover the areas of people, planet, prosperity, peace, and partnership. To achieve these Goals, nations and organizations around the world are called to commit themselves to the cause by aligning their actions with the UN SDGs.

Collective action and partnerships are crucial to making sustainable development happen. The private sector, and thus business, has a significant role to play in this regard. Innovation, economic stimulation, and opportunities for collaboration are only some of the capabilities that businesses can contribute to the UN SDGs.

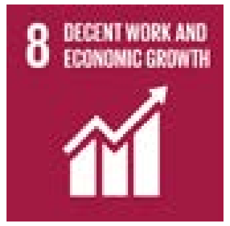
Sustainable development is integral to GT Capital. Cognizant of its responsibility toward creating value for society through business excellence, the company identified three priority SDGs and three second-tier SDGs in 2021. The Goals were selected through an integrated approach and are based on GT Capital's operating companies' strengths, where their capitals are invested, where they are making meaningful contributions, and the Group's strategic direction.

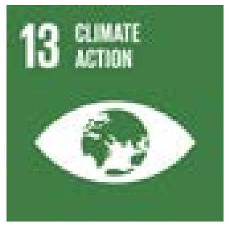
Priority SDGs

SDGs where our business portfolio create the most meaningful impacts to Philippine sustainable development.

CSR SDGs

SDGs that are impacted by our corporate social responsibility programs.





Operating Companies' SDGs

Metrobank

As one of the countries most trusted banks, Metrobank's services spur economic growth and impart financial education, while its social responsibility programs hone in on addressing poverty and food insecurity.

1 NO POVERTY · 2 ZERO HUNGER · 4 QUALITY EDUCATION · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

TOYOTA

A leader in the Philippine automotive industry, TMP contributes to national development by caring for the welfare of its Team Members, innovating its products with the environment in mind, and enhancing technical education.

3 GOOD HEALTH AND WELL-BEING · 4 QUALITY EDUCATION · 8 DECENT WORK AND ECONOMIC GROWTH · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION

FEDERAL LAND

GT Capital Holdings

Federal Land aims to create sustainable cities and residences that adopt green technologies while providing communities with a holistic lifestyle through world-class features and design.

8 DECENT WORK AND ECONOMIC GROWTH · 11 SUSTAINABLE CITIES AND COMMUNITIES

AXA

AXA Philippines empowers its customers with its broad range of health products and insurance, while keeping inclusivity at the forefront of its social responsibility initiatives and policies.

1 NO POVERTY · 3 GOOD HEALTH AND WELL-BEING · 5 GENDER EQUALITY · 7 AFFORDABLE AND CLEAN ENERGY · 10 REDUCED INEQUALITIES · 13 CLIMATE ACTION · 14 LIFE BELOW WATER · 15 LIFE ON LAND

METRO PACIFIC INVESTMENTS

By building essential public infrastructure, MPIC enables efficiency in mobility and utilities, serving consumers around the country.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 11 SUSTAINABLE CITIES AND COMMUNITIES

VALUE CREATION

Our Value Creation Model

GRI: 2-6, 2-22, 3-3

EXTERNAL ENVIRONMENT: MACROECONOMY | DIGITAL ECONOMY | CLIMATE RISKS

INPUT

FINANCIAL CAPITAL

Strong balance sheet (Php Billion)
- Equity – 213.0
- Retained Earnings – 106.5
- Liabilities – 204.1

Access to debt supported by capital allocation strategy
- Debt-to-Equity Ratio – 0.71

MANUFACTURED CAPITAL

Strong nation-wide footprint

Banking
- Over 940 branches; Over 2,300 consolidated ATMs

Auto
- 73 Dealers; 82-hectare Toyota
- Manufacturing Plant; Batangas Vehicle Center

Insurance
- More than 50 Life and Non-Life Branches

Infrastructure
- 19,000+ km of electricity distribution lines; 1,100+ lane-km of existing toll road; 7,000+ km of water distribution pipes water services

Property & Estates
- New project launches: Aki Tower and MITSUKOSHI BGC

INTELLECTUAL CAPITAL

Best-in-Class Strategic Partners
- 14 global strategic partners from Japan, France, US and Hong Kong

Continuous ESG Integration into Business Strategy
- Approval of the Responsible Investment Policy
- Adoption of the International Integrated Reporting <IR> Framework

Strong organizational capital focused on strengthening knowledge, systems, procedures and protocols
- Initiatives in place for digital solutions; marketing and labeling; customer welfare and safety; data privacy and security; integrity, ethics and transparency

Expertise in Philippine business, economic landscape, and key industries

Banking
- A leading universal bank providing corporate and consumer banking products and services

Auto
- The largest automotive company in the country with a wide array of vehicle models and robust sales distribution and service network

Insurance
- One of the top five insurers both in life and general insurance

Infrastructure
- One of the largest infrastructure company with investments infrastructure development, operational efficiency, and service delivery

Property & Estates
- One of the leading developers with pipelined projects all over the country

HUMAN CAPITAL

Best-in-Class Talents
- 38,000+ employees

Policies supporting diversity and equality

Corporate culture focused on employee development, welfare, well-being and health and safety
- Employee training and development programs
- Compensation, benefits and employee engagement programs

SOCIAL & RELATIONSHIP CAPITAL

Strong long-term relationships with investors, partners, customers, communities, banks, and government

Foundations for CSR Initiatives

Metrobank Foundation
- CSR programs on education, livelihood, health, arts and calamity assistance

GT Foundation
- Bags of Blessing program

Toyota Motor Philippines Foundation
- CSR programs on education, health, and community service

GTCAP Purple Hearts Club
- CSR programs on nutrition and education

NATURAL CAPITAL

- 72.7 million MWh of energy consumed (group-wide)
- 12,593 MWh of energy consumed from renewable sources (group-wide)
- 702-hectare land bank in General Trias, Cavite
- 100-hectare land bank in Metro Manila and Cebu
- Adoption and support of forests and conservation areas by TMP and MPIC

VISION

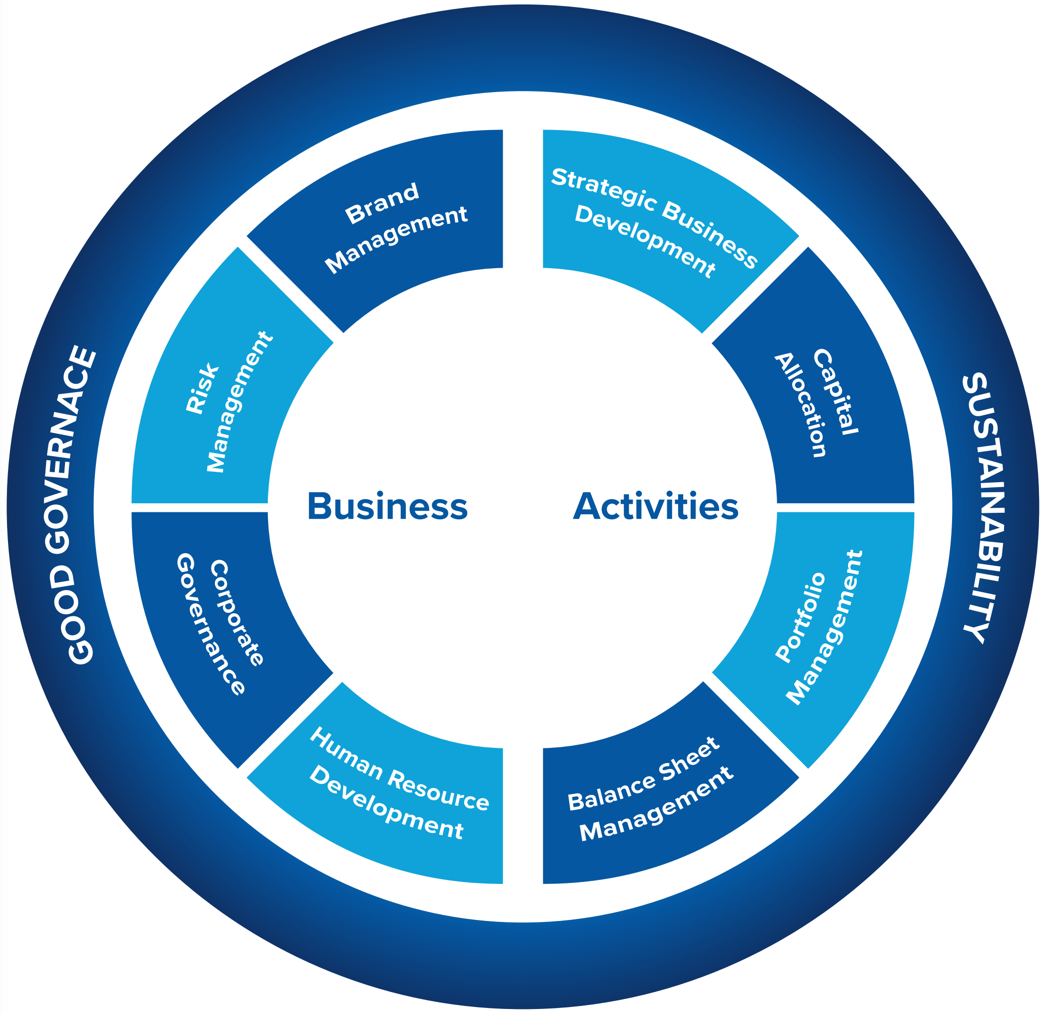
To be a leading conglomerate, dominant in all sectors invested, most sought strategic partner in the Philippines, as a major contributor to the nation's sustainable development.

MISSION

To ensure long-term value for our stakeholders by creating a synergistic business portfolio contributing to our nation's sustainable development.

CORE VALUES

- Integrity
- Excellence
- Respect
- Sustainable Value Creation



RISKS

- Prolonged economic effect of the pandemic
- Accelerated digitization and cyber risks
- Disruptions in the supply chain Sector concentration in the
- investment portfolio Vulnerabilities to climate risk

OPPORTUNITIES

- Customer-driven digitization
- Growth in new sectors
- Sustainability

STRATEGY & RESOURCE ALLOCATION

- Synergy
- Expansion in existing sectors
- New Sectors: Strategic partnership

PERFORMANCE

- Revenues
- Return on average equity
- Number of new businesses/ partnerships established

OUTLOOK

- Reasonably optimistic economic outlook
- Reasonably optimistic outlook on operating companies

OUTPUT

FINANCIAL CAPITAL

Strong balance sheet (Php Billion)
- Total Revenues / Economic value generated – 245.3
- Consolidated Net Income – 18.4
- Share price (as of end-2022) - 435.00
- Return on Average Equity – 9.28%
- 10-year CAGR (net income) – 10.8%
- Taxes paid by GTCAP – 4.5
- Taxes paid by operating companies – 42.9

MANUFACTURED CAPITAL

Strong nation-wide footprint

Banking
- More than 4 million customers served

Auto
- 174,106 vehicles sold and 50% market share in 2022
- More than 2 million vehicles sold since operations started in 1988

Insurance
- Close to 2 million customers insured

Infrastructure
- 48,000+ Gigawatt hours of energy sold
- 570,000+ average daily vehicle entries in tollroads
- 1.5+ million customers provided with potable water

Property & Estates
- Japanese-inspired residential tower and the first Japanese-inspired mall in the Philippines

INTELLECTUAL CAPITAL

Best-in-Class Strategic Partners
- New Business Ventures: JBA, Premium Warranty; and Federal Land NRE Global, Inc. (FNG)

Continuous ESG Integration into Business Strategy
- Improvement in ESG ratings: Low risk in Sustainalytics, BBB in MSCI, +5 point increase in S&P ESG rating, C in Carbon Disclosure Project
- Silver Award, 2022 Asia Integrated Reporting Awards
- Triple Arrow, ASEAN Corporate Governance Awards

Expertise in Philippine business, economic landscape, and key industries

Banking
- Bank of the Year in the Philippines by The Banker
- Best Bank in the Philippines by Euromoney

Auto
- Philippine Quality Award (PQA) for Performance Excellence
- 50% Market Share and Triple Crown for 21 years in 2021
- 9 new models launched; 2 new hybrid electric vehicle (HEV) models

Insurance
- "Company of the Year, Life Insurance (Philippines)" at the Asset Asian Awards (Triple A Awards)

Infrastructure
- Finance for the Future Winner at the 10th Finance for the Future Awards

Property & Estates
- Joint venture with Nomura Real Estate: Federal Land NRE Global, Inc (FNG)

HUMAN CAPITAL

Best-in-Class Talents
- Php 34.2 Bn spent for employee compensation (group-wide)

Policies supporting diversity and equality
- 45% of employees are women
- 55% of employees are "30 to 50 years" of age

Corporate culture focused on employee development, welfare, well-being and health and safety
- 365,000+ total training hours (group-wide)
- 40 hours training on average per employee (GTCAP Parent)

SOCIAL & RELATIONSHIP CAPITAL

Strong long-term relationships with investors, partners, customers, communities, banks, and government
- Php 614 Mn spent for community investments (group-wide)

Foundations for CSR Initiatives

Metrobank Foundation
- 107,551 individuals assisted through Financial and In-kind Grant Assistance Program
- 167 scholar-graduates and 139 current technical vocational scholars supported by Metrobank Foundation's Scholarship Program

GT Foundation
- 98,000 families served since 2011

Toyota Motor Philippines Foundation
- Pulong Sta. Cruz Elementary School (PSCES) faculty and staff provided with health assistance under the Adopt-A-School program
- 34 patient-beneficiaries provided with free surgeries under the annual Medical-Surgical Outreach Program (MSOP)

GTCAP Purple Hearts Club
- Served nutritious meals to 75 children for 4-5 days/week for 6 months

NATURAL CAPITAL

- 1.81 million tons-CO_2e scope 1 and 2 emissions
- 6.16 million tons-CO_2e scope 3 emissions
- Php 94 million in total invested by TMP for solar array project
- 26,800 tree seedlings and mangrove propagules planted in Batangas and Laguna by TMP
- Financial support and specialized interventions for the conservation of Tubbataha Reefs Natural Park by MPIC

OUTCOMES

VALUE CREATED TO STAKEHOLDERS

Principals, Board, Investors, Strategic Partners, and Banks

Positive returns from their investments through dividends, ability to pay short-term and long-term commitments, and the company's sustainable growth

Employees

Good compensation, focus on employee well-being and opportunities for professional development and growth

Operating Companies

Access to capital markets, clear business direction, synergy opportunities and competitive advantage from strategic partnerships

Regulators

Transparency, adherence to regulations and contribution to national goals

UN SDGs

Priority SDGs

CSR SDGs

VALUE CREATION AND PRESERVATION OVER TIME

Investing in the Future

GT Capital's Commitment to Sustainable Investing and Stewardship

Value creation lies at the heart of GT Capital's investment decisions. Since its inception, the holding company has brought together and consolidated businesses that have shown their strengths in maintaining optimal financial performance while providing for the needs of stakeholders.

In doing so, GT Capital has made the commitment to manage its capital responsibly, aiming to create long-term value and uncompromising stewardship over its various resources and communities. This goal of contributing to the nation's sustainable development is espoused through GT Capital's vision, mission, and values.

The company institutionalizes its commitment to sustainable ESG practices through its Responsible Investment Policy. The policy outlines the specific considerations that guide GT Capital's investment decisions, which should be in line with its sustainability commitments. By taking ESG factors into account, GT Capital can better manage its risks and grow its capacity for generating sustainable long-term returns.

The Responsible Investment Policy can be viewed and accessed in this link. The policy is located under the Policies, Governance webpage in the GT Capital website.

Five commitments on Responsible Investment Principles

Commitment to Shareholders

GT Capital aims to protect the long-term interest of its shareholders by ensuring sustainable investments towards sustainable returns.

Commitment to Integrate ESG factors in the investment process

GT Capital shall integrate ESG principles in the investment analysis and strategic decision-making.

Commitment to engage with our operating companies on ESG

GT Capital endeavors to jointly create a more sustainable economy towards the achievement of each operating company's ESG goals. We also acknowledge that we are collectively part of an ongoing ESG journey.

Commitment to relevant, reliable, and transparent ESG disclosures for our stakeholders and investors

GT Capital adopts global sustainability reporting frameworks in its annual sustainability report. It aspires to emulate best practices in achieving relevant, reliable, and transparent ESG disclosures.

Commitment to exclusion based on the company's activities

GT Capital will refrain from investing directly in companies or entities whose products or activities are harmful or exploitative.


AXA Philippines recognized for protecting MSMEs

Yuka Saso visits MITSUKOSHI BGC


Training of Trainers program at TMP School of Technology in Santa Rosa, Laguna

GRI: 2-22 **SASB:** FN-AC-410a.2

Financial Capital

As a holding firm, the company maintains a healthy financial position, equipped with a strong balance sheet, consistent operational cash flow, and a capital allocation strategy that supports reliable access to debt. These allow GT Capital to remain resilient in challenging environments and capable of accelerating growth when opportunities arise.

Economic Performance

GT Capital's economic impacts are determined by its financial performance and the annual budgets of its operating companies. Thus, in managing its financial position and resources, GT Capital is assisted by independent third parties such as investment consultants, actuarial professionals, and auditors. The company's Finance and Accounting group are primarily in charge of monitoring financial performance.

As it improves its financial performance, GT Capital also aims to create more value for its stakeholders along its operating companies' value chains.

The company's investment decision-making process involves alignment with its core values and ultimately point toward its goal of sustainable development. Additionally, its investments are also decided upon based on determined investment criteria, the company's risk appetite, and its aforementioned responsible investment policy. The Finance and Accounting group holds monthly meetings, annual planning, and creates checklists of reportorial items for managing performance.

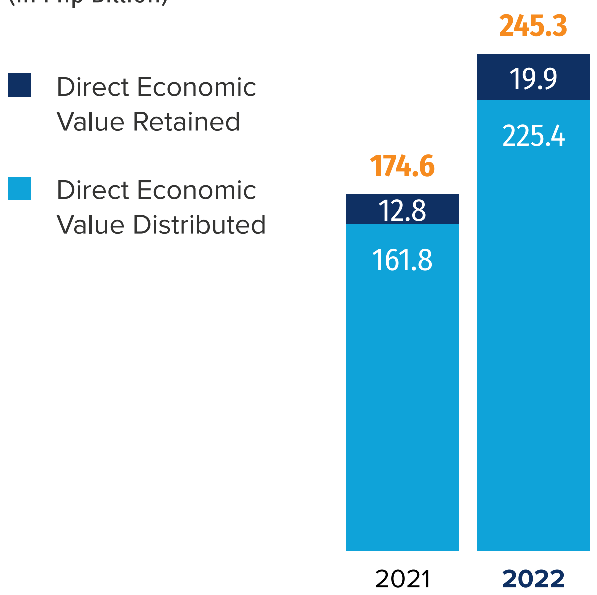
GT Capital generated Php 245.3 billion in economic value in 2022, a 40% increase from 2021 levels. Economic value distributed rose by 39%, with Php 225.4 billion paid to employees, suppliers, shareholders, communities, and the government.

During the year, GT Capital paid Php 4.45 billion for taxes, while its operating companies paid a total of Php 42.9 billion. TMP, being the largest automotive company in the Philippines, was recognized as one of the country's top taxpayers, remitting Php 34.6 billion in duties and taxes.

GT Capital's net income in 2022 grew by 67%, reaching Php 18.4 billion from Php 11.0 billion in the previous year. The conglomerate's core net income increased 45% to Php 15.9 billion last year from Php 11.0 billion in 2021. This strong growth can be attributed to net income contributions from Metrobank at Php 32.8 billion, TMP at Php 5.7 billion, Federal Land at Php 4.5 billion, and AXA Philippines at Php 2.5 billion. GT Capital associate Metro Pacific also supported the positive performance during the period with a 15% increase in core net income to Php 14.2 billion.

GT Capital's Economic Performance

(in Php Billion)



Economic Performance

(in Php Billion)

	GTCAP	Metrobank	TMP	Federal Land	AXA	MPIC
Direct Economic Value Generated	245.31	104.80	181.16	13.45	16.25	50.88
Direct Economic Value Distributed	225.45	83.94	206.95	6.28	14.22	31.55
Direct Economic Value Retained	19.86	20.86	-25.79	7.17	2.03	19.33

**Unaudited figures as of April 2023*

GT Capital's Economic Value Distribution

(in Php Million)

	2022	2021
Operating Costs	197,334	138,848
Employee Wages and Benefits	3,441	2,973
Payments to Suppliers, Other Operating Costs	11,840	8,957*
Payment to Providers of Capital	8,379	7,505
Payments to Government	4,450	3,519*
Community Investments	4	10

**Restated due to reclassification of Taxes & Licenses cost.*

Manufactured Capital

GT Capital has solidified its nationwide presence in the form of its manufactured capital, with its operating companies' facilities, properties, and services spanning strategic locations in the Philippines.

Serving its clients through its thrust of financial inclusivity, Metrobank's nationwide footprint covers over 940 branches and 2,300 ATMs in the Philippines as well as an international service. Its banking network is present in some of the country's poorest provinces, providing these underdeveloped areas with access to financial services. At the same time, Metrobank caters to overseas Filipinos through over 30 foreign branches, subsidiaries, and representative offices.

In the automotive industry, TMP exerts its position as one of the country's leading businesses with a total of 73 dealerships throughout the Philippines and its head office and assembly plant located in the 82-hectare Toyota Special Economic Zone in Laguna. TMP's logistics hub, the Batangas Vehicle Center, is strategically located near the Port of Batangas.

With the growing need for affordable insurance, AXA Philippines continued to grow its services, reaching over 7,000 financial advisors across its more than 40 branches. Additionally, the company leverages its synergy with Metrobank by extending its 4,000 financial executives across Metrobank and PSBank branches in the Philippines.

Grand Hyatt Manila, BGC

940+
Metrobank Branches

30
Foreign Branches and Subsidiaries

2,300+
ATMs

73
Toyota Dealerships

50
AXA Branches

Automotive Manufacturing

Accelerating manufacturing capacities

As part of its commitment to elevating Philippine automotive industry standards, TMP is a participant of the Philippine government's Comprehensive Automotive Resurgence Strategy (CARS) Program. The program's goal is to invigorate and build a competitive automotive industry within the ASEAN region.

TMP's sphere of impact extends beyond itself–through its business activities, it contributes to the advancement of the Philippine automotive industry, development of local economies, and the elevation of standards in terms of product and service.

Under CARS, TMP's commitment is to manufacture 200,000 Vios units. As of 2022, TMP has reached its 140,000-unit mark and has invested Php 5.58 billion in in-house and out-house parts production.

Manufactured to meet global standards of safety

Toyota is a global automotive brand marked by its adherence to the highest standards of safety and quality across its vehicle models.

The Toyota Quality Management (TQM) System was developed by the company and is strictly followed by all of Toyota's affiliates and manufactures across the globe, including TMP.

Beyond staying true to Toyota's principles of customer first, *kaizen* (continuous improvement), and total participation, TMP also carries out its manufacturing in accordance with the Philippine National Standards and ASEAN New Car Assessment Program (NCAP), the latter of which follows European Standards for testing and safety ratings. Out of TMP's product line-up, there are 11 Toyota models that have ASEAN NCAP rating.

TMP is an active member of the Chamber of Automotive Manufacturers of the Philippines or CAMPI, the leading automotive industry association in the Philippines representing 14 global vehicle brands. CAMPI actively participates in the formulation of government policies, programs, regulations, and standards for the Philippine automotive industry.

Dealerships are also held to the same standards, with 66 out of 73 of TMP's Toyota and Lexus dealers having obtained Bagwis Accreditation from the Department of Trade and Industry. The Bagwis Accreditation program qualifies establishments and firms that comply with Fair Trade Laws, promoting practices that uphold business ethics, self-regulation, and service excellence.

Consumers have become more conscious of green products and services. In response, TMP grew its roster of hybrid electric vehicles (HEVs) to include the Rav4 Hybrid and Corolla Altis GR-S Hybrid for Toyota models and NX 350h, NX 350h Premier, UX 250h Premier, UX 250h F Sport, ES 300h Luxury for Lexus models. These HEVs can alternate its power source from a gasoline engine to a hybrid battery, ultimately contributing to fuel efficiency and lower emissions.

TMP plans to further expand its line-up of Toyota and Lexus electrified vehicles in the future.

Property Development

Building world-class estates with global brands

Federal Land, Inc. signed a joint venture agreement with Japanese property developer Nomura Real Estate Development Co., Ltd to create a new company Federal Land NRE Global, Inc.

The strategic alliance will have a capital investment of approximately Php 47 billion, 34% of which is from Nomura Real Estate. The new company aims to deliver unparalleled excellence by developing a new urban lifestyle, creating value, and sustainable growth.

Its initial projects will develop a total area of about 219 hectares in Metro Manila, Cavite, and Cebu. These include an initial pipeline of residential, office, commercial and industrial facilities. The company creates at least 6,000 job opportunities within the first five years of operations, such as administrative, engineering, and construction-related roles.

Apart from this, Federal Land, together with its partners Nomura Real Estate Development Co., Ltd. and Isetan Mitsukoshi Holdings, Ltd. launched Aki Tower, the third residential tower of The Seasons Residences, in February 2022. Aki Tower is patterned after Japan's evocative autumn season, discerning homeowners can expect meticulously designed facilities and living spaces to channel one's creativity.

In June 2022, co-developers Federal Land, SM Prime Holdings, and SMDC held a ground breaking ceremony to inaugurate the 100-hectare Phase 1 of Riverpark North. Riverpark is Federal Land's 576-hectare large-scale, mixed-use, and masterplanned urban community in General Trias, Cavite.

Federal Land also expanded its retail portfolio with the soft opening of the highly anticipated MITSUKOSHI BGC in November 2022. The first of its kind in the country, the high-end mall fuses time-honored Japanese traditions and design principles with Filipino sensibilities meant to elevate the shopping experience. The concept presents high-quality lifestyles and experiences through a curated mix of well-renowned local and international retailers, a dedicated Japanese grocer, a specialty beauty store, and a host of well-loved brands from Japan.

The Seasons Residences, BGC

Public Infrastructure

Sustainable public infrastructure

In June 2022, Maynilad launched its New Water project—the first among water companies in the Philippines to recycle used water for human consumption while meeting stringent global standards. It supplements Maynilad's aim of expanding alternative water sources to better augment supplies in times of shortage.

Under the project, Maynilad built a Php 450 million modular treatment plant (ModTP) that will collect and convert treated water from the Paranaque Water Reclamation Facility into potable water. The ModTP is expected to yield 10 million liters per day and will be conveyed to the barangays of San Isidro and San Dionisio in Parañaque City.

Metro Pacific stimulates economic growth outside of the metro by constructing toll roads, decentralizing economic activity. The Cebu-Cordova Link Expressway (CCLEX) is an 8.9-kilometer bridge that connects Mainland Cebu to the Municipality of Cordova in Mactan Island, which is expected to ease trade and commerce and decongest traffic in the province.

CCLEX embodies Metro Pacific's commitment to development that does not compromise the health of the environment. The expressway was designed to protect the dominant 278-kilometer mangrove forests, which are spawning grounds for fish. CCLEX was also built with additional clearance to allow local fisherfolk and their boats to continue to have access to their traditional fishing grounds.

Metro Pacific also began the operation of several toll road extensions that connect its existing Network. It completed the CAVITEX C5 Link Flyover Extension (Segment 3A2: Merville to E. Rodriguez). This new 1.6-kilometer segment of CAVITEX C5 Link which connects to the operational 2.2 km flyover provides convenient access and improved travel time for motorists bound to C5 Road in Taguig from Merville, Paranaque, and vice versa.

Intellectual Capital

GT Capital's strengths lie in its thorough knowledge of the Philippine business landscape, including the key industries it operates in, and its culture of constantly building the capacity and capabilities of its workforce. For these reasons, GT Capital has become the top partner of global brands in pursuing joint ventures within the Philippines, with 14 global strategic partners from Japan, France, US and Hong Kong.

GT Capital practices consistent adherence to ethical and moral values under all circumstances both from an institutional and individual basis.

Such values are embedded in its corporate culture, which enable the organization to enhance the quality of its intellectual capital.

As a demonstration of its commitment to continuously integrate ESG into its business strategy, the company is guided by its Responsible Investment Policy and aligns with integrated thinking through the International Integrated Reporting <IR> framework. GT Capital and its operating companies also work on strengthening knowledge, systems, procedures and protocols for its organizational capital.

GRI: 2-27

Digital Solutions

Ramping up financial inclusivity

Digitalization has allowed Metrobank to not only automate its banking operations, but also make progress on its commitment to financial inclusivity. Its primary platforms for its digital services include Metrobank Online and its mobile banking applications.

A new Metrobank App, linked to the Metrobank Online service, allows the company's clients to make their banking transactions directly online. This includes money transfer through debit and credit, bills payment, and the availment of credit card installments through Cash2Go, Balance Transfer, and Balance Conversion.

The Cash PickUp feature of the mobile app lets clients send up to Php 30,000 across 10,200 of Metrobank's partner outlets, widening the reach of the bank's services. An online onboarding platform was also launched in November 2022 for individuals who wish to apply for credit cards and personal loans.

The Metrobank Wealth Manager feature of Metrobank Online is an investment facility where clients can better manage their investments. It gives clients access to their outstanding treasury portfolio, shows additional investment options, and serves as a platform for requesting calls with an Investment Specialist.

Since the launch of its digital banking platforms, Metrobank has witnessed an increase in transaction value and use of its digital apps even after the end of quarantine restrictions.

Keeping clients in the know

Metrobank strives to be not only a bank with reliable financial services, but one that creates more value for its clients through financial education. With the growing acknowledgement of digital or e-learning, Metrobank gained the opportunity to introduce more knowledge platforms for its clients.

The Moneybility e-book is a dynamic application that contains a number of features with financial information that evolves and is updated regularly. Users can choose to read through up-to-date articles or test their knowledge through quizzes. Furthermore, Moneybility has its own money tracker and calculator for the convenient use of Metrobank's clients.

Another free online portal is available for Metrobank's high net worth clients—Wealth Insights. Finance experts from Metrobank and independent third-party research providers contribute a the plethora of information on investment ideas, insights on wealth management, and updates on the market which are all consolidated on the Wealth Insights platform for easy access.

29% growth
in transaction value

27% increase
in mobile app downloads

32.2% of retail clients
onboarded to digital
channels by end-of-year

Marketing and Labeling

TMP protects its image as a world-renowned brand by standing by responsible marketing and advertising principles of truthfulness and integrity.

TMP's different internal departments work toward uniformity in their advertising materials to verify the accuracy of their product information and imagery to ensure that they are able to faithfully meet customer expectations. Periodic training among its authorized dealers' advertising and marketing departments ensures that its branding and communication guidelines are consistently followed. It also monitors its social media presence through its marketing services, dealer development, and sales training teams.

Metrobank maintains the trust of its clients and allows them to make informed decisions by following all regulations of entities such as the Bangko Sentral ng Pilipinas, Philippine Deposit Insurance Corporation, the Securities and Exchange Commission (SEC), the Department of Trade and Industry (DTI), and BancNet with regards to disclosing information about its financial services and products.

Its promotional and brand materials, statements, and disclaimers are all presented in compliance with marketing and labeling requirements, and are done so in a manner that is clear and concise. Both print and digital communications are in adherence with the aforementioned regulatory bodies including the Intellectual Property Office.

Customer Welfare and Safety

Federal Land places its resident and tenant safety as a top priority. Given the easing of community restrictions, the Federal Land Sales Team shifted to hybrid interactions with the clients, providing them with options of physical and online channels for the home-buying process. Web-based systems for a virtual end-to-end home-buying process, starting from online inquiry, client presentation, and property viewing up to finalizing unit turnover, are provided to clients who prefer a contactless approach. To ensure the health and safety of clients who prefer physical interactions, project showrooms, mall exhibit booths, and sales offices are regularly cleaned and disinfected, and hand sanitizing stations and temperature checks are placed at entrances.

Furthermore, Federal Land's Customer Service Group re-established its customer hotline better to assist inquiries and concerns of prospective clients and residents. Client inquiries and resident concerns are also readily addressed via phone, chat, and email. Federal Land maximized online channels for internal transactions, document turnover, real-time sales tracking, and completion. To ensure quality and timely customer service, the company invested in employee training and coaching.

Data Privacy and Security

In processing the personal data of its subjects, which include its stockholders, GT Capital complies with Republic Act No. 10173 or the Data Privacy Act (DPA). It manages data privacy by implementing security measures for the company's organizational, physical, and technical dimensions.

GT Capital's publicly-available Data Privacy Manual contains the company's Privacy Policy and Privacy Notice. Through its data privacy and security practices, GT Capital aims for zero breaches and full compliance with the DPA as well as the requirements of the National Privacy Commission.

To oversee the achievement of such, GT Capital has a designated Data Protection Officer and a Data Breach Response team that works in conjunction with the Legal and Compliance Department and Human Resources and Administration Department (HRAD).

GT Capital also protects its data through the adoption of organizational and physical security measures such as setting rules for data and file-sharing with third parties, back-up of personal data, security monitoring, regular testing, and auditing storage type and location of personal data.

Additionally, Metrobank has a Privacy Policy aligned with the DPA. The Policy goes into detail on how personal data is protected, the types of data collected, its uses, and how long the data is stored.

In obtaining personal information, the company does so for purposes stated in its Policy and Notices and with consent from the data subject. Data subjects are notified when there are policy changes and data breaches or privacy protection issues. Under the Policy, data subjects are also given contact information should they have concerns regarding data privacy.

Third parties whom data is shared with also comply with Metrobank's Privacy Policy.

Integrity, Ethics, and Transparency

GT Capital and its operating companies are all inclined to upholding the highest degree of integrity and ethics in their business practices.

A detailed discussion of GT Capital's Code of Ethics, Code of Discipline and Anti-corruption programs, Whistleblowing Policy, and relevant policies are discussed in detail in the Corporate Governance Section of this report. Governance policies of GT Capital can also be accessed through the company website link.

GT Capital Digitalization Roundtable Discussion

Human Capital

GT Capital's best-in-class and diverse talents possess competencies, capabilities, and experience that enable the organization to become one of the most credible and trusted conglomerates in the country. Anchored on a corporate culture that prioritizes employee development and employee well-being, GT Capital works to ensure that the members of its workforce are highly equipped to deliver their roles and responsibilities to the best of their ability.


Toyota Assembly Plant, Sta. Rosa, Laguna

Employment

GT Capital maintains healthy relationships with its employees through the hiring of highly qualified candidates, provision of acceptable and benchmarked compensation packages, helping to ensure a healthy working environment and employee satisfaction. It commits to hire, retain, and develop talents who identify with its core values. One of the goals of GT Capital's HRAD is to achieve attrition and vacancy rates that are below the industry average. The HRAD Head primarily manages the human resource administration and development processes. It also has a payroll system that facilitates compensation and benefits.

The hiring and compensation processes are subject to regular internal audits in accordance with the Internal Audit Department's plan. Competency assessment for employee candidates is facilitated by a third-party consultant that identifies a candidate's flight risks, behavior within the organization, strengths, and weaknesses. Furthermore, another service provider is engaged to gain other insights that give a clearer picture of the state of GT Capital's workforce such as employee performance, workforce skills gaps, strategic workforce planning, pay-outs, and eligibilities.

The Human Resources (HR) Committee reviews and proposes changes and improvements to the compensation and benefits package regularly subject to the approval of the Executive Committee. Regular employees are provided with life insurance, health care, disability and invalidity coverage, parental leave, and retirement provision.

All employees (full-time and part-time) in its new employee onboarding receive training on the code of conduct or ethical standards of the company conducted by the HRAD. Employees are required to familiarize themselves with the company's Code of Discipline before annual acknowledgement is signed. Every year, all GT Capital employees are requested to certify that they have read and fully understand the content of the code of conduct and agree to comply with the ethical standards.

In 2022, GT Capital and its operating companies sustained the gainful employment of more than 38,000 people. There were 8,244 new hires in 2022, 21% higher than in 2021.

Employee Headcount

COMPANY	2022	2021
GTCAP	55	51
Metrobank	13,821	13,565
TMP	3,742	3,781
Federal Land	529	430
AXA	2,170	2,354
MPIC	17,955	17,867
TOTAL	**38,272**	**38,048**

**Covers permanent and temporary employees for all companies.*

New Hires

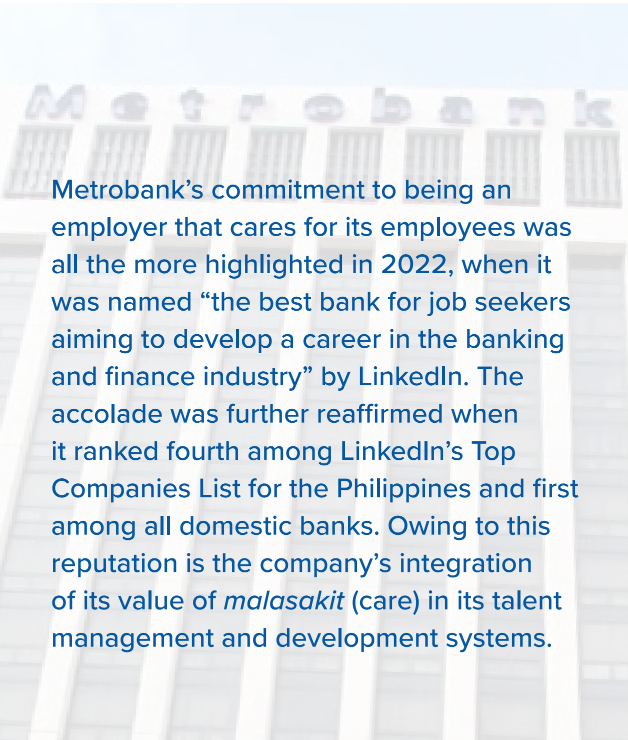
COMPANY	2022	2021
GTCAP	9	12
Metrobank	1,991	755
TMP	105	84
Federal Land	218	101
AXA	587	575
MPIC	5,334	5,272
TOTAL	**8,244**	**6,799**

Employee Benefits

GT Capital and its operating companies offer competitive benefits packages to attract and retain their talents. Across the group, employees receive life insurance, health care, parental leaves, and retirement provision from all operating companies. Disability and invalidity coverage is provided by AXA Philippines, GTCAP, Metrobank, Metro Pacific, and TMP. AXA Philippines and MPIC Parent Company also provide employees the opportunity to own stock in the company. For GT Capital, employees who have proved their loyalty to the company and stayed for at least a 10-year tenure are provided cash incentives.

Benefits Offered To Full-Time Employee

	GTCAP	Metrobank	TMP	Federal Land	AXA	MPIC
Life Insurance	●	●	●	●	●	●
Health Care	●	●	●	●	●	●
Disability and Invalidity Coverage	●	●	●		●	●
Parental Leave	●	●	●	●	●	●
Retirement provision	●	●	●	●	●	●
Stock Ownership					●	●



Metrobank's commitment to being an employer that cares for its employees was all the more highlighted in 2022, when it was named "the best bank for job seekers aiming to develop a career in the banking and finance industry" by LinkedIn. The accolade was further reaffirmed when it ranked fourth among LinkedIn's Top Companies List for the Philippines and first among all domestic banks. Owing to this reputation is the company's integration of its value of *malasakit* (care) in its talent management and development systems.

GT Capital follows local laws and policies regarding fully paid maternity and paternity leaves. The company also offers paid time off for bereavements.

Additional benefits that the company offers include mental health services and flexitime work schedules. GT Capital continues to study possible adjustments to working arrangements to determine what would be most conducive to productivity for its workforce.

AXA has an Employee Assistance Program (EAP) that extends mental health support and coping strategies to the offended parties. Employees may avail of free, confidential sessions with mental health professionals and counselors should they wish to.

The AXA Global Parent Policy sets a new standard for which employees are qualified for availing of parental leaves. With the understanding that parenthood applies to various contexts not typically covered by maternity and paternity leaves, the Global Parent Policy instead offers primary parent and co-parent leaves. The inclusive policy thus covers biological, adoptive, same-sex, and single parents.

Primary parents, defined as a parent that takes primary responsibility for welcoming a child into the family, are given a 16-week fully-paid leave. In cases involving the pregnancy of the employee, they are considered the primary parent. Conversely, employees whose partners are pregnant are deemed the co-parent. Co-parents are entitled to a 4-week fully paid leave.

Parental Leaves Breakdown

	% of Employees Entitled to Parental Leave		Return-to-Work Rates		Retention Rates	
COMPANY	Female	Male	Female	Male	Female	Male
GTCAP	100%	100%	N/A	N/A	N/A	N/A
Metrobank	100%	100%	100%	100%	94%	97%
TMP	100%	100%	100%	100%	100%	100%
Federal Land	100%	100%	100%	100%	100%	100%
AXA	100%	100%	100%	97%	88%	87%
MPIC	100%	100%	91%	98%	86%	95%

- *Return-to-work rate: Percentage of employees who returned to work after taking parental leave*
- *Retention rate: Percentage of employees who returned to work and are still employed by the company after 12 months*
- *No parental leaves were availed by GT Capital employees in 2022*

Employee Engagement

To measure the satisfaction and obtain feedback from its employees, GT Capital conducts a Comprehensive Engagement survey every three years and a brief Employee Engagement survey every other year. These tools use a five-point scale ranging from the responses "Strongly disagree" to "Strongly agree." Based on the latest engagement survey conducted in 2021, 82% of GT Capital's employees participated in the annual engagement survey. GT Capital received a 92% overall engagement score and **100%** of the respondents recommend GT Capital as a great place to work.

Metrobank's channels for employee engagement allow the company to stay up to

2021 Engagement Survey Results

92%
Overall engagement score

100% Recommend
GT Capital as a great place to work

date with the needs and status of its people. Currently, its main communication channels include supervisor check-ins, discussions with HR, the digital workspace help desk, annual performance reviews, town halls, meetings and conventions, Employee Feedback portal in its Insight Online channel, and the Metrobank Purple Hearts Club, its employee volunteerism arm.

Through these avenues, employees are able to give feedback and raise concerns they may have. Metrobank's Business Systems Division handles responses that are filed in the company's Insight Online channel, while applicable departments respond to queries through the help desk.

Employee Turnover Rates

COMPANY	2022	2021
GTCAP	11%	4%
Metrobank	12%	7%
TMP	7%	7%
Federal Land	23%	28%
AXA	35%	27%
MPIC	29%	21%

GT Capital Strategic Planning Conference held in Taal Vista Hotel, Tagaytay on December 2, 2022

Diversity, Inclusivity, and Non-Discrimination

GT Capital and its operating companies value diversity across their ranks and aim to provide equal opportunity for all relevant stakeholders. They ensure that equal opportunity is provided to all employees and that no preference is given on the basis of gender, ethnicity, or race.

Through GT Capital's HRAD, Human Resources Committee, and concerned department heads, it commits to provide applicants and employees with equal opportunity especially in terms of diversity and perceived pay gaps between men and women employees.

GT Capital does not discriminate against employees based on age. It recognizes that every age group has something valuable to bring to the table and it fosters an environment where employees of different generations work harmoniously with each other.

Promoting an inclusive workplace also entails creating an environment that protects employees from harassment, violence, intimidation, and discrimination. Metro Pacific, through its policies and systems, provides adequate safeguards to protect the dignity of its employees.

It adheres to its Policy on the Respect and Protection of the Rights of People, which lays down the framework by which the Company shall do business that respects and promotes human dignity. In addition, it also follows the Workplace Gender, Equality, and Diversity Policy, which is designed to promote a diverse workforce and ensure that the Company's employees are not discriminated against on the basis of their gender, sexual orientation, age, marital status, pregnancy, political beliefs, ethnicity, religious beliefs, disability or other distinguishing characteristics that are not relevant to their ability to work.

There were no incidents of discrimination reported for GT Capital and its operating companies in 2022.

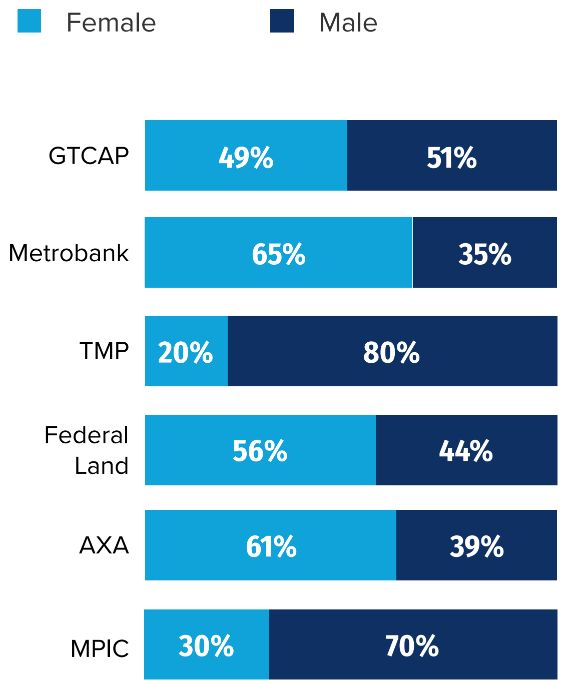
Across the Group, 45% of the employees are female while 55% are male. Based on age group, 30% were under 30 years of age, 58% were between 30 to 50 years old, and 12% were more than 50 years old.

There were more than 8,000 new employees hired in 2022 from GT Capital and its operating companies. By gender, 39% of the new hires are female while 61% are male. Majority of the new hires fall under the under 30 years old category at 61%.

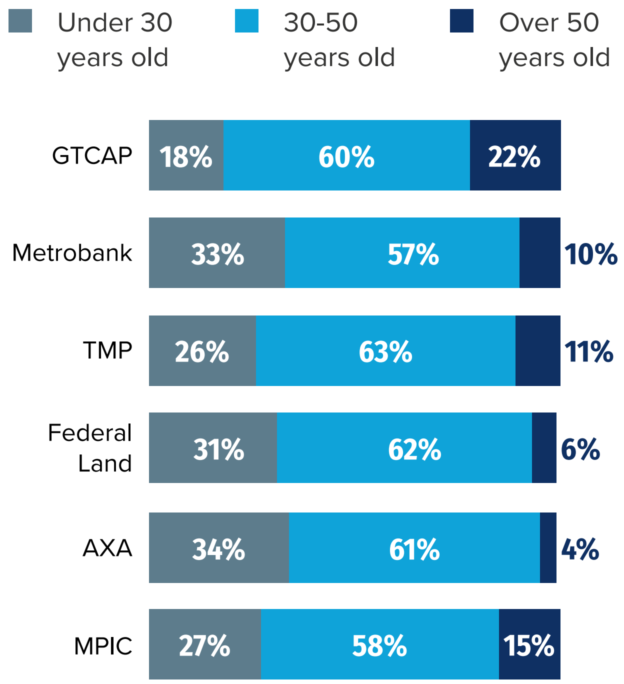
Employee Demographics in 2022

Note: Covers permanent and temporary employees for all companies except Toyota.

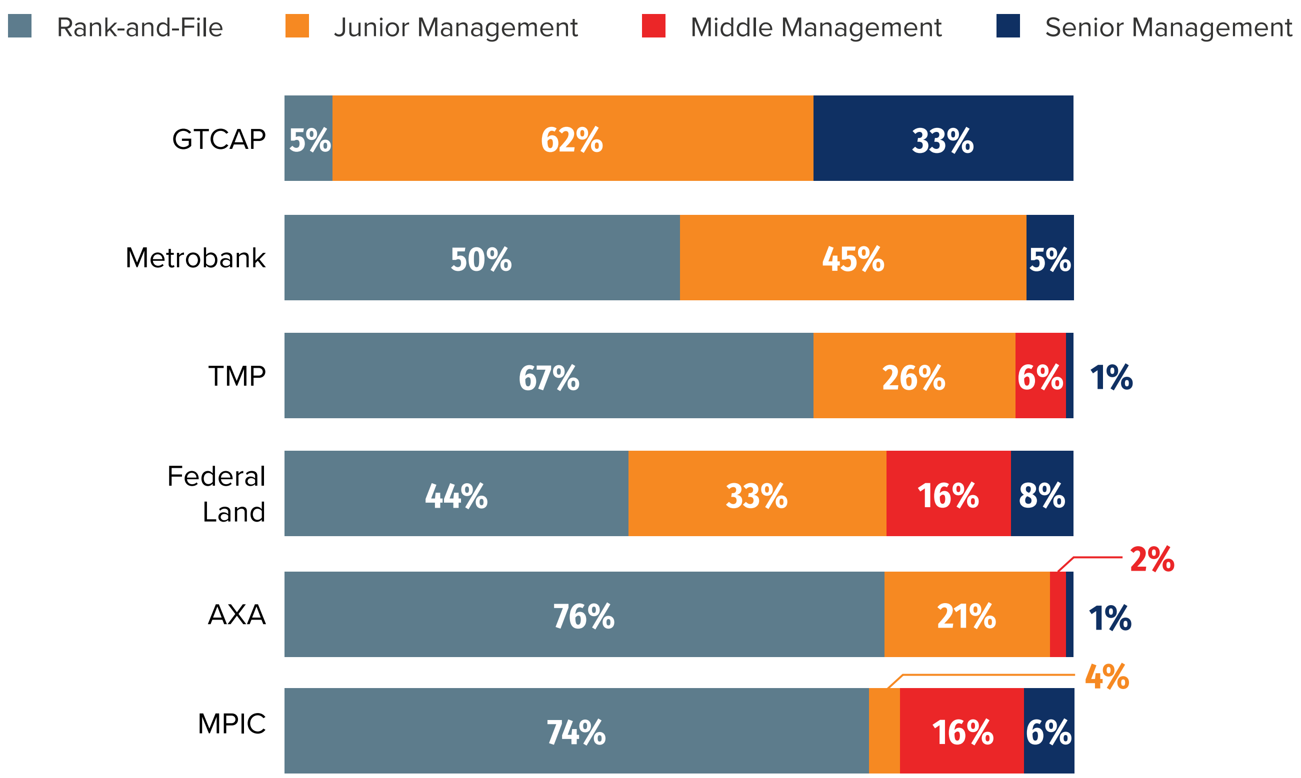
By Gender



By Age Group

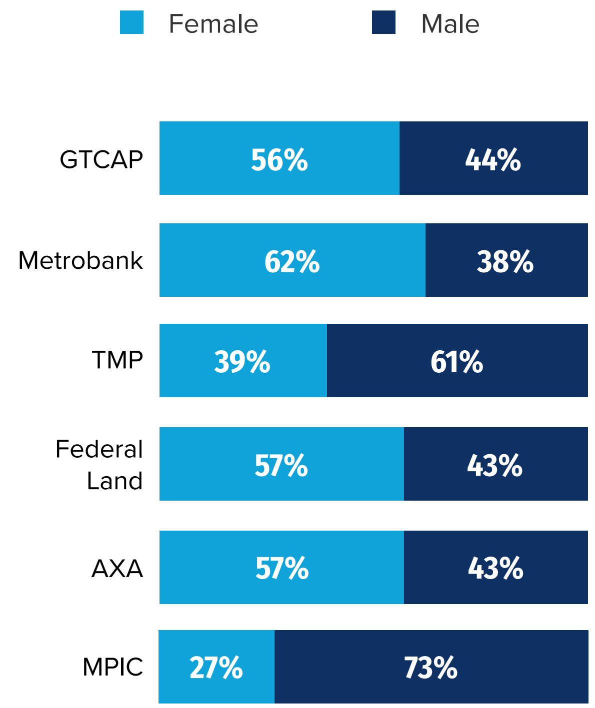


By Rank

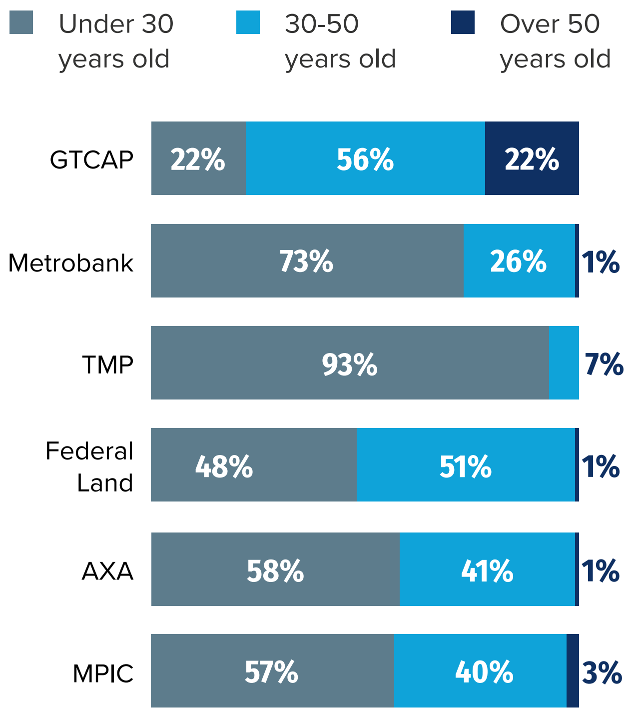


New Employee Demographics in 2022

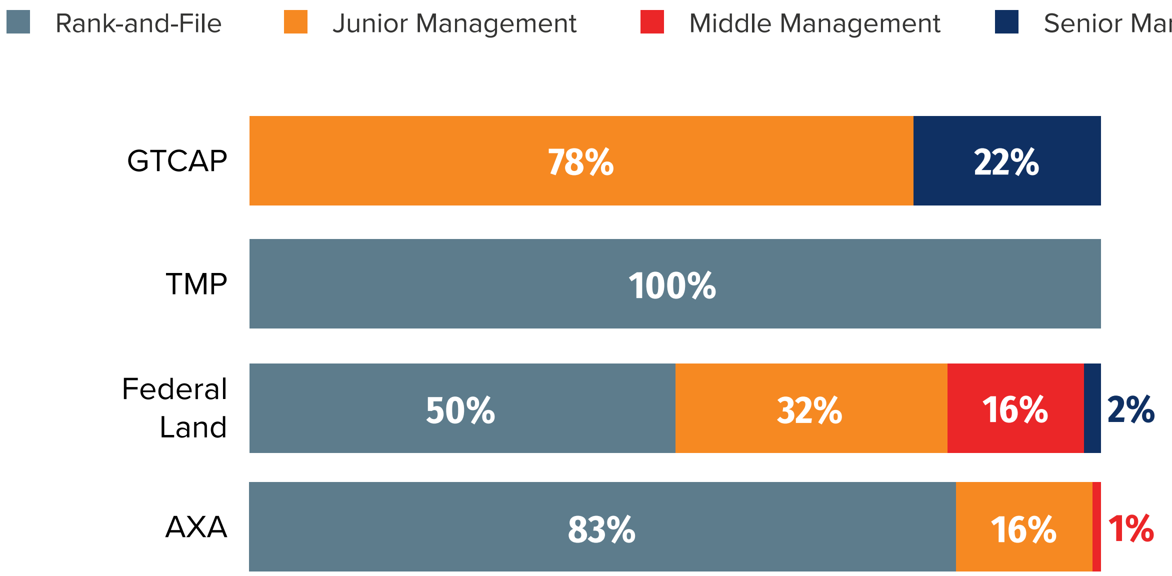
By Gender



By Age Group



By Rank



GRI: 2-7, 401-1

AXA: Valuing Diversity and Inclusivity

Diversity, inclusion, and gender equality are integral to AXA's company culture and values. Not only are there policies in place to promote and support them, but every year AXA also celebrates events that further these causes and raise awareness of their importance.

On Women's Month, AXA joined women all over the world for #BreaktheBias—a global campaign that aims to empower women and create a gender-equal world. For this event, AXA kicked off a region-wide campaign with a series of events and initiatives on raising awareness about equality for women and celebrating women's successes. Yuka Saso, a 20-year-old Filipino-Japanese professional golfer and 2021 US Women's Open winner, also joined AXA in embodying the "Know You Can" message of the company.

AXA also partnered with She Talks Asia in a summit titled, "Feel Seen," on March 26, 2022. The Feel Seen summit highlighted the value of embracing one's self-worth and achieving one's full potential. AXA Asia and Africa donated USD 10 for every social media post and up to a maximum of USD 5,000 to Save the Children in the Philippines in support of their programs for women.

In May, AXA commemorated the International Day Against Homophobia, Biphobia, and Transphobia (IDAHOBIT) in support of the LGBTQIA+ following the theme "Our Bodies, Our Rights, Our Lives".

AXA invited notable members of the LGBTQIA+ community, namely Beatrice Gomez, the first openly queer Miss Universe Philippines 2021, and Mela Habijan, the first Filipina to win Miss Trans Global in 2020. AXA Philippines also collaborates with different organizations such as UP Babaylan and LoveYourself, organizations that promote LGBTQIA+ empowerment and mental and sexual health, respectively; and holds an annual Inclusion Conference focused on LGBTQIA+ inclusion.

"At AXA, we take pride in our commitment to fostering a culture that enables every employee to be their true selves in the workplace and ultimately, their best selves", says AXA Philippines Chief Marketing Officer Nandy Villar.

On December 2022, AXA commemorated the International Day of Persons with disabilities with activities such as the "Together We Thrive" Inclusion Conference, "Silent Shout Out for Inclusivity"; and a partnership with Project Inclusion, a non-profit organization that connects PWDs to opportunities and helps and teaches companies to be more inclusive.

AXA Philippines supports the LGBTQIA+ community during the International Day Against Homophobia, Biphobia, and Transphobia

Workplace Safeguards

Promoting an inclusive workplace also entails creating an environment that protects employees from harassment, violence, intimidation, and discrimination. Such an environment is created when a culture of respect is established. In isolated cases where discrimination does occur, GT Capital and its operating companies have policies in place to remedy such situations.

These workplace safeguards include a Whistleblowing Policy that is present across GT Capital's operating companies. Such policies support employees who wish to report violations and misconduct, including those that endanger the health and safety of employees of the company. In companies which have specific non-discrimination policies, instances of discrimination may also be anonymously reported under the Whistleblowing Policy without fear of retaliation.

The Whistleblowing Policy and other relevant policies and programs are discussed in detail in the Corporate Governance Section of this report.


Toyota Assembly Plant, Sta. Rosa, Laguna

Training and Education

GT Capital fully supports the continuous growth and learning of its employees. This extends to any and all employees, whether full-time or part-time, who wish to pursue degree programs and certifications to augment their professional development. Contractual employees currently pursuing their studies are also being considered for eventual regularization.

Based on competency assessments, employees are provided with individual development plans (IDP), inclusive of career and succession planning. Sponsorships for further studies and certification are facilitated by HR and Administration, who also gauge whether such programs are aligned with the employee's career development plan.

Udemy is an online learning platform that Junior Officers may use to access over 185,000 courses for professional development.

Metrobank's talent development strategy counts on providing employees with properly-curated training programs that align with the business' goal as well. During the year, Metrobank honed in on the following three core areas for talent development: Foundational, Functional, and Leadership capabilities.

Foundational capabilities cover basic yet crucial knowledge such as policies, core values, and organizational skills. Functional capabilities, on the other hand, deal with deepening role-specific expertise. Lastly, leadership capabilities equip current or potential leaders with effective executive-level skills.

Preparing Talents for Succession and Beyond

To ensure that successors are able to maximize their capabilities, Metrobank implements several measures including readiness assessments, immersions and secondments, mentoring, and the continuous appointment of junior leaders to prepare them for future leadership. Talent management and succession planning are discussed regularly among decision-makers, who look at company statistics such as the attrition rate of identified successors and high-potential individuals and critical positions throughout the bank.

Key to investing in future leaders at the company is identifying candidates for succession and equipping them with the necessary development programs to enhance their respective skills. TMP's Human Resource department collaborates closely with key departments for its leadership development pipeline. This involves a competency model that comprises mentoring, coaching, and participation in both internal and external training programs.

At the end of their employment journey, TMP retirees undergo the company's "Re-Tire Program," which was implemented in 2016 in response to the increasing number of retirees. The Re-Tire Program is for Team Members approaching the age of 50 who are oriented on various aspects of life planning, and those retiring at the age of 45 and over who participate in an array of enrichment programs that consider their personal interests.

For Federal Land, reinforcing the strength of its organization requires continuous holistic learning for its workforce. Talent development at Federal Land covers five main categories. In 2022, training sessions focused on soft skills, mandated topics, functional, behavioral skills, and leadership.

Similarly, Metro Pacific's employee training plan involves 12 programs that enhance the skills of the individual employee and provide benefits to the organization as a whole. The 12 programs span topics on mental health, sustainability and climate change, job-specific knowledge, and communication.

Metro Pacific employees are also encouraged to make use of their LinkedIn learning accounts where they can access more than a thousand courses relevant to their interests and career.

Climate Change Training

With the far-reaching effects of climate change and the widespread cooperation that climate action requires, AXA created the AXA Climate Academy where employees can develop a critical understanding of climate change, what it means for the business, and how it can be acted upon.

By 2022, AXA Philippines achieved its goal of having 100% of its employees certified at the AXA Climate Academy, one of the first AXA entities to have done so.

Digitalizing the Learning Process

In line with its commitment to being an inclusive employer, AXA has adopted virtual training sessions and hybrid instructor-led workshops to improve the quality of learning for its employees who are working remotely or outside of Metro Manila.

The Bayanihan@AXA program applied blended learning to equip executive leadership, people managers, and individual contributors with the mindset, skillset, and tools to support productivity, collaboration, and overall employee wellbeing in a hybrid workplace.

The company made progress on its learning initiatives, coordination and collaboration with various divisions and departments to create, capture, and celebrate moments of learning. This led to an 11% increase year-on-year for total learning hours and a 31% increase in the number of employees who have reached the target of 20 learning hours per year.


GT Capital Digitalization Roundtable on October 21, 2022

TMP Tech graduates at a Toyota dealership in Aichi, Japan

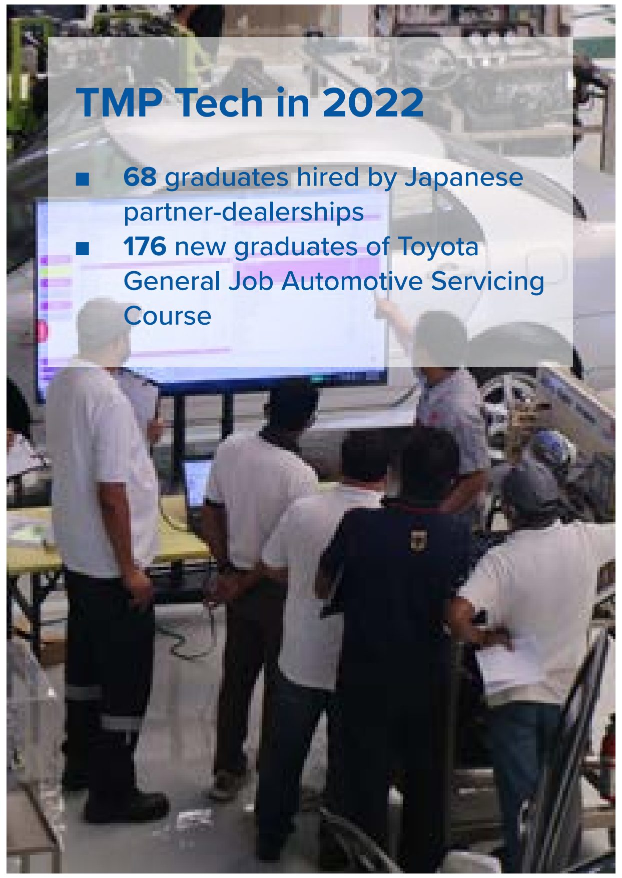
Access to a Regional Knowledge Network

Overseas training and collaboration build a workforce that is up to date with the latest practices in the region. TMP has established partnerships within the Toyota affiliate network and beyond, providing its Team Members with opportunities for talent and leadership development outside of the country.

The Intra-Company Transfer Program is a talent exchange program wherein Office Team Members from various Toyota affiliates visit a designated overseas site where they are oriented on the best practices they can take back to their workplace. The Global Skill-up Training Program, on the other hand, is where Line Leaders are assigned to various manufacturing sites in Japan to gain knowledge on TMC's ways of working.

TMP Tech in 2022

- 68 graduates hired by Japanese partner-dealerships
- 176 new graduates of Toyota General Job Automotive Servicing Course



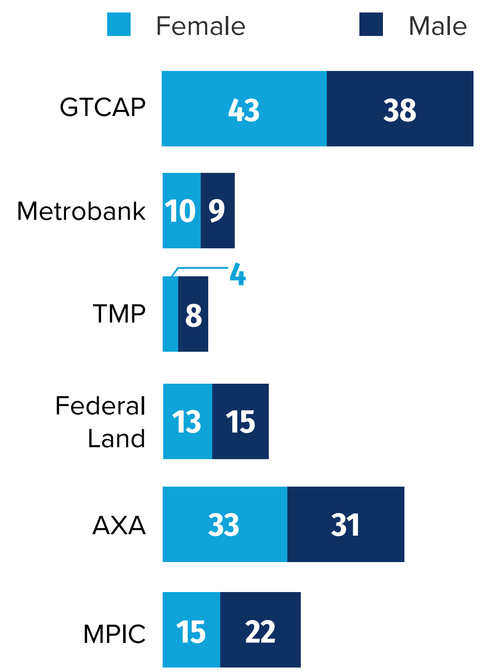
Workplace Excellence

At MPIC, achieving workplace excellence is a continuous process of providing employees with opportunities for holistic development—from physical health and mental well-being to professional growth. As such, it implements programs that maintain a healthy and inclusive work environment where employees can thrive and perform better.

Average Training Hours

COMPANY	2022	2021
GTCAP	40	56
Metrobank	10	28
TMP	5	9
Federal Land	14	8
AXA	32	29
MPIC	20	22

Average Training Hours in 2022 by Gender



GRI: 3-3, 404-1, 404-2

TMP Tech Hosts Training for Asia Pacific

Colombo Plan Staff College (CPSC) chose Toyota Motor Philippines School of Technology (TMP Tech) to share its expertise and best practices with participants from 13 member countries in the Asia Pacific region as part of its tripartite collaboration agreement with CPSC and Toyota Motor Philippines Foundation, Inc.

The training conducted in 2022 was the second phase of its overall "Training of Trainers on Automotive Technical Professionals" program.

Here, technical-vocational education and training (TVET) experts gained hands-on experience as they visited the Toyota Santa Rosa, Laguna dealership and received lessons from TMP Tech on various technical topics including an introduction to Toyota's HEV Technology.

TMP Tech is a top-quality provider of technical and non-technical education that opens doors for its students and graduates to work with its global strategic partners. The Training of Trainers is one of its initiatives for the year that showcases its ties with and contributions to the greater technical education network in the Asia Pacific.

Training of Trainers program at TMP School of Technology in Santa Rosa, Laguna

Labor-Management Relations

GT Capital and its operating companies understand that looking after the well-being of their employees also entails transparency. Thus, they are committed to informing employees of operational changes within a reasonable period prior to implementation. GT Capital, TMP, FLI, AXA, and MPIC currently have a notice period of 30 days prior to implementing any operational changes.

Transparency and communication between parties may also become an effective means of addressing concerns and maintaining good relations. Recognizing employees' rights to freedom of association and collective bargaining, Metrobank has over 5,700 employees that are part of a union while 83% of its regular rank-and-file are covered by a collective bargaining agreement (CBA).

Additionally, the HR Management Group holds regular Labor-Management Committee meetings with the company's labor union, the MBTC Employees Union-Associated Labor Unions-Trade Union Congress of the Philippines. These meetings become venues for discussing labor standards, CBA implementation, business direction, and concerns related to their employment.

Collective Bargaining Agreement (CBA) provisions are applicable to all Team Members of TMP, whether they are registered union members or not. In 2022, 100% of TMP's Team Members are covered by a CBA. Mutual respect and understanding are key components of management's negotiations with TMP's labor unions, evidenced by the provision of sufficient notice on any changes in organizational structure, rules, and regulations.

Occupational Health and Safety

Safeguarding the health and well-being of employees goes beyond compliance, as GT Capital and its operating companies strive to uphold the highest standards of safety at the workplace. Each operating company, as applicable, has measures in place to ensure that occupational health and safety (OHS) regulations are implemented properly.

61.6 Million Safe Man Hours achieved by MPIC

0 Work-Related Safety Incidents for MBT, TMP, FLI and AXA

Metrobank

As quarantine restrictions were lifted and onsite work resumed in 2022, Metrobank implemented symptoms-based protocols and self-monitoring to manage COVID-19 in the workplace. By the end of the year, Metrobank's vaccination rate was 99.78%.

As part of its regular OHS management system, Metrobank covers employee wellness, emergency response, and compliance.

The MetrobankCARES program is a mental health and wellness program involving advocacy campaigns, educational media, and physical exercise sessions. Should employees require further emotional and psychological support, Metrobanks directs them to the MB Connect Reach Out platform where they can schedule counseling.

Disaster and emergency preparedness is a crucial component of Metrobank's OHS measures. It has a designated Workplace Safety Center and Health and Safety Committees who monitor safety-related incidents and handle emergency protocols.

Other functions of its OHS include compliance with all applicable Department of Labor and Employment (DOLE) occupational safety and health requirements. This includes the timely accomplishment of reportorial requirements, training sessions, drill sessions, information dissemination, and meetings.

Toyota Motor Philippines

The safety and well-being of TMP's employees are supported through the company's Industrial Health Services Group (IHS). This includes initiatives that focus on the prevention of health problems in relation to diet and other common illnesses. To cover non-physical aspects of well-being, TMP also offers mental health programs and recognizes Mental Health Month.

In conjunction with its health programs, TMP prioritizes safety in the workplace. Through its Safety and Health Section (SHS), TMP adheres to the Department of Labor and Employment's Occupational Safety and Health Standards (OSHS) to prevent accidents in the workplace and ensure the safety of employees. TMP's SHS conducts safety promotion activities guided by three pillars: human safety, machine and construction safety, and worksite safety.

TMP further complements this with training to educate its Team Members about workplace hazards so they may be able to protect themselves better. TMP's SHS conducts the following:

1. Defensive Driving Seminar for Team Members who use company vehicles in their operations to further improve their driving skills by anticipating risks and utilizing safe driving strategies;
2. Occupational Safety and Health Management System (OSHMS) Training & Workshop to promote awareness and prevention of unsafe acts and conditions in the workplace that are extended to every Team Member's household;
3. Lock Out, Tag Out, Try Out (LOTOTO) Training to prevent injury of servicing and/or maintenance employees due to the unexpected energization or startup of machines, equipment, or processes after long periods of machine shut-off.

Federal Land

Federal Land conforms with the DOLE's Department Order 198 which requires deploying Health and Safety personnel. Federal Land's Corporate Safety and Health Committee spearheads its Occupational Health and Safety initiatives. The company promotes employee wellness through webinars and trend talks and advances good relations and communication between management and employees. In July 2022, the Corporate Safety and Health Committee hosted a wellness fair, featuring medical information booths, preventative care for common health issues, and access to nutritious meals.

Federal Land, in partnership with GT Capital Group and its medical partners, inoculated about 900 employees, agency personnel, and their families with Moderna and AstraZeneca booster shots in the first quarter of 2022.

Basic safety measures are strictly implemented and followed on all construction sites, including but not limited to the installation of safety canopies, fences, overhead street canopies, and safety nets. Furthermore, regular activities such as housekeeping, safety meetings onsite, tool box meetings, and installation of safety signages are implemented on site. COVID-19 safety protocols prescribed by local government units (LGUs) are also observed on site.

Mandatory occupational safety training is given to Federal Land employees involved with project development and construction. Safety training for construction workers is initiated by their respective contractors. In case of emergencies, Federal Land has an Emergency Response Team on site should there be incidents. Fire and earthquake drills are held on each job site regularly. Safety orientations are also conducted onsite for all workers as well.

Federal Property Management Corp (FPMC), the property management arm of Federal Land, established various safety and evacuation procedures in case of fire, earthquake, typhoon, mass incidents, and natural calamities.

AXA Philippines

AXA Philippines is committed to promoting a safe work environment for employees, contractors, partners, and guests. This commitment is anchored with the company's Occupational Safety and Health management system 8 Program Pillars of Hazard Identification Risk Management; Communication, Participation, and Consultation; Campaign and Promotion; Training and Awareness; Leader and other Requirement Compliance; Continuous Improvement; Rewards and Recognition; and Corporate Social Responsibility.

To address safety in the workplace, AXA Philippines conducts Occupational Health & Safety orientation to all new hires, while additional training is provided for the following positions:

- Branch Safety Officers attend special safety training such as Basic Occupational Safety and Health.
- HR Emergency Response Team members have training on Standard First Aid and Basic Life Support.
- Branch First Aiders are trained in Occupational First Aid.

Additionally, in 2022, the company reorganized its Emergency Response Team (ERT) and identified Incident Commanders and Safety Marshals per department.

Apart from emergency situations and workplace safety, the wellbeing of employees is also addressed through health-related services in line with its benefits package which is inclusive of a health maintenance organization. During the height of the COVID-19 pandemic, AXA Philippines engaged a third party service provider to handle COVID-related health management, consultation, and monitoring.

Metro Pacific

Metro Pacific and its operating companies have company specific Hazard Identification, Risk Assessment and Determining Control (HIRADC) policies and measures in place. In 2022, Metro Pacific achieved a total of 61,648,544 safe man-hours. It also provided First Aid and Basic Occupational Safety and Health trainings to identified employees who then serve as safety specialists to help promote workplace safety.

Human Rights

GT Capital ensures that operating companies follow acceptable and sustainable business practices involving human rights issues. The company complies with its human rights policies and procedures. Its human rights assessment primarily impacts the following stakeholder groups—its principals, management, shareholders, regulators, and employees.

GT Capital is committed to provide appropriate training on human rights policies and procedures. The company is committed to ensure that its track record on human rights is considered in its investment decisions. The offices responsible for the implementation of these policies and procedures are the HRAD, Corporate Planning and Business Development Department, and Legal and Compliance Department.

Anti-corruption and business ethics are outlined in GT Capital's Code of Discipline which is reviewed every two years by GT Capital's Internal Audit as part of the HR Audit. The Internal Audit team has an oversight role alongside the Internal Audit teams of GT Capital's operating companies. The operating companies' Internal Audit teams prepare audit plans and report significant issues related to such to GT Capital's Internal Audit team.

Reports submitted to the company in relation to its Whistleblowing Policy are handled by the Chief Audit Executive (CAE) who investigates the report, designates an investigating officer, and has the case either handled by a Special Task Force or elevates the report to the Discipline, Ethics, and Value Committee.

Recognizing gender-based violence as a human rights violation, Metrobank strictly enforces its policy on Anti-Violence Against Women and their Children (VAWC) in line with the provisions and implementing rules and regulations of Republic Act No. 9262. Should an employee become a victim of VAWC, Metrobank provides a fully paid leave of 10 days a year to allow the victim to seek medical or legal support.

MBFI President Mr. Aniceto M. Sobrepeña giving his remarks during the Graduates' Forum for the Metrobank Scholarship Program

Since 2009, Metrobank has also been implementing a Anti-Sexual Harassment Policy which lays out the process for filing complaints and the handling of cases involving sexual harassment. Other pertinent initiatives in relation to human rights include Metrobank's HIV and AIDS Prevention and Control policy, mental health programs, and Hepatitis B Workplace Control Standards and Program.

As part of its official onboarding program, AXA Philippines orients its new hires on topics related to upholding human rights. This includes policies that provide channels for employees to report violations and untoward incidents, such as the Whistleblowing Policy and Unified Incident Report. The Unified Incident Report is a template that can be used to report non-compliance with legislative, regulatory, industry, and internal group standards.

Two hundred thirty-two new hires successfully completed AXA Philippines' onboarding program and were oriented on human rights-related policies.

GT Capital 15th Anniversary Celebration held at Grand Hyatt Manila, BGC

Social & Relationship Capital

Strong, long-term relationships with investors, business partners, customers, communities, banks, and the government serve as GT Capital's social and relationship capital. These relationships have been nurtured over the years and are anchored on trust that the company built by consistently delivering excellence in all its products and services and creating long-term value for its stakeholders.

In addition, GT Capital sustains and empowers communities through its various corporate social responsibility and strategic development programs across the group.

Bags of Blessing 2022

Local Community Engagement and Development

GT Foundation, Inc.

GT Foundation, Inc. (GTFI) is the foundation of Metrobank founder Dr. George S.K. Ty. and his family that carries out philanthropic activities focused on education, health, and the environment. GTFI believes in the effectiveness of both empowering communities and giving them basic necessities to get them through their day-to-day needs.

GTFI continued its legacy program, Bags of Blessing, in 2022. During the year, GTFI, alongside its partners the Metrobank Group and GT Capital, was able to distribute food packages worth Php 1,000 to families whose livelihood were affected by the pandemic and natural calamities and are part of indigenous peoples tribes. Bags of Blessing is GTFI's way of celebrating the Chinese New Year by giving back to communities and has served over 98,000 families since 2011.

Bags of Blessing 2022

GT Capital Purple Hearts Club

GT Capital remained committed to advancing its core corporate social responsibility (CSR) initiatives to extend assistance to those who require it the most. The company strongly upholds the values advocated by the late GT Capital Group Chairman Emeritus, Dr. George Ty Siao Kian, and takes pride in positively impacting society. The GT Capital Purple Hearts Club, a CSR volunteer movement led by the company's employees, concentrated its efforts on three significant areas, namely nutrition, education, and health, and community development.

Masustansyang Kinabukasan Program
As part of its CSR initiatives, GT Capital is dedicated to meeting the nutritional requirements of children in the Annunciation of The Lord Parish, located in General Trias. Working together with community volunteers, the feeding program provides nutritious meals to 75 enrolled children four to five days a week for six months.

The meals provided are carefully designed to meet the dietary requirements of growing children and consist of a balanced diet. Additionally, by transitioning to a more frequent feeding program, the program ensures a greater nutritional impact on these children. The program aims to address the issue of malnutrition and hunger among children, which can have a significant impact on their physical and mental development. The success of this initiative can be attributed to the effort of the company's employees, as well as the support of the diocese. In the course of the program implementation, the diocese provided *mannapack* to supplement the meals provided by GT Capital. Further to this, the external partners of the parish was also actively donating supplements for the adopted community.

To promote healthy cooking habits, our wholly-owned subsidiary, Federal Land, Inc. (Federal Land), hosted a seminar conducted by a nutritionist. The aim of this initiative was to provide affordable alternative cooking means that the mothers could utilize in preparing meals for their families. By providing this knowledge, the program seeks to encourage the mothers to incorporate healthier options in their meal planning and preparation, thus complementing the feeding program's objectives. Ultimately, the program's success will be measured by its impact on the children's physical and mental well-being, which will have far-reaching effects on their future growth and development.

Back to School Donation Drive
As the new academic year began, public schools were filled with excitement and anticipation for the shift back to a face-to-face learning environment. However, this excitement was accompanied by challenges for schools, which had to adapt to new requirements for learning in a post-pandemic world. Along with these challenges, many students needed assistance brought about by economic constraints to the respective families.

The GT Capital employees, through their pass-the-hat initiative, organized a back-to-school donation drive for the 75 beneficiaries of its feeding program to provide assistance for their academic needs. This initiative aimed to collect and distribute school supplies to those who require them. The distributed kits included writing materials, notebooks, papers, crayons, water bottles, towels, sanitary materials, which are essential in their return to school.

Overall, the statement highlights the importance of community support. Through initiatives like GT Capital's back-to-school donation drive, it is possible to help bridge the gap and ensure that students can thrive in their learning environment.

Federal Land Sponsored Nutrition Talk in Cavite

GT Capital Purple Hearts Club Feeding Program

Gearing Towards Community-Building in Cavite
Synergizing CSR efforts for a single community is an effective strategy to achieve a more meaningful impact, build long-term relationships with community members, and demonstrate their commitment to social responsibility. In line with this approach, GT Capital, together with its operating companies and affiliates, has adopted a holistic approach to community development. Our adopted communities include Navarro Elementary School, Pasong Kawayan II, and Alapan Elementary School.

Our partners from Metrobank Purple Hearts Club participated in the Department of Education's Brigada Eskwela Initative for Alapan Elementary School while Federal Land provided 50 volunteers to help clean, repaint, and repair classrooms and facilities at Navarro Elementary School. Further to their participation in Brigada Eskwela, Federal Land extended donations of school materials for the students.

First Metro Securities Brokerage Inc. (FirstMetroSec) organized a day-long outreach initiative organized in Pasong Kawayan II Elementary School, aimed at preparing the school for face-to-face classes after two years of virtual classes due to the pandemic. As part of the program, FirstMetroSec donated books gathered through their book drive, provided bookshelves, and industrial fans, courtesy of GT Capital. Volunteers from FirstMetroSec worked to improve the school's appearance by painting the classrooms, chairs, tables, and bookshelves. Additionally, they cultivated edible plants in the school's garden. The outreach program culminated in a financial and investment literacy seminar, intended for teachers, parents, and guardians.

As an annual tradition, GT Capital provided Noche Buena packages to the families in our partner community. The Purple Hearts Club was able to raise 120 Christmas packages which were distributed to the families in our partner communities.

The CSR efforts of the group goes beyond our partnership with the community in Cavite. In 2022, the company extended 150 hygiene kit donations to the inmates of Persons Deprived of Liberty (PDLs) in General Trias City Jail through the Prison Ministry (Lingkod Lazaro) of The Annunciation Parish.

In the past, GT Capital group, together with various foundations have each undertaken their own corporate social responsibility (CSR) programs with specific priorities and annual budgets. However, recent developments have introduced Environmental, Social, and Governance (ESG) standards that are mandatory regulatory requirements and best practices. These standards necessitate public disclosures, integrated reporting, and strategic directives that align with ESG goals for publicly listed companies, large corporations, financial institutions, and other entities.

In this context, it is a timely opportunity for GT Capital Group to create better synergy across the organization to achieve common goals through shared CSR programs. By aligning and integrating CSR initiatives across the company, GT Capital can maximize its positive impact on society and promote sustainable development. As a supplement to the efforts of the Company to unlocking the value of our landbank in Cavite, the CSR initiatives are intended to be focused on this area for the coming years. Furthermore, implementing ESG standards will enhance GT Capital's reputation as a socially responsible and sustainable organization, leading to improved investor confidence and stakeholder trust.

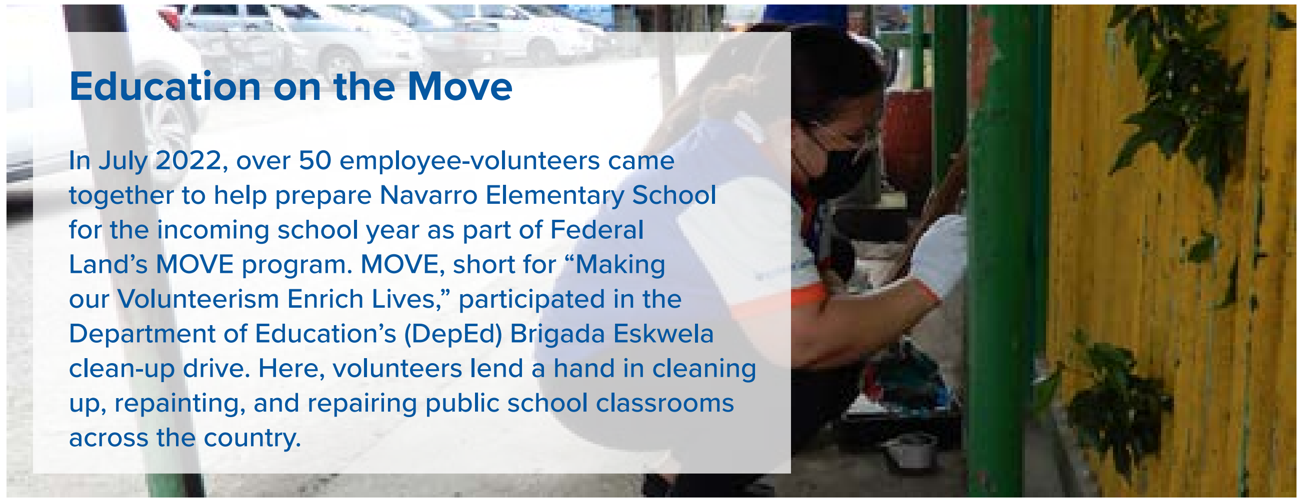
Metrobank Foundation

Metrobank Foundation (MBFI) celebrates the talents and contributions of different sectors of Philippine society through its numerous awards and recognition programs. At the same time, MBFI gives financial and in-kind support through its disaster response and grants. MBFI's initiatives are moved by its roadmap: "Excel. Engage. Empower."

In 2022, MBFI conferred the Outstanding Filipinos Award to four teachers, three soldiers, and three police officers for their exemplary contributions to the public with each going beyond the call of duty in his or her own way. Each awardee receive a Php 1 million cash prize, a gold medallion, and a trophy.

Filipino arts and culture, on the other hand, is recognized through the Metrobank Art & Design Excellence (MADE) awards. During the year, over 530 entries were received, with two Grand Awardees for Painting Recognition and one Grand Awardee for Sculpture Recognition receiving Php 500,000. The Special Citation awardee for Sculpture Recognition received Php 100,000. Filipino Sculptor Juan Sajid, the 2007 winner of the Metrobank Foundation Prize for Achievement, designed the trophies for this year's awardees.

Metrobank Foundation, Inc. (MBFI) Outstanding Filipinos 2022 Awards Ceremony with MBFI President Mr. Aniceto M. Sobrepeña (seventh from left)



Education on the Move

In July 2022, over 50 employee-volunteers came together to help prepare Navarro Elementary School for the incoming school year as part of Federal Land's MOVE program. MOVE, short for "Making our Volunteerism Enrich Lives," participated in the Department of Education's (DepEd) Brigada Eskwela clean-up drive. Here, volunteers lend a hand in cleaning up, repainting, and repairing public school classrooms across the country.

TMP Foundation

TMP Foundation (TMPF) is dedicated to serving the local communities where TMP operates, with a focus on projects in education, health, and community service.

Through its flagship Adopt-A-School program, its chosen beneficiary, Pulong Sta. Cruz Elementary School (PSCES), received health assistance for its faculty and staff in the form of free examinations and comprehensive physical exams.

Since children were also returning to face-to-face classes with the easing of COVID-19 restrictions, TMPF donated various sanitation supplies, much-needed furnishing, and a multifunctional printer for PSCES classrooms.

Continuing to serve the nearby communities, TMPF's annual Medical-Surgical Outreach Program (MSOP) provided free surgeries to a total of 34 patient-beneficiaries. In addition, TMPF organized other social initiatives such as clean-up drives, a feeding program, vegetable farming activities, rice donations, and house refurbishment activities.

In one of its key adopted communities, the Toyota-City of Santa Rosa-Gawad Kalinga Village, TMPF participated in the village-initiated "Kalinga sa Bayan" Day, which is a whole-day event aimed at maintaining a safe, healthy, and sustainable community. TMPF supported the 'bayanihan' activities for the neighborhood such as street cleanup, house painting, vegetable planting and feeding of undernourished children.

CSR at Federal Land

Federal Land's social projects aims to improve its relationships with its host communities by tapping into their various needs. Part of Federal Land's celebration of its 50th anniversary was finding ways to pay it forward to its host communities.

During Nutrition Month, Federal Land sponsored a Nutrition Talk with Jerrica Suarez, RND. The Nutrition Talk was conducted for the parents and community volunteers of children who are beneficiaries of GT Capital's feeding program in General Trias, Cavite.

The program covered a discussion of well-balanced nutrition and overall well-being. Conscious of the importance of finding practical ways to eat well, the talk also included affordable ways to prepare healthy meals for the entire family.

Federal Land Sponsored Nutrition Talk in Cavite

CSR at AXA Philippines

AXA Philippines partners with organizations that represent the different needs and sectors of society, be it education, agriculture, business, or social development. By collaborating with experts and like-minded institutions, the company is able to carry out social responsibility and environmental projects that are well-informed and impactful.

AXA Philippines joined its school partners under DepEd Manila to start the AXA Ocean Education program, where AXA Philippines provided innovative resources to increase familiarity with the ocean among the youth. In partnership with EncounterEdu, AXA Philippines offered free teaching resources, enabling elementary school teachers to simultaneously educate young minds about the wonders of the ocean and give importance to the natural world.

AXA donates USD 5,000 to support Save the Children

Additionally, the company also partnered with Cropital—a crowdfunding platform that supports local smallholder farmers. Cropital's Sustainability Fund, to which AXA Philippines pledged a minimum of Php 100,000, goes toward loans and capital for farmers. By giving them the resources for financing and financial literacy, Filipino farmers are able to address their need for capital.

AXA Philippines' care for its communities extends to its customers. When Typhoon Odette devastated areas in the Philippines in 2021, AXA Philippines granted an amnesty period and extended the premium payment schedules of its customers who resided in areas that were significantly affected by the typhoon.

AXA's Week for Good

Every year, AXA Philippines dedicates an entire week to volunteer programs in line with the company's commitment to doing good. Called the "AXA Week for Good," the company and its employees participate in feeding programs and soup kitchens, blood donation drives, and mangrove planting activities. In 2022, the AXA Week for Good outcomes included 1,500 children fed and 5,400 meals packed, 44 bags of blood donated, and 550 mangrove seedlings planted.

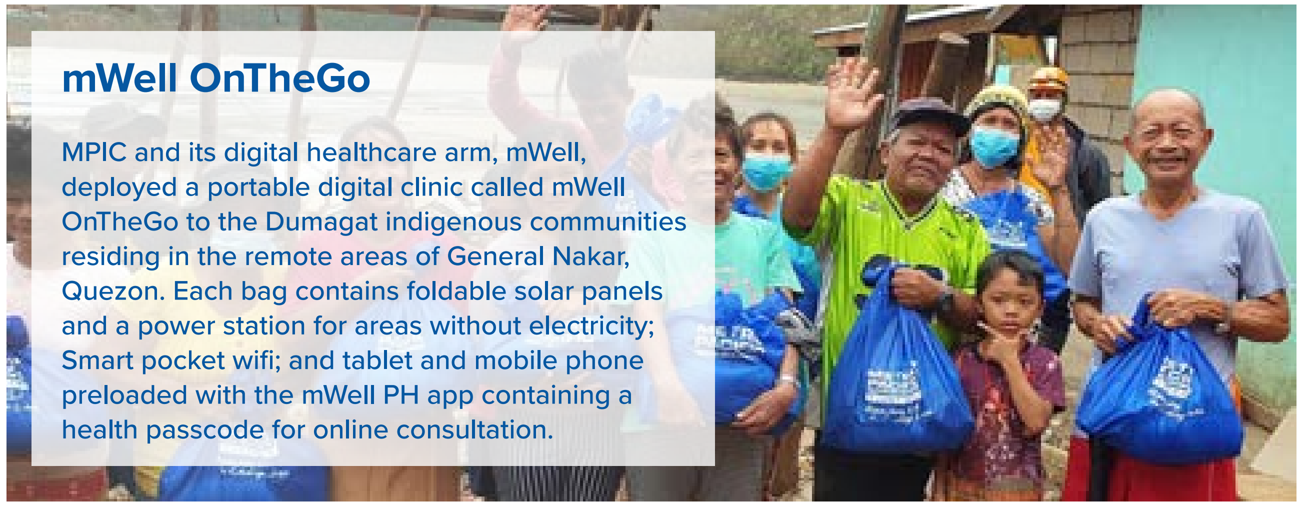
MPI Foundation

MPI Foundation (MPIF) complements Metro Pacific's expertise on infrastructure and contributions to the economy by being the "heart" of the company—reinforcing social infrastructure and working to address social inequalities.

While MPIF honed in on the immediate health needs of communities during the peak of the pandemic, 2022 marked a time where Filipinos were steadily getting back on their feet and needed economic assistance.

MPIF, in collaboration with Neo Zigma Cycle Corporation, Interval Gear Events Management, and the organizers of the 1st Philippine Cycling Festival, raised funds to benefit the alternative livelihood of indigenous peoples in the Philippines. From the proceeds, MPIF received and turned over 60 commuter bikes to Pinatubo Eco-Adventure and Cultural Enclave Katutubong Anak ng Mount Pinatubo (PEACE KAMP) for the benefit of the Aetas of Sapang Uwak.

MPIF turned over 60 commuter bikes to PEACE KAMP for the Aeta Community of Sapang Uwak



mWell OnTheGo

MPIC and its digital healthcare arm, mWell, deployed a portable digital clinic called mWell OnTheGo to the Dumagat indigenous communities residing in the remote areas of General Nakar, Quezon. Each bag contains foldable solar panels and a power station for areas without electricity; Smart pocket wifi; and tablet and mobile phone preloaded with the mWell PH app containing a health passcode for online consultation.

Supplier Social Assessment

GT Capital ensures that its activities are assessed to prevent and mitigate their negative social and environmental impacts, if any, on the supply chain. These include impacts that are directly related to its activities, products, and services

Metrobank secures certifications from regulators to ensure that its vendors are legitimate independent contractors and are up-to-date on payments and contributions with the Social Security System, Pag-IBIG Fund, and PhilHealth. As part of vendor accreditation, Metrobank requires securing an Environmental Compliance Certificate for projects that may potentially impact the environment.

Before doing business with AXA, all suppliers are required to comply with Procurement's accreditation process. As part of the due diligence review, suppliers accomplish a Corporate Responsibility Questionnaire which is focused on adherence to Responsible Procurement practices as well as proper business conduct in relation to Human Rights, Environmental, Health, and Safety.

Natural Capital

GT Capital recognizes that addressing environmental issues through the conscious consumption of its natural resources and management of natural outputs are important. An enterprise's longevity would be impossible in a rapidly deteriorating planet.

As such, GT Capital takes into consideration its use of resources such as electricity, fuel, and its landbank possession of 702 hectares in General Trias, Cavite and 100 hectares in Metro Manila and Cebu. Together with its operating companies, GT Capital is also finding ways to address and minimize its overall carbon footprint.

Environmental Impact Assessment and Compliance

Before any of its undertakings, GT Capital and its operating companies conduct the necessary environmental assessments to determine possible impacts on its would-be areas of operation. Doing so is crucial to the company as it both adheres to compliance with all necessary government regulations and has its own commitment to carefully managing its natural resources.

Each of GT Capital's operating companies have mechanisms in place to monitor and manage their environmental impacts as applicable to the nature of their business.

For Metrobank, trust is what undergirds the success of the business. The relationship of trust that it builds between itself and its customers extends to its other stakeholders as well. When it comes to its relationship with its regulators, Metrobank maintains its reputation by fully complying with applicable laws and regulations.

To ensure that it is able to consistently stay on top of its environmental impacts, Metrobank stays abreast of environmental regulations and has appointed Department of Environment and Natural Resources (DENR) Pollution Control Officers to its areas of operation.

As part of greening the supply chain, suppliers are enjoined to strictly follow the Toyota Green Purchasing Guidelines which promote activities related to ISO 14001 certification, CO2 emission and water consumption reduction, recycling, SoC-free chemicals management and CSR activities.

TMP's Environmental Management System (EMS) is an internal oversight committee that monitors the company's compliance with government environmental regulations. It is composed of seven subcommittees that cover matters of non-manufacturing, manufacturing, logistics, sales and service, purchasing, communication, and chemical management. The EMS also has two dedicated task forces, namely the Plant Zero CO2 Task Force and the End-of-Vehicle Life Task Force, that oversee initiatives in line with the Toyota Environmental Challenge 2050 (TEC 2050).

In response to one of the TEC 2050's goals to address life cycle carbon dioxide (CO2) emissions, TMP is continuously pursuing ISO 14001:2015 certification across its dealerships. As of 2022, 71 TMP dealerships have been certified while two new dealerships are in the process of obtaining certification.

Other certifications that TMP has obtained for its operations include necessary permits and licenses from the DENR, Laguna Lake Development Authority (LLDA), and National Water Resources Board.

Federal Land obtains an Environmental Compliance Certificate for all of its construction projects to guarantee that pre-construction, construction, and operation conditions are met. Apart from certification, Federal Land assigns a Pollution Control Officer to better manage its environmental impacts during its undertakings.

Metro Pacific is cognizant of its responsibility of environmental stewardship as a provider of public utilities. Therefore, it works closely with government agencies and environmental regulatory bodies to secure necessary permits for its projects as it continues to provide its customers with essential services. Its Environment, Social and Impact Assessment (ESIA) Policy formalizes ESIA as a mandatory item in MPIC's Mergers & Acquisitions due diligence.

In 2022, GT Capital and its operating companies Metrobank, TMP, Federal Land, AXA Philippines, and Metro Pacific recorded no significant non-compliance incidents and incurred zero significant fines.

GRI: 2-27

MPIC builds a Biodiversity-Friendly City

Metro Pacific Investments Corporation (MPIC), the Department of Environment and Natural Resources – Biodiversity Management Bureau (DENR-BMB), the Department of Environment and Natural Resources – National Capital Region (DENR-NCR), and the local government unit of Quezon City forged a landmark three-year partnership for the implementation of the "Building a Biodiversity-Friendly Environment in Metro Manila" project Under the agreement, the parties will establish the first Gabay Kalikasan Park in Quezon City as well as jointly implement communication, education, and public awareness campaigns to promote urban biodiversity.

Through this partnership, the parties aim to increase the access of those living in urban areas to green spaces and improve human well-being, as well as maintain functional urban green spaces to regain ecosystem services, develop resiliency, and increase the aesthetics and quality of the urban environment.

In a groundbreaking event held on March 9, 2023, representatives from MPIC, DENR-BMB, DENR-NCR, and the QC LGU, officially ushered the development of Gabay Kalikasan Park into an urban green park model.

"This partnership is another step that helps us move towards uplifting the lives of Filipinos by ensuring that environmental sustainability is a top priority," says MPIC Chairman, President, and CEO Manuel V. Pangilinan.

The initiative is also a contribution towards the United Nations Sustainable Development Goals (SDG), particularly SDG 11 Sustainable Cities and Communities.

MPIC partnership with DENR-BMB, DENR-NCR, and the local government of Quezon City

Energy

GT Capital and its operating companies undertake diligent efforts in energy conservation by shifting to more energy-efficient office equipment and minimizing consumption only to necessary usage. The Group also aims to achieve a reduction in energy consumption which translates to lower energy costs and contributes to sustainable business operations.

As one of its contributions to the TEC 2050, TMP is on track to achieving 100% renewable energy use across its supply chain. The Department of Energy's (DOE) Green Energy Option Program (GEOP) is in sync with the TEC 2050's goals, enabling the pooled procurement of renewable energy.

TMP is currently encouraging its suppliers to invest in solar energy use or participate in the GEOP. In 2022, four of its suppliers have already achieved the use of 100% renewable energy through both onsite and offsite energy sources. For its painting shops, TMP is exploring the feasibility of using biogas as a greener fuel source for manufacturing.

Total energy consumption of the group in 2022 amounted to 72.7 million MWh, a 1% increase from previous year. Renewable energy consumption rose by 51%, from 8,335 MWh to 12,594 MWh, as TMP and MPIC continue their efforts to transition to using more renewable energy sources.

To measure efficiency, energy intensity expressed in energy consumption per million Php revenue of the operating companies are measured over time. Through TMP and MPIC's initiatives to improve energy efficiency, their energy intensities in 2022 decreased by 18% and 23%, respectively.

Total Energy Consumption Within the Organization
(in MWh)

COMPANY	2022	2021
Metrobank	56,198	40,640
TMP	44,758	38,764
Federal Land	6,845*	44,756
AXA	1,793	848
MPIC	23,056,407	25,819,298
MPIC (energy sold)	49,554,540	46,072,898
TOTAL	**72,720,541**	**72,017,204**

**Covers only GT Tower. Other properties to be included in 2023.*

Energy Consumption by Source*
(in MWh)

	2022	2021
Renewable	12,593	8,335
Non-Renewable	23,153,408	25,935,971

**Excludes energy sold by MPIC*

GRI: 3-3, 302-1

2022 Energy Consumption by Source

(in MWh)

	Renewable	Non-renewable
Metrobank	-	56,198
TMP	1,343	43,415
Federal Land	-	6,845
AXA	-	1,793
MPIC*	11,250	23,045,157

*Excludes energy sold

Energy Intensity

(in MWh per Php million revenue)

	2022	2021
Metrobank	536	465
TMP	247	301
Federal Land	509*	3,685
AXA	110	48
MPIC**	453,135	586,802

*Covers only GT Tower. Other properties to be included in 2023

**Excludes energy sold

Emissions

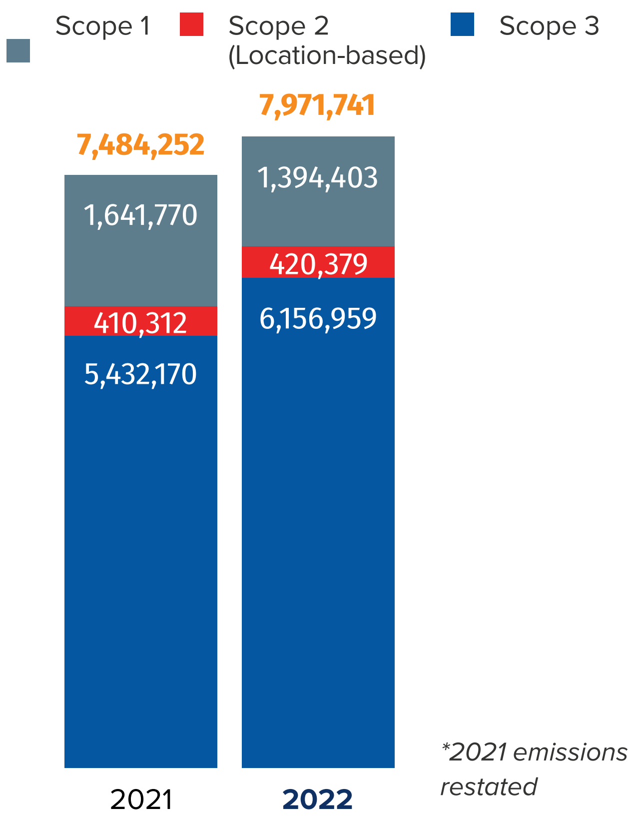
Joining the global movement towards mitigating climate change in accordance with the Paris Agreement, GT Capital started to track its emissions in 2021 using the GHG Protocol Corporate Standard. As a holding company, GT Capital's follows the equity share approach in which GHG emissions are accounted for based on its share of equity for each operating company. This approach reflects economic interest and allows GT Capital to align its investment decisions with its carbon footprint.

In 2022, GT Capital recorded a total of 7.97 million tons-CO2e of scope 1, 2 and 3 emissions from the group. Due to the nature of its businesses, MPIC contributed to the majority of GT Capital's emissions at 98% or 7.82 million tons-CO2e. Total emissions rose slightly by 2% due to higher scope 2 and 3 emissions of 2% and 13%, respectively, primarily due to MPIC's fuel and energy-related activities. Meanwhile, scope 1 emissions decreased by 15%, reflecting MPIC's efforts to use more renewable energy sources for its operations.

As part of its journey to understand its carbon footprint and establish a decarbonization roadmap, GT Capital and its operating companies will continue to improve its GHG inventory, increasing the coverage of its scope 3 emissions and completing its GHG baseline.

GHG Emissions (Equity-Based)

(in tons CO_2e)



*2021 emissions restated

GHG Intensity (Equity-based)

(in million tons-CO_2e per Php million revenue)

	Scope 1	Scope 2 (Location-based)
Scope 1	9.403	5.684
Scope 2 (Location-based)	2.350	1.714
Scope 3	31.112	25.100

Accelerating Carbon Neutrality

"Carbon is our enemy," announced Toyota President Akio Toyoda during the 2021 Super Taikyu Series pre-race press briefing. This statement would define the company's carbon neutrality efforts moving forward, acknowledging that completely ridding internal combustion engines was not the solution given the complex, varying needs of countries and car owners. Instead, Toyota and its affiliates will focus on a multi-pathway initiative that leaves no one behind—innovating a wide range of low-carbon drivetrains to suit diverse circumstances.

In the Philippines, TMP accelerated its Plant Carbon Neutrality initiatives this 2022. First targeting the year 2050, TMP now has plans on achieving its goals of reducing CO_2 emissions by 2035 instead.

According to TMP President Atsuhiro Okamoto, "For TMP, I am confident to say that Plant Carbon Neutrality by 2035 is possible. We have 13 years left before our deadline and we are working continuously to achieve 100% [Renewable Energy] RE by also exploring offsite power sources".

TMP also has a clear roadmap for achieving the 2035 target: using 100% RE, applying smart technologies and operational efficiencies in manufacturing, as well as using modern machinery that relies on alternative fuel or energy sources. The Company also has energy efficiency activities to further lower its absolute CO_2.

In 2022, TMP also expanded its renewable energy program with the addition of 3,486 panels for the full rooftop solar power system at TMP's main building in Santa Rosa City, Laguna.

TMP started investing in renewable energy in 2018 with the first phase of installation of the 1-MW TMP Solar Array. Its total investment to date on its onsite Solar Array Project is over Php96 million.

With the latest development, the Solar Array Project contributes 7-10% of the total energy requirement for both manufacturing and non-manufacturing operations of TMP. CO_2 emissions can be reduced by as much as 1,400 CO_2 tons per year, equivalent to 2.9 million trees planted over 20 years.

Toyota Assembly Plant, Sta. Rosa, Laguna

2022 Emissions per Operating Company

(in tons CO_2e)

	Scope 1	Scope 2 (Location-based)	Scope 3*
Metrobank	55	14,838	-
TMP	2,450	7,321	118,833
Federal Land	16	5,284	3,030
AXA	25	140	-
MPIC	1,391,858	392,796	6,035,095
TOTAL	**1,394,403**	**420,379**	**6,156,959**

**Scope 3 emissions covered:*

- *Federal Land's tenants in GT Tower*
- *MPIC fuel- and energy- related activities and MPIC Parent's business travel and employee commute*
- *TMP's suppliers, dealers and logistics operations*

32%
reduction
in scope 2 emissions of TMP's suppliers

One of TMP's initiatives is to influence suppliers to reduce their emissions through using renewable energy and undertaking energy efficiency initiatives.

Climate Action

Conscious of its carbon footprint and dedicated to environmental stewardship, GT Capital's initiatives addressing climate change focus on two aspects: climate change mitigation and climate change adaptation.

Through climate change mitigation, GT Capital and its operating companies focus on preventing the shortage of essential resources and reducing emissions. Flora and fauna also have a major role in stabilizing ecosystems, protecting biodiversity is crucial.

While efforts to impede climate change are an important component of GT Capital's environmental initiatives, safeguarding the future will also involve adopting measures that help current and future generations cope with climate change effects that are already happening.

By adopting these initiatives, the company is able to have a hand in preventing a worsened climate crisis and building a resilient business that is capable of facing current climate change challenges.

In 2022, GT Capital's operating companies continued their climate mitigation and adaptation initiatives.

Resource Efficiency

- **4,000-liter** capacity of installed rainwater collector tank
- **2.5%** plastic reduction through logistical improvements at Toyota parts suppliers

Stewardship

- **26,800** tree seedlings and mangrove propagules planted
- **40-hectare** rainforest adopted in Maragondon, Cavite

Resource Conservation and Efficiency

- Rainwater harvesting and sewage treatment in all residential developments
- Water-efficient toilet fixtures
- Required waste segregation programs and Materials Recovery Facilities for all developments

Sustainable Design

- Tree ratio (at least one 4-inch caliper tree planted for every 500 sqm of open space) applied to all new residential developments
- Planting native trees for landscaping
- Bike lanes provided for alternative mobility
- Energy-efficient lighting technology
- High Solar Reflectance Index (SRI) paint colors in projects to reduce heat absorption
- Permeable paving to reduce heat flux and mitigate urban heat island

Resiliency

- Committed full support to the Philippine Disaster Resilience Foundation (PDRF), the country's major private sector vehicle and coordinator for disaster resilience
- MPIC Group leaders, including its Chairman and CFO, designated as Board of Trustees of the PDRF
- Donated over P100 million to support PDRF's relief and rehabilitation programs for communities impacted by Typhoon Odette

Stewardship

- Financial support and specialized interventions for the conservation of Tubbataha Reefs Natural Park

Resource Conservation and Efficiency

- Inventory and planning for carbon neutrality by 2025
- Improved waste segregation program with Plastic Credit Exchange, Soilmate, IronMountain, and EcoHygiene
- Materials consumption inventory for plastic, paper, and waste

Stewardship

- Nearly **2,000** trees planted with local fishing community in Batangas and La Union

BUSINESS REVIEW

Banking

Metropolitan Bank & Trust Company

Mission and Vision

Meaningful Banking from Good Hands

We aim to be the country's premiere financial conglomerate, empowering our individual and business clients to realize their goals and reach their full potential. By creating and customizing financial solutions in response to our stakeholder's needs, continuously expanding our scope of reach, and leading in community service, we live up to our "You're in Good Hands" promise that embodies who we are and what we do. We are Metrobank.

Aligned/Relvant SDGs

Metropolitan Bank & Trust Company, operating since 1962, is one of the country's premier financial institutions that has been delivering meaningful banking to its clients for the past 60 years.

Its diverse product portfolio includes investment banking, thrift banking, leasing and financing, bancassurance, and credit cards. Metrobank's customer base to which it provides financial services to span local and multinational corporations, middle-market and SMEs, high net worth individuals, and the retail segment.

GRI: 203-2

ARTHUR V. TY
Chairman
Metropolitan Bank & Trust Company

FABIAN S. DEE
President
Metropolitan Bank & Trust Company

Metrobank Financial Chart Numbers

	2022	2021	2020	YOY	3Y CAGR
CASA Deposits (in Php Billion)	1,479.6	1,462.7	1,311.4	1%	6%
Gross Loan Portfolio (in Php Billion)	1,456.7	1,279.5	1,297.3	14%	6%
Net Interest Income (in Php Billion)	85.5	75.0	86.1	14%	0%
Total Assets (in Php Billion)	2,843.1	2,502.8	2,455.2	14%	8%
Total Deposits (in Php Billion)	2,221.1	1,930.3	1,797.2	15%	11%
Non-Interest Income* (in Php Billion)	27.5	26.4	35.8	4%	-12%
Capital Adequacy Ratio (in %)	17.7%	20.1%	20.2%		
Consolidated Net Income (in Php Billion)	32.8	22.2	13.8	48%	54%

**Note: Non-Interest Income includes share in net income of subsidiaries, associates and a joint venture*

2022 Awards and Recognitions

Metrobank continued to cement its reputation as the country's top financial institute that provides quality service to its clients. In 2022, Metrobank was lauded for the second year in a row by The Asian Banker as The Strongest Bank in the Philippines. The award cited Metrobank's ability to rise above other banks in the Philippines based on its capitalization and liquidity.

International bodies also recognized Metrobank through various other awards, such as The Best Bank in the Philippines by Euromoney, Best Corporate Bank and Domestic Private Bank in the Philippines by Asiamoney, and Most Helpful Bank During Covid-19 in the Philippines by the Asian Banker.

Metrobank Other Awards in 2022

- Bank of the Year in the Philippines, The Banker
- Strongest Bank in the Philippines, The Asian Banker
- Best Bank in the Philippines, Euromoney
- Best Corporate Bank in the Philippines, Asiamoney
- Best Domestic Private Bank in the Philippines, Asiamoney
- Best Multi-product Financing Deal, The Asset Triple A Country Awards
- Best Syndicated Loan Deal, The Asset Triple A Country Awards
- Market Leader for Trade Finance in the Philippines, Asiamoney Trade Finance Survey
- The Asset Benchmark Research Awards
- Top Sell-Side Institution Award for both Government and Corporate bonds in the local currency market category for the third straight year
- Top Individuals in the Region's Best Local Currency Bond award category

Top Market Maker for Government Securities for 2022, The Bureau of Treasury

- #1 & #2 in Trading
- #4 & #5 in Sales
- #4 in Research
- 2021 Fund Managers Association of the Philippines Bankers and Brokers Awards
- Best Fixed Income House
- Best Fixed Income Trader (Local Desk, Rank 1)
- Best Fixed Income Trader (Foreign Desk, Rank 2)
- Best Fixed Income Sales Person (Rank 3)
- Best Fixed Income Strategist (Rank 2)
- Top Market Maker for Government Securities for 2022, The Bureau of Treasury
- Balikat ng Bayan Best Bank Collection Partner, SSS
- Most Helpful Bank in the Philippines and 10th in Asia Pacific During COVID-19, BankQuality
- Among World's Best Employers of 2022, Forbes
- #4 Top Companies in the Philippines for 2022, LinkedIn

Business Strategy

Objectives	Strategies
Financial Growth	■ Enlarge client base ■ Grow loan portfolio ■ Optimize investment portfolio ■ Build up CASA ■ Maintain Asset Quality
Increase customer base	■ Expand customer reach ■ Increase product penetration ■ Maximize cross-sell opportunities
Improve customer satisfaction	■ Enhance digital services to meet customer demands ■ Introduce relevant products and services ■ Implement 360 customer service orientation ■ Improve service turnaround time ■ Expand touch points
Widen digital banking capabilities	■ Execute digital banking initiatives and transformation ■ Launch relevant digital functionalities to serve customer needs ■ Launch new digital products (e.g. QR codes)
Strengthen control framework	■ Efficient corporate structure ■ Sufficient capital and liquidity management ■ Prudent credit management ■ Strong risk, operations, and fraud controls ■ Compliance to regulatory bodies
Attract and retain the best people	■ Competitive employee valuation ■ Continued employee development and engagement programs ■ Safe working environment ■ Improve retention and reserve pool ■ Efficient succession planning

Creating a Sustainable Business

Steadfast on its purpose to empower individuals and businesses in realizing their goals and reaching their full potential, Metrobank continues to serve and create customized financial solutions, expand its scope of reach, and lead in community service.

As business activities gained greater traction, Metrobank, alongside its subsidiaries, looks forward to growing alongside the economy in providing its clients with top-notch service in new and meaningful ways. **Key strategies are anchored on growth**, in terms of customer base, loans and investment portfolio, enhancing customer experience, expanding digital banking solutions, improving operational efficiency, having a sound and effective corporate governance and risk and compliance management, and investing in people development.

Metrobank aims to **elevate customer experience** by offering products and services with distinct features and strong value propositions. For instance, new product types will be introduced to better fit the needs of its existing customers and new emerging markets. The Bank will drive digitalization by evolving the way it engages with its customers. It will bring its customers from a multi-channel state—from engaging with Metrobank across various touchpoints, to a mobile-centric, omnichannel state, in which customer experience is transformed to be digital-first, enabling them to self-service at their convenience. To be more mobile-centric, Metrobank will enhance and upgrade its digital platforms by migrating some branch services digitally.

Cognizant that the evolving digital and operating environment calls for **a robust IT infrastructure,** the Metrobank group will continuously allocate substantial investments to IT projects and improve its data management and analytics to support the digital transformation initiatives suited for the growing needs and preferences of clients.

Metrobank also recognizes that **good risk management** goes beyond regulatory compliance and must be part of its growth strategy and day-to-day business. With increasingly strict corporate governance requirements and compliance targets under the Basel III framework, it aims to promote a continued focus on credit excellence and detailed attention to market and operational risks, and account for other important risks. It shall continue to apply rigorous risk management practices that are supported by high-quality information systems and risk management tools.

As part of **its promise to educate its clients and employees,** Metrobank will transform financial education digitally. It recently launched an e-book platform called Moneybility, dedicated to providing continuous financial education to our clients and to new and unserved markets. It will also improve its investment advisory content through Metrobank Wealth Insights and Earnest while its investment banking arm, First Metro Investment Corporation, will continue providing its clients with economic and market updates through its annual Economic & Capital Markets Briefings and its monthly publication, The Market Call. Metrobank will also continue its regular proactive ways to avoid online fraud. Sound and effective corporate governance enables Metrobank to build a culture of integrity and sustain its business amidst the rapidly evolving business environment.

Metrobank believes that an **engaged workforce leads to satisfied customers.** As such, it will continue to invest in people development by strengthening the professional development of its employees, equipping them with the necessary skills and information they need to do their jobs effectively. Metrobank will continuously train its people through professional development trainings and workshops on areas such as communication and presentation skills, critical and analytical thinking, product and project management, and leadership. These initiatives will help improve and strengthen talent attraction, talent retention, and succession planning programs.

Recognizing its role of being an **active participant in nation-building,** Metrobank will continue to advocate for CSR activities through its philanthropic arm, MBFI. MBFI will sustain its long tradition of Metrobank Foundation Outstanding Filipinos, Metrobank Art & Design Excellence, and its various educational programs such as the Metrobank Scholarship Program. It will also strengthen Purple Hearts Club to instill the spirit of corporate volunteerism among Metrobank's people.

Metrobank is firmly focused on its objectives and core business of delivering Meaningful Banking services to its clients with relevant financial solutions, best-in-class customer experience, and secured and efficient operations. These efforts are anchored on its Core Values program and always embraced by its people, proving that **"You're in Good Hands with Metrobank" is more than just a promise, but a way of life at Metrobank.**

Automotive

Toyota Motor Philippines Corporation

Vision	To be the No. 1 automotive company where GREAT PEOPLE work as a TEAM to provide the BEST products and service to our CUSTOMERS
Mission	Driven by the will to serve, we, hereby, commit ourselves: ■ To dominate our markets through dynamic selling and timely delivery of attractive products, with excellent customer service and continuous product improvement ■ To produce vehicles and components of outstanding quality, using advanced technology, continuously improving methods and environment-friendly processes while maintaining safe working conditions ■ To sustain Company profitability, stability, productivity, and growth by efficiently engaging in effective financial and resource management for the collective gain of the Toyota Family and the society we serve ■ To sustain Team Members' morale and productivity by developing their full potential and total well-being, and by establishing mutual trust, mutual responsibility and harmony through open communication
Aligned/Relvant SDGs	3, 4, 8, 12, 13

GRI: 203-2

ALFRED V. TY
Chairman
Toyota Motor Philippines

ATSUHIRO OKAMOTO
President
Toyota Motor Philippines

Toyota Motor Philippines Corporation, a strategic partnership between GT Capital Holdings, Inc. and Toyota Motor Corporation of Japan, is the largest automotive company in the country. The company is engaged in the assembly, importation, and wholesale distribution of Toyota and Lexus motor vehicles in the Philippines. TMP has the widest models mix and offering in the country, with 29 and 17 Toyota and Lexus models, respectively.

TMP has an extensive network of 73 dealerships nationwide, including the Lexus dealership in Bonifacio Global City, Taguig. TMP's head office and assembly plant are located in the 82-hectare Toyota Special Economic Zone in Sta. Rosa, Laguna. It is where the country's best selling passenger car, the Vios and the highly popular multi-purpose van, the Innova, are assembled. TMP's plant capacity is over 54,000 units annually.

Furthermore, TMP's Batangas Vehicle Center, which was inaugurated in 2021, is a 32-hectare logistics hub just six kilometers away from the Batangas Port. The facility can store up to 5,500 imported units at a time and has an annual capacity of 160,000 units. This pre-delivery inspection and installation facility uses RFID-tagging technology for real-time vehicle tracking and streamlines TMP's logistics operations and further improves efficiencies.

In 2022 alone, TMP launched nine new model variants, namely the all-new Raize, Rav4 HEV, and Corolla Cross GR-Sport HEV in February, the Corolla Altis GR-Sport and Avanza in March, the Veloz in April, the Rush GR-Sport in May, the all-new Lite Ace in July, and the GR 86 in August.

TMP Financial Chart Numbers

	2022	2021	2020	YOY	3Y CAGR
Retail Vehicle Sales (in units)	174,106	129,667	100,019	34%	32%
Revenues (in Php Billion)	183.8	131.3	99.8	40%	36%
Net Income ATP (in Php Billion)	5.7	6.0	3.3	-6%	31%
Total Assets (in Php Billion)	45.3	44.9	45.1	1%	0%
Total Equity (in Php Billion)	12.7	12.9	9.5	-1%	16%
Number of Dealerships	73	73	71	0%	1%

2022 Awards and Recognitions

With full-year 2022 retail vehicle sales of 174,106 units, which is 34% higher than the 129,667 units recorded in the previous year and 107% of pre-Covid 2019 sales levels, TMP significantly outpaced the resurgent growth momentum of the whole Philippine auto industry. Consequently, TMP achieved its 21st consecutive Triple Crown Award with an all-time high market share of 50% for the year, thus reaffirming its dominance in the passenger car, commercial vehicle, and overall market segments.

In March 2022, TMP achieved a key milestone of selling two million vehicles since starting operations in the Philippines in 1988. This accomplishment further solidifies Toyota's position as the top automotive brand in the country.

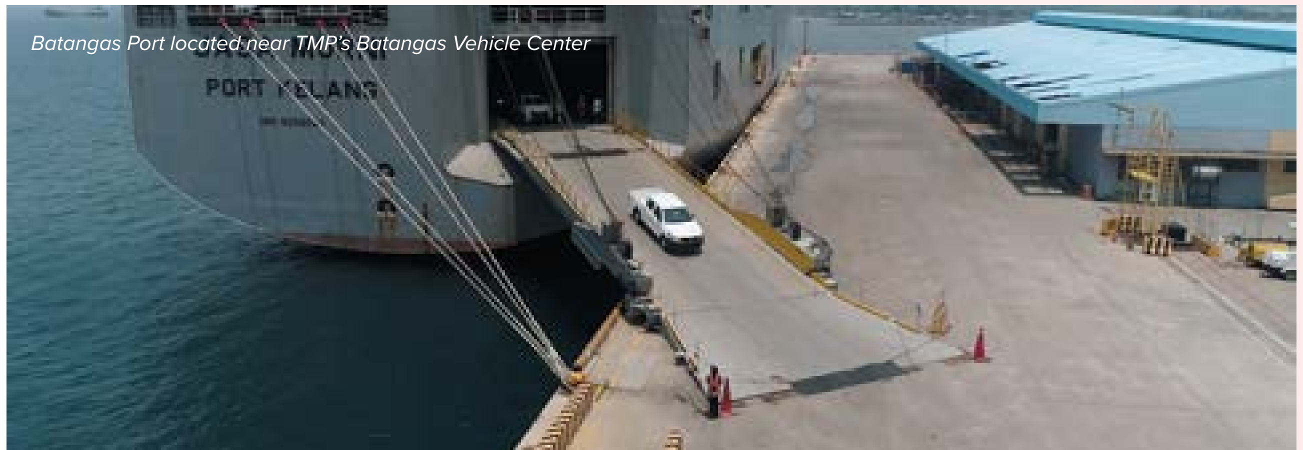
As one of the recipients of the prestigious Philippine Quality Award (PQA) for Performance Excellence and in appreciation of its active efforts in promoting the PQA framework to other private and public organizations, the Department of Trade and Industry - Competitiveness Bureau (DTI-CB) gave special recognition to TMP during the PQA 25th anniversary held at the Philippine International Convention Center in Pasay City.

DTI-CB recognizes TMP with the Philippine Quality Award for Performance Excellence

In May 2022, TMP was awarded as one of the "Top Private Employers" in South Luzon by the Pag-IBIG Fund during its virtual Stakeholders' Accomplishment Report (StAR). This award is given to top private and public organizations that contributed to the Pag-IBIG Fund's net income target achievement. TMP is the first automotive company to be given this award.

TMP furthers its contribution to the economy with its revenue contributions through payments to government, particularly with the taxes in importing automotive products and parts at the Port of Batangas. The company remitted a total of Php 16.5 billion in duties and taxes to the government in the first half of 2022 alone. For this contribution that helped the agency in the achievement of its collection targets, TMP was recognized by the Bureau of Customs during the Port of Batangas' 65th founding anniversary celebration.

Due to its various CSR initiatives during the height of the Covid-19 pandemic, TMP was commended by the Society of Philippine Motoring Journalists (SPMJ). In the SPMJ's Fifth 'Driven to Serve' awards program, TMP received the Gold Award in both the Covid-19 Response and Education categories for its 'Mobility Support to Covid-19 Healthcare Frontliners' and 'Support to Basic Education Learning Continuity Plan of Adopted School,' respectively.



Batangas Port located near TMP's Batangas Vehicle Center

Business Strategy

OBJECTIVE: Short-term

Strengthen business fundamentals towards competitiveness and sustainability

Strategy	KPIs and Targets	2022 Achievements
Maintain leadership in the Philippine market	■ No. 1 ranking in passenger car, commercial vehicle, and overall sales	■ Achieved the 21st consecutive Triple Crown for maintaining the position as number 1 in passenger car, commercial vehicle, and overall sales ■ 50% Market Share
Cost management to cushion the impact of COVID-19 pandemic	■ Stable revenue growth	■ 41% year-on-year growth in revenues in 2022 compared to 2021
Strengthen fundamentals	■ Overall safety, quality, efficiency competitiveness ■ Performance excellence through the Philippine Quality Award's (PQA) principles of Total Quality Management	■ Achieved all Safety KPIs, including Zero Fire Incident and Zero Critical Incident ■ Recorded highest shipping quality in TMP history, ranking 2nd among Toyota Asia manufacturing affiliates

OBJECTIVE: Medium-term

Boost local manufacturing

Strategy	KPIs and Targets	2022 Achievements
Participation in the Philippine government's CARS program with the Vios completely-knocked down (CKD) model	■ 200,000 Vios units produced by 2026 (starting 2018) ■ Net positive impact to manufacturing output and national economy	■ Achieved 70% of the 200,000 CARS volume requirement ■ Produced 32,397 Vios units in 2022

OBJECTIVE: Long-term

Strategy	KPIs and Targets	2022 Achievements
Transformation of traditional business (automotive manufacturing and distribution)	■ No. 1 ranking in customer satisfaction and retention ■ Introduction of 'new mobility solutions' based on the areas of Connected Cars, Autonomous Driving, Shared, Electrified (CASE) ■ Wider demographic reach leading to less urban congestion and balanced economic growth nationwide ■ MSMEs reached to support operational efficiency and overall growth	■ Introduction of the new Lite Ace, TMP's first and only model in Light Commercial Vehicle (LCV) segment intended for the MSMEs ■ Incorporation of Toyota Mobility Solutions Philippines, Inc., a wholly-owned subsidiary offering mobility-related services anchored on CASE
Organizational transformation	■ Increased number of experts and trainers ■ National recognition for being "one of the best employers/ workplaces in the Philippines"	■ Recognized by the PAG-IBIG Fund as one of the "Top Private Employers" for South Luzon
Decarbonization & multi-pathway electrification	■ Zero carbon dioxide emissions at TMP's manufacturing plant by 2035 ■ 100% Renewable Energy (RE) use before 2035 ■ HEV product line-up expansion across various segments	■ Expansion of full rooftop solar power system from 1 MW to 1.46 MW, acquiring the capability to generate 2 Million kWh of renewable energy per year, or 7-10% of TMP's total energy requirements ■ Boosted TMP manufacturing plant's maximum RE ratio to 23% in 2022 using both onsite and offsite power sources ■ Addition of Rav4 Hybrid and Corolla Altis GR-S HEV in the Toyota HEV product line-up

Maintaining signature quality

TMP will continue to maintain the strengths that have cemented its position as an exceptional player in the automotive industry—quality, safety, efficiency, and reliability. Embodying its principle of kaizen are its efforts to bolster its offerings by further improving customer-oriented features in its vehicles, complemented by digital innovations to customer service.

Amplifying CARS

Through the Comprehensive Automotive Resurgence Strategy (CARS) Program, the company builds on its vehicle and parts manufacturing capacity. It contributes to the nationwide thrust to reinvigorate the local automotive industry.

Pivot to mobility

TMP will go beyond being an automotive company and has set the course toward mobility. The company's pivot is in line with shifts in the global market, tapping into business opportunities for services in the vehicle ownership domain.

Decarbonizing portfolios and processes

In response to the advancing threats of climate change, TMP has amplified its initiatives following the TEC 2050. The green initiative has set 2035 as the target year for TMP to achieve 100% use of renewable energy and net zero emissions at its manufacturing plant. Decarbonization will reflect in its portfolio through a wider local offering of models utilizing electrified vehicle (xEV) technology.

GT Capital Auto and Mobility Holdings, Inc.

Vision	We will be a leading and active partner in the pursuit of realizing mobility for all Filipinos through our investments in innovative, sustainable and socially relevant ventures. We will harness and grow the individual strengths of our various stakeholders through synergies that expand our collective value to the economy, society and our investors. We aim to be the most sought-after strategic partner for new businesses in the sector.

GT Capital Auto and Mobility Holdings, Inc. (GTCAM) is GT Capital's wholly-owned subsidiary responsible for managing the Group's automotive dealer operations and key mobility ventures including, but not limited to, pre-owned cars.

In alignment with GT Capital's holistic view towards progress, GTCAM is well-positioned to support national economic growth and sustainable development through key initiatives that enrich the lives of Filipinos through motorization and mobility.

GRI: 203-2

VICENTE SANIEL SOCCO
Chairman
GT Capital Auto and Mobility Holdings, Inc.

External Environment and Outlook

External Environment

- Philippine economy to continue strong growth driven by consumer expenditures and increased foreign investments.
- Financing rates to increase as an offshoot of BSP's interest rate adjustments.
- Global supply chain disruptions will continue but will ease towards the end of the year.
- The stabilization of foreign exchange rates against the US Dollar is expected as interest rate hikes start to reduce in line with inflation.

Outlook

- Full restoration of mobility and increased vehicle usage will unlock pent-up vehicle demand and enhance after-sales service opportunities.
- Restoration of production at car factories will result to a further recovery in the new vehicles market and increased competition in terms of share of market.
- Reduction in imported costs of production will lessen price increase pressures.

Business Strategy

Strengthen contribution to Toyota national sales by increasing productivity, efficiency and effectiveness of GT Capital and GTCAM-affiliated Toyota Dealers, including maximizing capacity utilization of workshop facilities, harnessing digital sales innovations and expanding value chain revenues.

Likewise, GTCAM aims to step-up its penetration in the pre-owned car market. In entering an underpenetrated yet potential-heavy sector, GTCAM's strategy focuses on making its mark in the sector, pursuing growth, and providing quality, value and transparency to a market that is largely fragmented and underserved.

OBJECTIVE: Short-term (2023)

Strategy	KPIs and Targets	2022 Achievements
■ Prepare dealer operations for regularization of market demand. ■ Accelerate participation in the Used Car Industry.	■ Dealer Sales Volume ■ Dealer Net Income ■ Auction Sales ■ Warranty Sales	■ Dealer sales surpassed 2019 levels. ■ +60% growth in profitability year-on-year. ■ Auto auction sold more than 400 units. ■ Over 5,000 units inspected and more than 120 used car warranties sold.

OBJECTIVE: Medium-term (2024)

Strategy	KPIs and Targets
■ Expand dealership network. ■ Enhance readiness of dealer facilities for Electric Vehicles model line-up expansion. ■ Identify cross-selling & synergy opportunities across different operating companies.	■ Internal Rate of Return ■ Market Share ■ Sales Revenue ■ Lower Leakage Sales

OBJECTIVE: Long-term

Strategy	KPIs and Targets
■ Invest in new auto & mobility businesses.	■ Internal Rate of Return

Toyota Dealership

Business growth

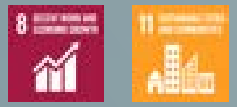
In the medium term, GTCAM will continue to support GT Capital's strategy of growing its businesses in existing sectors by investing in new dealer outlets alongside Toyota Motor Philippines' expansion plans as and when there are opportunities to do so. GTCAM will also actively seek cross-selling and synergy opportunities across its operating companies and beyond. GTCAM is also geared toward preparing the readiness of its dealer facilities and infrastructure for the introduction of electric vehicles.

Investing in new mobility businesses for the long run

GTCAM will continue to seek out new opportunities and investments in the automotive and mobility industry in the long term. The potential in the sector is driven by increased motorization among the general public as the Philippine economy improves. This is in step with the parent-level strategy of tapping into underdeveloped sectors and new businesses.

Property

Federal Land, Inc.

Vision	The dynamic Real Estate Developer most admired for its world class landmark projects and excellent customer service, highly capable team and outstanding innovations. It practices good governance and corporate social responsibility.
Mission	We create dynamic communities for generations to enjoy.
Aligned/Relvant SDGs	

Federal Land, Inc. is a leading Philippine property developer and is a wholly owned subsidiary of GT Capital. For over 50 years, the company has continuously launched and completed innovative, thoughtfully designed, and well-built property developments such as residential projects, commercial and retail spaces, modern office buildings, premium and iconic hotels, and masterplanned mixed-use communities in prime and strategic locations.

Federal Land has embarked on various well-received projects by successfully partnering with best-in-class global organizations, including major Japanese firms such as Nomura Real Estate Development Co., Ltd., ORIX Corporation of Japan, and Isetan Mitsukoshi Holdings Ltd., as well as Hyatt Hotels Corporation of the United States and Marco Polo Hotels of Hong Kong.

In January of last year, Federal Land forged a momentous and strategic partnership with NRE to form a new joint venture company, Federal Land NRE Global, Inc. This is NRE's single largest investment outside Japan. The partnership will deliver world-class, impeccably designed, and leading-edge mixed-use developments and communities that combine Japanese innovation with Filipino sensibilities. As its first foray, FNG will incorporate four areas of land development with a total area of about 219 hectares in key growth centers across Metro Manila, Cavite, and Cebu.

In February 2022, Federal Land launched Aki Tower, the third residential tower of The Seasons Residences strategically located within its ten-hectare fully-integrated lifestyle community, Grand Central Park in Bonifacio Global City.

In November of that same year, Federal Land, in partnership with Mitsukoshi and NRE, also soft launched MITSUKOSHI BGC, a four-level upmarket mall located at the podium of The Seasons Residences. The Philippines' first-ever MITSUKOSHI is geared to become the metro's newest iconic lifestyle hub. MITSUKOSHI BGC presents high-quality lifestyles and experiences through a curated mix of local and international retailers, a dedicated Japanese grocer, a specialty beauty store, and a host of well-loved brands from Japan.

GRI: 203-2

ALFRED V. TY
Chairman
Federal Land, Inc.

WILLIAM THOMAS F. MIRASOL
President
Federal Land, Inc.

Federal Land Financial Chart Numbers

	2022	2021	2020	YOY	3Y CAGR
Real Estate Sales (in Php Billion)	5.6	7.2	6.5	-23%	-7%
Revenues (in Php Billion)	15.4	10.4	9.3	49%	29%
Net Income (in Php Billion)	4.6	1.0	0.6	29%	171%
Total Assets (in Php Billion)	123.6	113.5	109.4	9%	6%
Total Equity Attributable to Equity Holders (in Php Billion)	41.6	37.2	36.9	12%	6%
Reservation Sales (in Php Billion)	18.5	10.6	14.2	74%	14%

2022 Awards and Recognitions

As a testament to Federal Land's commitment to developing innovative and well-built properties, the company won several prestigious awards from some of the largest and most renowned awarding giving bodies in real estate.

In the 2022 International Property Awards Asia-Pacific, Grand Hyatt Manila Residences was recognized as the "Best Residential High Rise Development in the Philippines," while The Grand Midori Ortigas was awarded the "Best Residential High-Rise Architecture in the Philippines."

Grand Hyatt Manila Residences in Bonifacio Global City is the first Grand Hyatt branded residence in Southeast Asia. It offers unique and distinctive experiences that uphold its "living grand" philosophy for its distinguished residents to enjoy, all within a highly connected, highly desirable, and central location. Just as the building's architecture is distinctive and the spaces within are designed elegantly, the landmark address also provides posh recreational amenities and remarkable hospitality where its discerning residents can savor a new level of luxury and exclusivity including an honorary and automatic Globalist level membership to Hyatt Hotels' esteemed loyalty program, the World of Hyatt.

The Grand Midori Ortigas is a modern Japanese-inspired sanctuary amidst the bustling Ortigas central business district, that exhibits the pinnacle of cosmopolitan zen living. Federal Land tapped Tange Associates, a world-renowned Tokyo-based architectural firm known for combining traditional East Asian artistry with contemporary perspectives, to create an upscale residential address that boasts a spectacular harmony of Japanese and Filipino elements and aesthetics that conforms to the needs and desires of today's dynamic city dwellers.

Federal Land's four-tower development in BGC, The Seasons Residences was also awarded as the "Best Condo Development in the Philippines" and the "Best Luxury Condo Development in Metro Manila" at the 2022 PropertyGuru Philippines Property Awards. The Seasons Residences then went on to compete for the 'Best in Asia' titles under the Best Condo Development category at the PropertyGuru Asia Property Awards Grand Finals in Bangkok, Thailand.

The Seasons Residences is the country's first residential project with a distinct Japanese concept. This signature mixed-use development is inspired by the four seasons of Japan and features high-end residences, curated amenities, and the first MITSUKOSHI in the country.

Business Strategy

OBJECTIVE: Short-term

Strategy	KPIs and Targets	2022 Achievements
■ Streamlining organizational processes for accelerated growth ■ Robust product pipeline for business growth ■ Stronger brand	■ Financial indicators ■ Human Resources, safety, and health ■ Product launches ■ Branding ■ Property Management Services (FPMC)	**FINANCIAL INDICATORS** ■ Gross sales in 2022 exceeded targets, achieving a 77% increase year-on-year with Php17.4 billion by the end of 2022. ■ Revenues from property management registered at Php110 Million, 33% higher than the previous year due to more managed properties from completed projects. ■ Retail revenue grew 80% over 2021 revenue. **HUMAN RESOURCES (HR), HEALTH, AND SAFETY** ■ Inoculated about 900 employees, agency personnel, and dependents with Moderna and AstraZeneca booster shots in the first quarter of 2022. ■ Introduced talent reviews to assess employees' performance and full potential and rolled out learning opportunities for further talent development. ■ Improved talent acquisition and onboarding strategy, including increased employee relations and engagement. ■ Launched automated HR services and FLI intranet for internal communications.

MITSUKOSHI BGC Soft Opening

Strategy	KPIs and Targets	2022 Achievements
■ Streamlining organizational processes for accelerated growth ■ Robust product pipeline for business growth ■ Stronger brand	■ Financial indicators ■ Human Resources, safety, and health ■ Product launches ■ Branding ■ Property Management Services (FPMC)	**PRODUCT LAUNCHES** ■ Launched Aki Tower, the third residential tower of The Seasons Residences, together with partners Nomura Real Estate Development Co., Ltd. and Isetan Mitsukoshi Holdings Ltd. ■ Inaugurated the 100-hectare mixed-use district River Park in General Trias, Cavite with co-developers SM Prime Holdings and SMDC. ■ Expanded retail portfolio with the soft opening of MITSUKOSHI BGC. **BRANDING** ■ Celebrated the 50th Anniversary of Federal Land, Inc. ■ Conducted brand health and consumer studies to aid in brand building and achieving organizational goals. ■ Rolled out key branding initiatives per Group within the organization. **PROPERTY MANAGEMENT SERVICES (FPMC)** ■ FPMC enabled 24/7 operations in Marco Polo Residences, providing security and uninterrupted utility supply by working closely with local fuel suppliers, Visayan Electric Corporation, a local water supplier, and the Marco Polo Hotel. Manila Head Office deployed corporate support and direct management in the aftermath of Typhoon Odette (Rai). ■ Deployed property staff to stay on-site amid quarantine restrictions, and boosted its corporate support by providing emergency funds, supplies, and corporate resources. ■ Improved property operations by introducing best practices and cost-effective applications to increase operational efficiencies and reduce operating costs of its managed properties (i.e. Integrated Property Management Service, GMBD Property Review and Re-adjustment, Equipment Modernization Program, Group Contracting of Service Provider). ■ Formed a Corporate Engineering and Security Team with full audit functions to further enhance security and engineering standards across the managed portfolio and maintain brand commitment.

OBJECTIVE: Medium-term

Strategy	KPIs and Targets	2022 Achievements
■ Developing new product formats/ product lines (from dominant residential business to a more inclusive business) ■ Harness technology in product development ■ Development of human capital, capacity building, and continuous employee learning	■ Stronger partnerships ■ Pilot smart city features ■ Pedestrianization, human scale, transport, inclusivity	**STRONGER PARTNERSHIPS** ■ Launched new joint venture company, Federal Land NRE Global Inc. (FNG). ■ Partnered with Sterling Sports Management to bring Filipino-Japanese pro golfer Yuka Saso as the new brand ambassador of Federal Land, Inc. ■ Groundbreaking of River Park Estate with co-developers SM Prime Holdings and SMDC. **PILOT SMART CITY FEATURES (PEDESTRIANIZATION, HUMAN SCALE, TRANSPORT, INCLUSIVITY)** ■ Planned integration for projects under the new company, FNG.

OBJECTIVE: Long-term

Strategy	KPIs and Targets	2022 Achievements
■ Build sustainable communities	■ Federal Land-defined sustainability features ■ Community engagement ■ Inclusive communities ■ Local employment	**FEDERAL LAND-DEFINED SUSTAINABILITY** ■ Sustainability as a part of key planning and design principles moving forward: focus on pedestrian and transport mobility, smart city features, inclusivity, access to parks and open spaces, relevance of consumer needs and a safe and secure mixed-use development. **COMMUNITY ENGAGEMENT / INCLUSIVE COMMUNITIES** ■ Sponsored a nutrition talk for children enrolled under GT Capital Holdings' feeding program in General Trias, Cavite. ■ Make Our Volunteerism Enrich Lives (MOVE), Federal Land's CSR program, gathered 50 volunteer employees and agency personnel to participate in the 2022 Brigada Eskwela at Navarro Elementary School in General Trias, Cavite. ■ Conducted several customer engagement programs through the property management arm, FPMC. **LOCAL EMPLOYMENT** ■ Increased head count of direct employees and support staff with 255 new hires in 2022. Total head count of 529 direct employees and support staff by the end of 2022. ■ New joint venture company FNG is expected to create at least 6,000 job opportunities within the first five years of operations, such as administrative, engineering, and construction-related roles.

Nurturing organizational strength for achieving service excellence

In the short and medium term, Federal Land aims to reinforce its organizational capacity and capabilities by building up its human capital and further developing their talents to increase retention and productivity. By doing so, it aims to build a talent pool that has a deeper understanding of its customers and can provide service excellence throughout the customer journey.

Building partnerships to increase brand equity and market share

Federal Land will further improve its market share and brand equity in the medium term by expanding its offerings and developing new product lines to become a more inclusive business.

The company will continue to elevate experiences and lifestyles through the strategic alliance with leading Japanese real-estate firm Nomura Real Estate Development Co., Ltd. The new company—Federal Land NRE Global Inc.—sees a combined century of impressive local and international real estate experience, outstanding business performance, and comprehensive expertise in all aspects of property development and management. Through Federal Land NRE Global Inc., Federal Land and Nomura Real Estate Development are bringing their respective stellar capabilities intended to elevate the way urban developments are undertaken.

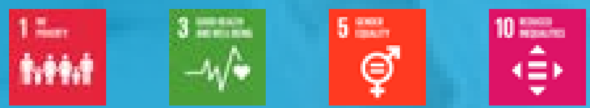
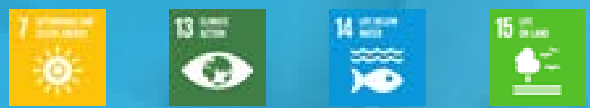
Improving profitability and cash flow

Federal Land seeks growth in the long run through increasing revenues in its existing portfolio's contribution. This will be in line with the company's strategies in enhancing its organizational capabilities as well as further innovating its product offerings to expand its market presence and brand dominance.

MITSUKOSHI Beauty store in MITSUKOSHI BGC

Insurance

AXA Philippines

Vision	To transform AXA's value proposition "from payer to partner", we will deliver new services complementing the traditional insurance coverage and build new business models to increase the protection of our customers.
Purpose	The AXA Noble Purpose is to act for human progress by protecting what matters. As one of the leading insurers, AXA Philippines' business has been, at its core, to protect its customers. With a global heritage and a 24-year history in the Philippines, it has built its trustworthiness among Filipinos as it has continued to fulfill its promise to: (1) protect lives, with its Life insurance business that encompasses savings, retirement, personal protection, and health products; (2) protect resources, with its general insurance business covering personal (cars, home) and commercial (cargo) properties; and (3) protect and grow assets, with a plethora of investment and estate planning solutions.
Aligned/Relvant SDGs	**Inclusive Protection**  **Climate Action & Biodiversity** 

GRI: 203-2

SOLOMON S. CUA
Chairman
AXA Philippines

BERNARDO RAFAEL SERRANO LOPEZ
President
AXA Philippines

Established in 1999, AXA Philippines is one of the largest and fastest growing insurance companies in the country. It offers financial security to over one million individuals through its group and individual life insurance as well as general insurance products.

AXA Philippines is one of the first to introduce bancassurance operations in the country, and is among the pioneers in the investment-linked insurance sector.

AXA now offers a complete range of products for all its customers' insurance and financial protection needs, including savings and investments, health plans, and income protection as well as general insurance: fire, motor/car, marine cargo, personal accident, bonds, casualty, and engineering insurance products.

AXA Philippines closed 2022 with Php 2.5 billion in consolidated net income from both its life and general insurance businesses. Today, AXA has more than 7,000 financial advisors in more than 40 branches, and 4,000 financial executives in over 900 Metrobank and PSBank branches nationwide.

AXA Philippines is a joint venture between the AXA Group, headquartered in France, GT Capital, a leading listed conglomerate in the Philippines, and Metrobank, one of the Philippines' largest financial institutions. It is duly recognized by the Insurance Commission and has following licenses to operate: 2019/37-R and 2019/40-R.

AXA remains dedicated to providing its customers with high quality health, protection, and financial solutions. In 2022, the company launched the AXA Gain Fund, a globally diverse investment fund that aims to provide semi-annual cash payouts and uses a multi-asset approach to manage market volatility. Available in both Philippine Peso and US Dollar options, the AXA Gain Fund can be availed via Asset Master, AXA's investment-linked insurance plan.

Through the Emma by AXA mobile application, the company provides a one-stop shop for all the insurance needs of its customers. Emma by AXA provides its users easy access to the company's various products and services in the convenience of their homes. App users can purchase AXA insurance products online and get free access to emergency services, including ambulance, fire, and policy assistance. Furthermore, users can access the Health Hub, which offers AXA's wide range of health content and solutions.

AXA Philippines Financial Chart Numbers

	2022	2021	2020	YOY	3Y CAGR
Life Premium Income (in Php Billion)	25.0	39.3	31.6	-35%	-11%
Annualized Premium Equivalent (in Php Billion)	3.9	6.2	5.2	-37%	-13%
Consolidated Net Income (in Php Biliion)	2.5	2.3	2.9	12%	-7%
Net Income - Life Insurance (in Php Billion)	2.5	2.8	2.8	-11%	-6%
Exclusive Financial Advisors	4,101	6,238	7,856	-34%	-28%
Total Assets - Life Insurance (in Php Billion)	151.4	170.1	146.5	-11%	2%
Total Equity - Life Insurance (in Php Billion)	14.2	13.2	13.1	7%	4%
Premium Margin (in Php Billion)	7.0	7.8	8.4	-10%	-9%

2022 Awards and Recognitions

AXA Philippines was recognized as the "Company of the Year, Life Insurance (Philippines)" at the Asset Asian Awards (Triple A Awards) for its ESG initiatives and product offerings in response to the Covid-19 pandemic. The award acknowledges how AXA leveraged its digital capabilities and robust product portfolio to offer investment solutions for the evolving needs of its customers in light of the pandemic.

In 2022, AXA Philippines' comprehensive and affordable health care plan, Health Care Access was recognized as "Health Insurance Initiative of the Year" at the Insurance Asia Awards. The product offers Filipinos flexibility in managing their health care needs.

AXA was also recognized as a "Great Place To Work-certifiedTM company" for the second consecutive year, as it continues to build and maintain a workplace that is both inclusive and empowering.

insurance ASIA Awards 2022

Business Strategy

As one of the leading insurers, AXA's business has been, at its core, to protect its customers. With a global heritage and a 28-year history in the Philippines, we have built our trustworthiness among Filipinos as we have continued to fulfill our promise to: (1) **protect lives**, with our Life insurance business that encompasses savings, retirement, personal protection, and health products; (2) **protect resources**, with our general insurance business covering personal (cars, home) and commercial (cargo) properties; and (3) **protect and grow assets**, with a plethora of investment and estate planning solutions.

For 2022 and beyond, AXA's ambition is to expand this promise of protection to as many as Filipinos as possible. As a preferred partner that is able to sustain its business throughout the years, we aim to be there for our customers at moments of vulnerability to honor our pledge. Whether when an unexpected illness comes along, or when a natural catastrophe wipes out their hard-earned assets, we strive to live out our noble purpose, so that our customers can be more resilient in weathering the storms that might come their way.

Strategy	2022 Priorities	Updates
1. **Make protection more accessible to more Filipinos** Expand the promise of protection to more customers through complementing offline and online purchase journeys	■ Amplified distribution coverage by augmenting traditional channels (e.g. agency and bancassurance channels with our joint venture partners, Metrobank and PSBank), with digital customer purchase journeys (eCommerce and Digibanca) ■ Ramped up recruitment and training of financial executives and advisors to serve more customers, including the most vulnerable sectors of Filipinos ■ Phygital Distribution enablers on recruitment, training, and financial needs analysis for seamless distributor experience	■ In 2022, AXA stayed true to its purpose of driving progress by protecting what matters. We fulfilled the promise of protection to Filipinos with Php 13.4 Billion worth of benefit payments.
2. **Make each customer transaction simple and easy with an omnichannel experience** Delight each customer at each moment of truth regardless of touchpoint	■ Evolve from payer to partner– moving from a transactional insurer to a constant companion, especially in times of need ■ Accelerate adoption of digital customer platforms with AXA's award-winning customer app, EMMA Mobile App, to make it the primary customer touchpoint for basic transactions, claims, policy information, chat support, rescue line, etc ■ Provide more payment alternative options to customers from over-the-counter to auto-debit and digital for convenience ■ Reciprocated customer loyalty with AXA Rewards	■ Based on an internal study that measured customer preference and satisfaction, AXA improved its customer scores and climbed up to #1 position in 2022, with a wide gap vs competitive market average ■ Improved distributor experience through improvements on digital sales tools, to help them serve customers better
3. **Address the unmet need of Protection & Health** Address the escalating need for affordable and accessible Protection & Health insurance among Filipinos, across multiple price points	■ Holistic approach on Protection & Health with the AXA health ecosystem (that consists of health insurance products, health care services, medical information, Health Hub, access to a medical care network, teleconsulting, etc.) ■ A beefed up, comprehensive product portfolio that addresses different needs and budget segments, including the newly- launched and highly successful Health Care Access	■ Increase the contribution of Protection & Health Mix to total topline ■ AXA's Health Care Access was awarded as Health Insurance Initiative of the Year at Insurance Asia Awards 2022
4. **Offer Filipinos convenience of a Financial One Stop Shop** Make available multiple financial and protection products across different life stages	■ Amplified proposition of AXA as one of the few Philippine insurers that covers both life and non-life products and services at scale ■ Offer financial convenience based on financial needs analysis, covering insurance needs across differing life stages and needs, customized per protection need	■ Secured approval of the Securities and Exchange Commission on merger of the Life and Non-Life companies ■ Launched new products and services to be in step with evolving customer needs, such as the AXA Gain Fund. Continued to actively promote Protection & Health, with the first full- year launch of Health Care Access
5. **Foster a flexible and inclusive working environment for AXA employees** Continue making AXA PH a preferred employer and a great place to work	■ Reinforced employer brand promise with the following key tenets: (1) grow your potential (2) shape the way your work (3) thrive within a diverse community and (4) move the world ■ Make work more flexible to employees and environmentally sustainable with Smart Working, with hybrid at-home and on-site work schedules ■ Support for diversity and inclusion	■ AXA Philippines was re-certified as a Great Place to Work in 2022 ■ Launched Bayanihan@AXA last August 2022, the localized smart working scheme for all employees
6. **Make meaningful strides for the environment** Proactive measures and climate action for environmental sustainability	■ Increase in green investments ■ Office interventions – food composting, plastic recycling, etc ■ CSR community programs for sustainability	■ Accelerated environmental programs and partnerships, focusing on waste consumption, ocean literacy and education, and mangrove sequestration
7. **Sticking to our core values** Amplify the share values of Customer First, Integrity, Courage, and One AXA	■ Imbed core organization values in day-to-day operations and management decisions ■ Highly-integrated risk and compliance culture among employees ■ Customer hypercare action through the AXA Customer Council	■ AXA Philippines was awarded as Life Insurance Company of the Year 2022 by The Asset Asian Awards (Triple A Awards) for initiatives related to Environmental, Social, and Governance (ESG) initiatives

INFRASTRUCTURE AND UTILITIES

Metro Pacific Investments Corporation

Vision	We aspire to be the preeminent Philippine conglomerate and achieve the ideal balance between maximizing economic opportunities and enabling solutions to urgent societal challenges. We will foster inclusive growth through our investments that champion innovation, operational efficiency, customer centricity, human capital excellence, environmental stewardship, and good governance.
Mission	We create long-term value for all our stakeholders through responsible and sustainable investments that contribute to national progress and improve the quality of life of people.
Aligned/Relvant SDGs	

Metro Pacific Investment Corporation is a Philippine-based, publicly-listed investment management and holding company registered with the Philippine SEC on March 20, 2006. It is a leading infrastructure holding company with diverse assets held through its operating companies Manila Electric Company (Meralco), Metro Pacific Tollways Corporation, Maynilad Water Services, MetroPac Water Investments Corporation, Light Rail Manila Corporation, METPower Venture Partners, Metro Pacific Health, Landco Pacific Corporation, Philippine Coastal & Storage Pipeline Corporation, Metro Pacific Agro Ventures Inc., and mWell Philippines.

Balancing global and national development goals, Metro Pacific seeks to create value through responsible and sustainable investments in infrastructure development, operational efficiency, and service delivery. The company works closely with regulators and other government partners to provide high-quality and affordable services that make a difference in the lives of millions of Filipinos. Every day, Metro Pacific powers commerce and households, connects people and places, supplies clean and safe water, and makes world-class healthcare available to all.

GRI: 203-2

MANUEL V. PANGILINAN
Chairman and President
Metro Pacific Investments Corporation

MPIC Financial Chart Numbers

	2022	2021	2020	YOY	3Y CAGR
Share of Operating Income (in Php Billion)	18.9	17.1	15.4	11%	11%
Core Net Income (in Php Billion)	14.2	12.3	10.2	15%	18%
Total Assets (in Php Billion)	643.8	584.3	617.8	10%	2%
Reported Net Income (in Php Billion)	11.0	10.1	4.7	9%	53%
Water - Billed Volume (in millions of cubic meters per day)	527	520	536	1%	-1%
Power - Energy Sales (in gigawatt hours)	48,915	46,073	48,501	6%	0%
Toll Roads - Average Daily Vehicles Entries (Philippines)	577,322	483,170	388,820	19%	22%
Hospitals - Number of Patients Served (in Millions)	3.8	3.2	2.6	20%	22%

2022 Awards and Recognitions

In 2022, MPIC:

- Won the most coveted Finance for the Future Award for Embedding an Integrated Approach (Listed Companies) at the 10th Finance for the Future Awards held on October 4, 2022 in London. A partnership between Accounting for Sustainability, Deloitte, and the Institute of Chartered Accountants in England and Wales, the Finance for the Future Awards recognized organizations and individuals that support the integration of sustainability into financial decision-making. After a rigorous three-stage judging process, MPIC bested seven other international and equally competitive publicly listed companies from across the globe.
- Alongside Meralco, was included in the SDG 2000 of the World Benchmarking Alliance (WBA). The SDG 2000 identifies the 2,000 most influential companies, from Algeria to Vietnam. Launched in 2018, the WBA measures and incentivizes business impact in achieving the UN Sustainable Development Goals. WBA identified seven transformations that need to take place to put society and the worldwide economy on a more sustainable path.
- Was elected as a member of the Board of Trustees of the United Nations Global Compact (UNGC) Network Philippines and is committed to helping advance the Ten Principles of the UNGC and the 17 United Nations Sustainable Development Goals.

MPIC CFO Ms. Chaye A. Cabal-Revilla joins the World Benchmarking Alliance assembly

- Improved its performance in S&P Global's Corporate Sustainability Assessment with a record-high score of 52, up 4% from its score in 2021 and the highest among its peers.
- Ranked first among multi-sector holdings companies in the Philippines and was recognized as an "ESG Regional Top Rated" and "ESG Industry Top Rated" company by Sustainalytics after receiving an ESG Risk Rating score of 11.0 as of March 2022. This score places MPIC in the "Low Risk" category of experiencing material financial impacts from ESG factors. The score positions MPIC in the top 2% of companies in Sustainalytics' Diversified Financials industry category.
- Was upgraded by MSCI, Inc. (MSCI) to an all-time best BBB rating, following their BB rating from 2019 to 2021. MSCI assesses over 8,500 companies around the world on general and industry-specific sustainability parameters using a scale with AAA as the highest rating and CCC as the lowest.
- Maintained the highest level 'A' rating in the Global Listed Infrastructure Organization/ Global Real Estate Sustainability Benchmark ESG Index for Infrastructure for the second straight year–the sole recipient in the emerging markets category.
- Alongside Meralco, became certified constituents of the FTSE4Good Index, designed to identify companies that demonstrate strong ESG practices measured against globally recognized standards.

MPIC Partners with Dole Philippines for Waste-to-Energy Project under Metpower Venture Partners

Business Strategy

OBJECTIVE: To contribute to national progress and improve the lives of Filipinos

Strategy	KPIs and Targets	2022 Achievements
■ Acquire or develop new value accretive businesses	■ Acquisition of businesses and assets	■ Acquisition of 50% effective stake in PCSPC for Php 7 billion. ■ Launch of MWell app; launch of National MWellness Day 2022. ■ Acquisition of Metro Dumaguete Water under MetroPac Water Investments. ■ Substantial completion of biogas plants in Surallah and Polomolok, South Cotabato under Metpower Venture Partners. ■ Acquired 51% equity interest in The Laguna Creamery, Inc. (TLCI).
■ Manage existing investments and support expansion activities		**POWER** ■ Distributed 46,073 GWh of reliable power to 7.4 million Residential, Industrial, Commercial customers Generated 13,196 GWh of non-renewable energy and 66,106 MWH of clean energy supplied to the grid **TOLL ROADS** ■ Operated and maintained a total of 1,127 lane kilometers of toll road infrastructure, with fully operational 139 lane kilometers newly built and opened in the last three years ■ Provided safe, efficient, and convenient road travel to 273 million motorists **WATER** ■ Delivered 948 million cubic meters of potable water, of which 520 MCM are billed, to 1,501,371 customers ■ 69,477 million liters per day of wastewater treated and discharged **HEALTHCARE** ■ Provided quality healthcare services to 94,957 admitted patients and 3.1 million outpatients ■ Expanded network of hospitals from 15 to 19 in the last 2 years **LIGHT RAIL** ■ Provided safe, reliable, comfortable, secure, and efficient mobility experience for 44 million passengers ■ Developing 8 new train stations that can accommodate 800,000 passengers
■ Crystallize value from existing assets		■ Sale of Metro Pacific stake (56%) in Global Business Power (GBP) to Meralco's Meralco PowerGen Corporation (MGen) for Php 22.4 billion ■ Sale of 29% indirect interest in Don Muang Tollway Public Company Limited (DMT) for Php 7.2 billion

MPIC Partners with BEST

Acquisition and development of new businesses

Metro Pacific maintains a sustainable portfolio of businesses that are set to create long-term value. In building its portfolio, the company implements a rigorous decision-making process subject to thorough due diligence before making an investment decision. Part of Metro Pacific's acquisition strategy is reviewing potential investments against EESG criteria to determine if they can contribute to sustainable development while meeting stakeholder needs. The company is also diligent in analyzing the financial stability of a business and considers financial, operational, and regulatory factors. Risks, as well as corresponding dispute resolution mechanisms, are also evaluated to calibrate their impact on investment returns.

Transition and asset management

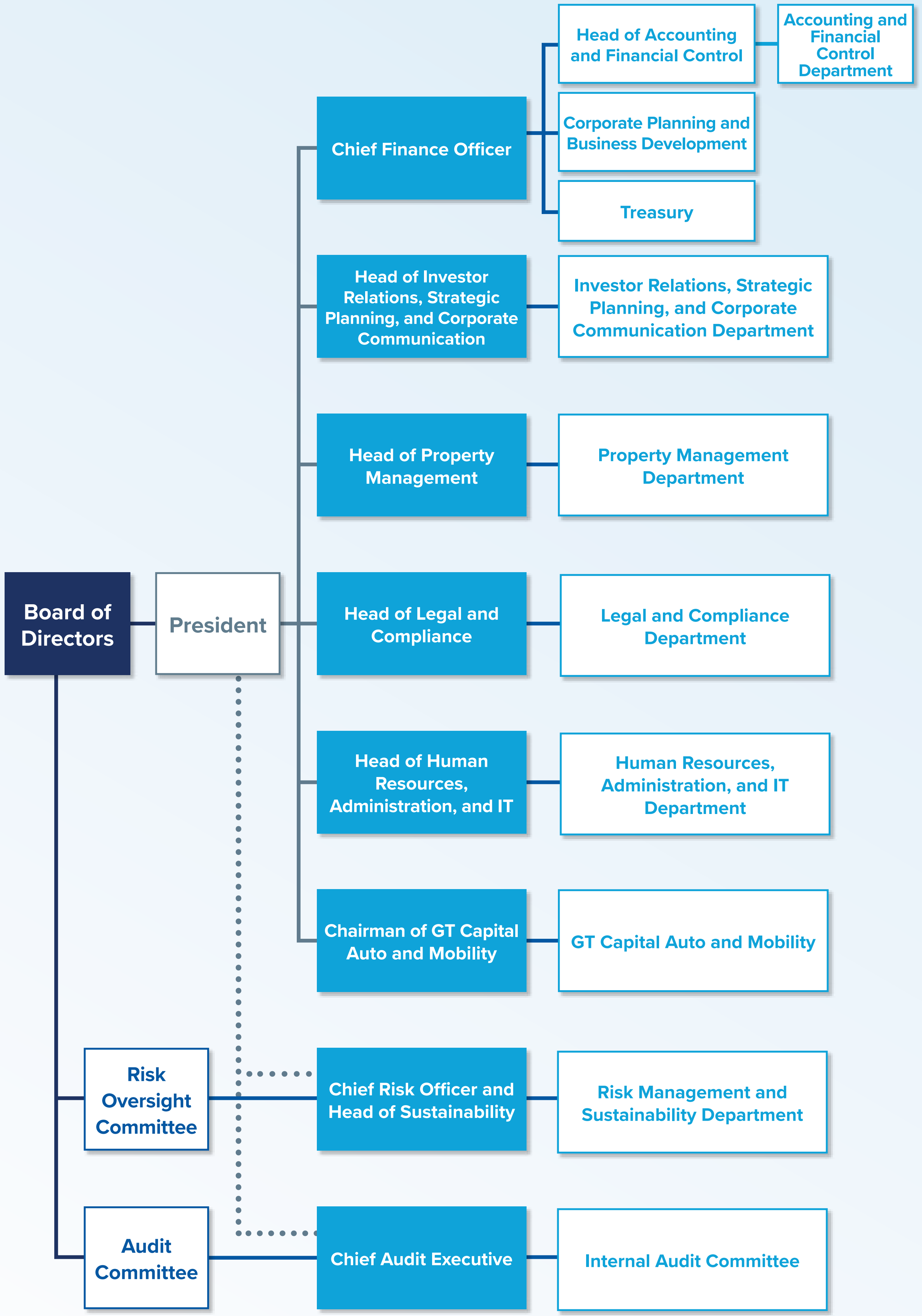
Metro Pacific takes on a partnership approach with its investments. To ensure that all investments are able to fully comply with relevant regulatory requirements, Metro Pacific monitors and evaluates its operating companies as well as the terms of relevant approvals and agreements concerning environmental and social impacts. Metro Pacific also encourages its operating companies to go beyond compliance and improve their operations to manage and protect their assets. The company will continue to work with partners that co-invest to mitigate risks that may arise from entering new business areas.

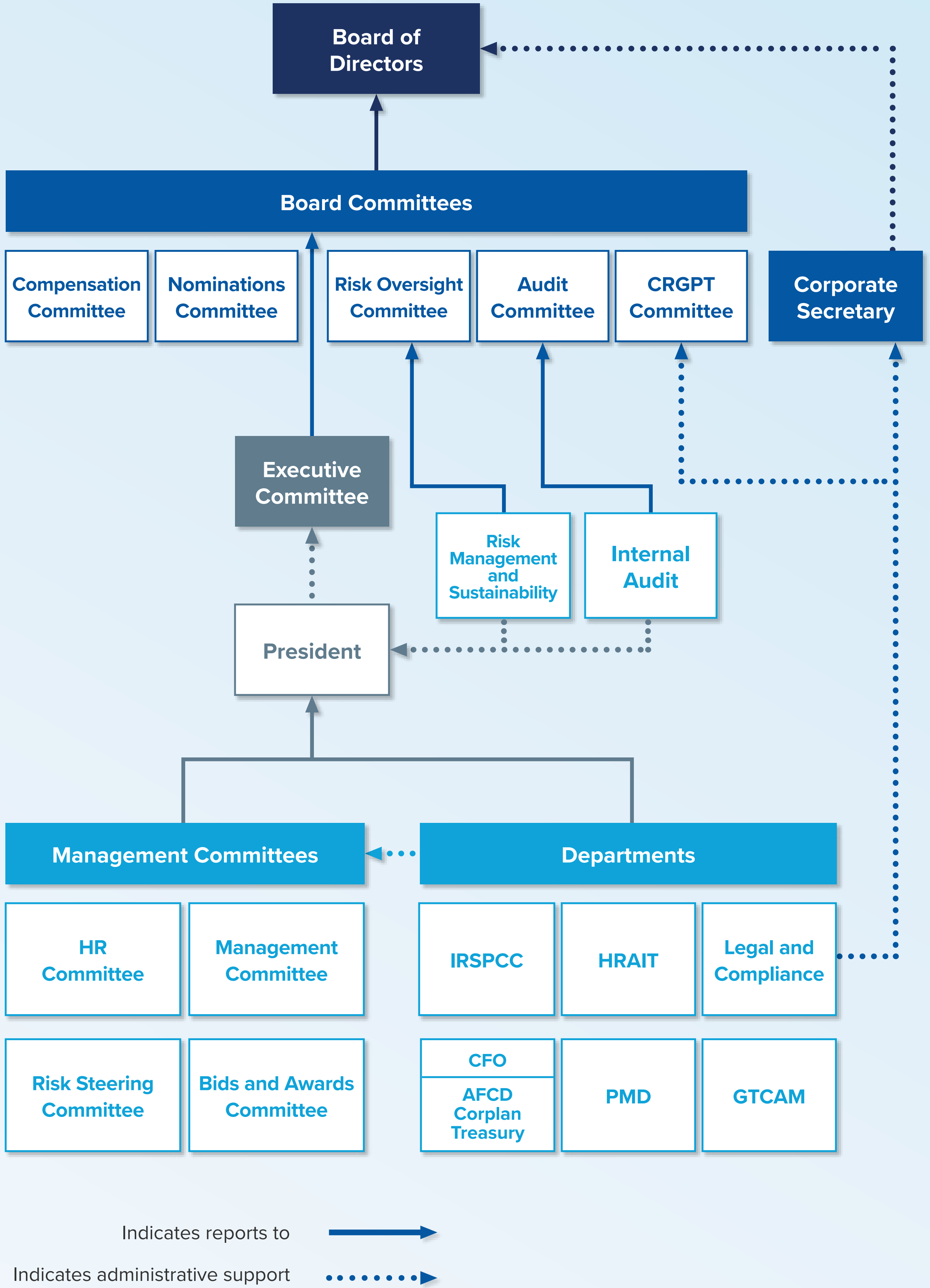
Value realization and divestments

Value creation for stakeholders is key to Metro Pacific's strategic priorities. In order to achieve value realization, the company constantly seeks means of upgrading its assets, improving efficiency, promoting greater access to reach more customers, and maintaining good relationships with its regulators. Conscious of the eventual maturing of businesses, Metro Pacific crystallizes its assets when nearing the end of their life cycle while still considering stakeholder interests.

CORPORATE GOVERNANCE

GT Capital Organizational Structure





Board of Directors

FRANCISCO C. SEBASTIAN
Chairman

ALFRED V. TY
Vice Chairman

ARTHUR V. TY
Director

MARY VY TY
Board Adviser

CARMELO MARIA LUZA BAUTISTA
Director

ATTY. REGIS V. PUNO
Director

DR. DAVID T. GO
Director

PASCUAL M. GARCIA III
Director

Board of Directors

RENATO C. VALENCIA
Lead Independent Director

RENE J. BUENAVENTURA
Independent Director

GIL B. GENIO
Independent Director

CONSUELO D. GARCIA
Independent Director

JAIME MIGUEL G. BELMONTE
Board Adviser

GUILLERMO C. CHOA
Board Adviser

Board of Directors

FRANCISCO C. SEBASTIAN, 68 years old, Filipino, was re-elected as Chairman of GT Capital Holdings, Inc. in May 2022. Prior to assuming this post, he was co-Vice Chairman of GT Capital since May 2016. He joined the Metrobank Group in 1997 as president of the investment banking arm of the Metrobank Group, First Metro Investment Corporation, a position that he held for 13 years, and as chairman for another 12 years. He continues to serve as First Metro's senior adviser today. Mr. Sebastian concurrently serves as Vice Chairman of Metrobank since 2006. He is also a director of Metro Pacific Investments Corporation (MPIC), and Federal Land, Inc. Mr. Sebastian started his financial career when he was seconded by Ayala Investment and Development Corporation to Hong Kong in 1975 in Ayala International Finance Limited and subsequently Filinvest Finance (HK) Ltd. until 1984. He then started his own corporate and financial advisory firm, Integrated Financial Services Ltd. (HK), which he owned and managed until his return to the Philippines to join the Metrobank Group in 1997. He earned his Bachelor of Arts in Economics (Honors) from the Ateneo de Manila University and graduated Magna Cum Laude in 1975.

ALFRED V. TY, 55 years old, Filipino, has been Vice Chairman of GT Capital since February 14, 2012 and has served as a Director of the Corporation since 2007. He is also a Director of Metropolitan Bank and Trust Company (Metrobank), Chairman of Toyota Motor Philippines Corporation (TMP), and Chairman of Federal Land, Inc. He graduated from the University of Southern California in 1989 with a degree in Business Administration. Some of his other current roles and positions include: Vice Chairman of Metro Pacific Investments Corporation, a listed company; Member of the Board of Trustees, Metrobank Foundation, Inc.; Chairman, Toyota Motor Philippines Foundation (TMPF); and President, GT Foundation, Inc. (GTFI).

ARTHUR V. TY, 56 years old, Filipino, is a Director of GT Capital Holdings, Inc. Prior to this, he served as the Chairman of GT Capital from 2012 until 2014 and again from 2016 until 2022. He was also the Corporation's Vice Chairman since its inception in 2007 before assuming the Chairmanship in 2012. He was the President of Metropolitan Bank and Trust Company (Metrobank), a listed company, from 2006 to 2012 and was appointed as its Chairman in April 2012. He also serves as the Chairman of Metropolitan Bank (China) Ltd., Inc. and Metrobank Foundation, Inc.; Vice Chairman and Director of Philippine Savings Bank (PSBank), a listed company; and Vice Chairman of Philippine AXA Life Insurance Corporation. He is also a Director of Federal Land, Inc. He earned his Bachelor of Science degree in Economics from the University of California, Los Angeles and obtained his Master in Business Administration degree from Columbia University, New York in 1991.

MARY VY TY, 82 years old, Filipino, was appointed as Board Adviser of GT Capital in June 2014. Prior to this, she served as the Corporation's Treasurer since its incorporation in 2007. Mrs. Ty has more than 50 years of experience in banking and general business. She currently holds the following positions: Board Adviser, Metropolitan Bank & Trust Company (Metrobank); Adviser, Metrobank Foundation, Inc. and Federal Land, Inc.; Adviser, Manila Medical Services, Inc.; Adviser, Horizon Land Development Corporation; Chairperson, Horizon Royale Holdings, Inc.; Director, Grand Titan Capital Holdings, Inc.; Chairperson, Ausan Resources Corporation; Chairperson, Grand Estate Property Corporation; Chairperson, Inter-Par Philippines Resources Corporation; and Chairperson of Philippine Securities Corporation, Tytana Corporation, and Federal Homes, Inc. Previously, Mrs. Ty held the position of Director for First Metro Investment Corporation. She earned her collegiate degree from the University of Santo Tomas.

CARMELO MARIA LUZA BAUTISTA, 65 years old, Filipino, assumed the role of President and Director of GT Capital in 2011. Prior to his election, Mr. Bautista joined First Metro Investment Corporation (FMIC) in April of 2008 as Executive Director and was appointed as Chairman of the Risk Management Committee. He later assumed the position of Head of FMIC's Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for 45 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups at Citibank-Manila; Vice President-Real Estate Finance Group, Citibank N.A.-Singapore Branch; Vice President-Structured Finance at Citibank N.A.-Singapore Regional Office; Country Manager of ABN AMRO Bank Philippines; and President and CEO of Philippine Bank of Communications (PBCOM). Mr. Bautista has a Master's degree in Business Management from the Asian Institute of Management, where he graduated in the Dean's Citation List. He also has a Bachelor's degree, Major in Economics, from the Ateneo de Manila University. Mr. Bautista currently serves as Chairman of Toyota Financial Services Philippines Corporation (TFSPH), as well as Director of Federal Land, Inc., Toyota Motor Philippines Corporation (TMP), AXA Philippines, GT Capital Auto and Mobility Holdings, Inc. (GTCAM), Toyota Subic, Inc., GT Mobility Ventures, Inc., and Toyota Manila Bay Corporation (TMBC). He is also an Adviser to the Board of Trustees of GT Foundation, Inc. and an Independent Director of Vivant Corporation, a listed company.

ATTY. REGIS V. PUNO, 64 years old, Filipino, assumed the role of Director and Member of the Audit Committee of GT Capital in 2018. He is currently Special Legal Counsel of the Metrobank Group and the Corporate Secretary of Metrobank. In addition, he is also Of Counsel of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRALAW), and formerly a Senior Partner of Puno & Puno Law Offices. He was also a former Undersecretary of the Department of Justice. Atty. Puno has a Master of Laws Degree from the Georgetown University Law Center, Washington D.C., U.S.A. He obtained his Bachelor of Laws degree from the Ateneo de Manila University, where he graduated with honors, and has a Bachelor's degree in Economics from the University of the Philippines. He is also a Director of Lepanto Consolidated Mining Co. and LMG Corporation (formerly LMG Chemicals Corporation), both publicly listed companies.

DR. DAVID T. GO, 69 years old, Filipino, has been a Director of GT Capital since May 2014. He garnered his Doctor of Philosophy degree in International Relations from New York University in 1982. He currently serves as Vice Chairman and Treasurer of Toyota Motor Philippines Corporation (TMPC). He is also the Vice Chairman of Toyota Aisin Philippines, Inc.; Director and Treasurer of Toyota Financial Services Philippines Corporation (TFSPH); President of Toyota Motor Philippines Foundation, Inc. and Toyota Motor Philippines School of Technology, Inc.; Chairman of Toyota San Fernando, Inc., Toyota Manila Bay Corporation (TMBC), and TMP Logistics, Inc.; Advisor to the Board and Treasurer of Lexus Manila, Inc. (LMI); Comptroller of LMI Insurance Agency, Inc.; Chairman and President of TMBC Insurance Agency Corporation; and Director of Toyota Mobility Solutions Philippines, Inc. Dr. Go has no directorship in other listed companies aside from GT Capital.

PASCUAL M. GARCIA III, 69 years old, Filipino, is a Director of GT Capital Holdings, Inc. He held several positions in other companies, among which are: Vice Chairman, Cathay International Resources Corporation; Chairman, Omni-Orient Management Corporation; Chairman, Metpark Commercial Estate Association, Inc.; Chairman, Central Realty & Development Corporation; Chairman, Crown Central Properties; Chairman, Alveo-Federal Land Communities, Inc.; Chairman, Topsphere Realty Development Co. Inc.; Chairman, Fed South Dragon Corporation; Chairman, Federal Retail Holdings Inc.; Chairman, Magnificat Resources Corporation; Co-Vice Chairman, Sunshine Fort North Bonifacio Commercial Management Corporation; President, Bonifacio Landmark Realty & Development Corporation; President, North Bonifacio Landmark Realty and Development Inc.; President, Federal Land-Orix Corporation; President, ST 6747 Resources Corporation; Director, Horizon Land Resources Development Corporation and Director, Sunshine Fort North Bonifacio Realty and Development Corporation. He is also the former President of Federal Land, Inc. Prior to joining Federal Land, he was the President and Director of Philippine Savings Bank (PSBank) from 2001 to 2013; Co-Vice Chairman of Property Company of Friends, Inc. from 2016 to 2019; Director of Toyota Financial Services Philippines Inc. from 2007 to 2017 and Director of Sumisho Motor Finance Corporation from 2009 to 2016. Mr. Garcia earned his Bachelor's degree in Commerce, major in Management, from the Ateneo de Zamboanga University.

Board of Directors

RENATO C. VALENCIA, 81 years old, Filipino, is the Chairman of Omnipay, Inc., Lead Independent Director of GT Capital and iPeople Inc., and Independent Director of EEI Corporation. His past positions include: President/CEO, Social Security System (SSS); Chairman/CEO, Union Bank of the Philippines; President/CEO, Roxas Holdings, Inc.; Vice Chairman/Director, San Miguel Corporation (SMC); Chairman, Philippine Savings Bank (PSBank); Independent Director, Metropolitan Bank & Trust Company (Metrobank); Advisory Board Member, Philippines Coca-Cola System Council, and Director: Philippine Long Distance Telephone Company (PLDT), Manila Electric Company (Meralco), Philex Mining Corporation, Far East Bank and Trust Company, Roxas and Company, Inc., Bases Conversion Development Academy (BCDA), Fort Bonifacio Development Corporation, Philippine Veterans Bank, and Makati Stock Exchange. He is a graduate of the Philippine Military Academy, with a Bachelor's degree in General Engineering, and the Asian Institute of Management, with a Master's degree in Business Management.

RENE J. BUENAVENTURA, 68 years old, Filipino, is an Independent Director of GT Capital Holdings, Inc. He is also the Vice Chairman of Equicom Manila Holdings, Inc., a holding company for businesses engaged in healthcare, banking and finance, and information technology. In addition to his appointment to GT Capital's Board, he also holds the following positions: Independent Director of UBS Philippines, Inc., Independent Director of Lorenzo Shipping Corporation, and Independent Director of DDMP REIT, Inc. He is likewise a Director and Member of the Executive Committee of Maxicare Healthcare Corporation and President of Cliveden Management Corporation. Mr. Buenaventura is a Certified Public Accountant and graduated Summa Cum Laude for Bachelor of Arts, major in Behavioral Sciences and Bachelor of Science in Commerce, major in Accounting at De La Salle University in the Philippines. He also earned his Master in Business Administration from the same university.

GIL B. GENIO, 63 years old, Filipino, was nominated for the first time as Independent Director of GT Capital in May 2022. Prior to his nomination with GT Capital, Mr. Genio worked as an executive for Globe Telecom and Ayala Corporation for a combined 24 years. He was Globe Telecom's Chief Technology and Information Officer (CTIO) from November 2015 to April 2021, as well as its Chief Strategy Officer (CSO) from 2011 to April 2021. As CTIO, Mr. Genio led all functions related to product development and management, network, information technology, and information security. He drove the overall vision, development and execution of architecture and strategies, proactively responding to business and market demands. In addition, Mr. Genio's CTIO responsibilities included the enterprise data analytics function and enterprise fraud risk management. As CSO, Mr. Genio led overall corporate strategy and business development efforts. He also performed other legal entity functions for Globe such as CEO of Globe Capital Venture Holdings, and Director at its strategic joint ventures, Global Telehealth, Inc., BellTel, ETPI, and others. He also became COO of Bayan Telecommunications (Bayantel) and Isla Communications (Islacom) as they were acquired, and before they were integrated into Globe. His executive roles in Globe prior to his CTIO appointment included: COO for Business and International Markets (2010-2015), Group Head for Business Customers (2003-2010), Head of Carrier Services (2002-2010), Group Head for the Residential and Business Fixed Network Group (2000-2003), and Chief Financial Officer (1997-2000). Mr. Genio was hired by Ayala Corporation in 1997 and was seconded to Globe Telecom. He retired from Ayala Corporation in 2018 and became a direct employee of Globe, finally retiring at the end of 2021. Before joining Ayala in 1997, Mr. Genio had spent more than 12 years with Citibank in the Philippines, Singapore, Japan, Hong Kong, and New York, with stints in financial control, risk management, product development, treasury audit, corporate audit and market risk review. Mr. Genio was an Independent Director at Insular Life Assurance Company from May 2018 to March 2022. Mr. Genio has previously served with a variety of industry associations. His past affiliations include: Vice Chairman (2012-2014) then Chairman (2014-2016) of the GSM Association Asia Pacific (GSMA AP); member (2012-2014) of the Advisory Board for Mobile World Capital Barcelona; member of the Board of Trustees of the IT and Business Process Association of the Philippines or iBPAP (2011-2013 and 2015-2016). He had also served in the Advisory Boards of Globe's technology partners Amdocs and Cloudera. Mr. Genio obtained a Master's degree in Business Management, With Distinction, from the Asian Institute of Management in 1986. He earned his Bachelor of Science degree in Physics, Magna Cum Laude, from the University of the Philippines in 1980.

CONSUELO D. GARCIA, 68 years old, Filipino, was elected as an Independent Director of GT Capital Holdings, Inc. on May 17, 2021. She currently holds the following positions: Independent Director of ACEN Corporation, The Philippine Stock Exchange, Inc., Sun Life Investment Management and Trust Corporation, and Far Eastern University, Incorporated; Independent Director and Trustee of ING Foundation Philippines, Inc.; Member of the Board of Directors of the FINEX Academy and of the Financial Executives Institute of the Philippines (FINEX) where she is the Liaison Director for its Finex Capital Markets Committee, and for its Information, Communications and Technology Committee. She is also a member of the Capital Markets Development Council and a Fellow of the Institute of Corporate Directors. She was formerly the Country Manager and Head of Clients of ING Bank N.V., Manila Branch from September 2008 until November 15, 2017. Ms. Garcia previously worked with SGV in audit and in Bank of Boston, Philippine Branch. Ms. Garcia is a Certified Public Accountant and she graduated Magna Cum Laude for Bachelor of Science in Business Administration, major in Accounting from the University of the East.

JAIME MIGUEL G. BELMONTE, 59 years old, Filipino, is a Board Adviser of GT Capital. Prior to this, he was an Independent Director of GT Capital from 2012 until 2020. He is also the President and Chief Executive Officer of The Philippine Star (since 1998); President and Chief Executive Officer of BusinessWorld (since 2015); President and Publisher of Pilipino Star Ngayon (since 1994) and PM Pang-Masa (since 2003); President of Pilipino Star Printing Company (since 1994); President of Nation Broadcasting Corporation of the Philippines (since 2016); and President of Hastings Holdings Inc. Mr. Belmonte is also the President of Cebu-based The Freeman and Banat News (since 2004); Vice Chairman of People Asia magazine; Member of the Board of Trustees of Metrobank Foundation (since 2022); and a former member of the Board of Advisers of Manila Tytana College (since 2008 to 2022). Aside from GT Capital, Mr. Belmonte also sits on the board of Cignal TV, Nation Broadcasting Corporation of the Philippines, and Hastings Holdings Inc. He earned his undergraduate degree from the University of the Philippines in Diliman. Mr. Belmonte has no directorships in other listed companies aside from GT Capital.

GUILLERMO CO CHOA, 64 years old, Filipino, was appointed as Board Adviser of GT Capital in June 2016. He is currently the Chairman of Property Company of Friends, Inc. Mr. Choa earned his Bachelor's Degree in Commerce, Major in Marketing, from De La Salle University and his Master's degree in Business Economics from the University of Asia and the Pacific.

Senior Management

ALESANDRA T. TY
Assistant Treasurer

CARMELO MARIA LUZA BAUTISTA
President

ANJANETTE TY DY BUNCIO
Treasurer

ATTY. ANTONIO V. VIRAY
Corporate Secretary

VICENTE SANIEL SOCCO
Chairman
GT Capital Auto and Mobility Holdings, Inc.

FRANCISCO H. SUAREZ, JR.
Executive Vice President/ Chief Financial Officer

JOSE B. CRISOL, JR.
Senior Vice President/Head
Investor Relations, Strategic Planning, and Corporate Communication

JOCELYN Y. KHO
Assistant Corporate Secretary

Senior Management

STEPHEN JOHN S. COMIA
First Vice President/Head
Property Management

JOYCE B. DE LEON
First Vice President/ Chief Risk Officer and Head of Sustainability
Risk Management and Sustainability

SUSAN E. CORNELIO
Vice President/Head
Human Resources, Administration, and IT

REYNA ROSE P. MANON-OG
First Vice President/ Controller and Head
Accounting and Financial Control

ATTY. RENEE LYNN C. MICIANO-ATIENZA
Vice President/Head
Legal and Compliance

LEO PAUL C. MAAGMA
Vice President/Chief Audit Executive
Audit Committee

DON DAVID C. ASUNCION
Vice President
GT Capital Auto and Mobility Holdings, Inc.

ATTY. MARIA SOFIA A. LOPEZ
Assistant Corporate Secretary

Senior Management

ALESANDRA T. TY, 42 years old, Filipino, was appointed Assistant Treasurer of GT Capital on February 14, 2012. She graduated from the Ateneo de Manila University with a Bachelor of Science degree in Legal Management. She then earned her Master's in Business Administration from the China Europe International Business School in Shanghai, China. She is currently Director and Corporate Treasurer of AXA Philippines; Corporate Secretary and Corporate Treasurer of First Metro Investment Corporation; Corporate Secretary of GT Foundation, Inc.; Senior Vice President and Treasurer of Federal Homes, Inc.; and Executive Vice President of Grand Titan Capital Holdings, Inc.

CARMELO MARIA LUZA BAUTISTA, 65 years old, Filipino, assumed the role of President and Director of GT Capital in 2011. Prior to his election, Mr. Bautista joined First Metro Investment Corporation (FMIC) in April of 2008 as Executive Director and was appointed as Chairman of the Risk Management Committee. He later assumed the position of Head of FMIC's Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for 45 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups at Citibank-Manila; Vice President-Real Estate Finance Group, Citibank N.A.-Singapore Branch; Vice President-Structured Finance at Citibank N.A.-Singapore Regional Office; Country Manager of ABN AMRO Bank Philippines; and President and CEO of Philippine Bank of Communications (PBCOM). Mr. Bautista has a Master's degree in Business Management from the Asian Institute of Management, where he graduated in the Dean's Citation List. He also has a Bachelor's degree, Major in Economics, from the Ateneo de Manila University. Mr. Bautista currently serves as Chairman of Toyota Financial Services Philippines Corporation (TFSPH), as well as Director of Federal Land, Inc., Toyota Motor Philippines Corporation (TMP), AXA Philippines, GT Capital Auto and Mobility Holdings, Inc. (GTCAM), Toyota Subic, Inc., GT Mobility Ventures, Inc., and Toyota Manila Bay Corporation (TMBC). He is also an Adviser to the Board of Trustees of GT Foundation, Inc. and an Independent Director of Vivant Corporation, a listed company.

ANJANETTE TY DY BUNCIO, 54 years old, Filipino, was appointed as GT Capital's Treasurer in May 2015. Prior to this, she served as the Corporation's Assistant Treasurer since 2007. She holds several other positions in other companies, among which are: Director, Treasurer and Executive Vice President of Federal Land, Inc.; Treasurer of Federal Land NRE Global, Inc.; Director and Chairman of the Board of Manila Medical Services, Inc.; Treasurer and Corporate Secretary of Bonifacio Landmark Corporation; Director of Horizon Land Property Development Corporation; Senior Vice President of Metrobank Foundation, Inc.; Senior Vice President of GT Foundation, Inc.; and Executive Vice President and Corporate Secretary of Pro Oil Corporation. She graduated from the International Christian University in Tokyo, Japan with a Bachelor of Social Science Degree in Economics.

ATTY. ANTONIO V. VIRAY, 83 years old, Filipino, has served as Corporate Secretary of GT Capital since 2009. His legal profession started as a litigation lawyer of the Feria Law Office (then Feria Manglapus & Associates). He then embarked on a banking career with the Philippine Savings Bank (PSBank) holding the positions of Senior Vice-President for Loans, Legal, Administrative, Branch Operations and Corporate Secretary. When PSBank was acquired by Metropolitan Bank & Trust Company (Metrobank), he was recruited as General Counsel (then Special Counsel) of Metrobank, later becoming Senior Vice President, Corporate Secretary, and Director. He is currently Corporate Secretary of Grand Titan Capital Holdings, Inc., Chief Legal Adviser of the Bankers Institute of the Philippines (BAIPhil) and Of Counsel of Feria Tantoco Daos Law Firm.

His foundations as a respected corporate lawyer and secretary were provided by Colegio de San Juan de Letran (Letran College), where he graduated Valedictorian of his Associate in Arts, the University of Santo Tomas, where he finished his Bachelor of Laws as Valedictorian and Magna Cum Laude; and Northwestern University School of Law in Chicago, Illinois, U.S.A., where he obtained his Master of Laws (emphasis on Corporation Law) degree through a Ford Foundation Fellowship Grant. He placed 19th in the 1961 BAR exams.

He was principal counsel in the joint ventures of the Metrobank Group with Toyota Motors Corporation, AXA Insurance and ANZ Bank (for Metrobank Card). As Of Counsel of Feria Law Office, he helped oversee some joint ventures of the Federal Land Group.

Atty. Viray's latest publication is a book titled "Close Corporations" (2022 edition).

VICENTE SANIEL SOCCO, 63 years old, is the Chairman of GT Capital Auto and Mobility Holdings, Inc. (GTCAM). GTCAM is a wholly-owned subsidiary of GT Capital and is the vehicle for the management of the Group's mobility initiatives and automotive dealerships. He brings forty-two years of expertise in the automotive sector. Mr. Socco began his career with Toyota in the Philippines as a member of its marketing team. He was then appointed General Affairs Manager of Toyota's Manila Representative Office in 1984, until Toyota Motor Philippines Corporation (TMP) opened in 1988, where he rose through the ranks to become Senior Vice President (SVP) for Marketing and After-Sales. In 2001, Mr. Socco joined the regional headquarters of Toyota in Singapore. Mr. Socco was appointed SVP of Lexus Asia in 2007, concurrent with his roles as the Executive-in-Charge for country operations at Toyota Motor Asia Pacific (TMAP). In 2012, he assumed the role of Executive Vice President and acting Chief Operating Officer for the region. Then, in 2014, he was assigned to Toyota's global headquarters as Project General Manager for TMAP in Japan. He then returned to Singapore in 2017 as EVP for Lexus Asia until his retirement in July 2019. Mr. Socco garnered his Bachelor of Science in Economics at the University of the Philippines in Diliman and completed the Executive Development Program of the Wharton School of the University of Pennsylvania.

FRANCISCO H. SUAREZ, JR., 63 years old, Filipino, serves as GT Capital's Executive Vice President and Chief Financial Officer (CFO). He was appointed to the position on February 16, 2012. He is also a Director and the Treasurer of GT Capital Auto and Mobility Holdings, Inc., GT Mobility Ventures, and JBA Philippines, Treasurer of Toyota Subic, Inc. and Premium Warranty Services Philippines, Inc., Adviser to the Board of Toyota Manila Bay Corp., Adviser to the Executive Committee of Toyota Santa Rosa, Laguna, Inc., and Corporate Secretary of Toyota Financial Services Philippines Corporation. Over his tenure, he successfully supervised the launch of the Corporation's initial public offering, a top-up private placement, two retail bond issuances, several bilateral fixed-rate term loans and two series of perpetual preferred shares. Mr. Suarez brings to GT Capital over 40 years of solid and extensive experience in investment banking and financial management. Prior to joining GT Capital, he was the CFO of three subsidiaries of the ATR Kim Eng Group. For a time, he also served as Executive Director of ATR Kim Eng Capital Partners, Inc. Before this, he was appointed as the CFO of PSI Technologies, Inc., and, prior to that, of SPI Technologies, Inc. Previously, he was a Director for Corporate Finance at Asian Alliance Investment Corporation. He has also assumed various positions in Metrobank, International Corporate Bank (InterBank), Far East Bank and Trust Company, and the National Economic Development Authority. Mr. Suarez graduated from De La Salle University with a Bachelor of Science degree in Applied Economics and is a candidate for the Master in Business Administration degree at the Ateneo de Manila University.

JOSE B. CRISOL, JR., 56 years old, Filipino, serves as Senior Vice President and Head of the Investor Relations, Strategic Planning, and Corporate Communication Department of GT Capital. He was appointed to the position on July 26, 2012. He also serves as a Director and the Audit Committee Chairman of Toyota Sta. Rosa, Inc. Before joining the Corporation, he was the Assistant Vice President for Investor Relations of SM Investments Corporation (SM). Prior to working with SM, he was a Director at the Republic of the Philippines Department of Trade and Industry (DTI), heading its Trade and Industry Information Center. He also served for a time, on a concurrent basis, as Head of DTI's Office of Operational Planning. His other past employment includes occupying various positions at The Philippine American Life Insurance Company and Merrill Lynch Philippines, Inc., among others. He holds a Master in Business Economics degree from the University of Asia and the Pacific, and a Bachelor of Science degree in Economics from the University of the Philippines - Diliman. He completed his primary and secondary education at the Ateneo de Manila University.

Senior Management

JOCELYN Y. KHO, 68 years old, Filipino, has served as GT Capital's Assistant Corporate Secretary since June 2011. Previously, she was the company's Controller until 2010. Before this, Ms. Kho worked for Metropolitan Bank & Trust Company (Metrobank) as Vice President under the Office of the Assistant to the Group Chairman from 1978 to 2009. She concurrently holds the following positions: Assistant Corporate Secretary, Grand Titan Capital Holdings, Inc.; Director and Treasurer, Global Business Holdings, Inc., and Horizon Royale Holdings, Inc.; Director, Senior Vice President and Corporate Secretary, Federal Homes, Inc.; Director, Treasurer and Corporate Secretary of Crown Central Properties Corporation; Director of Cathay International Resources, Inc. and Magnificat Resources Corporation; Corporate Secretary, Federal Land, Inc.; and Norberto & Tytana Ty Foundation, Inc.; Chairman, Multi Fortune Holdings, Inc.; Chairman and President, MBTC Management Consultancy, Inc., Granview Realty and Development Corporation, Cellini Holdings, Inc., City Tower Realty Corporation, Ocean Park Condominium and Realty, Inc., Kabayan Realty Corporation, and Service Leasing Corporation; Director and President, Harmony Property Holdings, Inc., Splendor Fortune Holdings, Inc., and Splendor Realty Corporation. She earned her Bachelor of Science degree in Commerce, major in Accounting, from the University of Santo Tomas in 1975, and is a candidate for the Master of Science degree in Taxation from Manuel L. Quezon University.

STEPHEN JOHN S. COMIA, 45 years old, Filipino, serves as First Vice President and Head of the Property Management Department of GT Capital and concurrently, Head of the Project Development Group of Federal Land. He brings to GT Capital more than 17 years of experience in the property sector having worked for Ayala Land, Inc. from 2005 until 2021 where he served as Estate Development Head. Mr. Comia handled land acquisition and overall master-planning, development, sales, marketing, and property management of various estate developments. The estates that he handled include Nuvali in Sta. Rosa and Calamba, Laguna, Arca South in Taguig, The Junction Place in Novaliches, and Vermosa in Imus and Dasmariñas, Cavite. Mr. Comia holds a Master in Business Administration degree from the Asian Institute of Management and a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University.

JOYCE B. DE LEON, 49 years old, Filipino, serves as Chief Risk Officer, Head of Sustainability, and First Vice President of GT Capital Holdings, Inc. She was appointed to the role on October 19, 2020. Ms. De Leon brings close to 17 years of solid risk management experience to the company, across various local and international financial institutions. Prior to GT Capital, she was the First Vice President and Head of Market and Liquidity Risk for BDO Unibank, Inc. and a member of its asset and liability committee. Previously, for close to a decade, she served as Senior Vice President and Head of Risk Management for Maybank ATR Kim Eng, building the Risk Management function from the ground up and engaging in the investment bank and stock brokerage's management risk, credit and underwriting, management, and executive committees. Before this, she was the Country Head for Market Risk of Standard Chartered Bank, with purview of the bank's risk reporting in Vietnam. For a time, she also served as Market Risk Manager for Philippine Savings Bank (PSBank), the thrift bank subsidiary of the Metrobank Group. Ms. De Leon is Head of Sustainability for GT Capital, and established a framework that embeds ESG in the business strategy, aligning with best practices by communicating and coordinating with Board, management, investors, shareholders, operating companies, and employees to address sustainability issues. Ms. De Leon garnered her Master's degree in International Business (MIB) at the University of Melbourne in Australia, her Master in Business Administration (MBA) degree, major in Finance, with distinction, and Bachelor of Arts in Psychology from De La Salle University. Ms. De Leon has received her climate risk management credential from a globally recognized certification from the Global Association for Risk Professionals (GARP) as a Sustainability and Climate Risk (SCR) professional. She is also an alumnus of the University of the Asia & Pacific (UA&P) Applied Sustainability Management in Asia Pacific (ASMAP) program.

SUSAN E. CORNELIO, 51 years old, Filipino, joined GT Capital on July 4, 2012 as its Head of Human Resources and Administration. Prior to this, she served as Vice President and Head of Compensation and Benefits of Sterling Bank of Asia and as Assistant Vice President and Head of Compensation and Benefits of United Coconut Planters Bank. She has had other HR stints from the following institutions: Metrobank, ABN AMRO Offshore Banking, Solidbank, and Citytrust. She holds a Bachelor of Science in Commerce major in Accounting from Sta. Isabel College-Manila and a Master Certificate in Human Resources and International HR Practices from Cornell University's School of Industrial and Labor Relations. She obtained a Master's degree in Business Economics from the University of Asia and the Pacific and is a candidate for the Doctor of Philosophy in Human Resource Management at the University of Santo Tomas.

REYNA ROSE PANER-MANON-OG, 41 years old, Filipino, is the Controller and First Vice President of GT Capital. She was appointed Controller in October 2011 and serves as Head of the Accounting and Financial Control Department. She also serves as a Director of Toyota Manila Bay Corporation and serves as its Chairman of the Audit Committee. Before joining the conglomerate, she was the Assistant Vice President and Head of the Financial Accounting Department of United Coconut Planters Bank. Prior to this, she was a Director at Sycip Gorres Velayo & Company (SGV & Co.), where she gained seven years of experience in external audit. Ms. Manon-og is a Certified Public Accountant and a Cum Laude graduate of Bicol University with a Bachelor of Science degree in Accountancy. She completed the Strategic Business Economics Program of the University of Asia and the Pacific.

ATTY. RENEE LYNN C. MICIANO-ATIENZA, 40 years old, Filipino, is Vice President and Head of the Legal & Compliance Department of GT Capital. She was appointed to her position on May 11, 2016 and has been with GT Capital since August 2012. She concurrently holds the following positions: Director, GT Capital Auto and Mobility Holdings, Inc.; Director, Toyota Subic, Inc.; Corporate Secretary, AXA Philippines; Assistant Corporate Secretary; Toyota Santa Rosa, Inc. Prior to joining the Corporation, she was the Head of the Investigation and Enforcement Department of the Capital Markets Integrity Corporation (CMIC). Before joining CMIC, she was the Officer-in-Charge of the Prosecution and Enforcement Department of the PSE. She was also Legal Counsel of the Office of Senator Miguel Zubiri, and prior to entering law school, a trader for United Coconut Planters Bank. She earned her Bachelor of Science degree in Management from the Ateneo de Manila University and finished her Juris Doctor degree in the same university. In 2019, she completed the Strategic Business Economics Program of the University of Asia and the Pacific.

LEO PAUL C. MAAGMA, 52 years old, Filipino, was appointed as Chief Audit Executive of GT Capital Holdings, Inc. in April 2018. With over 29 years of extensive work experience—more than 24 years in audit and five years in accounting, accounts receivables, treasury, and payroll—Mr. Maagma began his career in an external auditing firm, then spent five years in a food manufacturing company, and nearly 15 years in a business engaged in the distribution of health care products. He spent eight of his more than two decades in audit work at the regional and country head offices of two multinational companies, Zuellig Pharma Corporation (Zuellig) and Unilever Bestfoods (Unilever). Before joining GT Capital, for 14½ years, Mr. Maagma served in various capacities at Zuellig—Internal Audit Manager from 2012 to 2018, Accounts Receivable Manager from 2010 to 2012, Corporate Internal Audit Manager from 2007 to 2010, and Internal Audit Manager from 2003 to 2007. At Zuellig, he was chiefly responsible for the Philippine subsidiary's internal audit function, while assisting in regional risk–based internal audits for the Zuellig Pharma Group across 12 countries in the Asia-Pacific region. Prior to his time at Zuellig, Mr. Maagma held several positions at Unilever from 1998 to 2003: Regional Information Systems Audit Supervisor, Category Accounting Manager, and Treasury Manager. Previously, he performed other supervisory roles in audit in Empire East Land Holdings, Inc. and Ernst and Young International. Mr. Maagma earned his Master's degree in Business Administration (MBA) from the Asian Institute of Management (AIM). Aside from this, he is a Certified Public Accountant (CPA), Chartered Business Administrator (CBA), and a certified Information Security Management Systems (ISMS) Internal Auditor. He graduated from the University of Santo Tomas with a Bachelor of Science degree in Commerce, major in Accountancy.

Senior Management

DON DAVID C. ASUNCION, 43 years old, Filipino, is the Vice President of GT Capital Auto and Mobility Holdings, Inc. (GTCAM), the conglomerate's wholly-owned subsidiary for the Group's automotive holdings. He brings to GT Capital more than 20 years of expertise in the automotive sector. Mr. Asuncion began his career with Toyota Motor Philippines in 2002 handling franchise and dealer development followed by area operations in 2006. He joined Ford Group Philippines in 2008 taking on diverse roles in Business Development, Zone Management for Customer Service and then for Sales. In 2012, he joined Bermaz Auto Philippines (formerly Berjaya Auto Philippines) as the company's General Sales Manager and later as General Manager for Sales and Marketing Operations. Subsequently in 2019, he joined Mitsubishi Motors Philippines Corporation as an Assistant Vice President, his most recent position prior to joining GTCAM in 2020. Mr. Asuncion garnered his Bachelor of Science degree in Management at the Ateneo de Manila University.

ATTY. MARIA SOFIA A. LOPEZ, 55 years old, Filipino, was appointed as GT Capital's Assistant Corporate Secretary on November 10, 2022. Before this, Ms. Lopez worked for Metropolitan Bank & Trust Company (Metrobank) as Legal Counsel from 2005 to 2022. She concurrently holds the following positions: Corporate Secretary of Metrobank Foundation, Inc., Manila Medical Services, Inc., MDH Clinic Management, Inc., Manila Tytana Colleges, Inc., Metrobankers Foundation, Inc., Circa 2000 Homes, Inc., and Sumisho Motor Finance Corp.; Assistant Corporate Secretary of GT Foundation, Inc. and Norberto and Tytana Ty Foundation, Inc. She earned her Bachelor of Science degree in Business Administration, major in Accountancy, from the University of the East (Manila) and graduated Cum Laude in 1987, and earned her Bachelor of Law degree from San Beda College (Mendiola) in 1992.

GT Capital Group Management

FABIAN S. DEE
President
Metropolitan Bank & Trust Company (Metrobank)

ATSUHIRO OKAMOTO
President
Toyota Motor Philippines Corporation

WILLIAM THOMAS F. MIRASOL
President
Federal Land, Inc.

BERNARDO RAFAEL SERRANO LOPEZ
President
AXA Philippines

MANUEL V. PANGILINAN
Chairman and President
Metro Pacific Investments Corporation

ANICETO M. SOBREPEÑA
President
Metrobank Foundation, Inc.

Operating Companies' President

FABIAN S. DEE, 60 years old, Filipino, is the President of Metropolitan Bank and Trust Company (Metrobank), the country's premier universal bank, recognized by financial experts as the Best Corporate Bank and the Strongest Bank in the Philippines today. He is a seasoned banker with approximately 38 years of experience in treasury, corporate banking, and retail banking. Mr. Dee joined the Metrobank Group in 2000 to lead the Bank's largest business center. He then moved to Corporate Banking to reinforce Metrobank's stronghold among the large conglomerates and middle market accounts. In 2006, he was appointed National Branch Banking Sector Head, successfully improving the Bank's footprint in the retail business. Within Mr. Dee's term as President of Metrobank, he had concurrently held various positions including Chairman and Director of Metrobank Card Corporation from 2006 until 2020, Chairman of Metro Remittance Singapore PTE Ltd. from 2010 until 2019, Chairman of LGU Guarantee Corporation from 2017 until 2019, and Chairman of SMBC Metro Investment Corporation from 2014 to 2017.

ATSUHIRO OKAMOTO, 54 years old, Japanese, is the President of Toyota Motor Philippines Corporation, Chairman of Toyota Mobility Solutions Philippines, Inc., and a Director of Toyota Financial Services Philippines Corporation. He has over 29 years of experience in both the Toyota and Lexus brands. Mr. Okamoto started his career in Toyota Motor Corporation in 1992. In 2012, he was assigned as the Department General Manager of the Lexus Planning Division. In 2015, Mr. Okamoto was seconded to Toyota Motor Asia Pacific (TMAP) as the Vice President of Marketing and Sales. Prior to his post with TMP, he served as Executive Vice President of TMAP since 2019. Mr. Okamoto earned his Bachelor's degree in Economics at Keio University in Tokyo, Japan.

WILLIAM THOMAS F. MIRASOL, 58 years old, Filipino, is currently the President and Chief Operating Officer of Federal Land, Inc. He is also the President of Horizon Land, Inc. and Federal Property Management Corporation. Mr. Mirasol has over 31 years of management experience, successfully handling various roles in strategic planning, retail operations and development, residential and office project development, business development, commercial operations, sales, and marketing. He was previously the Chief Operating Officer and Senior Vice President of Ortigas & Company (OCLP Holdings, Inc.), seconded by Ayala Land, Inc., from 2016 until 2018. Prior to this, Mr. Mirasol was the Chief Executive in Sales and Marketing of Ayala Land's residential business group and President of Ayala Land International Sales from 2011 to 2016. At Ayala Land, he oversaw a workforce of over 18,000 people and had key roles in planning, development, operations, negotiations, facilities management, and client relations. Mr. Mirasol earned his Master of Business Management at the Asian Institute of Management and his Bachelor's degree in Commerce from De La Salle University.

BERNARDO RAFAEL SERRANO LOPEZ, 55 years old, Spanish, is the President and CEO of AXA Philippines, one of the largest insurance companies in the country. He assumed this position in November 2022. He is an industry veteran with more than 20 years of senior leadership experience. He began his journey with AXA in Latin America in 2001 and subsequently General Manager of AXA Spain in 2003. Between 2006 and 2011, Mr. Serrano left AXA to set up his own successful company. In 2011, he re-joined AXA as CEO of AXA Brazil, overseeing the arrival of AXA in South America. He was named CEO of AXA Colpatria in 2016. Mr. Serrano has a Master of Business Administration Degree from IESE Business School in Barcelona, and a bachelor's degree in Business and Economics from the University of Navarra, Spain.

MANUEL V. PANGILINAN, 76 years old, Filipino, graduated cum laude from the Ateneo de Manila. University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania. In Manila, he worked for Philippine Investment Management Consultants Inc. (PHINMA) in the Philippines, and in Hong Kong with Bancom International Limited and American Express Bank. Thereafter he founded First Pacific in May 1981. Mr. Pangilinan served as Managing Director of First Pacific since its founding in 1981 until 1999. He was appointed Executive Chairman until June 2003, after which he was named Managing Director and Chief Executive Officer. Mr. Pangilinan holds the positions of President Commissioner of PT Indofood Sukses Makmur Tbk in Indonesia. In the Philippines, Mr. Pangilinan is the Chairman, President and Chief Executive Officer of Metro Pacific Investments Corporation, the Chairman of PLDT Inc., Smart Communications, Inc., PLDT Communications and Energy Ventures, Inc., Manila Electric Company (Meralco), Global Business Power Corporation, Maynilad Water Services, Inc., Metro Pacific Tollways Corporation, NLEX Corporation, Philex Mining Corporation, PXP Energy Corporation, Landco Pacific Corporation, Medical Doctors, Inc. (Makati Medical Center), Colinas Verdes Corporation (Cardinal Santos Medical Center), Mediaquest Holdings, Inc. and Associated Broadcasting Corporation (TV 5), and the Vice Chairman of Roxas Holdings, Inc. In recognition of Mr. Pangilinan's contributions to the country, the Philippine Air Force awarded him the rank of Lieutenant Colonel (Res) in a promotion list approved by the Philippine President in July 2021. In 2010, the Office of the President of the Philippines awarded Mr. Pangilinan the Order of Lakandula with the rank of Bayani. Mr. Pangilinan was awarded the First Honorary Doctorate Degree in Management by the Asian Institute of Management in 2016, Honorary Doctorate in Science by Far Eastern University in 2010, in Humanities by Holy Angel University in 2008, by Xavier University in 2007 and by San Beda College in 2002 in the Philippines. He was formerly Chairman of the Board of Trustees of the Ateneo de Manila University and was a member of the Board of Overseers of the Wharton School. In civic duties, Mr. Pangilinan sits as Chairman of the Philippine Business for Social Progress (PBSP), PLDT-Smart Foundation Inc., One Meralco Foundation Inc., and Co-Chairman of the Philippine Disaster Resilience Foundation (PDRF), and is a Director of the Philippine Business for Education (PBED). He is Chairman of the Board of Trustees of San Beda College and Co-Chairperson of the Board of Trustees of Stratbase Albert del Rosario Institute and the U.S.–Philippine Society. In sports, Mr. Pangilinan is Chairman of the MVP Sports Foundation, Inc. and Chairman Emeritus of the Samahang Basketbol ng Pilipinas.

ANICETO M. SOBREPEÑA, 69 years old, Filipino, is the President of Metrobank Foundation, Inc. (MBFI) and Executive Vice President of Metropolitan Bank & Trust Company (Metrobank). Mr. Sobrepena combines both his experience in government service and an equally sterling performance in the private corporate sector. After serving the Philippine government for 22 ½ years at the National Economic and Development Authority (NEDA) and the Office of the President in Malacañang, Mr. Sobrepeña joined the private sector, initially as Executive Director from 1995 to 2006 of MBFI and later on as its President, a position he has held in the last 16 years. Mr. Sobrepeña has expertly steered MBFI to new and greater heights of institutional achievements in the areas of public affairs and human development. Under his stewardship, MBFI has emerged as one of the country's most dynamic corporate philanthropic foundations and among the most awarded organizations in business communication, public relations, and humanitarian services. Concurrently, Mr. Sobrepeña also serves as Vice Chairman of Manila Doctors Hospital, MBFI's health care affiliate, and Chairman of the Manila Tytana Colleges (formerly Manila Doctors College). He is also the Executive Director of GT Foundation, Inc., the family foundation of the late Group Chairman Dr. George S.K. Ty.

Corporate Governance

GT Capital Holdings, Inc. ("GT Capital" or the "Corporation", and together with its subsidiaries, the "Group"), embraces healthy corporate governance practices in line with best standards in the Philippines and in the Association of Southeast Asian Nations ("ASEAN") Region. In pursuit of its goal and in order to contribute to optimal long-term value creation for its stakeholders, GT Capital strives to ensure that considerable effort is devoted in strengthening and improvement of corporate governance to formalize best practices that implement and imbibe the spirit of the principles outlined in the Securities and Exchange Commission's ("SEC") Code of Corporate Governance for Publicly-Listed Companies and Integrated Annual Corporate Governance Report, the G20/OECD Principles of Corporate Governance, and the ASEAN Corporate Governance Scorecard.

GT Capital's efforts and commitment to raise its level of corporate governance have garnered recognition in the investment community, both locally and in the ASEAN region.

2022 Awards and Recognitions

BEST INVESTOR RELATIONS TEAM IN THE PHILIPPINES
by The Global Economics

BEST INVESTOR RELATIONS TEAM IN THE PHILIPPINES
by World Business Outlook

BEST INVESTOR RELATIONS TEAM IN THE PHILIPPINES
by International Finance

ASEAN Asset Class
for the 2021 ACGS Assessment, Institute of Corporate Directors
Three Golden Arrows
2022 ACGS Golden Arrow Awards, ICD

As part of its ongoing improvement in corporate governance, GT Capital undertook the following best practices in 2022:

1. Virtual conduct of the 2022 Annual Stockholders' Meeting ("ASM") of the Corporation, in compliance with SEC Memorandum Circular No. 6 Series of 2020, with stockholders having the option to vote through proxy or through electronic voting during the ASM;
2. Virtual conduct of board meetings for the safety of the directors and other participants in view of the pandemic;
3. Re-election of a female independent director;
4. Articulation of the group's full commitment to creating a synergistic business portfolio towards sustainable value creation in its corporate vision, mission, and core values.
5. Approval of Responsible Investment Policy, which highlights the stewardship and commitment in creating long-term stakeholder value, not just to its capital providers, but to the communities and environment in which it operates.
6. Accomplishment of the second stakeholder engagement and materiality assessment to maintain the relevance of the material economic, environmental, social and governance topics for all stakeholders.
7. Publication of the 2021 Integrated Sustainability Report, which has been prepared and presented in accordance with various international frameworks: Global Reporting Initiative ("GRI"), Integrated Reporting ("IR") and Sustainability Accounting Standards Board ("SASB") which highlights the non-financial performance and its impact towards multiple stakeholders.
8. Conduct of the Thought Leadership Series, a seminar attended by GT Capital directors and representatives from operating companies as part of the firm commitment towards enhancing awareness in political risks, climate change, and the energy sector.
9. Corporate governance training of GT Capital directors and officers through the Thought Leadership Series.
10. Benchmarking ESG performance by engaging with rating agencies for the best practices given the constantly changing stakeholders and investors needs.

2022 Compliance

GT Capital is compliant with the Code of Corporate Governance for Publicly-Listed Companies as well as with all pertinent laws, rules, and regulations imposed in the conduct of its business.

As a PLC, GT Capital acknowledges its duty and responsibility to provide timely and accurate information to the investing public. To this end, GT Capital strictly complies with all reportorial and disclosure requirements imposed by regulatory agencies such as the SEC, the Philippine Stock Exchange ("PSE"), and the Philippine Dealing and Exchange Corporation. GT Capital likewise ensures the posting of all reportorial and disclosure requirements onto GT Capital's website: www.gtcapital.com.ph.

Corporate Governance Policies and Practices

Good corporate governance practices are necessary in all levels of the organization. In order to ensure good corporate governance and to further cultivate and inculcate a culture of compliance within the Corporation, GT Capital established the following policies in support of its corporate governance framework.

Manual on Corporate Governance

GT Capital adopted a Manual on Corporate Governance (the "CG Manual") to institutionalize the principles of good corporate governance in the entire Corporation. This is in line with the belief of its Board of Directors, Management, employees, and shareholders that corporate governance is a necessary component of what constitutes sound strategic business management. As such, every effort necessary is undertaken to create awareness of the CG Manual within the Corporation and ensure compliance with the same. The charters of the Board committees are attached to the CG Manual, and these are reviewed annually and if necessary, amended to reflect corporate governance best practices adopted by the Corporation.

Code of Ethics

The Code of Ethics promotes a culture of good governance and serves as a guide to ensure that GT Capital's directors, officers, and employees adhere to the highest ethical standards in the conduct of its business, keeping in mind GT Capital's corporate core values of integrity, excellence, respect, entrepreneurial spirit, and commitment to value creation.

The Code of Ethics is implemented through the CG Manual, Whistleblowing Policy, Code of Discipline of Employees, and the Policies and Procedures Manual ("PPM") of each department. The Whistleblowing Policy and Code of Discipline of Employees were distributed to all directors, officers, and employees, while the PPMs of each department are disseminated to all the employees of such departments. All these documents are also readily available for access of all directors, officers, and employees through the website, by request from the Legal and Compliance Department, and through the Human Resources ("HR") and Administration Department, and are reviewed on an annual basis in the context of evolving best practices and changing regulations.

GT Capital's HR and Administration Department, in coordination with the relevant heads of other departments, is tasked with implementing and ensuring compliance with the provisions of the Code of Ethics as well as the policies and codes implementing the Code of Ethics. Its responsibilities include, among others, ensuring that the contents of the Code of Ethics are communicated to all existing and new officers and employees of the Corporation. This is done by providing officers and employees with a copy of GT Capital's Employee Handbook, which includes the Code of Discipline of Employees, and requiring each officer and employee to acknowledge in writing receipt of the same, and conducting an annual orientation on the Corporation's policies. Its activities also include investigating reported violations of the Code and, if necessary, imposing the appropriate disciplinary action. In addition, each department is audited by GT Capital's Internal Audit Department to further verify observance of the relevant policies.

Code of Discipline of Employees and Anti-corruption Programs

The Code of Discipline of Employees, which has been distributed to all employees of GT Capital and is available on GT Capital's website, ensures that employees of GT Capital conduct themselves in a manner befitting their respective positions in the Corporation by espousing the general principles of professionalism, high ethical standards, discipline, integrity, and honesty. It likewise promotes efficient, orderly, and safe conduct of the Corporation's operations, as well as fairness and uniformity in implementation of any disciplinary action on its employees.

The Corporation's anti-corruption program is integrated in the Code of Discipline, which considers bribery and offering or accepting anything of value for personal gain in the conduct of official business a serious offense, with a penalty of dismissal.

The HR and Administration Department is responsible for monitoring and implementing the Code of Discipline of Employees. It regularly conducts seminars for its employees, including an onboarding seminar for new employees, tackling the policies and procedures of GT Capital including the Corporation's Code of Discipline of Employees and Anti-Corruption Program. Since its adoption in 2013, there have been no major violations of the Code of Discipline of Employees.

Whistleblowing Policy

GT Capital's Whistleblowing Policy was adopted to further strengthen GT Capital's corporate governance framework and maintain the highest standards of transparency, probity, and accountability, consistent with its stature as a PLC.

The Whistleblowing Policy strictly prohibits fraudulent practices and unethical conduct by any of its board members, officers, and employees. It defines who qualifies as a whistleblower and provides the procedure to be followed by such whistleblower to report in good faith, acts or omissions which he or she reasonably believes violate a law, rule or regulation or constitutes unethical conduct or fraudulent accounting practice.

Whistleblowers are protected by the confidentiality and non-retaliation provisions in the Whistleblowing Policy. The former ensures that the Corporation maintains the anonymity of the whistleblower during the review and investigation process and provides sanctions to be imposed on any party who reveals the identity of whistleblower without his/her consent. The non-retaliation policy prohibits retaliation or reprisal tactics against employee whistleblowers, such as punitive transfers, withholding of professional promotion or training, loss of seniority rights or benefits, among others, and provides that disciplinary action shall be taken against an officer or employee who engages in such conduct.

The Whistleblowing Policy is accessible through the GT Capital website, and is also attached to GT Capital's CG Manual.

Reports by stakeholders, including employees, may be submitted by e-mail to governance@gtcapital.com.ph or directly in writing to the Chief Audit Executive ("CAE"). The CAE may then investigate the report, appoint an investigating officer, create a special Task Force (internal or outsourced) to investigate the matter independently, or elevate the report to the Discipline, Ethics, and Values Committee composed of the CAE and the respective heads of the HR and Administration Department and Legal and Compliance Department. Investigations shall be completed within sixty (60) calendar days from receipt of the report by the CAE.

Policy on Conflicts of Interest

Under GT Capital's CG Manual, directors must observe the conduct of fair business transactions with the Corporation, ensure that his personal interest does not conflict with the interests of the Corporation, and should not use his position for profit or to gain some benefit or advantage for himself and/or his related interests. GT Capital's directors should likewise avoid situations that may compromise their impartiality. When actual or potential conflict of interest exists, the conflicted director is required to fully and immediately disclose the same and abstain from participating in the Board discussion of that item on the agenda.

As part of its evaluation of nominees for directorship, the CG Manual provides that the Nominations Committee should consider possible conflicts of interest.

Policy on Insider Trading

Consistent with the Securities Regulation Code and other pertinent laws and issuances, GT Capital's policies ensure that its directors, officers, and employees keep secure and confidential all material non-public information which they may acquire or learn by reason of their position. To this end, the directors, officers, and employees are prohibited from dealing in GT Capital shares from the time they receive or become aware of material non-public information up to two (2) full trading days after its disclosure to the investing public (the "Blackout Period"). The Corporation considers insider trading as a serious offense and prohibits the continued service of any director, officer, or employee who has been convicted by a court of competent jurisdiction of insider trading. Accordingly, subject to procedures required under the policies of the Corporation, a director convicted of insider trading shall be removed from his position while officers and employees shall be subject to dismissal.

Outside the Blackout Period, GT Capital requires its directors, officers, and principal stockholders to report to the Corporation all dealings and transactions in GT Capital shares within three (3) business days after the transaction. This ensures that GT Capital complies with PSE's Revised Disclosure Rules and the Implementing Rules and Regulations of the Securities Regulation Code. The appropriate disclosures are submitted to the PSE and SEC (through SEC Form 23-B) before the relevant information is posted on GT Capital's website.

In 2022, GT Capital submitted details on all transactions made by insiders and has not been penalized for any violation of applicable laws, rules, and regulations in relation to insider trading.

Procurement Policies

The HR and Administration Department's PPM outlines the procurement policies of GT Capital, which ensures that risk exposure due to unreasonable and exorbitant spending is eliminated.

All purchases require review and approval of the requesting department head and GT Capital's Chief Financial Officer ("CFO") before they are processed. Transactions are then assessed in order to determine if there is a need to comply with the policies and procedures prescribed by the Bids and Awards Committee ("BAC"). Purchases not subject to formal bidding process shall undergo the informal bidding process in which at least three (3) bids/quotations shall be obtained from different suppliers. The HR and Administration Department oversees all procurements, while the Accounting and Financial Control Department is responsible for payment processing of all obligations arising from procurements.

The Corporation maintains a list of accredited suppliers for office supplies and equipment which have been pre-screened to provide competitive prices. Contracts involving crucial services are reviewed and approved by the BAC or the Executive Committee for extraordinary service engagements.

Board of Directors and Management

GT Capital's Board of Directors is primarily responsible for the governance of the Corporation and ensures its compliance with the principles of good governance by providing an independent check on Management. By setting policies for the accomplishment of GT Capital's corporate objectives, the Board of Directors fosters the long-term success, sustained growth, and competitiveness of the Corporation in a manner consistent with its fiduciary responsibility towards both the Corporation and its stakeholders.

Board Composition

The Nominations Committee annually pre-screens and shortlists all candidates nominated to become a member of the Board of Directors. GT Capital's stockholders elect annually the Board of Directors from a final list of candidates prepared by the Nominations Committee. The Corporation avails of the Board Director Sourcing Services of the Institute of Corporate Directors when searching for candidates for the Board of Directors. The experience of the members of the Board encompasses a wide range of experience in business, finance, and law, as well as expertise in industries in which GT Capital's operating companies are involved in.

Four (4) members of GT Capital's Board of Directors are Independent Directors with one (1) female Independent Director. In addition to having all the qualifications and none of the disqualifications as embodied in relevant SEC regulations and in the By-laws of the Corporation, an Independent Director is a person who, apart from his fees and shareholdings, is independent of management and substantial shareholders, and free from any business or other relationship which could, or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

GT Capital's CG Manual provides that no director shall simultaneously hold more than five (5) board seats in PLCs, while an executive director shall not serve on more than two (2) boards of PLCs outside the Group. No director of the Corporation serves on more than five (5) boards of PLCs, and no executive director serves on more than two (2) boards of PLCs outside of the Group.

The roles of the Chairman and the President are separate to ensure an appropriate balance of power, increase accountability, and improve the Board of Directors' capacity for making decisions separately and independently from Management. Among others, the Chairman ensures that meetings of the Board of Directors are in accordance with the By-laws, listens and addresses governance-related issues that may be raised by non-executive or Independent Directors, and ensures that the Board of Directors exercises strong oversight over the Corporation and its Management. On the other hand, the President, among other responsibilities, plans, develops, and implements the Corporation's policies and goals, interfaces with the Chairman to revise objectives and plans in accordance with current conditions, and communicates clearly and directly with employees concerning performance expectations, productivity, and accountability. Mr. Francisco C. Sebastian has served as Chairman of GT Capital since his election on May 11, 2022. Mr. Carmelo Maria Luza Bautista has served as President since GT Capital's listing in April 2012.

Duties and Responsibilities of the Board of Directors

The duties and responsibilities of the Board of Directors, which meets regularly during the year, include: implementing a process for the selection of directors who can contribute independent judgment to the formulation of sound corporate strategies and policies; providing guidelines and insights on major investments and capital expenditures; ensuring the Corporation's compliance with all relevant laws, regulations and best business practices; establishing and maintaining an Investor Relations Program to keep stockholders apprised of important developments; identifying the stakeholders in the community and formulating a clear policy of communication with them; adopting a system of check and balance with the Board; identifying key risks and performance indicators and monitoring the same; formulating and implementing policies and procedures that would ensure the integrity and transparency of related party transactions; establishing and maintaining an alternative dispute resolution system in GT Capital; constituting committees it deems necessary to assist it in the performance of its functions; and performing such other duties and responsibilities as may be required under the relevant rules and regulations.

GRI: 2-9, 2-10, 2-11

Board Attendance

To ensure attendance of directors, the dates of the five (5) regular Board meetings of GT Capital are set before the beginning of the calendar year to coincide with the Annual Stockholders' Meeting ("ASM") on the second Wednesday of May and with the financial reports and disclosures during the year (March, May, July, November, and December). The quorum requirement for instances when important matters are to be discussed on the agenda, such as issues that will have a significant impact on the character of the Corporation, is two thirds (2/3) of all the directors. However, the Board Secretariat endeavors to ensure the attendance of at least two thirds (2/3) of all the directors for each meeting, regardless of the agenda. For the year 2022, the Board met five (5) times, and the attendance of each director is provided below:

Name	Position	No. of Meetings Attended
Francisco C. Sebastian	Chairman	5/5 (100%)
Alfred Vy Ty	Vice Chairman	5/5 (100%)
Carmelo Maria Luza Bautista	President and Director	5/5 (100%)
Renato C. Valencia	Lead Independent Director	5/5 (100%)
Rene J. Buenaventura	Independent Director	4/5 (80%)
Consuelo D. Garcia	Independent Director	5/5 (100%)
Gil B. Genio*	Independent Director	4/4 (100%)
Arthur Vy Ty	Director	5/5 (100%)
David T. Go	Director	5/5 (100%)
Pascual M. Garcia III	Director	5/5 (100%)
Regis V. Puno	Director	5/5 (100%)

**Elected May 11, 2022*

Director, Board, and Committee Self-Assessment

The Board, Committee, and Individual Director's Self-Assessment forms were adopted as a tool for the Corporation to evaluate the performance of its Board, Committees, and individual directors and to assess the efficiency of its processes. These enable the Board of Directors and Management to identify areas for improvement and determine the value and contribution of the Board of Directors and each director towards the growth and improvement of the Corporation.

The Self-Assessment forms are distributed to the members of the Board and tabulated by the Board Secretariat so that results may be reported to and acted upon by the Board of Directors, Management, and/or appropriate committee, as necessary.

The criteria for the Self-Assessment of the Board, the Committees, and individual directors are as follows:

Board Self-Assessment Criteria	Director Self-Assessment Criteria	Committee Self-Assessment Criteria
■ Structure and Composition ■ Roles and Accountability ■ Board Process ■ Board Dynamics	■ Director Roles & Responsibilities ■ Vision, Goals and Strategies ■ Continuous education, development and improvement ■ Board Meetings ■ Participation and Overall Performance	■ Charter ■ Composition and Quality ■ Meetings ■ Duties and Responsibilities ■ Working relationship with executives

Questions may be answered on a scale ranging from "strongly disagree" to "strongly agree", and qualitative questions are asked to solicit comments and suggestions on recommended areas of focus and on how to improve the Corporation's performance.

For the second part of the assessment process, ICD interviews select directors of the Corporation to enable ICD to ask additional questions in relation to the directors' answers to the Self-assessment forms.

Performance Assessment of President by the Board

The President's Assessment questionnaire is a tool used to evaluate the performance of the President of GT Capital and to identify areas of improvement. It is distributed to the Board of Directors and the results are provided to the President. The Questionnaire is divided into the following sub-sections: leadership, strategy formulation, strategy execution, financial planning/performance, relationship with the Board of Directors, personal qualities, transparency/effective communication, and integrity. The Board of Directors rated the President on a scale of one (1) as the lowest to five (5) as the highest. The questionnaire also includes a portion on the President's development needs where the directors can identify the President's strengths and suggest key result areas and personal development for the coming year.

Board Committees

The Board of Directors exercises authority over specific aspects of GT Capital's business through its committees, which aids in complying with the principles of good corporate governance. Each committee is governed by its own charter, which serves as a guide on its composition, frequency of meetings, and exercise of its powers, duties and responsibilities. The latest version of each committee charter may be downloaded from the GT Capital website.

GRI: 2-18

Executive Committee

GT Capital's Executive Committee exercises powers and authority of the Board when the Board is not in session, or when it is impractical for the Board of Directors to meet. The Executive Committee reports all its actions to the Board of Directors, which may revise or alter the same, provided that no rights or acts of third parties are prejudiced. The Executive Committee also guides Management in the evaluation of the acts or courses of action to be taken prior to its endorsement to the Board of Directors, if required under the CG Manual and By-laws of GT Capital.

Member	Position	Meetings Attended
Francisco C. Sebastian	Chairman (Non-executive Director)	23/24
Alfred Vy Ty	Vice-Chairman (Non-executive Director)	21/24
Arthur Vy Ty	Member (Non-executive Director)	23/24
Carmelo Maria Luza Bautista	Member (Executive Director)	24/24
Mary Vy Ty	Adviser (Non-executive)	23/24
Solomon S. Cua	Adviser (Non-executive)	24/24

Compensation Committee

The Compensation Committee is tasked to implement formal and transparent policies and procedures to ensure that compensation of directors and key officers of GT Capital is consistent with the Corporation's culture, strategy, long-term interests, and the business environment in which it operates.

Member	Position	Meetings Attended
Renato C. Valencia	Chairman (Independent Director)	1/1
Rene J. Buenaventura	Member (Independent Director)	1/1
Alfred Vy Ty	Member (Director)	1/1

Nominations Committee

The Nominations Committee defines and assesses Board membership criteria and identifies and develops highly-qualified individuals to take on key Board and Board Committee positions when vacancies occur. The Nominations Committee pre-screens and shortlists candidates nominated to become a member of the Board of Directors of GT Capital and other positions requiring the Board of Directors' appointment. It ensures that all nominees possess all of the qualifications and none of the disqualifications provided under existing laws, rules, and regulations, and promotes the Corporation's policy on diversity, such that no discrimination is made based on gender, age, ethnicity, nationality or background, whether social, cultural, political or religious.

The Nominations Committee considers the Corporation's vision, mission, corporate objectives, and strategic direction as well as gaps in the skills and competencies of the currently serving directors. In determining whether there are gaps, the Nominations Committee also considers the sectors that GT Capital and its operating companies are in. The Nominations Committee has the option to use an external search agency or external databases in identifying qualified candidates to the Board of Directors.

All members of the Nominations Committee are Independent Directors.

Member	Position	Meetings Attended
Renato C. Valencia	Chairman (Independent Director)	3/3
Gil B. Genio*	Member (Independent Director)	1/1
Rene J. Buenaventura	Member (Independent Director)	3/3
Carmelo Maria Luza Bautista	Adviser (Executive Director)	3/3

**Elected May 11, 2022*

Audit Committee

The Audit Committee exercises oversight responsibility over the financial reporting process, system of internal control, audit process, and the monitoring of compliance with applicable laws, rules, and regulations. It oversees the Corporation's external and internal auditors and reviews the audit and non-audit fees paid to external auditors.

Member	Position	Meetings Attended
Gil B. Genio*	Chairman (Independent Director)	2/2
Renato C. Valencia	Member (Independent Director)	4/4
Rene J. Buenaventura	Member (Independent Director)	4/4
Regis V. Puno	Member (Non-executive Director)	4/4

At least one (1) independent director of the Audit Committee has accounting expertise. Mr. Rene J. Buenaventura is certified public accountant.

Risk Oversight Committee

The Risk Oversight Committee is responsible for ensuring the creation and implementation of a robust and effective system of identifying, assessing, monitoring, and managing all material and relevant risks to the Corporation and its shareholders. GT Capital's Risk Oversight Committee is also responsible for institutionalizing and overseeing the Corporation's risk management program and for monitoring the risk management policies and procedures of GT Capital's subsidiaries in relation to its own. Its powers, duties, and responsibilities include, among others, identifying, assessing, and prioritizing business risks, developing risk management strategies, overseeing the implementation as well as reviewing and revising GT Capital's Risk Management Plan, recommending to the Board of Directors policies and guidelines to address unforeseen risks, and creating and promoting a risk culture that requires the highest standards of ethical behavior among all personnel.

STATEMENT OF THE AUDIT AND RISK OVERSIGHT COMMITTEES ON ADEQUACY OF GT CAPITAL'S INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEM

In compliance with GT Capital's Manual on Corporate Governance and PSE's Corporate Governance Guidelines for publicly listed companies, the Audit Committee and the Risk Oversight Committee jointly certify, on behalf of the Board of Directors, the adequacy and effectiveness of the Corporation's internal controls and risk management system, and hereby attest that the Parent Corporation's governance, risk management, and control processes are adequately designed and operating effectively relative to its business objectives.

MR. GIL B. GENIO
Chairman, Audit Committee

MR. RENE J. BUENAVENTURA
Chairman, Risk Oversight Committee

Member	Position	Meetings Attended
Rene J. Buenaventura	Chairman (Independent Director)	4/4
Renato C. Valencia	Member (Lead Independent Director)	4/4
Gil B. Genio*	Member (Independent Director)	3/3
David T. Go	Member (Non-executive Director)	4/4
Consuelo D. Garcia	Member (Independent Director)	4/4

**Elected May 11, 2022*

Corporate Governance and Related Party Transactions Committee

The Corporate Governance and Related Party Transactions Committee was created as a board-level committee in order to aid the Board of Directors in its primary responsibility for good corporate governance. It is tasked with ensuring the Board of Directors' effective and due observance of corporate governance principles and guidelines. The Corporate Governance and Related Party Transactions Committee is also responsible for passing upon and providing clearance for transactions with related parties which involve disbursements of funds exceeding the amount provided in the Corporate Governance and Related Party Transactions Committee Charter. In all cases, the Corporate Governance and Related Party Transactions Committee shall make its decision taking into consideration the best interest of the Corporation and its shareholders.

The policies which guide the Corporate Governance and Related Party Transactions Committee are found in the Corporate Governance and Related Party Transactions Committee Charter.

One of the policies outlined in the Corporate Governance and Related Party Transactions Committee Charter is the Corporation's policy prohibiting loans to directors except when the following conditions are present: (a) Management has, based on the judgment of the Board of Directors, sufficiently justified the loan or assistance to the related party; (b) the loan or assistance shall be provided on arm's length basis; and (c) the terms and conditions of the loan do not deviate substantially from market terms and conditions and do not jeopardize the best interest of the Corporation.

Member	Position	Meetings Attended
Renato C. Valencia	Chairman (Lead Independent Director)	3/3
Gil B. Genio*	Member (Independent Director)	2/2
Rene J. Buenaventura	Member (Independent Director)	3/3
Anjanette Ty Dy Buncio	Adviser	3/3

**Appointed on May 11, 2022*

In 2022, all related party transactions were conducted fairly and at an arm's length basis. Further discussion on the related party transactions of the Corporation can be found under Note 27 of the Corporation's Audited Financial Statements.

Board and Committee Support

GT Capital's Corporate Secretary, Atty. Antonio V. Viray, has extensive experience in legal and company secretarial practices, and, together with Assistant Corporate Secretaries, Ms. Jocelyn Y. Kho and Atty. Ma. Sofia A. Lopez, plays a significant role in supporting the Board by ensuring the efficient flow of information among the Board of Directors, Management, stockholders, and stakeholders. They ensure that directors have reasonable access to any information they might need to deliberate on all matters on the Board of Directors' agenda and receive the requisite board materials at least five (5) business days before all scheduled meetings of the Board of Directors.

By keeping abreast with relevant laws, rules and regulations, and industry developments necessary for the performance of their duties and responsibilities, they effectively advise the Board of Directors on significant issues as they arise. In monitoring regulatory compliance, they may take appropriate corrective measures to address all regulatory issues and concerns.

Director and Executive Compensation

GT Capital's Compensation Committee is tasked with ensuring that competitive remuneration is offered to attract and retain the services of qualified and competent directors and officers. Annual compensation of directors and corporate officers of the Board of Directors are determined prior to the start of their term. The HR and Administration Department implements policies on compensation and benefits of employees found in its PPM, which sets forth benefits offered by the Corporation as well as the employees entitled to such benefits.

In 2022, GT Capital directors received aggregate remuneration as follows:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
Per Diem Allowance	Php 1.50 million	Php 11.43 million	Php 6.00 million
Bonuses	Php 0.85 million	Php 5.70 million	Php 3.40 million
Transportation	-	Php 0.54 million	Php 1.22 million

Remuneration of directors (including Independent and Non-Executive Directors) consists of per diem and transportation allowances as well as a year-end bonus which is not dependent on performance. Directors do not receive any remuneration in the nature of options or performance shares.

The aggregate remuneration paid to the five most highly compensated members of GT Capital's Senior Management in 2022 is as follows:

Remuneration Item	Amount
a. Salary	PhP 66.01 million
b. Bonuses	PhP 17.01 million
TOTAL	PhP 78.02 million

Orientation and Continuing Education Initiatives for Directors

The Corporation's CG Manual requires incumbent and newly-elected directors to attend a seminar on corporate governance. New directors of GT Capital are also oriented regarding GT Capital's core businesses in order to provide the director with a better understanding of the Group. A budget is also in place for continuous professional education of all directors to ensure the continuous effective performance of their functions and to keep them updated on relevant and latest developments. In 2022, directors of the Corporation attended the following programs on corporate governance:

Name of Director	Title of Training	Training Provider	Date of Training
Francisco C. Sebastian	Annual Corporate Governance Training	Institute of Corporate Directors	August 31, 2022
Alfred Vy Ty	Annual Corporate Governance Training	Institute of Corporate Directors	August 31, 2022
Arthur Vy Ty	Annual Corporate Governance Training	Institute of Corporate Directors	August 31, 2022
Carmelo Maria Luza Bautista	Annual Corporate Governance	Institute of Corporate Directors	August 31, 2022
Renato C. Valencia	Annual Corporate Governance Training	Institute of Corporate Directors	August 31, 2022
Rene J. Buenaventura	Annual Corporate Governance Training	Institute of Corporate Directors	August 31, 2022
Consuelo D. Garcia	Annual Corporate Governance Training	Institute of Corporate Directors	August 31, 2022
Gil B. Genio	Annual Corporate Governance Training	Institute of Corporate Directors	August 31, 2022
David T. Go	Annual Corporate Governance Training	Institute of Corporate Directors	August 31, 2022
Pascual M. Garcia III	Annual Corporate Governance Training	Institute of Corporate Directors	August 31, 2022
Gil B. Genio	Anti-Money Laundering Act Compliance in the Age of the Digital World	Institute of Corporate Directors	October 12, 2022

Audit and Accounting

Internal Audit

The Internal Audit function of GT Capital is under the responsibility of its Chief Audit Executive (the "CAE"), Mr. Leo Paul C. Maagma. Prior to the start of the year, a risk-based audit plan is prepared, which is then approved by the Audit Committee. Progress of the plan as well as significant audit findings are reported quarterly to the Audit Committee and Board of Directors.

The CAE ensures that risk-based audit plans are prepared at the operating company level. Progress of these plans and significant audit findings meeting the Group's escalation criteria are reported by each operating company's Internal Audit Head to the CAE on a quarterly basis. These reports are consolidated and reported to GT Capital's Management, Audit Committee, and Board of Directors.

As mandated by the Internal Audit Charter, to maintain the independence of the internal audit process, the CAE functionally reports to the Audit Committee and administratively to the President. The Audit Committee is thus responsible for the appointment, performance evaluation, and removal of the CAE.

Independent Public Accountants

SGV & Co. was GT Capital's external auditor for the calendar year 2022. GT Capital is compliant with SRC Rule 68, Paragraph 3 (b) (ix) (Rotation of External Auditors), which states that the independent auditors, or in the case of an audit firm, the signing partner, shall be rotated after every five (5) years of engagement, with a two-year cooling off period to be observed in the re-engagement of the same signing partner or individual auditor. The following SGV & Co. partners were engaged by GT Capital since its listing in 2012.

Year	SGV partner engaged
2012	Aris C. Malantic
2013 - 2017	Vicky Lee Salas
2018 - 2019	Miguel U. Ballelos, Jr.
2020 - 2021	Vicky Lee Salas
2022	Miguel U. Ballelos, Jr.

The following table sets out the aggregate fees for audit and audit-related services rendered by SGV & Co. to GT Capital, inclusive of out-of-pocket expenses and value-added-tax for each of the years ended December 31, 2021 and 2022:

Year	2021	2022
Audit and Audit Related Services	2.61	2.46
Non-Audit Services	0.40	4.99
TOTAL	3.01	7.45

Audit services rendered include the audit of the financial statements and supplementary schedules for submission to SEC, and review of annual income tax returns. Non-audit services were also provided by SGV & Co. for validation of stockholders' votes during the ASM.

The Audit Committee has the primary responsibility of recommending to the Board of Directors the appointment, re-appointment or removal of the external auditor, and the fixing of the audit fees. The Board of Directors and stockholders approve the Audit Committee's recommendation.

Appointment of Independent Party

For the year 2022, GT Capital was not involved in any mergers, acquisitions and/or takeovers which required stockholders' approval. As such, it was not necessary to appoint an independent party to evaluate the fairness of any transaction price in relation to such mergers, acquisitions, and/or takeovers requiring stockholders' approval.

Financial Reporting

GT Capital's financial statements comply with Philippine Accounting Standards and Philippine Financial Reporting Standards and are submitted and disclosed in compliance with the applicable laws, rules and regulations. GT Capital did not revise its financial statements in 2022.

Ownership Structure

Stockholders holding more than 5% of outstanding shares

As of December 31, 2022, the following are the owners of GT Capital's common stock in excess of five percent (5%) of its total outstanding shares:

Record Owner	No. of Shares Held	Percentage (%)
Grand Titan Capital Holdings, Inc.	120,413,658	55.932%
PCD Nominee Corp. (Filipino)	58,942,009	27.378 %
PCD Nominee Corp. (Non-Filipino)	34,925,404	16.222%

No director or officer has shareholdings in GT Capital amounting to five percent (5%) or more of its outstanding capital stock and there are no cross or pyramid shareholdings.

Direct and Indirect Shareholdings of Major Shareholder, Directors and Senior Officers

As of December 31, 2022, the following are the owners of GT Capital's common stock in excess of five percent (5%) of its total outstanding shares:

Name	Nature of Relationship to GT Capital	As of January 1, 2022		As of December 31, 2022	
		Number of Shares Directly Owned	Number of Shares Indirectly Owned	Number of Shares Directly Owned	Number of Shares Indirectly Owned
Grand Titan Capital Holdings, Inc.	Principal Shareholder	120,413,658 (55.932%)	0 (0.0000%)	120,413,658 (55.932%)	0 (0.0000%)
Francisco C. Sebastian	Chairman	112 (0.000%)	143,802 (0.067%)	112 (0.000%)	173,802 (0.081%)
Alfred V. Ty	Vice Chairman	111,780 (0.052%)	13,149 (0.006%)	111,780 (0.052%)	25,299 (0.012%)
Carmelo Maria Luza Bautista	President and Executive Director	1,118 (0.0005%)	13,413 (0.006%)	1,118 (0.0005%)	26,103 (0.012%)
Arthur V. Ty	Non-Executive Director	111,780 (0.052%)	13,149 (0.006%)	111,780 (0.052%)	13,149 (0.006%)
Renato C. Valencia	Lead Independent Director	218 (0.0000%)	0 (0.0000%)	218 (0.0000%)	0 (0.0000)
Rene J. Buenaventura	Independent Director	112 (0.0000%)	0 (0.0000%)	112 (0.0000%)	0 (0.0000%)
Consuelo D. Garcia	Independent Director	0 (0.0000%)	1,000 (0.0004%)	0 (0.0000%)	1,000 (0.0004%)
Gil B. Genio	Independent Director	0 (0.0000%)	8,000 (0.0038%)	0 (0.0000%)	9,810 (0.0045%)
David T. Go	Non-Executive Director	112 (0.0000%)	0 (0.0000%)	112 (0.0000%)	0 (0.0000%)
Regis V. Puno	Non-Executive Director	112 (0.0000%)	2,000 (0.0000%)	112 (0.0000%)	2,000 (0.0000%)
Pascual M. Garcia III	Non-Executive Director	112 (0.0000%)	0 (0.0000%)	112 (0.0000%)	0 (0.0000%)
Anjanette T. Dy Buncio	Treasurer	0 (0.0000%)	132,144 (0.061%)	0 (0.0000%)	176,856 (0.082%)
Alesandra T. Ty	Assistant Treasurer	0 (0.0000%)	21,794 (0.0101%)	0 (0.0000%)	21,794 (0.0101%)
Antonio V. Viray	Corporate Secretary	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)
Jocelyn Y. Kho	Assistant Corporate Secretary	0 (0.0000%)	6,080 (0.003%)	0 (0.0000%)	14,080 (0.007%)
Maria Sofia A. Lopez	Assistant Corporate Secretary	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)
Francisco H. Suarez, Jr.	Executive Vice President/Chief Financial Officer	0 (0.0000%)	5,589 (0.003%)	0 (0.0000%)	5,589 (0.003%)

Name	Nature of Relationship to GT Capital	As of January 1, 2022		As of December 31, 2022	
		Number of Shares Directly Owned	Number of Shares Indirectly Owned	Number of Shares Directly Owned	Number of Shares Indirectly Owned
Vicente Jose S. Socco	Executive Vice President	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)
Jose B. Crisol, Jr.	Senior Vice President/ Head, Investor Relations and Corporate Communications	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)
Reyna Rose P. Manon-Og	First Vice President, Controller/Head Accounting & Financial Control	0 (0.0000%)	524 (0.0000%)	0 (0.0000%)	824 (0.0000%)
Joyce B. De Leon	First Vice President/Chief Risk Officer	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)
Stephen John S. Comia	First Vice President/Head of Property Management	0 (0.0000%)	450 (0.0000%)	0 (0.0000%)	1,140 (0.0000%)
Leo Paul C. Maagma	Vice President/ Chief Audit Executive	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)
Susan E. Cornelio	Vice President/ Head, Human Resources and Administration	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)
Renee Lynn Miciano-Atienza	Vice President/ Head, Legal & Compliance	0 (0.0000%)	50 (0.0000%)	0 (0.0000%)	50 (0.0000%)
Don David C. Asuncion	Vice President	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)
Farrah Lyra Q. De Ala	Assistant Vice President	0 (0.0000%)	509 (0.0000%)	0 (0.0000%)	509 (0.0000%)
Rachel Anne R. De Leon	Assistant Vice President	0 (0.0000%)	47 (0.0000%)	0 (0.0000%)	47 (0.0000%)

Stakeholder Relations

Employee Relations

GT Capital continues to develop a culture of excellence and professionalism and recognizes that the efforts and contributions of all employees are part of the over-all success of the Corporation. Policies on employee health, safety, welfare, discipline, and training are stated in the Employee Handbook, which is provided to all employees of GT Capital upon hiring.

Policies and Practices on Health, Safety, and Welfare of Employees

GT Capital values the health, safety, and welfare of its employees. It provides non-contributory medical and dental coverage for all its employees and eligible dependents, which includes comprehensive in-patient and out-patient hospitalization benefits. First-aid and over-the-counter medicines are available when needed.

Other benefits for regular employees include allowances, leave benefits, bonuses, emergency loans, car plan, housing assistance, retirement benefits, burial assistance, and group life insurance.

Further, in compliance with general labor standards and occupational safety and health standards, GT Capital has incorporated in its Employee Handbook the following policies and programs for the benefit of its employees:

1. Drug-free Workplace Policy & Program;
2. Hepatitis B Workplace Policy & Program;
3. HIV AIDS Workplace Policy & Program; and
4. TB Workplace Policy & Programs.

To date, GT Capital continues to fully comply with labor, occupational safety, and health standards required by law. It also holds activities such as annual and dental check-up, and safety, fire and earthquake drill.

The annual safety, fire, and earthquake drills as well as seminars on emergency response are conducted in coordination with the Makati Fire Station and the GT Tower building administration to better equip employees with basic and necessary skills in case of emergencies. Emergency grab bags have also been distributed to each employee.

Employees participated in the following activities in the year 2022:

Activity	Employees
Emergency grab bags	56
Covid-19 Booster Shots	50
Christmas Party	56
Pneumo Vaccination	23
Mooncake Festival	55
Halloween Party	56
Shuttle Arrangement	23

Training and Developmental Programs for Employees

Recognizing the need for continuing education and development of its Senior Management and employees, GT Capital's HR and Administration Department identifies programs and allocates a budget for employees to acquire and enhance technical and behavioral competencies. These programs address competency gaps and expose them to the latest concepts, information, and techniques in their respective fields as well as to further build their competencies in preparation for higher responsibilities in the future. These training and development programs supplement the mentoring provided by each Department Head and the President to the officers of GT Capital.

In 2022, the following training programs were attended by GT Capital's Senior Management and other employees:

Senior Management Training

Name	Date	Program
Francisco H. Suarez, Jr.	January 11, 2022	Macquarie Owners Access Day
	January 20, 2022	Maybank Philippine Corporate Days: Invest ASEAN 2022
	January 27-28, 2022	JP Morgan Philippine Conference 2022
	February 9, 2022	Colliers Philippines Webinar Q4 2021 Property Market Briefing
	February 10, 2022	Outlook and Opportunities in the New Year ARC c/o BPI
	February 11, 2022	Mental Health Responder Training Program
	February 22, 2022	MUFG Conference: Oil is on course to hit USD 100+
	February 24, 2022	Russa - Ukraine: A Brief Assessment of the Current Crisis

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Name	Date	Program
Francisco H. Suarez, Jr.	February 28, 2022	Metrobank Full Year 2021 Earnings Call
	March 4, 2022	Nomura ASEAN Virtual Conference
	March 29, 2022	GT Capital Full Year 2021 Financial and Operating Results Briefing
	April 20, 2022	GT Capital 10th Listing Anniversary
	April 25, 2022	GT Capital Political Briefing
	May 11, 2022	GT Capital 2022 Annual Stockholder's Meeting
	May 12, 2022	Metrobank Q1 Financial Results Briefing
	May 17, 2022	GT Capital Q1 Financial and Operating Results Briefing
	June 6, 2022	Nomura Investment Forum Asia 2022
	June 9, 2022	UBS OneASEAN Virtual Conference 2022
	June 23, 2022	Institutional Roundtable discussion with BPI clients
	June 29, 2022	Peer Conglo Data Analytics with Mr Gil Genio
	July 13, 2022	GT Academy: TMP Disaster Risk Management Talk
	July 13, 2022	First Metro 2022 Midyear Economic and Capital Markets Briefing
	July 19, 2022	First Metro Sec/DBS institutional Virtual Roadshow
	July 26, 2022	Climate Change Briefing by UPLB Prof John Pulhin
	July 28, 2022	First Metro Sec/DBS Retail Virtual Roadshow
	August 2, 2022	Maybank Philippine Corporate Days: Invest ASEAN 2022
	August 3, 2022	Metrobank 2Q 2022 Earnings Call
	August 16, 2022	GT Capital 1H 2022 Financial and Operating Results Briefing
	August 23, 2022	Macquarie ASEAN Conference
	August 31, 2022	2022 GT Capital In-house Corporate Governance Seminar
	September 9, 2022	Summit 2022: Outlook on FX rates, and the economy c/o SMBC
	September 13, 2022	CLSA Flagship Investors Forum 2022
	September 26, 2022	Fitch Solutions - Global Macroeconomic Update Q4 2022
	September 29, 2022	Inside ASEAN: The Philippines
	October 21, 2022	GT Digitalization Roundtable
	November 3, 2022	GT Capital Economic Briefing 2022
	November 7, 2022	Metrobank 3Q 2022 Earnings Call
	November 11, 2022	Financial Markets Outlook Briefing with Ferdinand A. Tansingco
	November 14, 2022	GT Capital January to September 2022 Financial and Operating Results Briefing

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Name	Date	Program
Francisco H. Suarez, Jr.	November 14, 2022	UBS CEO/CFO Forum
	November 15, 2022	UBS CEO/CFO Forum
	November 21-22, 2022	Jefferies & Regies Partners Philippines Conference
	November 25, 2022	GT Capital MANCOM Pre-planning Session 2022
	December 1, 2022	2021 ACGS ASEAN Virtual Awards
	December 2, 2022	GT Capital Strategic Planning Plenary
Vicente Jose S. Socco	November 3, 2022	GT Capital Economic Briefing 2022
	November 25, 2022	GT Capital MANCOM Pre-Planning Session 2022
	December 2, 2022	GT Capital Strategic Planning Plenary
Jose B. Crisol, Jr.	January 11, 2022	Macquarie Owners Access Day
	January 20, 2022	Maybank Philippine Corporate Days: Invest ASEAN 2022
	January 27-28, 2022	JP Morgan Philippine Conference 2022
	February 28, 2022	Metrobank Full Year 2021 Earnings Call
	March 4, 2022	Nomura ASEAN Virtual Conference
	March 29, 2022	GT Capital Full Year 2021 Financial and Operating Results Briefing
	April 20, 2022	GT Capital 10th Listing Anniversary
	April 25, 2022	GT Capital Political Briefing
	May 11, 2022	GT Capital 2022 Annual Stockholder's Meeting
	May 12, 2022	Metrobank Q1 Financial Results Briefing
	May 17, 2022	GT Capital Q1 Financial and Operating Results Briefing
	June 6, 2022	Nomura Investment Forum Asia 2022
	June 9, 2022	UBS OneASEAN Virtual Conference 2022
	June 23, 2022	Institutional Roundtable discussion with BPI clients
	June 29, 2022	Peer Conglo Data Analytics with Mr Gil Genio
	July 13, 2022	GT Academy: TMP Disaster Risk Management Talk
	July 13, 2022	First Metro Midyear Economic & Capital Markets Briefing
	July 19, 2022	First Metro Sec/DBS institutional Virtual Roadshow
	July 26, 2022	Climate Change Briefing by UPLB Prof John Pulhin
	July 28, 2022	First Metro Sec/DBS Retail Virtual Roadshow
	August 2, 2022	Maybank Philippine Corporate Days: Invest ASEAN 2022
	August 3, 2022	Metrobank 2Q 2022 Earnings Call
	Aug 10-20, 2022	Financial Markets and Corporate Finance (Ateneo)
	August 16, 2022	GT Capital 1H 2022 Financial and Operating Results Briefing

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Name	Date	Program
Jose B. Crisol, Jr.	August 23, 2022	Macquarie ASEAN Conference
	August 31, 2022	2022 GT Capital In-house Corporate Governance Seminar
	September 5, 2022	2022 Metrobank Foundation Outstanding Filipinos
	September 29, 2022	Inside ASEAN: The Philippines
	October 21, 2022	GT Digitalization Roundtable
	November 3, 2022	GT Capital Economic Briefing 2022
	November 7, 2022	Metrobank 3Q 2022 Earnings Call
	November 11, 2022	Financial Markets Outlook Briefing with Ferdinand A. Tansingco
	November 14, 2022	GT Capital January to September 2022 Financial and Operating Results Briefing
	November 14, 2022	UBS CEO/CFO Forum
	November 15, 2022	UBS CEO/CFO Forum
	November 21-22, 2022	Jefferies & Regies Partners Philippines Conference
	November 25, 2022	GT Capital MANCOM Pre-planning Session 2022
	December 1, 2022	2021 ACGS ASEAN Virtual Awards
	December 2, 2022	GT Capital Strategic Planning Plenary
Stephen John S. Comia	November 3, 2022	GT Capital Economic Briefing 2022
	November 25, 2022	GT Capital MANCOM Pre-Planning Session 2022
	December 2, 2022	GT Capital Strategic Planning Plenary
Winston Andrew L. Peckson	February 28, 2022	Metrobank Full Year 2021 Earnings Call
	May 12, 2022	Metrobank Q1 Financial Results Briefing
	June 24, 2022	Distinguished Corporate Governance Speaker Series (DCGSS) with Azeus Convene
	July 13, 2022	First Metro 2022 Midyear Economic and Capital Markets Briefing
	July 29, 2022	Masterclass Session 1 - Managing Finances in the Digital Age: FINTECH
	August 3, 2022	Metrobank 2Q 2022 Earnings Call
	August 4, 2022	Technology Governance for Directors
	August 5, 2022	Technology Governance for Directors
	August 31, 2022	Exclusive Hybrid: Advanced Corporate Governance Training for GT Capital Group
	September 30, 2022	Special Webinar Course: ARMSCOR Road to Industry 4.0
	November 7, 2022	Metrobank 3Q 2022 Earnings Call
	November 11, 2022	Distinguished Corporate Governance Speaker Series (DCGSS): Pilipinas, Aspire, Rise and Sustain Ep1
	November 22, 2022	Anti-Money Laundering Act Compliance in the Age of the Digital World

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Name	Date	Program
Winston Andrew L. Peckson	November 25, 2022	Distinguished Corporate Governance Speaker Series (DCGSS): Pilipinas, Aspire, Rise and Sustain Ep3
Joyce B. De Leon	January 11, 2022	FMIC Annual Economic and Capital Markets Briefing 2022
	January 21, 2022	Mental Health First Aid
	January 28, 2022	Supportive Communication Skills
	February 3, 2022	PSE - TCFD 101 Session
	February 4, 2022	Communicating with People in Crisis Psychological First Aid Part 1
	February 11, 2022	Psychological First Aid Part 2
	February 16, 2022	PSE - TCFD 102 Session
	February 18, 2022	Psychological First Aid Part 3
	April 25, 2022	GT Capital Political Briefing
	April 28, 2022	IFRS Webinar on the ISSBs exposure drafts - Session A
	May 5, 2022	S&P Global Weather Warning: Assessing Countries Vulnerability to Economy
	May 11, 2022	ANYARE: Post Election Analysis - National Forum on Communication
	May 25-26, 2022	Business World's 2022 Virtual Economic Forum
	June 14, 2022	ICD | Masterclass
	July 5, 2022	EY Asean Sustainability Summit 2022: Sustainability Realized
	July 13, 2022	GT Capital Disaster Risk Management Talk by TMP
	July 13, 2022	First Metro 2022 Midyear Economic and Capital Markets Briefing
	July 13, 2022	ARISE Philippines: Resilience Reporting Tool Webinar/Workshop
	July 26, 2022	Climate Change Briefing by UPLB Prof John Pulhin
	August 4, 2022	ICD Technology Governance
	August 24, 2022	FINEX: The Way Forward: Key Trends Shaping the Future of Payments
	August 31, 2022	2022 GT Capital In-house Corporate Governance Seminar
	September 5, 2022	PH Roadshow: Learning Session with the Energy Regulatory Commission
	September 11, 2022	PH Roadshow: Learning Session with the Energy Regulatory Commission
	September 12, 2022	Diligent's Modern Governance 100 Summit
	September 21, 2022	Climate Action Taker - What is good target design and how do countries
	September 27, 2022	Forecasts and Prospects: Lesson Learned in 2022 by CreditSights

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Name	Date	Program
Joyce B. De Leon	November 3, 2022	GT Capital Economic Briefing 2022
	November 4, 2022	MVP Group Sustainability Summit 2022
	November 18, 2022	GRI Universal Standards Webinar by MVP Group Sustainability Council
	November 18, 2022	ICD Pilipinas: Aspire, Rise, Sustain Series Episode 2
	November 22, 2022	Climate Investment Forum 2021
	November 23, 2022	Energy Sector Briefing - GT Thought Leadership Series
	November 24, 2022	Business World Virtual Economic Forum 2021: Recovery Roadmap PH
	November 25, 2022	GT Capital MANCOM Pre-Planning Session 2022
	November 25, 2022	ICD Pilipinas: Aspire, Rise, Sustain Series Episode 3
	November 28, 2022	SMIC & WWF Philippines: United for Climate - Sustainability Forum PH
	December 2, 2022	GT Capital Strategic Planning Plenary
Reyna Rose P. Manon-Og	March 4, 2022	Echo Session 2: Application of Improv Principles to Work Environment
	November 25, 2022	GT Capital MANCOM Pre-Planning Session 2022
	December 2, 2022	GT Capital Strategic Planning Plenary
Susan E. Cornelio	January - May 2022	Labor Management Relations - UST
	January - May 2022	Counselling and Coaching for Change - UST
	January 5, 2022	Echo Session 2: Introduction to Corporate Planning and Business Dev
	January 7, 2022	Echo Session 2: Business Skills: Email Etiquette Rules
	January 28, 2022	Echo Session 2: Industry Lifecycle Model
	February 9, 2022	Echo Session 2: Effective People Management
	March 4, 2022	Echo Session 2: Application of Improv Principles to Work Environment
	April 25-26, 2022	Introduction to Coaching for Performance
	June 23, 24, 30 and July 1, 2022	Statistical Analysis for HR - PMAP
	July 26, 2022	Climate Change Briefing by UPLB Prof John Pulhin
	August 3, 2022	Working Beyond Boarders - Makati Business Club
	August 4-5, 2022	Technology Governance - Cybersecurity Technology and Third Party Privacy Risk
	November 11, 2022	Financial Markets Outlook Briefing with Ferdinand A. Tansingco
	November 23, 2022	Energy Sector Briefing - GT Thought Leadership Series
	November 25, 2022	GT Capital MANCOM Pre-planning Session 2022
	December 2, 2022	GT Capital Strategic Planning Plenary

Name	Date	Program
Leo Paul C. Maagma	March 29, 2022	GT Capital Full Year 2021 Financial and Operating Results Briefing
	April 25, 2022	GT Capital Political Briefing
	May 11, 2022	GT Capital Annual Stockholders Meeting
	June 3, 2022	AIM - Cybersecurity is not IT's problem
	July 26, 2022	Climate Change Briefing by UPLB Prof John Pulhin
	August 16, 2022	GT Capital 1H 2022 Financial and Operating Results Briefing
	August 31, 2022	GT Capital In House Corporate Governance Seminar
	October 21, 2022	GT Capital Digitalization Roundtable
	November 3, 2022	GT Capital Economic Briefing 2022
	November 11, 2022	Financial Markets Outlook Briefing with Ferdinand A. Tansingco
	November 18, 2022	GRI Universal Standards Webinar by MVP Group Sustainability Council
	November 23, 2022	Energy Sector Briefing - GT Thought Leadership Series
Renee Lynn M. Atienza	March 29, 2022	GT Capital Full Year 2021 Financial and Operating Results Briefing
	May 17, 2022	GT Capital Q1 Financial and Operating Results Briefing
	July 13, 2022	GT Academy: TMP Disaster Risk Management Talk
	July 26, 2022	Climate Change Briefing by UPLB Prof John Pulhin
	August 16, 2022	GT Capital 1H 2022 Financial and Operating Results Briefing
	August 31, 2022	ESG Board Training
	September 15, 2022	The Road to IPO 2022
	October 21, 2022	GT Capital Digitalization Roundtable
	November 3, 2022	GT Capital Economic Briefing 2022
	November 25, 2022	9th Annual SEC PSE Corporate Governance Forum
Don David C. Asuncion	February 9, 2022	Echo Session 2: Effective People Management
	March 4, 2022	Echo Session 2: Application of Improv Principles to Work Environment
	November 25, 2022	GT Capital MANCOM Pre-Planning Session 2022
	December 2, 2022	GT Capital Strategic Planning Plenary
Albert James C. Aligada	December 2, 2022	GT Capital Strategic Planning Plenary
Antonio Jose Y. Jamias	December 2, 2022	GT Capital Strategic Planning Plenary
Maria Sofia A. Lopez	April 1, 2022	Mandatory Continuing Legal Education
	October 21, 2022	GT Capital Digitalization Roundtable
	November 3, 2022	GT Capital Economic Briefing 2022
	November 25, 2022	9th Annual SEC PSE Corporate Governance Forum

Name	Date	Program
Farrah Lyra De Ala	March 4, 2022	Echo Session 2: Application of Improv Principles to Work Environment
	March 18, 2022	Maximizing Relief: Payments to Non resident
	January 21, 2022	Mental Health First Aid
	January 28, 2022	Supportive Communication Skills
	February 4, 2022	Communicating with People in Crisis Psychological First Aid Part 1
	February 11, 2022	Psychological First Aid Part 2
	February 18, 2022	Psychological First Aid Part 3
	August 2022 - December 2022	SBEP (Strategic Business Economics Program)
Rachel Anne De Leon	November 25, 2022	GT Capital MANCOM Pre-planning Session 2022
	December 2, 2022	GT Capital Strategic Planning Plenary

Employee Training

GT Capital employees are encouraged to improve and expand their knowledge base by participating in training programs relevant to their fields of expertise. In 2022, GT Capital employees attended the following training programs:

Program	
GT Capital Strategic Planning Plenary	GT Capital Political Briefing
Echo Session 2: Effective People Management	First Metro Midyear Economic & Capital Markets Briefing
Echo Session 2: Application of Improv Principles to Work Environment	Metrobank 1H 2022 Financial Results Briefing
GT Capital MANCOM Pre-Planning Session 2022	First Half 2022 Financial and Operating Results Briefing
GT Capital Full Year 2021 Financial and Operating Results Briefing	2022 GT Capital In-house Corporate Governance Seminar
GT Capital Q1 Financial and Operating Results Briefing	Metrobank 9M2022 Briefing
GT Academy: TMP Disaster Risk Management Talk	Financial Markets Outlook Briefing with Ferdinand A. Tansingco
Climate Change Briefing by UPLB Prof John Pulhin	GT Capital January to September 2022 Financial and Operating Results Briefing
GT Capital 1H 2022 Financial and Operating Results Briefing	Energy Sector Briefing - GT Thought Leadership Series
ESG Board Training	TFSPH Annual Corporate Governance Seminar
The Road to IPO 2022	Labor Management Relations - UST
GT Capital Digitalization Roundtable	Counselling and Coaching for Change - UST
GT Capital Economic Briefing 2022	Echo Session 2: Introduction to Corporate Planning and Business Dev
9th Annual SEC PSE Corporate Governance Forum	Echo Session 2: Business Skills: Email Etiquette Rules

GRI: 404-2

Program	
Echo Session 2: Industry Lifecycle Model	Jefferies & Regies Partners Philippines Conference
Introduction to Coaching for Performance	2021 ACGS ASEAN Virtual Awards
Statistical Analysis for HR - PMAP	Maximizing Relief: Payments to Non resident
Working Beyond Boarders - Makati Business Club	Mental Health First Aid
Technology Governance - Cybersecurity Technology and Third Party Privacy Risk	Supportive Communication Skills
Macquarie Owners Access Day	Communicating with People in Crisis Psychological First Aid Part 1
Maybank Philippine Corporate Days: Invest ASEAN 2022	Psychological First Aid Part 2
JP Morgan Philippine Conference 2022	Psychological First Aid Part 3
Metrobank Full Year 2021 Earnings Call	SBEP (Strategic Business Economics Program)
Nomura ASEAN Virtual Conference	FMIC Annual Economic and Capital Markets Briefing 2022
GT Capital 10th Listing Anniversary	PSE - TCFD 101 Session
GT Capital 2022 Annual Stockholder's Meeting	PSE - TCFD 102 Session
Metrobank Q1 Financial Results Briefing	IFRS Webinar on the ISSBs exposure drafts - Session A
Nomura Investment Forum Asia 2022	S&P Global Weather Warning: Assessing Countries Vulnerability to Economy
UBS OneASEAN Virtual Conference 2022	ANYARE: Post Election Analysis - National Forum on Communication
Institutional Roundtable discussion with BPI clients	Business World's 2022 Virtual Economic Forum
Peer Conglo Data Analytics with Mr Gil Genio	ICD I Masterclass
First Metro Sec/DBS institutional Virtual Roadshow	EY Asean Sustainability Summit 2022: Sustainability Realized
First Metro Sec/DBS Retail Virtual Roadshow	GT Capital Disaster Risk Management Talk by TMP
Metrobank 2Q 2022 Earnings Call	First Metro 2022 Midyear Economic and Capital Markets Briefing
Financial Markets and Corporate Finance (Ateneo)	ARISE Philippines: Resilience Reporting Tool Webinar/Workshop
Macquarie ASEAN Conference	ICD Technology Governance
2022 Metrobank Foundation Outstanding Filipinos	FINEX: The Way Forward: Key Trends Shaping the Future of Payments
CLSA Flagship Investors Forum 2022	PH Roadshow: Learning Session with the Energy Regulatory Commission
Inside ASEAN: The Philippines	Diligent's Modern Governance 100 Summit
GT Digitalization Roundtable	Climate Action Taker - What is good target design and how do countries
Metrobank 3Q 2022 Earnings Call	Forecasts and Prospects: Lesson Learned in 2022 by CreditSights
UBS CEO/CFO Forum	Global Association for Risk Professionals (GARP)

GRI: 404-2

Program	
MVP Group Sustainability Summit 2022	Technology Governance for Directors
GRI Universal Standards Webinar by MVP Group Sustainability Council	Exclusive Hybrid: Advanced Corporate Governance Training for GT Capital Group
ICD Pilipinas: Aspire, Rise, Sustain Series Episode 2	Special Webinar Course: ARMSCOR Road to Industry 4.0
Climate Investment Forum 2021	Distinguished Corporate Governance Speaker Series (DCGSS): Pilipinas, Aspire, Rise and Sustain Ep1
Business World Virtual Economic Forum 2021: Recovery Roadmap PH	Anti-Money Laundering Act Compliance in the Age of the Digital World
ICD Pilipinas: Aspire, Rise, Sustain Series Episode 3	Distinguished Corporate Governance Speaker Series (DCGSS): Pilipinas, Aspire, Rise and Sustain Ep3
SMIC & WWF Philippines: United for Climate - Sustainability Forum PH	Colliers Philippines Webinar Q4 2021 Property Market Briefing
Mandatory Continuing Legal Education	Outlook and Opportunities in the New Year ARC c/o BPI
GT Capital Annual Stockholders Meeting	Mental Health Responder Training Program
AIM - Cybersecurity is not IT's problem	MUFG Conference: Oil is on course to hit USD 100+
GT Capital In House Corporate Governance Seminar	Russa - Ukraine: A Brief Assessment of the Current Crisis
Distinguished Corporate Governance Speaker Series (DCGSS) with Azeus Convene	Summit 2022: Outlook on FX rates, and the economy c/o SMBC
Masterclass Session 1 - Managing Finances in the Digital Age: FINTECH	Fitch Solutions - Global Macroeconomic Update Q4 2022

Succession Planning

In line with GT Capital's initiative to strengthen succession planning, officers, and employees were given developmental interventions in 2022 based on the results of their individual evaluations, which focused on closing their competency gaps and enhancing leadership skills.

Creditor Protection

The PPM of the Accounting and Financial Control Department outlines GT Capital's policies on creditor protection, which ensure timely payment and compliance with loan covenants, such as the maintenance of various financial ratios. These policies were applied in the review of GT Capital's loan agreements in 2022. The prospectus of each of GT Capital's existing corporate fixed rate bonds also includes provisions for the protection of bondholders, including the appointment of a trustee bank to act in their behalf. In addition, GT Capital's loan agreements include provisions on the disclosure of information to lenders, including the Corporation's financial statements.

The Treasury and Finance Officer monitors all loan provisions to ensure timely payment of interest and/or principal and works in close coordination with the Legal and Compliance Officer to monitor the Corporation's compliance with its loan covenants.

Shareholder Meetings and Dividend Policy

The By-laws of GT Capital provides for the second Wednesday of May of every year as the date of the ASM. The notice of ASM, including the details of each agenda item, is released through a disclosure to the PSE at least twenty-eight (28) days before the date of the ASM. The notice of ASM includes the agenda, the record date, the date, time and place of the ASM, and the procedure for validation of proxies. The submission of proxies must be done at least five (5) business days prior to ASM. In accordance with the provisions of the Revised Corporation Code of the Philippines, each outstanding common and voting preferred share of stock entitles the holder as of record date to one vote.

As a policy, GT Capital has an annual target dividend payout of Three Pesos (PhP 3.00) per share, payable out of its unrestricted retained earnings. GT Capital has consistently met this target, paying the following dividends:

Year	Per share	Total Amount (in millions)
2022	3.00	645.90
2021	3.00	645.90
2020	6.00	1,291.71
2019	3.00	598.01
2018	3.00	577.79
2017	5.00	5.00
2016	6.00	871.50
2015	3.00	1,045.80
2014	3.00	522.90
2013	3.00	522.90

Other Stakeholders and Investor Relations

GT Capital recognizes and values its fiduciary duty towards its investors. Crucial to the establishment and maintenance of the trust and confidence of its investors is transparency in systems and communications. GT Capital's Investor Relations, Strategic Planning, and Corporate Communication ("IRSPCC") Department aims to impart a thorough understanding of GT Capital's strategies in creating shareholder value.

The IRSPCC Department compiles and reports relevant documents and requirements to meet the needs of the investing public, shareholders, and other stakeholders of GT Capital, fully disclosing these to the local stock exchange, as well as through quarterly media and analysts briefings, one-on-one investor meetings, the ASM, road shows, investor conferences, e-mail correspondences or telephone queries, teleconferences, its annual and quarterly reports, and GT Capital's website. All shareholders, including institutional investors, are encouraged to attend stockholders' meetings and other events held for their benefit.

E-mail inquiries from the investing public and shareholders are received by GT Capital's IRSPCC Department through IR@gtcapital.com.ph. Correspondence may also be addressed to:

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Other stakeholder concerns may be sent to governance@gtcapital.com.ph.

GRI: 404-2

Risk Management

As a holding company with investments in several businesses, GT Capital's risk-taking is driven by that of its operating companies. Thus, GT Capital's Risk Management is designed to anticipate potential risks in the industries its businesses operate in, identifying risks in the business landscape classified under the diagram "Risk Universe and Taxonomy."

The Risk Taxonomy of the organization covers the External Risk Drivers, which increases the exposure to certain types of risks the company has identified as material. External drivers are classified under (a) Economic, (b) Regulatory, (c) Industry Specific Developments, (d) Geopolitical, (e) Environmental or Climate Risk, and (f) Digital Economy. The process encourages a forward-looking and proactive mindset for Risk Managers within the group.

Risk Management Building Blocks

GT Capital's Risk Management recognizes the importance of establishing a solid foundation for different areas of Risk Management practice. In order to promote strong and effective Risk Management, the following building blocks are key focus areas.

- Risk Governance & Oversight
- Risk Appetite & Strategy
- Risk Management Practices, Policies & Processes
- Risk Management Function
- Risk Culture

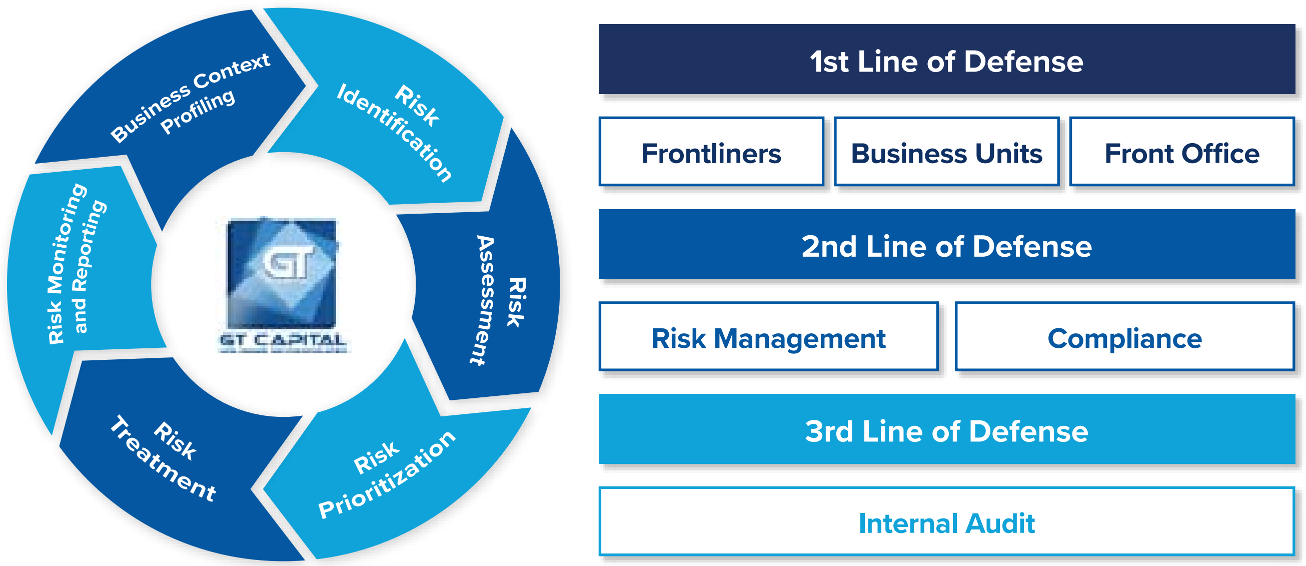
Enterprise Risk Management Standards

GT Capital has adopted an Enterprise Risk Management ("ERM") Policy and Framework for the promotion of increased awareness of risks, minimization of GT Capital's exposure to financial losses, and boosting shareholder confidence. GT Capital seeks to maintain an effective risk management process, designed to meet the requirements of generally accepted good corporate governance.

The goal of the enterprise risk management process is to apply a consistent methodology to identify, assess, and manage business risks across GT Capital. GT Capital undertakes an annual assessment of its risks using a methodology aligned with global risk management standards – ISO31000 and COSO Framework.

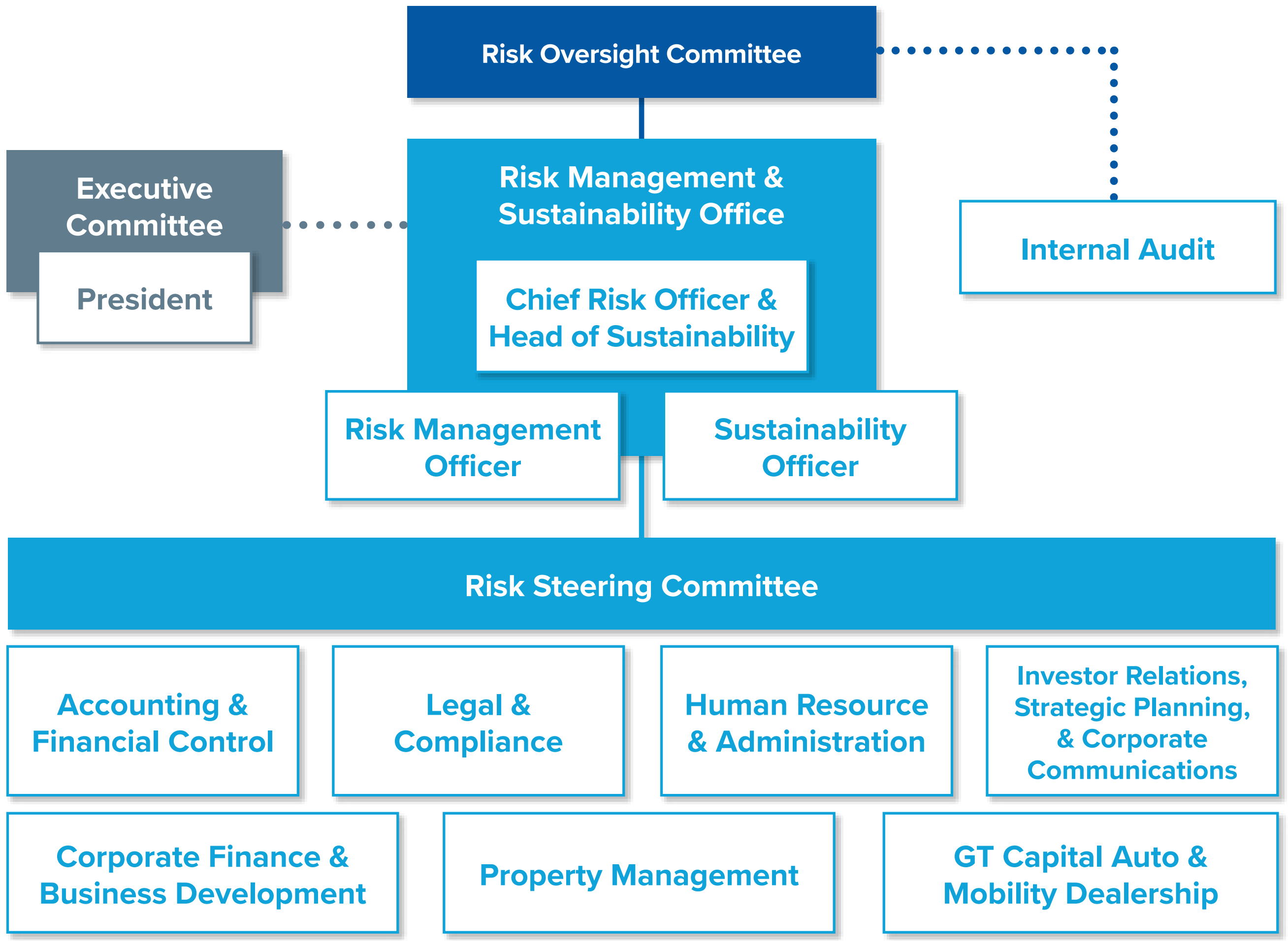
Enterprise Risk Management Process

The company follows the three lines of defense model integrating risk management in the everyday activities of the business. All employees are trained and expected to participate and be responsible in the implementation of the Enterprise Risk Management Process which is comprised of the following steps:



Risk Governance Structure

GT Capital's risk governance structure ensures that risk management is not the sole responsibility of one individual but rather occurs and is supported at all levels in the Corporation. The effectiveness of the risk governance structure and process is supported by well-defined risk management roles and responsibilities and periodic review conducted by the Internal Audit Department.



Risk Governance

The Board of Directors, through the **Risk Oversight Committee**, has the ultimate oversight role over the Corporation's risk management activities, and approves risk management related policies, procedures, and parameters that govern the management of risks.

The **Board of Directors**, with guidance from the Executive Committee, determines the strategic direction of GT Capital and creates the environment and the structures to properly align risk management with strategic objectives.

The **Chief Risk Officer ("CRO")** is the Corporation's risk advocate who facilitates the execution of the ERM process. The CRO's primary responsibility is to own, develop, implement, and continuously improve the ERM process. The CRO is assisted by a full time risk management officer.

The **Risk Steering Committee** members are the risk owners, and are responsible for the identification, assessment, and monitoring of key risks, and the establishment of countermeasures.

The **Internal Audit Department** provides an independent assurance of the effectiveness of the risk management process. In accordance with the Risk Charter, the risk management system is subjected to regular internal audits to identify any gaps in the performance of the process. The audit results are reported to Senior Management, the Audit Committee, and the Risk Oversight Committee, and are addressed accordingly.

Risk Appetite & Strategy

Risk Management's goal is to provide a reasonable assurance regarding the company's achievement of its core objectives of optimizing risk and return. To be value creating and effective, Risk Management must be embedded in and connected directly to the enterprise's strategic planning process and execution. Aligned to this, the Risk Appetite Statements are reviewed and approved by the Risk Steering Committee and the Risk Oversight Committee on an annual basis.

Vision Statement

To be a leading conglomerate, dominant in all sectors invested, most sought strategic partner in the Philippines, as a major contributor to the nation's sustainable development.

Risk Appetite Pillars

Strategic Driver	Pillar	Risk Appetite Statement
Diversification and Synergy, Sustainability	Strategic Risk	Maintain a stable, synergistic portfolio of strategic partnerships that creates, delivers, and captures value to our stakeholders towards sustainable nation-building.
Earnings, Liquidity	Profitability Risk	Maintain stable earnings and growth able to withstand foreseen risks in extreme but plausible scenarios
	Liquidity Risk	Always ensure stable and efficient access to funding and liquidity.
	Operational Risk	Maintain operational stability within business operating capacity
Reputation	Reputational Risk	Maintain the highest-level standards of corporate governance.
	Regulatory Risk	Maintain a positive brand reputation to uphold stakeholder confidence at all times.

Risk Management Culture

Creating and promoting a risk culture that requires the highest standards of ethical behavior among all personnel is a must. This is achieved through the following:

- Transparent and consistent policies aligned with the risk appetite statements
- Pro-active engagement of first line of defense in risk management actions
- Promoting awareness among employees via culture building activities
- Onboarding process for employees
- Risk management KPIs in employee performance review
- Continuing education for all members of the organization
- Synergize learning opportunities across the Group for risk management

Integrating Sustainability in the Risk Oversight Committee

The company, in its commitment to Sustainability, has designated the Risk Oversight Committee and the Board as the primary governance bodies overseeing the Sustainability and programs. This aligns with the Sustainability Roadmap in bringing the best practices to the company which demands a clear tone from the top through the senior management with the guidance from the committee.

GRI: 2-12, 2-13

Key Business Risks and Controls

Risk Management Framework

The risk governance structure promotes a collaborative risk management approach, to allow it to navigate the risks posed to its business objectives and strategy. The Board of Directors (BOD), through the Risk Oversight Committee (ROC) is responsible for ensuring the creation and implementation of a robust and effective system of identifying, assessing, monitoring, and managing all material and relevant risks to GT Capital and its stakeholders. The Risk Steering Committee (RSC), which is made up of departmental heads and subject matter experts, convenes quarterly to discuss and address risk-related matters. There is also active collaboration with operating companies who report their risk management activities and exposures to the parent. Board-approved Risk Appetite Statements RAS is an essential part of the dynamic business planning process that help GT Capital manage and oversee risk-taking activities and set the tone from the top for the promotion of strong risk culture and escalation protocols.

The Group's key risks are summarized below:

STRATEGIC RISK

- Strategic risk management is the process of identifying, evaluating, and mitigating any risk that affects or is inherent in the Company's business strategy, strategic objectives, and strategy execution. Strategic risk refers to the potential negative impact on a company's earnings resulting from unfavorable business decisions, inadequate execution, or failure to adapt to changes in the industry. Strategic risk encompasses the uncertainty and potential for adverse outcomes associated with significant investments with high uncertainty regarding their success and profitability. It can also arise from changes in a company's strategic direction in comparison to its competitors.

  Strategic Risks are managed comprehensively across the group who regularly evaluates the alignment of its business strategy against its overall goals and the quality of implementation. The Group ensures to maintain a stable, synergistic portfolio of strategic partnerships that creates, delivers, and captures value to our stakeholders towards sustainable nation-building.

PROFITABILITY RISK

- GT Capital's operating companies are engaged in various business sectors, namely banking, insurance, property development, automotive assembly and distribution, and infrastructure and utilities. GT Capital's operating companies may be adversely affected by macroeconomic factors and business-specific risks. In order to effectively mitigate this risk, GT Capital and its operating companies continuously monitor key risk indicators and other early warning signs of potential threats to their operations, proactively addressing any risks prior to escalation. The companies perform scenario analyses for better informed decision making and risk management allowing them to safeguard their business performance and maintain resilience in the face of changing market conditions. Overall, the Group ensures to maintain stable earnings and growth, able to withstand foreseen risks in extreme but plausible scenarios.

LIQUIDITY RISK

- GT Capital and its operating companies are exposed to liquidity risk in their day-to-day operations and is evident through the long-term investments and capital expenditures of the group. Liquidity risk is also unique to the operating companies' business model specifically in the banking sector which manages deposits, the insurance sector which manages claims and the real estate sector which entails long-term development. This risk is mitigated through deliberate financial planning and monitoring of future obligations and balance sheet funding requirements. The Group strives to always ensure stable and efficient access to funding and liquidity.

OPERATIONAL RISK

- GT Capital and its operating companies face operational risks, such as fraud and information security breaches, which could result in disruptions, damage to reputation, or financial losses. To manage these risks, the group has maintained its commitment to robust operational policies, procedures, and controls in the conduct of their operations. Regular internal audits and third-party assessments are carried out, as necessary, to identify and address potential gaps in the performance of different functions. The Group's mandate is to maintain operational stability within business operating capacity.

REGULATORY RISK

- GT Capital's operating companies are regulated by the Bangko Sentral ng Pilipinas (BSP), the Philippine Insurance Commission (IC), Department of Human Settlements and Urban Development (DHSUD), Securities and Exchange Commission (SEC), Bureau of Internal Revenue (BIR) among other regulatory bodies. As regulations and guidelines continually evolve, it is crucial for GT Capital to stay updated with these changes. To mitigate this risk, GT Capital's operating companies maintain their own legal and compliance departments to ensure proper tracking and strict adherence with relevant regulations. Furthermore, any significant deviations from compliance are reported to the respective audit committees by the internal audit department of each operating company. The Group strives to maintain the highest-level standards of corporate governance.

REPUTATIONAL RISK

- GT Capital's operating companies are exposed to reputational risk which can lead to negative public perception resulting in the loss of investors, capital providers, employees, and customers. Reputational risk is managed through building positive relationships with all its stakeholders by active engagement with investors and capital fund providers, initiating customer feedback or stakeholder surveys and performing public sentiment checks to monitor various communication channels. Appropriate communication plans are in place to mitigate potential negative publicity if any. The Group strives to maintain its positive brand reputation to uphold its stakeholder confidence at all times.

OTHER RISKS

- In addition to the risks discussed above, GT Capital's Integrated Report thoroughly covers other significant risks, as identified by senior management, in the "Key Risks" section.

Investor Relations Calendar of Events

The following is GT Capital's 2022 Investor Relations Calendar of Events:

JANUARY

11
Macquarie Philippines Owners' Access Day
Digital Platform

20
Maybank's Philippine Corporate Days: Invest ASEAN 2022
Digital Platform

27 - 28
JP Morgan Philippine Conference 2022
Digital Platform

APRIL

20
GT Capital's 10th PSE Listing Anniversary
PSE Tower, BGC (Hybrid)

JUNE

6
Nomura Investors Forum Asia
Digital Platform

9
UBS OneASEAN Conference 2022
Digital Platform

23
BPI Institutional Roundtable
Digital Platform

AUGUST

2
Maybank Philippine Corporate Days: Invest ASEAN 2022
Digital Platform

16
GT Capital First Half 2022 Financial and Operating Results Briefing
Digital Platform

23
Macquarie ASEAN Conference Singapore
Fullerton Hotel, Singapore

MARCH

4
Nomura ASEAN Virtual Conference 2022
Digital Platform

29
GT Capital Full Year 2021 Financial and Operating Results Briefing
Digital Platform

MAY

11
GT Capital 2022 Annual Stockholders' Meeting
Grand Hyatt Manila, BGC (Hybrid)

17
GT Capital First Quarter 2022 Financial and Operating Results Briefing
Digital Platform

JULY

13
First Metro 2022 Mid-year Economic & Capital Markets Briefing
Digital Platform

19
FMSBC Institutional Roadshow
Digital Platform

28
FMSBC Retail Investor Roadshow
Digital Platform

OCTOBER

21
GT Digitalization Roundtable
GT Tower Penthouse

DECEMBER

2
Strategic Planning Plenary Conference 2022
Taal Vista Hotel, Tagaytay City

JANUARY 1 - DECEMBER 31

19 One-on-one meetings with investors and research analysts
Digital Platforms and Metro Manila

13 Conference calls / digital meetings with investors and research analysts
Digital Platforms and Metro Manila

1 Offshore conference with investors and research analysts
Singapore

3 Site visits to operating companies
Toyota Motor Philippines, Santa Rosa, Laguna
Park West, BGC, Taguig

SEPTEMBER

13
CLSA Annual CITIC Flagship Investors Forum
Digital Platform

29
Inside ASEAN: The Philippines
Fairmont Hotel, Makati

NOVEMBER

3
GT Capital Economic Briefing 2022
GT Tower Penthouse

11
GT Capital Financial Markets Outlook Briefing
Digital Platform

14
GT Capital Nine Months 2022 Financial and Operating Results Briefing
Digital Platform

15
UBS CEO/CFO Forum
The Peninsula Manila

22
Jefferies and Regis Partners Philippines Corporate Access Days
The Peninsula Manila

23
GT Capital Thought Leadership Series - Energy Sector Briefing
Grand Hyatt Residences, BGC

28 - DECEMBER 2
Strategic Planning Week
GT Tower

Corporate Objectives and Non-Financial Indicators

Metrobank

BANKING

Corporate Objectives	Non-Financial Indicators
■ Financial growth ■ Increase customer base ■ Improved customer satisfaction ■ Widen digital banking capabilities ■ Increase operational efficiency ■ Strengthen control framework ■ Attract and retain the best people	■ Over 940 branches ■ Over 2,300 ATMs ■ Over 30 foreign branches, subsidiaries, and representative offices

TOYOTA

AUTOMOTIVE ASSEMBLY, IMPORTATION, AND DISTRIBUTION

Corporate Objectives	Non-Financial Indicators
■ Strengthen business fundamentals towards competitiveness and sustainability ■ Boost local manufacturing ■ Expand through new mobility business	■ 174,106 unit sales (Toyota and Lexus) ■ 73 dealers in 2022 (including Lexus) ■ New model launches in 2022: ■ Toyota launches: Raize, RAV4 HEV, Corolla Cross GR-S HEV, Avanza, Veloz, Corolla Altis GR-S, Rush GR-S, Lite Ace, GR 86 ■ Lexus launches: LX, UX, ES ■ Number 1 market share (50.0%) in passenger car, commercial vehicle, and overall retail unit sales

FEDERAL LAND
GT Capital Holdings

PROPERTY DEVELOPMENT

Corporate Objectives	Non-Financial Indicators
■ Build a strong platform for business recovery ■ Increase sales reservations, diversify revenues, and broaden market share ■ Increase cost efficiency ■ Manage sufficient inventory levels ■ Capitalize on growth opportunities	■ Build the brand ■ High returns from existing assets and achieve optimum employee productivity ■ Launch various products to address all market segments and support business growth ■ Hasten speed to launch and reduce planning bottlenecks to ensure timely launches ■ Stronger partnerships through the launch of a new joint venture company, Federal Land NRE Global, Inc. (FNG), which will introduce brand differentiation ■ Scalable organizational capacity, process improvements, and a learning and customer-driven culture

AXA

INSURANCE

Non-Financial Indicators
■ Life and Non-Life Insurance □ 52 branches □ Over 7,000 financial advisers □ Over 4,000 financial executives □ Present in over 900 Metrobank and PSBank branches

METRO PACIFIC INVESTMENTS

INFRASTRUCTURE AND UTILITIES

Corporate Objectives	Non-Financial Indicators
POWER ■ Meralco has committed to secure 1,500 MW of its power requirements from renewable energy sources in full support of the Department of Energy's Renewable Portfolio Standards ■ Meralco is also accelerating its renewable energy plan of up to 1,500 MW of clean energy capacity by 2027 **TOLL ROADS** ■ Awarded "Leadership in Energy & Environmental Design" ("LEED") Gold Certification from the US Green Building Council for MPT South Hub **WATER** ■ Maynilad energized its second solar power farm inside La Mesa Compound in Quezon City to generate more renewable energy for operating its water facilities ■ Pioneered the New Water project, which treats used water from its Paranaque Water Reclamation Facility and converts to potable application **RAIL** ■ Construction activities for the LRT-1 Cavite Extension project are in various stages of development and continue to progress. Since the start of civil works in September 2019, the project completion rate has now reached 78% for Phase 1 of the extension	■ 48,916 gigawatt-hours of power sold ■ 920,000 average daily vehicle toll road entries for domestic and international roads ■ 527 million cubic meters of billed water volume ■ 3.8 million hospital patients served

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Statement of Management's Responsibility for Financial Statements

The management of GT Capital Holdings, Inc. (the Company) is responsible for the preparation and fair presentation of the parent and consolidated financial statements including the schedules attached therein, as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

(Original signed)
Francisco C. Sebastian
Chairman of the Board

(Original signed)
Carmelo Maria L. Bautista
President

(Original signed)
Francisco H. Suarez, Jr.
Chief Financial Officer

SUBSCRIBED AND SWORN to before me on MAR 2 1 2023, affiants exhibiting to me their respective Tax Identification Numbers, as follows:

Francisco C. Sebastian	TIN No. 163-762-954
Carmelo Maria L. Bautista	TIN No. 106-903-668
Francisco H. Suarez, Jr.	TIN No. 126-817-465

Doc. No. 70
Page No. 7
Book No. 57
Series of 2023

ATTY. MARIA SOFIA K. LOPEZ
Notary Public for Makati City
Appointment No. M-231 until December 31, 2024
43/F GT Tower Int'l Ayala Ave. cor. H.V. dela Costa St. Makati City
Roll No. 38610/05.13.1993/MCLE Comp. No. VII-0018672
PTR No. 9586592; 01.18.2023, Makati City
IBP No. 254206; 12.27.2022, Pasig City

Independent Auditor's Report

The Stockholders and the Board of Directors
GT Capital Holdings, Inc.
43rd Floor, GT Tower International
Ayala Avenue corner H.V. Dela Costa Street
Makati City

Opinion

We have audited the consolidated financial statements of GT Capital Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) as described in Note 2 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs as issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs, which are applicable to the Group's Real Estate Segment, specifically under Federal Land Group, on the 2022 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Impairment Testing of Goodwill and Customer Relationship

Under PFRSs, the Group is required to annually test the amount of goodwill and intangible assets with indefinite useful life. As of December 31, 2022, the Group has goodwill attributable to the acquisition of various businesses and an intangible asset with indefinite useful life relating to customer relationship with total carrying values of ₱5.93 billion and ₱3.88 billion, respectively, which are significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions that have been impacted by the COVID-19 pandemic, specifically the forecasts of future cash flows, expected gross margins, discount rates, long-term growth rates, attrition rates, and earnings before interest and taxes (EBIT) margin on key customers.

The disclosures in relation to the significant assumptions and carrying values of goodwill and customer relationship are included in Note 13 to the consolidated financial statements.

Audit Response

We involved our internal specialist to evaluate the assumptions and methodologies used. These assumptions include forecasts of future cash flows, expected gross margins, discount rates, long-term growth rates, attrition rates, and EBIT margin on key customers. We compared the key assumptions used, such as discount rates and growth rates against the historical performance of the cash-generating unit (CGU), industry/market outlook and other relevant external data, taking into consideration the impact associated with the COVID-19 pandemic. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and customer relationship.

Real Estate Revenue Recognition

The Group's real estate revenue recognition process, policies and procedures are significant to our audit because these involve the application of significant judgment and estimation in the following areas: (a) assessment of the probability that the entity will collect the total consideration from the buyer; (b) application of the output method as the measure of progress in determining real estate revenue; (c) determination of the actual costs incurred as cost of sales; and (d) recognition of cost to obtain a contract.

In evaluating whether collectibility of the total amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (buyer's equity). Collectibility is also assessed by considering factors such as past history with the buyer, and age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the COVID-19 pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers). This is based on the monthly project accomplishment report prepared by the project engineers as approved by the construction manager, which integrates the surveys of performance to date of both the sub-contracted construction activities and those that are fulfilled by the Group itself.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as the cost to obtain the contract. For contracts that qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as cost to obtain the contract and recognizes the related commission payable. The Group uses the percentage-of-completion (POC) method in amortizing sales commission consistent with the Group's revenue recognition policy.

The assessment of the stage of completion and level of buyer's equity involves significant management judgment as disclosed in Note 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process, policies, and procedures.

For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing these to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the COVID-19 pandemic to the level of cancellations during the year. We traced the analysis to supporting documents.

For the application of the output method, in determining real estate revenue, we obtained an understanding of the Group's processes for determining the POC, and performed tests of the relevant controls. We obtained the certified POC reports prepared by the project engineers and assessed their competence, capabilities, and objectivity by reference to their qualifications, experience, and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries, including inquiries on how the COVID-19 pandemic affected the POC during the period, and obtained the supporting details of POC reports showing the completion of the major activities in project construction.

For the cost of sales, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. For selected projects, we traced costs accumulated, including costs incurred but not yet billed, to supporting documents such as accomplishment reports and progress billings from contractors.

For the recognition of cost to obtain a contract, we gained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and the portion recognized in profit or loss, particularly (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (i.e., net contract price) against the related contract to sell, and (c) the POC used in calculating the sales commission against the POC used in recognizing the related revenue from real estate sales.

Accounting for Investments in Significant Associates

The Group has investments in Metropolitan Bank & Trust Company (MBTC) and Metro Pacific Investments Corporation (MPIC) that are both accounted for under the equity method. The application of the equity method of accounting over these investments, particularly the determination of the Group's share in the net income of these associates and the assessment for impairment of these investments, is a key audit matter because the Group's equity in the net earnings of these associates contributed ₱13.84 billion, or 63.70% of the Group's consolidated net income in 2022, and the Group's investments in these associates accounted for 59.73% and 39.56% of the consolidated total noncurrent assets and total assets, respectively, of the Group as of December 31, 2022.

MBTC's net income is significantly affected by its application of the expected credit loss (ECL) model in calculating the allowance for credit losses for its loans and receivables; recognition of deferred tax assets; and recoverability of goodwill.

MBTC's application of the ECL model is significant to our audit as it involves the exercise of significant management judgment. The key areas of judgment in calculating ECL include the following: segmenting MBTC's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality, taking into account extension of payment terms and payment holidays provided as a result of the COVID-19 pandemic; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset, expected recoveries from defaulted accounts and the impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information, including the impact of the COVID-19 pandemic, in calculating ECL. Meanwhile, the recognition of deferred tax assets is significant to our audit because it requires significant judgment and is based on assumptions such as availability of sufficient taxable income in the future and the timing of the reversal of the temporary differences that are affected by expected future market or economic conditions and the expected performance of MBTC. The estimation uncertainty on MBTC's expected performance has increased as a result of the uncertainties brought about by the COVID-19 pandemic. For the recoverability of goodwill, MBTC performed the impairment testing using the cash generating unit's (CGU) fair value less costs to sell (FVLCTS) as its estimate of the CGU's recoverable amount. The annual impairment test is significant to our audit because the determination of the CGU's FVLCTS requires significant judgment and is based on assumptions which are subject to a higher level of estimation uncertainty due to the current economic conditions, which have been impacted by the COVID-19 pandemic. The CGU's assets include significant investments in unquoted equity shares and their fair values were determined using price-to-earnings (P/E) ratios of comparable companies and adjusted net asset value (NAV) method.

Meanwhile, MPIC's net income is significantly affected by the recoverability of its goodwill, service concession assets (SCAs) not yet available for use, and SCA related to the West Zone concession; the amortization of SCAs using the units-of-production (UOP) method; and revenue on water and sewerage services from the Metropolitan Waterworks and Sewerage System (MWSS) West Service Area.

MPIC has goodwill and SCAs not yet available for use, which are required to be tested for impairment at least annually. In addition, there is the ongoing discussion with MWSS on the provisions of Maynilad Water Services, Inc. (Maynilad)'s Concession Agreement identified for renegotiation and amendment, which is an impairment indicator and thus requires an assessment of the recoverability of MPIC's SCA related to Maynilad. This matter is important to our audit because the impairment assessment of goodwill and SCAs not available for use involves significant management judgment and estimates. Moreover, the SCAs related to the toll roads and water concession agreements of MPIC are being amortized using the UOP method. The UOP amortization method involves significant management judgment and estimates, particularly in determining the total expected traffic volume and the total estimated volume of billable water over the remaining periods of the concession agreements. In addition, because of the lingering effects of COVID-19 pandemic, there remains a varying levels of uncertainty which affects the future economic outlook and market forecast. Lastly, water and sewerage service revenue recognition is significant to our audit because it is affected by the completeness of data captured during meter readings, which involves processing large volumes of data from multiple locations and different billing cut-off dates for different customer groups classified into either residential, semi-business, commercial or industrial; propriety of the application of the relevant rates to the billable consumption of different customer groups; and reliability of the systems involved in processing bills and recording revenues.

Moreover, the Group assesses the impairment of its investments in associates and joint ventures whenever events or changes in circumstances indicate that the carrying amounts of the investments may not be recoverable. As of December 31, 2022, the fair values of the Group's investments in MBTC and MPIC based on the current maket capitalization have declined compared to their carrying values of the investments, which is an impairment indicator. The assessment of the recoverable amount of the investments in MBTC and MPIC requires significant judgment and involves estimation and assumptions about the revenue growth rate, terminal growth rate, discount rate, as well as the market price, the applicable discount and net asset values of component businesses. In addition, because of the lingering effects of the COVID-19 pandemic, there remains a varying levels of uncertainty which affects the future economic outlook and market forecast.

The relevant disclosures related to the Group's investments in associates are provided in Note 8 to the consolidated financial statements.

Audit Response

For MBTC's application of the ECL model, we obtained an understanding of the Board-approved methodologies and models used for the different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, and to consider the time value of money and the best available forward-looking information.

We (a) assessed MBTC's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place, and management's assessment of the impact of the COVID-19 pandemic on the counterparties; (c) tested MBTC's application of its internal credit risk rating system, including the impact of the COVID-19 pandemic on the borrowers, by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in MBTC's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) evaluated the forward-looking information used for overlay through statistical tests and corroboration using publicly available information and our understanding of MBTC's lending portfolios and broader industry knowledge, including the impact of the COVID-19 pandemic; and (h) tested the effective interest rate used in discounting the expected loss.

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

We recalculated impairment provisions on a sample basis. We involved our internal specialist in the performance of the above procedures.

For MBTC's recognition of deferred tax assets, we involved our internal specialist in interpreting the tax regulations, testing the temporary differences identified by MBTC and the applicable tax rate. We also re-performed the calculation of the deferred tax assets. We evaluated the management's assessment on the availability of sufficient taxable income in the future in reference to financial forecast and tax strategies. We evaluated management's forecast by comparing the loan portfolio and deposit growth rates to the historical performance of MBTC and the industry, including future market circumstances and taking into consideration the impact associated with the COVID-19 pandemic.

For MBTC's assessment of the recoverability of goodwill, we involved our internal specialist in evaluating the assumptions and methodology used in determining the FVLCTS of the CGU, in particular those relating to the use of P/E ratios of comparable companies and adjusted NAV method in the valuation of the unquoted equity shares. We tested the fair value of the other assets and liabilities by referring to the quoted prices of listed equity and debt instruments, agreeing the appraised values of real estate properties to the appraisal reports, comparing the future cash flows of unquoted debt instruments to the related contracts, and comparing the discount rates used against prevailing interest rates for similar instruments, taking into consideration the impact associated with the COVID-19 pandemic. We also re-performed the calculation of the FVLCTS.

For MPIC's impairment testing of goodwill and SCAs, we involved our internal specialist in evaluating the methodologies and the assumptions used in the determination of the recoverable amounts of the CGUs. These assumptions include the expected volume of traffic for the toll roads and ridership for the rail, billed water volume for the water concession, growth rates and discount rates. For the West Zone Concession, assumptions include the concession period, forecasted cashflows under probability-weighted scenarios, and the discount rate considering the risks surrounding the Concession Agreement. We compared the forecasted revenue growth against the historical data of the CGUs, taking into consideration the impact associated with the COVID-19 pandemic, and inquired of management and operations personnel about the plans to support the forecasted revenues. We also compared the key assumptions such as traffic volume, rail ridership and water volume against historical data and against available studies by independent parties that were commissioned by the respective subsidiaries of MPIC. In cases where volume was determined by management specialists, we reviewed the reports of the management specialists and gained an understanding of the methodology and the basis of computing the forecasted volume. We tested the weighted average cost of capital (WACC) used in the impairment test by comparing it with WACC of other comparable companies in the region. For the West Zone Concession, we discussed with management and its legal counsel the status of the review of the Concession Agreement and inquired of any correspondences with MWSS during the year; and reviewed the bases of the cashflow scenarios including the probability weight assigned to each of the scenarios.

For MPIC's amortization of SCAs using the UOP method, we reviewed the report of management's specialists and gained an understanding of the methodology and the basis of computing the forecasted traffic volume and billable water, taking into consideration the impact associated with the COVID-19 pandemic. We evaluated the competence, capabilities, and objectivity of management's specialists who estimated the forecasted volumes by considering their qualifications, experience and reporting responsibilities. Furthermore, we compared the billable water volume and traffic volume during the year against the data generated from the billing system for water and from the toll collection system for tollways. We recalculated the amortization expense for the year and the SCAs as of year-end based on the established traffic volume and billable water volume.

For MPIC's revenue on water and sewerage services from the MWSS West Service Area, we obtained an understanding of the water and sewerage service revenue process, which includes maintaining the customer database, capturing billable water consumption, uploading captured billable water consumption to the billing system, calculating billable amounts based on MWSS-approved rates, and uploading data from the billing system to the financial reporting system. We also evaluated the design of and tested the relevant controls over this process. In addition, on a sample basis, we performed test recalculation of the billed amounts using the MWSS-approved rates and formulae and compared them with the amounts reflected in the billing statements. Moreover, we involved our internal specialist in performing the procedures on the computer application automated aspects of this process.

For the Group's recoverability of investment in associates, we involved our internal specialist in evaluating the methodology and assumptions used. For the investment in MBTC, we compared the revenue and terminal growth rates to available industry, economic and financial data, taking into consideration the impact associated with the COVID-19 pandemic. We also tested whether the discount rate used represents current market assessment of risks associated with the investment. For the investment in MPIC, we reviewed management's calculation of the recoverable amount using the sum-of-the-parts approach, taking into consideration the market price, the applicable discount and net asset values of MPIC's component businesses.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and the Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

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

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

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

Management is responsible for the preparation of the consolidated financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Miguel U. Ballelos, Jr.

SYCIP GORRES VELAYO & CO.

Miguel U. Ballelos, Jr.

Miguel U. Ballelos, Jr.
Partner
CPA Certificate No. 109950
Tax Identification No. 241-031-088
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109950-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-114-2022, January 20, 2022, valid until January 19, 2025
PTR No. 9369777, January 3, 2023, Makati City

March 20, 2023

Consolidated Statements of Financial Position

(in Millions)

	DECEMBER 31 2022	DECEMBER 31 2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱24,005**	₱17,404
Financial assets at fair value through profit or loss (Note 10)	**11,160**	8,712
Receivables (Note 5)	**14,135**	15,852
Contract assets (Note 21)	**4,707**	6,157
Inventories (Note 6)	**69,399**	78,817
Due from related parties (Note 27)	**356**	155
Prepayments and other current assets (Note 7)	**17,109**	14,070
Total Current Assets	**140,871**	141,167
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (Note 10)	**13,345**	16,311
Receivables - net of current portion (Note 5)	**6,250**	3,766
Contract assets - net of current portion (Note 21)	**5,636**	7,114
Investment properties (Note 9)	**22,247**	15,646
Investments in associates and joint ventures (Note 8)	**200,238**	186,187
Property and equipment (Note 11)	**13,951**	14,918
Goodwill (Note 12)	**5,926**	5,926
Intangible assets (Note 13)	**4,099**	4,012
Deferred tax assets - net (Note 29)	**1,277**	1,174
Other noncurrent assets (Note 14)	**3,316**	1,573
Total Noncurrent Assets	**276,285**	256,627
	₱417,156	₱397,794

LIABILITIES		
Current Liabilities		
Accounts and other payables (Note 15)	**36,948**	34,203
Contract liabilities (Note 21)	**3,207**	3,384
Short-term debt (Note 16)	**14,582**	9,127
Current portion of long-term debt (Note 16)	**7,758**	9,423
Current portion of liabilities on purchased properties (Notes 20 and 27)	**348**	304
Current portion of bonds payable (Note 17)	**6,099**	–
Customers' deposits (Note 18)	**928**	910
Dividends payable (Note 22)	**589**	590
Due to related parties (Note 27)	**166**	193
Income tax payable	**302**	161
Other current liabilities (Note 19)	**1,513**	1,316
Total Current Liabilities	**72,440**	59,611

(Forward)

	DECEMBER 31 2022	DECEMBER 31 2021
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 16)	**₱118,033**	₱112,755
Bonds payable (Note 17)	**3,992**	10,077
Liabilities on purchased properties - net of current portion (Notes 20 and 27)	**1,300**	1,658
Pension liability (Note 28)	**1,657**	1,629
Deferred tax liabilities - net (Note 29)	**3,414**	3,232
Other noncurrent liabilities (Note 20)	**3,306**	3,753
Total Noncurrent Liabilities	**131,702**	133,104
Total Liabilities	**204,142**	192,715
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 22)	**3,370**	3,370
Additional paid-in capital (Note 22)	**98,827**	98,827
Retained earnings - unappropriated (Note 22)	**106,107**	88,982
Retained earnings - appropriated (Note 22)	**400**	400
Other comprehensive income (loss) (Note 22)	**(9,284)**	143
Other equity adjustments (Note 22)	**2,322**	2,322
	201,742	194,044
Non-controlling interests (Note 22)	**11,272**	11,035
Total Equity	**213,014**	205,079
	₱417,156	₱397,794

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

(in Millions, Except Earnings Per Share)

	YEARS ENDED DECEMBER 31		
	2022	**2021**	**2020**
REVENUE			
Automotive operations (Note 35)	**₱211,945**	₱150,964	₱113,975
Equity in net income of associates and joint ventures (Note 8)	**16,455**	11,065	6,355
Real estate sales (Note 35)	**5,362**	5,617	7,629
Rent income (Notes 9 and 30)	**1,401**	1,046	1,751
Sale of goods and services	**957**	589	457
Commission income	**667**	288	107
Interest income (Note 23)	**663**	1,899	2,023
Other income (Note 23)	**7,857**	3,175	2,123
	245,307	174,643	134,420
COSTS AND EXPENSES			
Cost of goods and services sold (Notes 6 and 24)	**157,079**	102,959	76,479
Cost of goods manufactured and sold (Notes 6 and 25)	**36,366**	32,111	23,554
General and administrative expenses (Note 26)	**17,278**	13,455	13,032
Interest expense (Notes 16 and 17)	**7,144**	6,270	6,323
Cost of real estate sales (Note 6)	**3,059**	3,123	4,120
Cost of rental (Note 30)	**830**	655	589
	221,756	158,573	124,097
INCOME BEFORE INCOME TAX	**23,551**	16,070	10,323
PROVISION FOR INCOME TAX (Note 29)	**1,820**	1,821	1,986
NET INCOME	**₱21,731**	₱14,249	₱8,337
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱18,360**	₱10,983	₱6,546
Non-controlling interests	**3,371**	3,266	1,791
	₱21,731	₱14,249	₱8,337
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 34)	**₱82.55**	₱48.28	₱27.67

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(in Millions)

	YEARS ENDED DECEMBER 31		
	2022	**2021**	**2020**
NET INCOME	**₱21,731**	₱14,249	₱8,337
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified to profit or loss in subsequent periods:			
Changes in cumulative translation adjustments	**30**	26	(15)
Changes in cash flow hedge reserves (Note 16)	**121**	19	2
Equity in other comprehensive income (loss) of associates and joint ventures (Note 8):			
Cash flow hedge reserve	**(182)**	149	(115)
Remeasurement on life insurance reserves	**362**	236	(364)
Translation adjustments	**92**	720	(241)
Other equity adjustments	**–**	(21)	21
	423	1,129	(712)
Items that may not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at FVOCI (Note 10)	**(3,068)**	3,661	368
Equity in changes in fair value of financial assets at FVOCI of associates (Note 8)	**(7,489)**	(4,486)	1,959
Remeasurement of defined benefit plans (Note 28)	**235**	538	(466)
Equity in remeasurement of defined benefit plans of associates and joint ventures (Note 8)	**714**	750	(412)
Income tax effect	**(237)**	(322)	263
	(9,845)	141	1,712
OTHER COMPREHENSIVE INCOME (LOSS)	**(9,422)**	1,270	1,000
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**₱12,309**	₱15,519	₱9,337
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱8,933**	₱11,979	₱7,712
Non-controlling interests	**3,376**	3,540	1,625
	₱12,309	₱15,519	₱9,337

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

(in Millions)

	Attributable to Equity Holders of the Parent Company								
	Capital Stock (Note 22)	**Additional Paid-in Capital** (Note 22)	**Retained Earnings - Unappropriated** (Note 22)	**Retained Earnings - Appropriated** (Note 22)	**Other Comprehensive Income (Loss)** (Note 22)	**Other Equity Adjustments** (Note 22)	**Total**	**Attributable to Non-controlling Interests** (Note 22)	**Total Equity**
Balance at January 1, 2022	**₱3,370**	**₱98,827**	**₱88,982**	**₱400**	**₱143**	**₱2,322**	**₱194,044**	**₱11,035**	**₱205,079**
Cash dividends declared (Note 22)	**–**	**–**	**(1,235)**	**–**	**–**	**–**	**(1,235)**	**(3,139)**	**(4,374)**
Total comprehensive income (loss)	**–**	**–**	**18,360**	**–**	**(9,427)**	**–**	**8,933**	**3,376**	**12,309**
Balance at December 31, 2022	**₱3,370**	**₱98,827**	**₱106,107**	**₱400**	**(₱9,284)**	**₱2,322**	**₱201,742**	**₱11,272**	**₱213,014**
Balance at January 1, 2021	₱3,370	₱98,827	₱79,234	₱400	(₱ 853)	₱2,322	₱183,300	₱8,885	₱192,185
Cash dividends declared (Note 22)	–	–	(1,235)	–	–	–	(1,235)	(1,755)	(2,990)
NCI share on stock issuance of a subsidiary	–	–	–	–	–	–	–	365	365
Total comprehensive income	–	–	10,983	–	996	–	11,979	3,540	15,519
Balance at December 31, 2021	₱3,370	₱98,827	₱88,982	₱400	₱143	₱2,322	₱194,044	₱11,035	₱205,079
Balance at January 1, 2020	₱3,370	₱98,827	₱74,569	₱400	(₱2,019)	₱2,322	₱177,469	₱11,851	₱189,320
Cash dividends declared (Note 22)	–	–	(1,881)	–	–	–	(1,881)	(4,611)	(6,492)
NCI share on additional stock issuance of a subsidiary	–	–	–	–	–	–	–	20	20
Total comprehensive income	–	–	6,546	–	1,166	–	7,712	1,625	9,337
Balance at December 31, 2020	₱3,370	₱98,827	₱79,234	₱400	(₱853)	₱2,322	₱183,300	₱8,885	₱192,185

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(in Millions)

	YEARS ENDED DECEMBER 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱23,551	₱16,070	₱10,323
Adjustments for:			
Equity in net income of associates and joint ventures (Note 8)	(16,455)	(11,065)	(6,355)
Interest expense (Notes 16 and 17)	7,144	6,270	6,323
Depreciation and amortization (Note 11)	2,117	2,188	2,517
Pension expense (Note 28)	364	408	324
Provisions (Note 26)	166	367	237
Interest income (Note 23)	(663)	(1,899)	(2,023)
Dividend income (Note 23)	(388)	(356)	(333)
Unrealized foreign exchange losses (gains) (Notes 23 and 26)	761	78	(163)
Realized and unrealized gain on financial assets at FVTPL (Note 23)	(137)	(89)	(113)
Gain on disposal of property and equipment (Notes 11 and 23)	(58)	(34)	(7)
Operating income before changes in working capital	16,402	11,938	10,730
Decreases (increases) in:			
Financial assets at FVTPL	(2,310)	(4,908)	1,109
Receivables	(550)	6,148	(9,234)
Contract assets	2,929	(237)	(2,383)
Inventories	(6,217)	(3,876)	(3,413)
Due from related parties	(201)	47	7
Prepayments and other current assets	(3,054)	(1,689)	(1,964)
Increases (decreases) in:			
Accounts and other payables	3,470	4,464	4,873
Contract liabilities	(177)	(622)	(546)
Customers' deposits	18	404	(54)
Due to related parties	(28)	(322)	311
Other current liabilities	308	420	(519)
Cash generated from (used in) operations	10,590	11,767	(1,083)
Dividends paid (Note 22)	(4,375)	(2,990)	(6,492)
Interest paid	(7,567)	(5,996)	(6,330)
Income tax paid	(2,315)	(2,315)	(2,207)
Interest received	280	1,650	1,935
Dividends received (Notes 8 and 10)	6,350	8,214	3,097
Contributions to pension plan assets and benefits paid (Note 28)	(130)	(103)	(75)
Net cash provided by (used in) operating activities	2,833	10,227	(11,155)

(Forward)

	YEARS ENDED DECEMBER 31		
	2022	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment (Note 11)	₱150	₱240	₱27
Additions to:			
Investments in associates and joint ventures (Note 8)	(577)	(1,009)	(2,097)
Property and equipment (Note 11)	(653)	(5,158)	(874)
Investment properties (Note 9)	(1,230)	(101)	(91)
Intangible assets (Note 13)	(154)	(76)	(29)
Financial assets at FVOCI	–	(388)	–
Impact of business combination (Note 8)	53	–	–
Increase in other noncurrent assets	(1,741)	(130)	(973)
Net cash used in investing activities	(4,152)	(6,622)	(4,037)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan availments (Notes 16 and 38)	52,132	57,647	67,800
Payments of loans payable (Note 38)	(42,681)	(54,377)	(44,430)
Payments of bonds payable (Note 38)	–	(5,000)	(3,900)
Payment of principal portion of lease liabilities (Note 30)	(6)	(37)	(99)
Increases (decreases) in:			
Liabilities on purchased properties	(313)	(1,293)	(529)
Other noncurrent liabilities	(446)	(542)	1,159
Acquisition of noncontrolling interests	–	365	20
Net cash provided by (used in) financing activities	8,686	(3,237)	20,021
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(766)	(78)	152
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,601	290	4,981
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	17,404	17,114	12,133
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱24,005	₱17,404	₱17,114

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. CORPORATE INFORMATION

GT Capital Holdings, Inc. (GT Capital or the Parent Company) was organized and registered with the Philippine Securities and Exchange Commission (SEC) on July 26, 2007. The primary purpose of the Parent Company is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop or otherwise dispose of real property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, and to secure and guarantee obligations of, and act as surety for its subsidiaries and affiliates.

On March 25, 2022 and May 11, 2022, respectively, at separate meetings, the Parent Company's Board of Directors, by a majority vote of its members, and the stockholders, by affirmative vote of more than two-thirds (2/3) of the outstanding capital stock of the Parent Company, approved the amendment of the Parent Company's Articles of Incorporation to include the following activities in the Parent Company's primary purpose: to act as commission merchant, commercial agent or factor for, or assist in any legal manner, financially or otherwise, its subsidiaries, affiliates, associates or investee companies. The Amended Articles of Incorporation was approved by the SEC on July 8, 2022.

The common shares of the Parent Company were listed beginning April 20, 2012 and have since been traded in the Philippine Stock Exchange, Inc. (PSE).

Group Activities

The Parent Company, Federal Land, Inc. (Federal Land) and Subsidiaries (Federal Land Group), Toyota Motor Philippines Corporation (Toyota or TMPC) and Subsidiaries (Toyota Group), Toyota Manila Bay Corp. (TMBC) and Subsidiaries (TMBC Group) and GT Capital Auto and Mobility Holdings, Inc. (GTCAM) and Subsidiaries (GTCAM Group) are collectively referred herein as the "Group". The Parent Company, which is the ultimate parent of the Group, is the holding company of the Federal Land Group (real estate business), Toyota Group (automotive business), TMBC Group (automotive business) and GTCAM Group (automotive and mobility business), and is engaged in investing, purchasing and holding shares of stock, notes and other securities and obligations, as well as buying, selling, and leasing of real estate properties.

The principal business interests of the Federal Land Group are real estate development and leasing and selling properties and acting as a marketing agent for and in behalf of any real estate development company or companies. The Federal Land Group is also engaged in the business of trading of goods such as petroleum, non-fuel products on wholesale or retail basis, maintaining a petroleum service station and food and restaurant service.

Toyota Group is engaged in the assembly, manufacture, importation, sale and distribution of all kinds of motor vehicles including vehicle parts, accessories and instruments.

TMBC Group is engaged in purchasing, trading, exchanging, distributing, marketing, repairing and servicing automobiles, trucks and all kinds of motor vehicles and automobile products of every kind and description, motor vehicle parts, accessories, tools and supplies and equipment items.

GTCAM was formerly known as GT Capital Auto Dealership Holdings, Inc. (GTCAD). GTCAM's BOD and the SEC approved the change in name from GTCAD to GTCAM on September 13, 2021 and November 29, 2021, respectively. The principal business interests of GTCAM Group are to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop, or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any auto dealership or other corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned. Its secondary purpose is to invest in, purchase, or otherwise acquire own shares of companies engaged in mobility-related services, including those that support the used car market which include auction services, auto portal, used car retail sales operations, inspection, warranty, financing, and parts and service.

The Parent Company also has significant shareholdings in Metropolitan Bank & Trust Company (MBTC or Metrobank), Metro Pacific Investments Corporation (MPIC), Philippine AXA Life Insurance Corporation (AXA Philippines or Phil AXA), Toyota Financial Services Philippines Corporation (TFSPC) and Sumisho Motor Finance Corporation (SMFC).

The registered office address of the Parent Company is at the 43rd Floor, GT Tower International, Ayala Avenue corner H.V. Dela Costa Street, 1227 Makati City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared using the historical cost basis except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), and derivative financial instruments that have been measured at fair value. The Group's consolidated financial statements are presented in Philippine Peso (₱), the Group's functional currency. All values are rounded to the nearest million peso unless otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting relief on the accounting for significant financing component as issued and approved by the SEC in response to the COVID-19 pandemic.

The Group has availed of the relief granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of PIC Q&A 2018-12-D, *Assessing if the transaction price includes a significant financing component* until December 31, 2023. This reporting relief is applicable to the Group's Real Estate Segment, specifically under the Federal Land Group. The details and impact of the adoption of the financial reporting relief are discussed in the section below under "Standards Issued But Not Yet Effective".

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and the following wholly and majority-owned domestic subsidiaries:

	Country of Incorporation	Direct and Effective Percentages of Ownership DECEMBER 31 2022	2021
Federal Land Group	Philippines	100.00	100.00
Toyota Group	-do-	51.00	51.00
TMBC Group	-do-	58.10	58.10
GTCAM Group	-do-	100.00	100.00

Federal Land's Subsidiaries

	Percentages of Ownership 2022	2021
Horizon Land Property and Development Corp. (HLPDC)	100.00	100.00
Federal Property Management Corp. (FPMC)	100.00	100.00
Federal Land Orix Corporation (FLOC)	100.00	100.00
Topsphere Realty Development Company Inc. (TRDCI)	100.00	100.00
Bonifacio Landmark Hotel Management Corporation (BLHMC)	100.00	100.00
Fed South Dragon Corporation (FSDC)	100.00	100.00
Federal Retail Holdings, Inc. (FRHI)	100.00	100.00
Magnificat Resources Corp. (MRC)	100.00	100.00
Mirai Properties, Inc. (MPI)	100.00	100.00
Pasay Hongkong Realty Development Corp. (PHRDC)*	100.00	50.00
Central Realty and Development Corp. (CRDC)	75.80	75.80
Federal Brent Retail, Inc. (FBRI)	51.66	51.66

Formerly an investment in joint venture (JV). In December 2022, Federal Land increased its ownership from 50.00% to 100.00% thereby obtaining control over PHRDC.

Toyota's Subsidiaries

	Percentages of Ownership 2022	2021
Toyota Makati, Inc. (TMI)	100.00	100.00
Toyota Motor Philippines Logistics, Inc. (TLI)	100.00	100.00
Toyota Mobility Solutions Philippines, Inc. (TMSPH)*	100.00	–
Lexus Manila, Inc. (LMI)	75.00	75.00
Toyota San Fernando Pampanga, Inc. (TSFI)	55.00	55.00

On June 8, 2022, TMSPH was incorporated and started its commercial operations in August 2022.

TMBC's Subsidiaries

	Percentages of Ownership 2022	2021
Oxfordshire Holdings, Inc. (OHI)	100.00	100.00
TMBC Insurance Agency Corporation (TIAC)	100.00	100.00

GTCAM's Subsidiaries

	Percentages of Ownership 2022	2021
GT Mobility Ventures, Inc. (GTMV)	66.67	66.67
Toyota Sta. Rosa Laguna, Inc. (TSRLI)	60.00	60.00
Toyota Subic, Inc. (TSB)	55.00	55.00

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of subsidiaries ceases when control is transferred out of the Parent Company.

Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

i. the contractual arrangement with the other vote holders of the investee
ii. rights arising from other contractual arrangements
iii. the Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intragroup transactions, balances, income and expenses resulting from intragroup transactions and dividends are eliminated in full on consolidation.

Non-controlling Interests

Non-controlling interests (NCI) represent the portion of profit or loss and net assets in a subsidiary not attributed, directly or indirectly, to the Parent Company. The interest of non-controlling shareholders may be initially measured at fair value or share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, NCI consists of the amount attributed to such interests at initial recognition and the NCI's share of changes in equity since the date of combination.

NCI are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separately from the Parent Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the NCI, even if that results in the NCI having a deficit balance.

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any NCI and the cumulative translation differences, recorded in equity;
- recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss; and

- reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Business Combinations Involving Entities Under Common Control
A business combination involving entities under common control is accounted for using the uniting of interest method, except when the acquisition is deemed to have commercial substance for the Group, in which case the business combination is accounted for under the acquisition method. The combined entities accounted for by the uniting of interests method reports the results of operations for the period in which the combination occurs as though the entities had been combined as of the beginning of the period. Financial statements of the separate entities presented for prior years are also restated on a combined basis to provide comparative information. The effects of intercompany transactions on assets, liabilities, revenues, and expenses for the periods presented, and on retained earnings at the beginning of the periods presented are eliminated to the extent possible.

Under the uniting of interest method, the acquirer accounts for the combination as follows:

- the assets and liabilities of the acquiree are consolidated using the existing carrying values instead of fair values;
- intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the acquiree in accordance with applicable PFRSs;
- no amount is recognized as goodwill;
- any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities; and
- comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

The excess of the cost of business combinations over the net carrying amounts of the assets and liabilities of the acquired companies is recognized within the equity section of the consolidated statements of financial position.

When evaluating whether an acquisition has commercial substance, the Group considers the following factors, among others:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as NCI or other third parties; and
- whether or not the transaction is conducted at fair value.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer elects whether to measure the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the date of acquisition. Acquisition-related costs are expensed and included in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and liabilities of the acquiree for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. The Group also assesses whether assets or liabilities of the acquiree that are previously unrecognized in the books of the acquiree will require separate recognition in the consolidated financial statements of the Group at the acquisition date.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in the consolidated statements of income. Any recognized changes in the value of its equity interest in the acquiree previously recognized in other comprehensive income are recognized by the Group in profit or loss, as if the previously held equity interest are disposed of.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized either in the consolidated statements of income or as changes to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that if known, would have affected the amounts recognized as at that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one (1) year.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount recognized for any NCI in the acquiree and the fair value of the acquirer's previously held interest, if any, over the fair value of the net assets acquired.

If after reassessment, the fair value of the net assets acquired exceeds the consideration transferred, the amount recognized for any NCI in the acquiree and the fair value of the acquirer's previously held interest, if any, the difference is recognized immediately in the consolidated statements of income as 'Gain on bargain purchase'.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any impairment loss is recognized immediately in the consolidated statements of income and is not subsequently reversed. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination from the acquisition date irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is not amortized but is reviewed for impairment at least annually. Any impairment losses are recognized immediately in profit of loss and is not subsequently reversed.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Change in Ownership without Loss of Control
Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and NCI are adjusted by the Group to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Parent Company.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Business Combinations, Reference to the Conceptual Framework*
  The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a first-time adopter*
    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture (JV) that elects to apply paragraph D16(a) of PFRS 1.
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 percent' Test for Derecognition Financial Liabilities*
    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
  - Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*
    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Significant Accounting Policies

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current/noncurrent classification. An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of liability for at least twelve months after the reporting period

The Group classifies all other liabilities as noncurrent.

Deferred income tax asset and liability are classified as noncurrent asset and liability, respectively.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and that are subject to an insignificant risk of changes in value.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

The Group, in conjunction with the external valuers, also compares each of the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

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

<u>Financial Instruments – Initial Recognition and Subsequent Measurement</u>
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, which is the date when the Group commits to purchase or sell assets.

a. <u>Financial assets</u>
   Initial recognition of financial instruments
   At initial recognition, financial assets are classified as, and subsequently measured at amortized cost, FVOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables, except for installment contract receivables, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

As of December 31, 2022 and 2021, the Group does not have debt instruments classified at FVOCI.

Financial assets at amortized cost
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, short-term investments and receivables.

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets can no longer be recycled to profit or loss. Foreign exchange revaluations are recognized in OCI. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group's financial assets at FVOCI includes investments in quoted and unquoted equity instruments.

Financial assets at FVTPL
Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

This category includes investment in UITF which are held for trading.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets
The Group recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECL represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For trade receivables, installment contracts receivable and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such as nontrade receivable, loans receivable, due from related parties and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk (SICR) since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment is 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a SICR when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include "Accounts and other payables", "Short-term and long-term debts", "Bonds payable", "Liabilities on purchased properties" and "Other current liabilities".

As of December 31, 2022 and 2021, the Group does not have financial liabilities at FVTPL.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

This category generally applies to short-term debt, long-term debt, bonds payable and liabilities on purchased properties.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVTPL.

Derecognition

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

c. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group 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 insolvency or bankruptcy of the Group and all of the counterparties.

d. Derivative financial instruments and hedge accounting

Initial Recognition and Subsequent Measurement

The Group uses derivative financial instruments such as interest rate swaps to hedge the risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or,
- Cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

Hedges are accounted for as fair value hedges or cash flow hedges.

Fair value hedge

The change in the fair value of a hedge instrument is recognized in the consolidated statement of income. The change in the fair value attributable to the risk hedged is recorded as part of the carrying value of the hedge instrument and is also recognized in the consolidated statement of income as other expense.

For fair value hedges carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization is initiated when an adjustment exists and no later than when the hedged instrument ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

In case of derecognition, the unamortized fair value of the hedged instrument is recognized immediately in profit or loss.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI, while any ineffective portion is recognized immediately in the consolidated statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged instrument.

The amounts accumulated in OCI are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which hedged cash flows affect profit or loss.

If hedge accounting is discontinued, the amount accumulated in OCI shall remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount shall be reclassified to profit or loss as a reclassification adjustment. When the hedged cash flow occurs, any amount remaining in accumulated OCI shall be accounted for depending on the nature of the underlying transaction.

Inventories
Real estate inventories
Property acquired that are being developed or constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory. Real estate inventories consist of land and improvements, condominium units held for sale and residential units.

Land and land improvements are carried at the lower of cost or net realizable value (NRV).

Cost includes:
- Acquisition cost of subdivision land;
- Amounts paid to contractors for construction and development of subdivision land, residential houses and lots and condominium units;
- Planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Borrowing costs capitalized prior to start of pre-selling activities for the real estate project.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

Construction in progress (CIP) includes development or construction costs incurred for real estate projects that have not yet reached the preliminary stage of completion and/or not yet launched. This account also includes owner supplied materials. Upon reaching the preliminary stage of completion, these are transferred to 'Condominium units held for sale'.

Costs of condominium units held for sale includes the carrying amount of the land transferred from 'Land and improvements' at the commencement of its real estate projects and those costs incurred for construction, development and improvement of the properties, including capitalized borrowing costs.

Costs of residential units include land cost, land improvement costs, borrowing costs, amounts paid to contractors for construction and development, planning and design cost, cost of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Gasoline retail, petroleum products and chemicals
Cost is determined using first-in, first-out method. The costs of oil, petroleum products and chemicals include cost incurred for acquisition and freight charges.

Automotive inventories
These are inventories of the Toyota Group which are valued at the lower of cost or NRV. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion, marketing and distribution.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials and spare parts	– Purchase cost on a weighted average cost
Finished goods and work-in-process	– Cost of direct material and labor and proportion of fixed and overhead manufacturing costs allocated based on normal operating capacity
Raw materials and spare parts in-transit	– Cost is determined using the specific identification method

Joint Arrangements
Joint arrangements are arrangements with respect to which the Group has joint control, established by contracts requiring unanimous consent from the parties sharing control for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, the Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation in accordance with the PFRS applicable to the particular assets, liabilities and transactions.
- Joint venture – when the Group has rights only to the net assets of the arrangements, the Group accounts for its interest using the equity method, the same as the Group's accounting for investments in associates.

The financial statements of the joint venture are prepared for the same reporting period as the Group's financial statements. Where necessary, adjustments are made to bring the accounting policies of the joint venture in line with its policies.

The Group has no joint arrangement accounted as joint operation.

Investments in Associates and Joint Ventures
Investments in associates and joint ventures are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group. A joint venture (JV) is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control.

An investment is accounted for using the equity method from the day it becomes an associate or a joint venture. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is included as income in the determination of the share in the earnings of the investee.

Under the equity method, the investments in and advances to associates and joint ventures are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investees, less any impairment in value.

The consolidated statement of comprehensive income reflects the Group's share in the results of operations of the investee companies and the Group's share on movements in the investee's other comprehensive income (OCI) are recognized directly in OCI in the consolidated financial statements. The Group's share on total comprehensive income of an associate is shown in the consolidated statement of income and consolidated statement of comprehensive income. The aggregate of the Group's equity in net income of associates and joint ventures is shown on the face of the consolidated statement of income as part of operating profit and represents profit or loss after tax and NCI in the subsidiaries of the associate and joint venture.

Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies, and for unrealized losses, to the extent that there is no evidence of impairment of the assets transferred. Dividends received from investee companies are treated as a reduction of the accumulated earnings included under 'Investments and advances' account in the consolidated statements of financial position.

The Group discontinues applying the equity method when its investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associates or joint venture. When the investees subsequently report net income, the Group will resume applying the equity method but only after its equity in the net income equals the equity in net losses of associates and joint ventures not recognized during the period the equity method was suspended.

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

Investment Properties

Investment properties consist of properties that are held to earn rentals and that are not occupied by the companies in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives (EUL) of the properties which is 10 to 40 years.

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

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

CIP is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment properties are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use, including capitalized borrowing costs.

CIP is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and put into operational use.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against operations as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and are calculated on the straight-line basis over the following EUL of the property and equipment as follows:

	YEARS
Transportation equipment	5
Furniture, fixtures and equipment	3 to 5
Leasehold improvements	2 to 10 or lease term (whichever is shorter)
Machinery, tools and equipment	2 to 10
Building	15 to 40
Buildings and land improvements	9 to 25
Other property and equipment	3 to 5

The assets' residual values, EUL and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Transfers are made from property and equipment, when there is a change in use, evidenced by ending of owner-occupation, and with a view of sale.

Impairment or losses of items of property, plant and equipment, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated assets are still carried in the accounts until they are no longer in use.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets with finite life are assessed at the individual asset level. Intangible assets with finite life are amortized over their useful life. Periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The Group's intangible assets consist of customer relationship, software costs and franchise. A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the consolidated statement of income when the intangible asset is derecognized.

Customer Relationship
Customer relationship pertains to Toyota's contractual arrangements with its top dealer customers, which adds value to the operations of Toyota and enhances the latter's earnings potential. This is recognized initially at fair value and is assessed to have an indefinite useful life. Following initial recognition, the intangible asset is not amortized but assessed annually for impairment.

Software Costs
Costs related to software purchased by the Group for use in the operations are amortized on a straight-line basis over a period of 3 to 5 years.

Costs that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and provision for impairment losses, if any. Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are recognized as capital improvements and added to the original cost of the software.

Franchise
Franchise pertains to Federal Land Group's fees paid for the operating rights of its fastfood stores with estimated useful lives of three to five years.

Goodwill
Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with PFRS 8, *Operating Segments*.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment loss. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see Impairment of Non-financial Assets).

Where goodwill forms part of a cash-generating unit and part of the operations within that unit is disposed of, the goodwill associated with the operations disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed of in this circumstance is measured based on the relative values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill is presented together with the intangible assets in the consolidated statement of financial position.

Impairment of Non-financial Assets
The Group assesses at each financial reporting date whether there is an indication that their nonfinancial assets (e.g., investments in associates and joint ventures, joint arrangements, investment properties, property and equipment, goodwill and intangible assets), may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell (FVLCTS) and its value-in-use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

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

This accounting policy applies primarily to the Group's property and equipment and investment properties. Additional considerations for other non-financial assets are discussed below.

Investments in associates and joint ventures
After application of the equity method, the Group determines whether it is necessary to recognize goodwill or any additional impairment loss with respect to the Group's net investment in its associates and joint venture. The Group determines at each financial reporting date whether there is any objective evidence that the investments in associates and joint ventures are impaired.

If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the associate and joint ventures and the carrying cost and recognizes the amount in the consolidated statement of income.

Intangible assets
Customer relationship is reviewed for impairment annually, similar with goodwill, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For intangible assets with finite useful lives, the carrying amount is assessed and written down to its recoverable amount when an indication of impairment occurs.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at reporting date.

Value-added Tax (VAT)
Revenue, expenses, and assets are recognized net of the amount of value-added tax except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from the tax authority is included under 'Prepayments and other current assets' in the consolidated statement of financial position.

Equity
The Group records common stock and preferred stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are deducted from the proceeds.

Capital stock
The Parent Company has issued common stock and preferred stock that are classified as equity. Incremental costs directly attributable to the issue of new common stock are shown in equity as a deduction, net of tax, from the proceeds. All other equity issuance costs are recognized as expense as incurred.

Where the Parent Company purchases its own common stock (treasury shares), the consideration paid, including any directly attributable incremental costs (net of applicable taxes) is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued.

Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, and is included in equity attributable to the Parent Company's equity holders.

Additional paid-in capital
Amount of contribution in excess of par value is accounted for as an additional paid-in capital. Additional paid-in capital also arises from additional capital contribution from the shareholders.

Retained earnings
The amount included in retained earnings includes profit or loss attributable to the Group's equity holders and reduced by dividend on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are declared. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Unappropriated retained earnings represent that portion which can be declared as dividends to stockholders after adjustments for any unrealized items which are considered not available for dividend declaration. Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Other Comprehensive Income
Other comprehensive income comprises items of income and expenses that are recognized directly in equity. OCI items are either reclassified to profit or loss or directly to equity in subsequent periods.

Acquisition of Non-controlling Interest in a Subsidiary
Acquisition of non-controlling interest is accounted for as an equity transaction, whereby the difference between the fair value of consideration given and the share in the net book value of the net assets acquired is recognized in equity. In an acquisition without consideration involved, the difference between the share of the non-controlling interests in the net assets at book value before and after the acquisition is treated as transaction between equity owners under the 'Non-controlling interests' account in the consolidated statement of financial position.

Revenue Recognition

Revenue from contract with customers
The Group primarily derives its revenue from automotive operations and real estate sales. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Automotive operations
The Group derives its revenue from automotive operations from the sale of manufactured vehicles, trading of completely built-up vehicles and local and imported auto parts and sale of services. In the sales contract with customers, services other than vehicle sales such as additional service, additional warranty and other services are separated from the sale of vehicles to identify performance obligations.

Timing of revenue recognition may change depending on when the performance obligation is satisfied, either at a point in time or over time. The Group recognizes revenue from goods or services at a point in time when the goods or services are transferred to the customers and fulfills the performance obligations. In order to determine whether the control over the goods or services is transferred over time, the Group determines whether the customer simultaneously obtains and consumes the benefits provided by the Group's performance and whether the assets controlled by the customer and whether the assets created by the Group have no substitute purpose, and whether the Group has the right to make executable claims for the portion that has been completed so far. The Group allocates the transaction prices based on the stand-alone selling prices to the various performance obligations identified in a single contract.

The Group estimates the amounts of consideration depending on which method the entity expects to better predict the amount of consideration to which it will be entitled - the expected value or the most likely amount. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur in the future periods.

If the period between the transfer of the goods or services promised to the customer and the payment of the customer is within one year, a practical simple method that does not adjust the promised price for a significant financing component is used.

Real estate sales
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report as approved by the construction manager which integrates the surveys of performance to date of the construction activities.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as residential and office development receivables, under trade receivables, is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized trade receivables and contract assets is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Sale of goods
Sale of goods is recognized from retail customers at the point of sale in the stores. This is measured at the fair value of the consideration received, excluding (or 'net of,' or 'reduced for') discounts, returns, rebates and sales taxes.

Rendering of services
Marketing fees, management fees from administration and property management are recognized when services are rendered.

Commission income
Commission income is recognized by reference to the percentage of collection of the agreed sales price or depending on the term of the sale as provided under the marketing agreement.

Management fees
Management fees from administrative, property management and other fees are recognized when services are rendered.

Other income
Other income also includes sale of scrap and sludge oil which is recognized when there is delivery of goods to the buyer, and recovery from insurance which is recognized when the right to receive payment is established.

Revenues outside the scope of PFRS 15

Interest income
Interest income is recognized as it accrues using the effective interest method.

Rent income
Rental income under noncancelable and cancelable leases on investment properties is recognized in the consolidated statement of income on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

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

Other income
Other customer-related fees such as penalties and surcharges are recognized at an amount that reflects the consideration to which the Group expects to receive taking into account the provisions of the related contract.

Expense Recognition

Cost of goods and services sold
Cost of goods sold for vehicles and spare parts includes the purchase price of the products sold, as

well as costs that are directly attributable in bringing the merchandise to its intended condition and location. These costs include the costs of storing and transporting the products. Vendor returns and allowances are generally deducted from cost of goods and services sold.

Other cost of goods sold includes Federal Land's gasoline and food products, and are recognized when goods are delivered which is usually at the point of sale in stores. Cost of services are recognized when services are rendered.

Cost of goods manufactured and sold
Cost of goods manufactured and sold includes the purchase price of the products manufactured, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location.

Commissions
Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the POC method is used, commissions are likewise charged to expense in the period the related revenue is recognized. These are recorded as 'Prepaid expenses' under 'Prepayments and other current assets' account.

General and administrative expenses
General and administrative expenses constitute costs of administering the business and are expensed as incurred.

Cost of real estate sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Cost of rental
Cost of rental services includes maintenance fee, depreciation, repairs and maintenance, and taxes and licenses in relation to rendering of services. Except for depreciation which is recognized on a straight-line basis, these are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

<u>Contract Balances</u>
Receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain a contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Real estate costs and expenses" account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization, derecognition and impairment of capitalized costs to obtain a contract
The Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgments are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Pension Costs

The Parent Company and its subsidiaries have funded, noncontributory defined benefit retirement plans, administered by trustees, covering their permanent employees.

Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

a. service cost;
b. net interest on the net defined benefit liability or asset; and
c. remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries. Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on Philippine government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statements of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value only when reimbursement is virtually certain.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve (12) months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial reporting dates. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefit of unused tax credits from MCIT and NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the reporting date.

Foreign Currency Transactions

The Group's consolidated financial statements are presented in Philippine peso, which is also the Group's functional currency. Each entity within the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions denominated in foreign currency are recorded using the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated using the closing exchange rates prevailing at reporting date. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. All foreign exchange difference are taken to the consolidated statements of income.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 35.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Real estate inventories" and "Investment properties" accounts in the consolidated statement of financial position). Capitalization ceases when pre-selling of real estate inventories under construction commences. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Provisions
Provisions are recognized when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement.

Provision for product warranties
Provision for product warranties are recognized when sale of the related products are consummated. The best estimate of the provision is recorded based on three (3) year warranty coverage provided by the Group as part of the sold product. Reversals are made against provision for the expired portion.

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

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

ROU assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	YEARS
Office space	2-3

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term (included in 'Other current liabilities' and 'Other noncurrent liabilities'). In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest (included in 'Interest expense') and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (Note 30).

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

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

Group as lessor
Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Lease modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.
In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income. No rental income is recognized when the Group waives its right to collect rent and other charges.

Earnings Per Share
Basic earnings per share is calculated by dividing the net income for the year attributable to the owners of the Parent Company by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend declaration, if any.

Diluted earnings per share attributable to owners of the Parent Company is calculated in the same manner assuming that, the weighted average number of common shares outstanding is adjusted for potential common shares from the assumed exercise of dilutive instruments.

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

Events After Financial Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  The amendment is effective for annual reporting periods beginning on or after January 1, 2023 to transactions that occur on or after the beginning of the earliest comparative period presented.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*
  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Presentation of Financial Statements, Classification of Liabilities as Current or Non-current*
  The amendments clarify paragraphs 69 to 76 of PAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement;
  - That a right to defer must exist at the end of the statement of financial position date;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  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 specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  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.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (that is, life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach); and
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

  On December 15, 2021, the Financial Reporting Standards Council (FRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission, which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28, *Investments in Associates and Joint Ventures, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investor's interests in the associate or joint venture.

  On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 *Implementation Issues Affecting the Real Estate Industry* (as amended by PIC Q&As 2020-02 and 2020-04)
  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020.

  On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

  The PIC Q&A provisions covered by the SEC deferral that the Group availed in 2021 follows:

	DEFERRAL PERIOD
Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023

  The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

  a. The accounting policies applied.
  b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
  c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
  d. Should any of the deferral options result in a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

  After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  The Group availed of the SEC relief on the accounting for significant financing component (SFC) of PIC Q&A 2018-12-D. Had this provision been adopted, the mismatch between the POC of the real estate projects and the schedule of payments provided for in the contract to sell which constitutes a significant financing component should be accounted for. The accounting guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings.

  As of December 31, 2022, the Group is refining its calculation of the SFC and still in the process of quantifying the impact of the adoption of PIC Q&A No. 2018-12-D on the consolidated financial statements.

3. MANAGEMENT'S JUDGMENTS AND USE OF ESTIMATES

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of reporting date. Actual results could differ from such estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Assessment of control over investees

The determination on whether the Group has control over an investee requires significant judgment. For this, the Group considers the following factors: (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. In assessing whether the Group has power over the investee, the Group assesses whether it has existing rights that give it the current ability to direct the relevant activities of the investee.

Joint arrangements

The Group has investments in joint arrangements. The Group has joint control over these arrangements because under the contractual arrangements, unanimous consent is required from all the parties to the agreements for all relevant activities.

Determination of significant influence over another entity

The determination of significant influence over another entity, other than the rebuttable presumption of having ownership of over twenty percent (20.0%), requires significant judgment. In making this judgment, the Group evaluates existence of the following:

- representation on the BOD or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

As at December 31, 2022 and 2021, the Group determined that it exercises significant influence over MPIC in which it holds 17.08% and 16.30% ownership interests, respectively. Although the Group holds less than 20.0% of the ownership interest and voting rights in MPIC, the Group considers that it exercises significant influence through its entitlement to nominate at least two (2) out of fifteen (15) directors of MPIC. The Parent Company's nominees also participate as member in the Audit Committee (AC), Risk Management Committee (RMC) and Finance Committee (FC) of MPIC.

The combination of the Parent Company's 17.08% ownership interest in MPIC and the representation in the BOD, AC, RMC and FC of MPIC provides the Parent Company with the ability to exercise significant influence over the operating and financial policies of MPIC. Accordingly, the Parent Company accounted for its investment in MPIC as an associate using the equity method of accounting.

Revenue and cost recognition

Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgments based on, among others:

- buyer's initial payments in relation to the total contract price (or buyer's equity); and
- stage of completion of the project.

Existence of a contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress

The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

The Group has determined that the output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The Group has applied the presumption indicated within PFRS 9 pertaining to the default definition; that is, default of a financial instrument does not occur later than when a financial asset is 90 days past due.

Qualitative criteria
The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

a. The customer is experiencing financial difficulty or is insolvent
b. The customer is in breach of financial covenant(s)
c. An active market for that financial asset has disappeared because of financial difficulties
d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

Incorporation of forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Operating lease commitments - Group as lessor
The Group entered into commercial property leases on its retail mall, investment properties and certain units of its real estate projects to different parties for a specific amount depending on the lease contracts. The Group has determined that based on the evaluation of the terms and conditions of the arrangements (i.e., the lease does not transfer the ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and the lease term is not for the major part of the asset's economic life), that it retains all significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately as of financial reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Contingencies
The Group is currently involved in a few legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Allocation of costs and expenses
Costs and expenses are classified as exclusive and common. Exclusive costs such as raw materials and direct labor are charged directly to the product line. Common costs and expenses are allocated using sales value.

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation and uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project. The estimation of the total cost of the real estate project requires technical inputs from project development engineers.

The Group recognized real estate sales in 2022, 2021 and 2020 amounting to ₱5.36 billion, ₱5.62 billion and ₱7.63 billion, respectively.

Evaluating net realizable value of inventories
Inventories are valued at the lower of cost and net realizable value. The Group reviews its inventory to assess NRV at least annually. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. The net realizable value of inventories are disclosed in Note 6.

Real estate inventories
The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether those inventories are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expense for any period would differ if different judgments were made or different estimates were utilized.

Estimating the useful life of non-financial assets
The Group determines the EUL of its intangibles assets based on the period over which the assets are expected to be available for use. The Group reviews annually the EUL of property and equipment, investment properties and intangible assets based on factors that include asset utilization, internal technical evaluation, and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of intangible assets would increase the recorded amortization expense.

Customer relationship pertains to Toyota's contractual arrangements with its top dealer customers which lay out the principal terms upon which its dealers agree to do business. Management assessed the useful life of the customer relationship to be indefinite since management is of the view that there is no foreseeable limit to the period over which the customer relationship is expected to generate net cash inflows to Toyota.

The said assessment is based on the track record of stability for the auto industry and the Toyota brand. Added to this is the commitment of management to continue to invest for the long term, to extend the period over which the intangible asset is expected to continue to provide economic benefits.

The carrying values of investment properties, property and equipment and customer relationship are disclosed in Notes 9, 11 and 13, respectively.

Evaluating impairment of non-financial assets
The Group reviews input VAT, investments in associates and joint ventures, investment properties, creditable withholding tax, property and equipment, customer relationship, and other noncurrent assets for impairment. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the FVLCTS and VIU. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect investments in associates and joint ventures, and property and equipment.

The Group considers the significant or prolonged decline in the quoted market price of MBTC and MPIC as an indicator of impairment. Accordingly, the Group conducted an impairment assessment of its investments in MBTC and MPIC. The Group uses the higher of FVLCTS and VIU in determining the recoverable amount. The recoverable amount of the investment in MBTC has been determined based on the discounted cash flow methodology while that of MPIC is determined based on the sum of the parts of the VIU and FVLCTS of the MPIC Group. Based on the Group's impairment testing, the investments in MBTC and MPIC are determined to be not impaired.

The carrying values of input VAT and creditable withholding taxes, investments in associates and joint ventures, investment properties, property and equipment, customer relationship, and other noncurrent assets are disclosed in Notes 7, 8, 9, 11, 13 and 14, respectively.

Impairment of goodwill and intangible assets with indefinite useful life
The Group conducts an annual review for any impairment in the value of goodwill and intangible assets with indefinite useful life (i.e., customer relationship). Goodwill is written down for impairment when the net present value of the forecasted future cash flows from the business is insufficient to support its carrying value. The Group estimates key inputs such as discounted future cash flows forecasts, expected gross margins, discount rates and long-term growth rates. The Group uses the weighted average cost of capital in discounting the expected cash flows from specific CGUs.

Refer to Notes 12 and 13 for the details regarding the carrying values of the Group's goodwill and intangible assets as well as details regarding the impairment review and assessment.

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of deferred income tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

The recognized and unrecognized deferred tax assets on temporary differences of the Group are disclosed in Note 29.

Estimating pension and other retirement benefits
The determination of the obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 28 and include among others, discount rates, turnover rates and rates of salary increase. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect retirement obligations. The carrying values of pension asset, liability and expense are disclosed in Note 28.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. The carrying values of financial instruments are disclosed in Note 32.

Provision for product warranties
Estimated warranty costs are provided at the time of sale. The provision is based on the estimated costs of future servicing the products sold, the costs of which are not recoverable from customers. A provision is recognized for expected warranty claims on products sold during the last two (2) years, based on past experience of the level of returns and repairs. It is expected that most of these costs will be incurred in the next financial year and all will be incurred within three (3) years as of the reporting date. Provision for product warranty is disclosed in Note 20.

4. CASH AND CASH EQUIVALENTS

This account consists of:

	2022	2021
Cash on hand	**₱212**	₱34
Cash in banks and other financial institutions (Note 27)	**5,349**	4,469
Cash equivalents (Note 27)	**18,444**	12,901
	₱24,005	₱17,404

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the prevailing interest rates ranging from 0.025% to 5.75% in 2022, from 0.05% to 1.25% in 2021 and from 0.125% to 3.75% in 2020 (Notes 23 and 27).

5. RECEIVABLES

This account consists of:

	2022	2021
Trade receivables	**₱10,688**	₱11,132
Loans receivable (Note 27)	**6,084**	5,618
Accrued rent and commission income (Note 27)	**1,644**	1,230
Nontrade receivables (Note 27)	**1,360**	1,051
Accrued interest receivable (Note 27)	**817**	434
Management fee receivables (Note 27)	**282**	150
Installment contracts receivables	**249**	335
Others (Note 27)	**204**	447
	21,328	20,397
Less: Allowance for credit losses	**943**	779
	₱20,385	₱19,618

Total receivables shown in the consolidated statements of financial position follow:

	2022	2021
Current portion	**₱14,135**	₱15,852
Noncurrent portion	**6,250**	3,766
	₱20,385	₱19,618

Noncurrent portion are as follows:

	2022	2021
Trade receivables	**₱1,156**	₱2,442
Loans receivable	**5,094**	1,324
	₱6,250	₱3,766

Trade Receivables
Trade receivables pertain to receivables from sale of vehicles and/or parts and services. These are noninterest-bearing and generally have 30 days to one-year term. These also include sale of lots with terms of 60 days to five years. Interest rates used in discounting the receivables on sale of lots range from 2.85% to 3.67% in 2022 and 2021.

Loans Receivable
Loans receivable from various counterparties in real estate segment amounted to ₱6,084 million and ₱5,618 million as of December 31, 2022 and 2021, respectively.

Loans receivable from Cathay International Resources Corp. (CIRC)
In 2012, Federal Land entered into a loan agreement with CIRC. Federal Land agreed to lend to CIRC a total amount of ₱705.00 million with a nominal and effective annual interest rate of 3.15% and 4.81%, respectively. The loan will mature on the tenth year anniversary from the date of execution of the agreement. Federal Land used discounted cash flow analyses to measure the fair value of the loan at initial recognition amounted to ₱610.78 million. The 'Day 1' difference for this receivable amounted to ₱94.22 million at inception in 2012. Accretion of interest in 2022, 2021 and 2020 amounted to ₱11.59 million, ₱6.05 million and ₱10.56 million, respectively (Note 23). In December 2022, Federal Land agreed to extend the loan with nominal interest rate of 4.15% and maturity date on December 21, 2032.

In 2021, Federal Land entered into a loan agreement with CIRC for a total amount of ₱50.00 million with nominal interest rate of 6.00% per annum and maturity date on December 24, 2024.

In 2022, Federal Land entered into a new loan agreement with CIRC for a total amount of ₱150.00 million with nominal interest rate of 4.15% per annum and maturity date on December 21, 2032.

The outstanding balance of long-term loans receivable from CIRC as of December 31, 2022 and 2021 amounted to ₱905.00 million and ₱743.41 million, respectively (Note 27).

Loans receivable from Multi Fortune Holdings, Inc. (MFHI)
In 2022, Federal Land entered into a loan agreement with MFHI. Federal Land agreed to lend to MFHI a total of ₱154.00 million with nominal interest rate of 4.40% per annum and maturity date on December 21, 2032.

In 2021, Federal Land entered into several loan agreements with MFHI. Federal Land agreed to lend to MFHI a total of 299.00 million with nominal interest rates ranging from 4.33% to 5.54% per annum and maturity date on December 15, 2031.

In 2020, Federal Land entered into several loan agreements with MFHI. Federal Land agreed to lend to MFHI an aggregate amount of ₱290.00 million payable in 2025 with nominal interest rates ranging from 5.25% to 5.95% per annum.

In 2019, Federal Land entered into a new loan agreement with MFHI. Federal Land agreed to lend to MFHI a total amount of ₱135.00 million with nominal interest rates ranging from 6.06% to 6.60% annually. The loan will mature on the fifth year anniversary of the execution.

In 2017, Federal Land entered into a loan agreement with MFHI. Federal Land agreed to lend to MFHI a total amount of ₱290.00 million with nominal interest rate of 6.60% annually. The loan matured on its fifth year anniversary in 2022.

Interest income earned in 2022, 2021 and 2020 amounted to ₱59.21 million, ₱45.72 million and ₱31.66 million, respectively (Note 23).

The total outstanding balance of long-term loans receivables from MFHI as of December 31, 2022 and 2021 amounted to ₱1.16 billion and ₱1.01 billion, respectively.

Loans receivable from Bonifacio Landmark Realty and Development Corporation (BLRDC)
In 2022, Federal Land entered into a loan agreement with BLRDC to lend BLRDC for a total of ₱150.00 million with nominal interest rate of 6.75% and maturity date on August 25, 2028. Interest income earned amounted to ₱8.59 million and ₱10.49 million in 2022 and 2021, respectively.

In 2021, Federal Land entered into several loan agreements with BLRDC to lend BLRDC for a total of ₱550.00 million with nominal interest rate of 5.25% and maturity date on August 25, 2028. Interest income earned amounted to ₱28.88 million and ₱10.49 million in 2022 and 2021, respectively.

In 2020, Federal Land entered into several loan agreements with BLRDC to lend BLRDC for a total of ₱3.31 billion with nominal interest rates ranging from 5.00% to 5.25% and terms of less than one year. In 2022, these loans with a total amount of ₱3.31 billion have been renewed with a maturity date of March 1, 2029 and a new interest rate of 6.75% per annum. Interest income earned in 2022, 2021 and 2020 amounted to ₱215.01 million, ₱169.56 million and ₱14.04 million, respectively.

The total outstanding balance of long-term loans receivables from BLRDC as of December 31, 2022 and 2021 amounted to ₱4.01 billion and ₱3.86 billion, respectively.

Accrued Rent and Commission Income
Accrued rent pertains to tenants' rentals and their share in utilities (electricity, water and liquefied petroleum gas) and other charges to customers (Note 27). Commission income pertains to commission earned from sale of real estate properties (Note 27).

Nontrade Receivables
Nontrade receivables mainly consist of vehicle acquisition plan loans extended to employees which are collectible within one year and expenses of the affiliates which were advanced by the Group (Note 27).

Management Fee Receivables
Management fee receivables pertain to management fee being charged by the real estate businesses for the conduct of relevant studies for the maintenance, upkeep and improvement of real estate properties and equipment of associates and affiliated companies (Note 27).

Installment Contracts Receivables
Installment contracts receivables pertain to receivables from the sale of residential and condominium units. Titles to the sold residential and condominium units are transferred to the buyers only upon full payment of the contract price.

The details of installment contracts receivables and contract assets follow:

	2022	2021
Installment contracts receivables	₱251	₱338
Less: Unearned interest income	2	3
	₱249	₱335

Installment contracts receivables are collected over a period of one to 10 years. The fair value upon initial recognition for Federal Land is derived using the discounted cash flow methodology using discount rate of 8.00% in 2022 and 2021.

Movements in the unearned interest income in 2022 and 2021 follow:

	2022	2021
Balance at beginning of year	₱3	₱4
Additions	1	1
Accretion (Note 23)	(2)	(2)
Balance at end of year	₱2	₱3

Others Receivables
Other receivables include receivable from employees and retention, bond and guarantee fee receivables (Note 27).

Allowance for Credit Losses
Changes in the allowance for credit losses on receivables are as follows:

	DECEMBER 31, 2022		
	Trade Receivables	Other Receivables	TOTAL
Balance at beginning of year	₱228	₱551	₱779
Provision for credit losses - net (Note 26)	2	162	164
Balance at end of year	₱230	₱713	₱943

	DECEMBER 31, 2021		
	Trade Receivables	Other Receivables	TOTAL
Balance at beginning of year	₱234	₱187	₱421
Provision for (reversal of allowance for) credit losses - net (Note 26)	(6)	364	358
Balance at end of year	₱228	₱551	₱779

6. INVENTORIES

This account consists of:

	2022	2021
At Cost		
Real estate		
Land and improvements	**₱34,947**	₱44,142
Condominium units held for sale	**15,016**	13,738
Construction in progress	**3,951**	6,926
Gasoline retail and petroleum products (Note 24)	**7**	10
Food (Note 24)	**5**	5
Automotive		
Finished goods	**3,277**	3,046
Work-in-process	**30**	28
Raw materials	**7,717**	5,043
Raw materials in transit	**3,098**	4,785
Spare parts	**104**	71
	68,152	77,794
At NRV		
Automotive		
Spare parts	**1,247**	1,023
	₱69,399	₱78,817

A summary of movements in real estate inventories (excluding gasoline retail and petroleum products, and food) follows:

2022	Land and improvements	Condominium units held for sale	Construction in progress	TOTAL
Balance at beginning of year	**₱44,142**	**₱13,738**	**₱6,926**	**₱64,806**
Construction and development costs incurred	**217**	**4,050**	**–**	**4,267**
Land acquired during the year	**92**	**–**	**–**	**92**
Borrowing costs capitalized	**105**	**9**	**286**	**400**
Cost of sales during the year	**(268)**	**(2,781)**	**(130)**	**(3,179)**
Assets contribution in a joint venture (Note 8)	**(6,297)**	**–**	**–**	**(6,297)**
Transfers to investment properties (Note 9)	**(2,773)**	**–**	**(3,131)**	**(5,904)**
Others	**(271)**	**–**	**–**	**(271)**
Balance at end of year	**₱34,947**	**₱15,016**	**₱3,951**	**₱53,914**

2021	Land and improvements	Condominium units held for sale	Construction in progress	TOTAL
Balance at beginning of year	₱42,822	₱11,710	₱4,552	₱59,084
Construction and development costs incurred	1,116	4,326	2,307	7,749
Land acquired during the year	114	–	–	114
Borrowing costs capitalized	188	16	508	712
Cost of sales during the year	(98)	(2,890)	(135)	(3,123)
Transfers from construction in progress to condominium units for sale	–	204	(204)	–
Transfers from investment properties (Note 9)	–	372	(102)	270
Balance at end of year	₱44,142	₱13,738	₱6,926	₱64,806

Federal Land's capitalized borrowing costs in its real estate inventories amounted to ₱111.00 million and ₱207.00 million in 2022 and 2021, respectively, for loans specifically used to finance Federal Land's project construction with interest rates ranging from 3.25% to 6.71% in 2022 and 2021, and from 4.50% to 6.71% in 2020. Also, Federal Land's capitalized borrowing costs in respect of its general borrowing amounted to ₱18.00 million and ₱505.12 million in 2022 and 2021, respectively. The average capitalization rate used to determine the amount of borrowing costs eligible for capitalization ranged from 3.10% to 5.57% in 2022 and 2021.

Inventories charged to operations follow:

	2022	2021	2020
Cost of goods and services sold (Note 24)	**₱157,079**	₱102,959	₱76,479
Cost of goods manufactured and sold (Note 25)	**36,366**	32,111	23,554
Cost of real estate sales	**3,059**	3,123	4,120
	₱196,504	₱138,193	₱104,153

The cost of real estate sales is net of ₱0.12 billion cost of land sold by the Parent Company to FNG in 2022 (Note 27).

The cost of the inventories carried at NRV amounted to ₱1.25 billion and ₱1.02 billion as of December 31, 2022 and 2021, respectively.

Allowance for inventory write-down on automotive spare parts inventories follow:

	2022	2021
Balance at beginning of year	**₱143**	₱141
Provision for inventory write-down (Note 26)	**51**	9
Write-off of scrap inventories	**(8)**	(5)
Reversal	**–**	(2)
Balance at end of year	**₱186**	₱143

The Group has no purchase commitments pertaining to its inventories as of December 31, 2022 and 2021.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2022	2021
Input VAT	**₱4,920**	₱4,308
Creditable withholding taxes (CWT)	**3,653**	2,201
Ad-valorem tax for refund	**2,704**	–
Assets held for sale (Note 19)	**2,145**	1,127
Advances to contractors and suppliers	**1,443**	1,706
Prepaid Ad-valorem tax	**961**	686
Prepaid expenses (Note 21)	**842**	1,003
Advances to officers, employees and agents (Note 27)	**90**	56
Safeguard bonds	**35**	2,551
Short-term investments (Note 27)	**–**	136
Others	**316**	296
	₱17,109	₱14,070

Input VAT arises from the Group's purchases of goods and services and will be applied against output VAT on sales in the succeeding periods.

Ad-valorem tax pertains to the incremental Ad-valorem tax paid by Toyota in 2022 which is subject for refund. In 2022, Bureau of Internal Revenue (BIR) issued memorandum circular which resulted to increased Ad-valorem tax payments on manufactured and imported vehicles. The said circular was repealed in February 2023.

Prepaid Ad-valorem tax represents advance payments to the BIR and Bureau of Customs (BOC). These are either advance payment to be applied against taxes on the manufactured vehicles or taxes on unsold inventories.

CWT is attributable to taxes withheld by third parties arising from service fees, real estate revenue, auto sales and rental income.

On February 24, 2020, Federal Land's BOD approved the plans to transfer the "The Grand Midori - Ortigas (TGMO)" project to FLOC, a subsidiary of Federal Land. In the last quarter of 2020, Federal Land provided notice to its customers that there will be a change in the developer of TGMO. Accordingly, subject to the approval of relevant government regulatory agencies, the project owner and developer of TGMO will be changed to FLOC. In 2022, Federal Land management approved the change from FLOC to MPI, which is also a subsidiary of Federal Land, to which Federal Land will transfer TGMO. Currently, the process of transferring ownership of the property and the issuance of license to sell to MPI is not yet completed as of December 31, 2022. As a result, all assets and liabilities consisting of installment contracts receivables, real estate inventories, contract liabilities and other payables associated to TGMO were reclassified as assets held for sale and liabilities held for sale of Federal Land (Note 19).

Advances to contractors and suppliers pertain to the Group's advances and initial payments for the purchase of construction materials and supplies and contractor services. These are liquidated every progress billing payment and will be due and demandable upon breach of contract.

Prepaid expenses mainly include prepayments for supplies, commission, taxes and licenses, rentals, and insurance.

Advances to officers and employees amounting to ₱80.81 million and ₱46.79 million as of December 31, 2022 and 2021, respectively, pertain mainly to cash advances for business-related expenses. Advances to officers and employees are liquidated within 30 days after incurrence of expense.

Cash advances to agents amounting to ₱9.60 million and ₱9.31 million as of December 31, 2022 and 2021, respectively, pertain to mobilization funds granted to agents to finance their sales-related needs. These advances are subject to liquidation within 30 days after the release of cash advance.

Safeguard bonds represent payments made by Toyota to the Bureau of Customs for the provisional safeguard duties on imported vehicles in line with Department Administrative Order No. 20-11 of the Department of Trade and Industry. The imposition of the said provisional duties was subsequently revoked in August 2021.

Short-term investments in 2021 pertain to time deposit placements in an affiliated bank, with interest rates ranging from 0.05% to 0.63% and maturity of less than 12 months (Note 27).

Others include deferred import charges, marginal deposits set aside for payment to the contractors and suppliers, security deposit for operating leases, ancillary services, and deposit for purchase of external services and materials.

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

This account consists of:

	2022	2021
Investments in associates	**₱168,246**	₱166,620
Investments in joint ventures	**31,992**	19,567
	₱200,238	₱186,187

There were no impairment losses for any of these investments in 2022 and 2021.

The movements in the Group's investments in associates follow:

	2022	2021
Cost		
Balance at beginning and end of year	**₱112,319**	₱112,319
Accumulated equity in net income		
Balance at beginning of year	**79,241**	68,589
Equity in net income for the year	**14,594**	10,430
Amortization of FV increment on net asset	**(165)**	(200)
Elimination during the year	**(3)**	–
Recognition of previously deferred gain*	**107**	422
Balance at end of year	**93,774**	79,241
Dividents received		
Balance at beginning of year	**(22,209)**	(14,360)
Dividends received during the year	**(5,943)**	(7,849)
Balance at end of year	**(28,152)**	(22,209)
Accumulated equity in other comprehensive income (loss)		
Balance at beginning of year	**(4,416)**	(1,429)
Equity in fair value changes on financial assets at FVOCI for the year	**(7,489)**	(4,486)
Equity in translation adjustments	**92**	720
Equity in remeasurement of life insurance reserves	**362**	236
Equity in net unrealized gain on remeasurement of defined benefit plans	**536**	564
Equity in cash flow hedge reserve	**61**	–
Equity in other equity adjustments	**–**	(21)
Balance at end of year	**(10,854)**	(4,416)
Effect of elimination of intragroup profits		
Balance at beginning of year	**1,685**	1,685
Elimination during the year	**3**	–
Reclassification during the year*	**(422)**	–
Recognition of previously deferred profits*	**(107)**	–
Balance at end of year	**1,159**	1,685
	₱168,246	₱166,620

**Pertains to intercompany sale of lots in 2014 and 2015, which were sold to third parties in 2022.*

The movements in the Group's investments in joint ventures follow:

	2022	2021
Cost		
Balance at beginning of year	₱17,614	₱16,605
Additional investments during the year	577	1,009
Asset contribution in the form of real estate inventories (Notes 6 and 27)	10,159	–
Effect of business combination	(100)	–
Balance at end of year	28,250	17,614
Accumulated equity in net income		
Balance at beginning of year	2,801	2,388
Equity in net income for the year	1,922	413
Effect of business combination	21	–
Balance at end of year	4,744	2,801
Dividents received		
Balance at beginning of year	(70)	(62)
Dividends received during the year	(20)	(8)
Balance at end of year	(90)	(70)
Accumulated equity in other comprehensive income (loss)		
Balance at beginning of year	(170)	(317)
Equity in net unrealized loss on remeasurement of defined benefit plans	(1)	(2)
Equity in cash flow hedge reserve	(242)	149
Balance at end of year	(413)	(170)
Effect of elimination of intragroup profits (losses)		
Balance at beginning of year	(608)	(711)
Elimination of deferred profit on sale	(207)	–
Recognition of previously deferred profit	316	103
Balance at end of year	(499)	(608)
	₱31,992	₱19,567

Details regarding the Group's associates and joint ventures follow:

	Nature of Busines	Country of Incorporation	2022	2021
Associates:				
MBTC	Banking	Philippines	37.15	37.15
MPIC	Infrastructure	-do-	17.08	16.30
Phil AXA	Insurance	-do-	25.33	25.33
Crown Central Properties Corporation (CCPC)	Real estate	-do-	48.00	48.00
Joint Ventures:				
BLRDC*	Real estate	-do-	70.00	70.00
North Bonifacio Landmark Realty and Development Inc. (NBLRDI)*	-do-	-do-	70.00	70.00
Federal Land NRE Global, Inc. (FNG)*	-do-	-do-	66.00	–
Sunshine Fort North Bonifacio Realty and Development Corporation (Sunshine Fort)*	-do-	-do-	60.00	60.00
HSL South Food Inc. (HSL)*	-do-	-do-	60.00	60.00
Sunshine Fort North Bonifacio Commercial Management Corporation (SFNBCMC)*	-do-	-do-	51.00	51.00
Alveo Federal Land Communities, Inc. (AFLCI)	-do-	-do-	50.00	50.00
ST 6747 Resources Corporation (STRC)	-do-	-do-	50.00	50.00
Pasay Hong Kong Realty Dev't Corp. (PHRDC)**	-do-	-do-	–	50.00
Mitsukoshi Federal Retail, Inc. (MFRI)	-do-	-do-	40.00	40.00
TFSPC	Financing	-do-	40.00	40.00
SMFC	-do-	-do-	20.00	20.00

**Federal Land does not exercise control at more than 51% ownership over these joint ventures (JV) entities, but instead exercises joint control as Federal Land and the JV partners have contractually agreed to share control over the relevant economic activities of the JV entities.*
***In December 2022, Federal Land increased ownership from 50.00% to 100.00% thereby obtaining control over PHRDC. Accordingly, PHRDC was consolidated by Federal Land starting December 2022.*

The following table summarizes cash dividends declared and paid by the Group's associates and joint ventures (amount in millions, except for dividend per share):

	Declaration Date	Per Share	Total	Record Date	Payment Date
2022					
MBTC	February 23, 2022	₱0.80	₱3,598	March 17, 2022	March 31, 2022
MBTC*	February 23, 2022	1.40	6,296	March 17, 2022	March 31, 2022
MBTC	February 23, 2022	0.80	3,598	September 9, 2022	September 23, 2022
MPIC	March 9, 2022	0.0678	2,031	March 25, 2022	April 6, 2022
MPIC*	March 9, 2022	0.0082	246	March 25, 2022	April 6, 2022
SMFC	June 24, 2022	5.01	100	July 11, 2022	July 20, 2022
MPIC	August 3, 2022	0.0345	1,011	August 22, 2022	September 8, 2022
Phil AXA	December 20, 2022	142.00	1,420	November 28, 2022	December 22, 2022

**Special cash dividends*

	Declaration Date	Per Share	Total	Record Date	Payment Date
2021					
MBTC	February 17, 2021	₱1.00	₱4,497	March 5, 2021	March 18, 2021
MBTC*	February 17, 2021	3.00	13,492	March 5, 2021	March 18, 2021
MPIC	March 3, 2021	0.0481	1,475	March 18, 2021	March 31, 2021
MPIC*	March 3, 2021	0.0279	856	March 18, 2021	March 31, 2021
SMFC	June 25, 2021	1.93	39	July 12, 2021	July 21, 2021
MPIC	August 4, 2021	0.0345	1,057	August 18, 2021	September 2, 2021
Phil AXA	December 9, 2021	247.00	2,470	November 30, 2021	December 17, 2021

**Special cash dividends*

Investment in MBTC

In 2020, the Parent Company's ownership interest in Metrobank increased from 36.65% to 37.15% after acquiring an aggregate of 22.11 million common shares of Metrobank for a total consideration of ₱1.25 billion.

Investment in MPIC

As a result of MPIC's buy-back program in 2022 and 2021, the issued and outstanding shares of MPIC declined to 28,695,934,752 and 30,070,247,752 as of December 31, 2022 and 2021, respectively. This resulted to an increase in the Parent Company's ownership in MPIC to 17.08% and 16.30% as of December 31, 2022 and 2021, respectively.

On May 27, 2016, the Parent Company subscribed to 3.60 billion common shares of MPIC for a total subscription price of ₱21.96 billion. On the same day, the Parent Company entered into a Sale and Purchase Agreement with Metro Pacific Holdings, Inc. (MPHI), with the Parent Company as the buyer and MPHI as the seller of 1.30 billion common shares of MPIC for a total consideration of 7.94 billion. On August 5, 2016, the SEC approved the increase in the authorized capital stock of MPIC. As a result, the Parent Company's ownership interest is 15.55% of the issued and outstanding capital stock of MPIC.

In relation to the acquisition, the Parent Company capitalized advisory fees and other professional fees amounting to ₱0.24 billion and ₱0.04 billion, respectively, as part of the cost of the investment.

Based on the final purchase price allocation relating to the Parent Company's investment in MPIC, the difference of ₱7.41 billion between the Parent Company's share in the carrying values of MPIC's specific identifiable assets and liabilities and total cost of the Parent Company's investment was allocated to the Parent Company's share in the difference between the fair values and carrying values of MPIC's specific and identifiable assets and liabilities amounting to ₱4.68 billion and the remaining balance of ₱2.73 billion as goodwill.

Investment in BLRDC
On June 8, 2012, Federal Land and Orix Risingsun Properties II, Inc. (ORPI) entered into a joint venture agreement for the creation of BLRDC, with Federal Land owning 70% and ORPI owning 30% to develop three (3) main projects, namely (1) residential condominium project, (2) hotel/office building, and (3) hotel operation .

Investment in NBLRDI
On June 14, 2018, Federal Land entered into a Joint Venture Agreement with ORPI to incorporate a joint venture company, NBLRDI, in which Federal Land held 70% equity interest. The agreement was entered to develop Grand Hyatt Residences Tower II.

Investment in FNG
In January 2022, Federal Land signed a joint venture agreement with Nomura Real Estate Development Co., Ltd. (NRE) to incorporate Federal Land NRE Global, Inc. (FNG), in which Federal Land holds a 66% stake. FNG was incorporated on March 25, 2022. FNG will develop a new urban lifestyle, creating value, and sustainable growth. As its initial project, it will incorporate four areas of land development with a total area of about 250 hectares in Metro Manila, Cavite and Cebu. These include an initial pipeline of residential, office, commercial and industrial facilities.

In 2022, FLI and HLPDC entered into a deed of exchange agreements with NRE where FLI and HLPDC will contribute real estate inventories with a total fair value of ₱17.66 billion in exchange for common and preferred shares in FNG. The total cost of the said real estate inventories amounted to ₱6.30 billion (Note 6). The Group recognized gain on the asset-for-share swap amounting to ₱3.86 billion, net of intercompany elimination. As a result of the asset-for-share swap, the cost of investment in FNG included the cost of inventories and the gain, amounting to ₱6.30 billion and ₱3.86 billion, respectively.

Investment in Sunshine Fort
On July 3, 2017, Federal Land entered into a Joint Venture Agreement with NREMI Development Company (NRE) to incorporate a joint venture company in which Federal Land held 60% equity interest. In 2017, Federal Land made an initial investment amounting to ₱288.75 million. In 2018, Federal Land made additional investments amounting to ₱4.33 billion.

Investment in AFLCI
On April 29, 2015, Federal Land and Alveo Land Corp. executed a joint venture agreement for the organization of a joint venture, AFLCI, to manage the development of a 45-hectare property along Laguna Boulevard in Biñan, Laguna. AFLCI was incorporated on June 16, 2015. An initial investment amounting to ₱574.13 million was reflected as additions to the investments in associates and joint ventures in 2015. In 2016, an additional investment amounting to ₱17.00 million was made.

Investment in STRC
In June 2016, SM Development Corporation (SMDC) entered into an agreement with Federal Land to incorporate a joint venture company, STRC, in which Federal Land holds a 50% stake. STRC will develop a 3,200 square meter property located along Ayala Avenue as a high-end luxury residential tower. An initial investment amounting to ₱250.00 million was reflected as additions to the investments in associates and joint ventures in 2016.

On December 12, 2016, the BOD of Federal Land approved the additional investment in STRC amounting to ₱750.00 million divided into preferred shares in the amount of ₱712.50 million and common shares in the amount of ₱37.50 million. On January 10, 2017, Federal Land has fully paid its subscription to STRC. The percentage of ownership is retained as SMDC also invested an equivalent amount.

In 2018 and 2017, Federal Land made additional investments in STRC amounting to ₱0.47 billion and ₱0.03 billion, respectively.

Investment in TFSPC
On August 29, 2014, the Parent Company signed a Sale and Purchase Agreement with MBTC and Philippine Savings Bank (PSBank), a majority owned subsidiary of MBTC, to purchase their respective shares in TFSPC representing 15.00% and 25.00%, respectively, of ownership interest for an aggregate consideration of ₱2.10 billion.

In 2021, 2020 and 2018, the Parent Company remitted ₱800.00 million, ₱800.00 million and ₱720.00 million, respectively, to TFSPC in response to the latter's equity call upon its stockholders.

Investment in SMFC
On August 11, 2017, the Parent Company acquired 4.0 million common shares, representing 20% ownership in SMFC for a total consideration of ₱379.92 million from PSBank and PSBank Retirement Fund. In relation to the acquisition, the Parent Company capitalized documentary stamp taxes amounting to ₱1.50 million as part of the cost of the investment.

Fair Value of Investments in Associates and Joint ventures
Phil AXA and CCPC as well as BLRDC, NBLRDI, Sunshine Fort, SFNBCMC, AFLCI, STRC, PHRDC, HSL, MFRI, FNG, TFSPC and SMFC are private companies and there are no quoted market prices available for their shares.

As of December 31, 2022 and 2021, the fair values of the Group's investments in PSE-listed entities follow, which are below their respective carrying values (Note 32):

	2022	2021
MBTC	**₱90,213**	₱91,048
MPIC	**16,709**	19,110
	₱106,922	₱110,158

Management considers significant or prolonged decline in the quoted market price of MBTC and MPIC as an indicator of impairment. Accordingly, the Group conducted an impairment assessment of its investments in MBTC and MPIC. The Group uses the higher of FVLCTS and VIU in determining the recoverable amount. Based on the Group's impairment testing, the investments in MBTC and MPIC are determined to be not impaired.

The recoverable amount of the investment in MBTC was based on the VIU of MBTC. The discount rate applied to MBTC cash flow projections is 9.60%. Cash flows beyond the five-year period are extrapolated using a steady growth rate of 3.00%. The calculation of VIU for the MBTC CGU is most sensitive to the assumptions on revenue and terminal growth rates, and discount rate.

The recoverable amount of the investment in MPIC, which is the calculated VIU, was based on the sum-of-the-parts of the VIU and FVLCTS of the MPIC Group. The VIU and FVLCTS calculations for the MPIC CGU are most sensitive to the FVLCTS of its listed associate based on its market price, and the VIU of MPIC's component businesses based on net asset values, cash flow forecasts and applicable discount. Regarding the assessment of the VIU of investments in MBTC and MPIC, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

The following tables present the carrying values of the Group's material associates:

Investment in MBTC

	2022	2021
Consolidated Statements of Comprehensive Income		
Net interest income, other income and share in net income of associates and joint ventures	₱113,026	₱101,448
Expenses and provision for income tax	79,728	79,084
Net income	33,298	22,364
Other comprehensive loss	(19,297)	(9,663)
Total comprehensive income	14,001	12,701
*Consolidated Statements of Financial Position**		
Total assets	2,843,090	2,502,816
Total liabilities	(2,515,000)	(2,175,084)
Net assets	328,090	327,732
Equity attributable to NCI	(9,582)	(9,227)
Net assets attributable to common shareholders of MBTC	318,508	318,505
GT Capital's ownership interest	37.15%	37.15%
GT Capital's share in net assets	118,326	118,325
Notional goodwill	4,162	4,162
Fair value and other adjustments	2,485	2,974
	₱124,973	₱125,461

**MBTC does not present classified consolidated statements of financial position.*

Investment in MPIC

	2022	2021
Consolidated Statements of Comprehensive Income		
Revenue	₱101,253	₱87,364
Expenses and provision for income tax	87,315	75,695
Net income	13,938	11,669
Other comprehensive loss (loss)	4,417	4,839
Total comprehensive income	18,355	16,508
Consolidated Statements of Financial Position		
Current assets	68,903	72,412
Noncurrent assets	575,733	511,922
Current liabilities	(76,683)	(58,452)
Noncurrent liabilities	(322,283)	(289,017)
Net assets	245,670	236,865
Equity attributable to NCI	(45,757)	(43,561)
Net assets attributable to common shareholders of MPIC	199,913	193,304
GT Capital's ownership interest	17.08%	16.30%
GT Capital's share in net assets	34,145	31,509
Capitalized transaction cost	277	277
Notional goodwill	2,573	2,573
Fair value and other adjustments	3,060	3,835
	₱40,055	₱38,194

The following table presents the carrying value of the Group's material joint venture:

Investment in FNG

	2022
Consolidated Statements of Comprehensive Income	
Revenues	₱50
Expenses and provision for income tax	162
Net loss	(112)
Other comprehensive income	–
Total comprehensive loss	(112)
Consolidated Statements of Financial Position	
Current assets	27,169
Noncurrent assets	8
Current liabilities	(64)
Noncurrent liabilities	33
Net assets	27,146
GT Capital's ownership interest	66.00%
GT Capital's share in net assets	17,916
Intercompany eliminations and other adjustments	(7,455)
	₱10,461

The following table presents the aggregate financial information of the Group's other associates and joint ventures as of and for the years ended December 31, 2022 and 2021:

	2022		2021	
	Associates	Joint ventures	Associates	Joint ventures
Statements of Financial Position				
Current assets	₱195	₱41,408	₱222	₱36,000
Non-current assets	44	20,642	44	17,780
Total assets*	157,262	133,287	177,277	122,139
Current liabilities	64	23,695	73	20,030
Non-current liabilities	9	12,117	1	9,307
Total liabilities*	144,762	117,963	165,713	107,808
Statements of Comprehensive Income				
Revenues	₱16,323	₱25,624	₱23,165	₱18,581
Expenses	12,876	20,014	20,072	16,209
Net income	2,571	4,112	2,289	1,371
Other comprehensive income (loss)	(190)	(577)	(282)	430
Total comprehensive income	2,381	3,535	2,007	1,801

**Phil AXA and TFSPC do not present classified statements of financial position.*

The aggregate carrying values of the other associates and joint ventures, which includes Phil AXA, TFSPC, SMFC, CCPC, BLRDC, NBLRDI, Sunshine Fort, SFNBCMC, AFLCI, STRC, PHRDC, HSL and MFRI, amounted to 24.75 billion and 22.53 billion as of December 31, 2022 and 2021, respectively.

Limitation on dividend declaration of associates and joint venture

Phil AXA

Section 195 of the Insurance Code provides that a domestic insurance company shall declare or distribute dividends on its outstanding stock only from profits remaining on hand after retaining unimpaired:

- the entire paid-up capital stock;
- the margin of solvency required;
- the legal reserve fund required; and
- a sum sufficient to pay all net losses reported or in the course of settlement and all liabilities for expenses and taxes.

MBTC and TFSPC
The Bangko Sentral ng Pilipinas (BSP) requires banks to keep certain levels of regulatory capital and liquid assets, limit their exposures to other parts of the Group and comply with other regulatory ratios.

As of December 31, 2022 and 2021, there were no agreements entered into by the associates and joint ventures of the Group that may restrict dividends and other capital distributions to be paid, or loans and advances to be made or repaid to or from other entities within the Group.

As of December 31, 2022 and 2021, accumulated equity in net earnings amounting to ₱70.28 billion and ₱59.76 billion, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon declaration and receipt of cash dividends from the investees.

As of December 31, 2022 and 2021, the Group has no share in the commitments and contingencies of its associates and joint ventures.

9. INVESTMENT PROPERTIES

The composition and rollforward analysis of this account follow:

	DECEMBER 31, 2022			
	Land and Improvements	Building and Improvements	Construction-in-Progress	TOTAL
Cost				
At January 1	**₱4,883**	**₱10,430**	**₱2,917**	**₱18,230**
Additions	**–**	**1,229**	**–**	**1,229**
Transfers (Note 6)	**2,773**	**–**	**3,131**	**5,904**
At December 31	**7,656**	**11,659**	**6,048**	**25,363**
Accumulated Depreciation				
At January 1	**28**	**2,556**	**–**	**2,584**
Depreciation (Note 11)	**4**	**528**	**–**	**532**
At December 31	**32**	**3,084**	**–**	**3,116**
Net Book Value at December 31	**₱7,624**	**₱8,575**	**₱6,048**	**₱22,247**

	DECEMBER 31, 2021			
	Land and Improvements	Building and Improvements	Construction-in-Progress	TOTAL
Cost				
At January 1	₱5,149	₱10,320	₱2,930	₱18,399
Additions	4	97	–	101
Transfers (Note 6)	(270)	13	(13)	(270)
At December 31	4,883	10,430	2,917	18,230
Accumulated Depreciation				
At January 1	24	2,122	–	2,146
Depreciation (Note 11)	4	434	–	438
At December 31	28	2,556	–	2,584
Net Book Value at December 31	₱4,855	₱7,874	₱2,917	₱15,646

Various parcels of land are leased to several individuals and corporations including related parties. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove any and all improvements built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its use and benefit. Rent income recognized from these properties amounted to ₱1.40 billion, ₱1.05 billion and ₱1.75 billion in 2022, 2021 and 2020, respectively (Note 30).

Construction-in-progress pertains to the accumulated cost incurred for the development and redevelopment of Federal Land's malls. The mall redevelopment is expected to be completed in 2023.

The aggregate fair values of the Group's investment properties amounted to ₱46.86 billion and ₱41.85 billion as of December 31, 2022 and 2021, respectively (Note 32). The fair values of the Group's investment properties have been determined based on valuations performed by third party independent appraisers which are accredited by the SEC. The value of the land was estimated by using the Market Data Approach, a valuation approach that considers the sales, listings and other related market data within the vicinity of the subject properties and establishes a value estimate by processes involving comparison. Valuation of the Group's investment properties are done every three years with the latest valuation report issued in 2022.

The Group has no purchase commitments pertaining to its investment properties as of December 31, 2022 and 2021.

10. INVESTMENT SECURITIES

Investment securities consist of:

	2022	2021
Current		
Financial assets at FVTPL (Note 27)		
Quoted	**₱11,160**	₱8,712
Noncurrent:		
Financial assets at FVOCI		
Quoted	**13,154**	15,919
Unquoted	**191**	392
	13,345	16,311
	₱24,505	₱25,023

Financial assets at FVTPL
These pertain to the Parent Company and GTCAM's investments in unit investment trust fund (UITF) (Note 32).

Financial assets at FVOCI
Quoted equity securities
This includes foreign currency-denominated equity investments in Toyota Motor Corporation (TMC), a listed company in the Tokyo Stock Exchange, and investments in Vivant Corporation (VVT), a listed company in the PSE. The total of investments in TMC and VVT amounted to ₱12.89 billion and ₱15.71 billion as of December 31, 2022 and 2021, respectively. The Group has irrevocably elected to classify these investments under this category as it intends to hold these investments for the foreseeable future.

Unquoted equity securities
This account comprises shares of stocks of various unlisted private corporations. The Group has designated these equity securities at FVOCI because they will not be sold in the foreseeable future.

Unquoted equity securities include Toyota Aisin Philippines, Inc. (TAPI), representing 5.00% ownership interest, with carrying values of ₱179.70 million and ₱381.41 million as of December 31, 2022 and 2021, respectively. Also included in the balance are unquoted equity securities held by Federal Land amounting to ₱9.94 million as of December 31, 2022 and 2021.

Unquoted equity securities of Federal Land pertain to preferred shares of a utility company issued to the Group in connection with its subscription to the electricity services of the said utility company needed for Federal Land's real estate projects. The Group does not intend to dispose these investments since these are directly related to the continuity of its business.

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

	2022		
	Attributable to Parent Company	Non-controlling Interest	TOTAL
Balance at beginning of year	**₱4,927**	**₱289**	**₱5,216**
Changes in fair values of financial assets at FVOCI	**(2,999)**	**(69)**	**(3,068)**
Balance at end of year	**₱1,928**	**₱220**	**₱2,148**

	2021		
	Attributable to Parent Company	Non-controlling Interest	TOTAL
Balance at beginning of year	₱1,357	₱198	₱1,555
Changes in fair values of financial assets at FVOCI	3,570	91	3,661
Balance at end of year	₱4,927	₱289	₱5,216

11. PROPERTY AND EQUIPMENT

The composition and rollforward analysis of this account follow:

	2022									
	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	Machinery, Tools and Equipment	Land and Building	Building and Land Improvement	Other Property and Equipment	Right-of-use assets	Construction-in-Progress	TOTAL
Cost										
At January 1	**₱667**	**₱1,216**	**₱297**	**₱2,703**	**₱3,225**	**₱9,098**	**₱6,493**	**₱194**	**₱945**	**₱24,838**
Additions	**130**	**170**	**56**	**36**	**29**	**12**	**17**	**–**	**203**	**653**
Disposals and reclassifications	**(182)**	**1**	**3**	**(8)**	**–**	**(5)**	**12**	**(65)**	**(221)**	**(465)**
At December 31	**615**	**1,387**	**356**	**2,731**	**3,254**	**9,105**	**6,522**	**129**	**927**	**25,026**
Accumulated Depreciation and Amortization										
At January 1	**458**	**842**	**295**	**1,186**	**142**	**1,454**	**5,490**	**53**	**–**	**9,920**
Depreciation and amortization	**106**	**152**	**14**	**259**	**32**	**319**	**613**	**22**	**–**	**1,517**
Disposals and reclassifications	**(183)**	**(45)**	**–**	**(23)**	**–**	**(66)**	**–**	**(45)**	**–**	**(362)**
At December 31	**381**	**949**	**309**	**1,422**	**174**	**1,707**	**6,103**	**30**	**–**	**11,075**
Net Book Value at December 31	**₱234**	**₱438**	**₱47**	**₱1,309**	**₱3,080**	**₱7,398**	**₱419**	**₱99**	**₱927**	**₱13,951**

	2021									
	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	Machinery, Tools and Equipment	Land and Building	Building and Land Improvement	Other Property and Equipment	Right-of-use assets	Construction-in-Progress	TOTAL
Cost										
At January 1	₱705	₱1,106	₱355	₱2,627	₱3,224	₱4,821	₱6,128	₱187	₱904	₱20,057
Additions	110	91	20	54	3	4,256	365	139	120	5,158
Disposals and reclassifications	(148)	19	(78)	22	(2)	21	–	(132)	(79)	(377)
At December 31	667	1,216	297	2,703	3,225	9,098	6,493	194	945	24,838
Accumulated Depreciation and Amortization										
At January 1	463	717	263	951	123	1,144	4,735	49	–	8,445
Depreciation and amortization	131	126	32	236	19	310	755	37	–	1,646
Disposals and reclassifications	(136)	(1)	–	(1)	–	–	–	(33)	–	(171)
At December 31	458	842	295	1,186	142	1,454	5,490	53	–	9,920
Net Book Value at December 31	₱209	₱374	₱2	₱1,517	₱3,083	₱7,644	₱1,003	₱141	₱945	₱14,918

Construction-in-progress as of December 31, 2022 pertains to Federal Land's and Toyota's building construction and improvements, and Toyota Group's machineries and building improvements.

The Group has no significant capital commitments pertaining to its property and equipment as of December 31, 2022 and 2021.

Gain on disposal of property and equipment amounted to ₱58.43 million, ₱33.50 million and ₱6.57 million in 2022, 2021 and 2020, respectively (Note 23).

Details of depreciation and amortization follow:

	2022	2021	2020
Property and equipment	**₱1,517**	₱1,646	₱2,009
Investment properties (Note 9)	**532**	438	401
Intangible assets (Note 13)	**68**	104	107
	₱2,117	₱2,188	₱2,517

Breakdown of depreciation and amortization in the consolidated statements of income follows:

	2022	2021	2020
Consolidated Statements of Income			
Cost of goods manufactured	**₱896**	₱990	₱1,098
Cost of rental (Note 30)	**529**	434	397
Cost of goods and services	**–**	–	12
General and administrative expenses (Note 26)	**692**	764	1,010
	₱2,117	₱2,188	₱2,517

12. GOODWILL

Goodwill in relation to acquisitions has been attributed to the following CGUs:

	2022	2021
Toyota	**₱5,597**	₱5,597
TMBC	**241**	241
TRDCI	**88**	88
	₱5,926	₱5,926

Goodwill
Goodwill comprises the excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group.

Toyota
The recoverable amount of Toyota CGU was based on VIU calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 11.51% in 2022 and 9.52% in 2021. Cash flows beyond the five-year period are extrapolated using a steady growth rate of 2.82% in 2022 and 3.10% in 2021. The carrying value of goodwill amounted to ₱5.60 billion as of December 31, 2022 and 2021. No impairment loss was recognized for goodwill arising from the acquisition of Toyota.

The calculations of VIU for the Toyota CGU are most sensitive to the following assumptions:

- Budgeted gross margins - Gross margins are based on vehicle models mix per dealer and the foreign exchange movements between the Philippine Peso versus the United States (US) Dollar and the Japanese Yen versus the US Dollar.
- Growth rate - The projected growth rate is based on a conservative steady growth rate that does not exceed the compounded annual growth rate for the global automotive industry; and
- Pre-tax discount rate - Discount rates reflect management's best estimate of the risks associated with the specific CGU. This is the benchmark rate used by management to measure operating performance.
- Regarding the assessment of the VIU of Toyota, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

TMBC
The recoverable amount of TMBC CGU was based on VIU calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 12.05% in 2022 and 11.36% in 2021. Cash flows beyond the forecast period are extrapolated using a long-term growth rate of 2.82% in 2022 and 3.10% in 2021. The carrying value of goodwill amounted to ₱241.06 million as of December 31, 2022 and 2021. No impairment loss was recognized on the goodwill arising from the acquisition of TMBC.

The calculations of VIU for TMBC CGU are most sensitive to the following assumptions:

- Expected future cash inflows from automobile sales
- Growth rate; and
- Pre-tax discount rate - Discount rate reflects management's best estimate of the risks associated with the specific CGU.

Regarding the assessment of the VIU of TMBC, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

13. INTANGIBLE ASSETS

Intangible assets consist of:

	2022	2021
Customer relationship	**₱3,883**	₱3,883
Software costs - net	**214**	127
Franchise - net	**2**	2
	₱4,099	₱4,012

Customer Relationship
Customer relationship pertains to Toyota's contractual arrangements with its top dealer customers which lay out the principal terms upon which its dealers agree to do business. Toyota's relationship with its top dealers adds value to the operations of Toyota and enhances the latter's earnings potential. Management assessed the useful life of the customer relationship to be indefinite since management is of the view that there is no foreseeable limit to the period over which the customer relationship is expected to generate net cash inflows to Toyota.

The recoverable amount of the customer relationship of the Group was based on VIU calculations using earnings projections from financial budgets approved by management covering a three-year period. The pre-tax discount rate applied to earnings projections is 14.08% and 12.33% in 2022 and 2021, respectively. Cash flows beyond the forecast period are extrapolated using a steady growth rate of 2.82% and 3.10% in 2022 and 2021, respectively. The carrying value of the customer relationship amounted to ₱3.88 billion as of December 31, 2022 and 2021. No impairment loss was recognized for the customer relationship arising from the acquisition of Toyota.

The calculations of VIU for the customer relationship are most sensitive to the following assumptions:

- Attrition rate - Sales to key customers for the four-year period are computed by taking into account a 5.00% attrition rate or 95.00% retention rate;
- Earnings before interest and taxes (EBIT) margin on key customers - A 5.91% EBIT margin was used in projecting the net operating profit on sales to key customers for the three-year period; and
- Pre-tax discount rate - Discount rates reflect management's best estimate of the risks associated with the specific CGU. This is the benchmark rate used by management to measure operating performance.

Regarding the assessment of the VIU of Toyota's customer relationship, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

Software Cost
The Group's software costs pertain to software cost and licenses. The rollforward analysis of the Group's software cost is as follows:

	2022	2021
Cost		
Balance at beginning of year	₱675	₱599
Additions	154	76
Disposals/reclassification	(2)	–
Balance at end of year	827	675
Accumulated Amortization		
Balance at beginning of year	548	445
Amortization (Note 11)	67	103
Disposals/reclassification	(2)	–
Balance at end of year	613	548
Net Book Value	₱214	₱127

Franchise
Franchise fee pertains to the Federal Land Group's operating rights for its fastfood stores with estimated useful lives of three to five years.

The amortization of the franchise fee amounting to ₱1.18 million, ₱0.56 million and ₱0.56 million in 2022, 2021 and 2020, respectively, is included in the 'General and administrative expenses' account in the consolidated statements of income (Note 26).

Details of amortization of intangible assets are as follows (Note 11):

	2022	2021	2020
Software cost	₱67	₱103	₱106
Franchise	1	1	1
	₱68	₱104	₱107

14. OTHER NONCURRENT ASSETS

This account consists of:

	2022	2021
Rental and other deposits (Note 30)	₱3,173	₱1,522
Derivative asset (Note 16)	88	–
Retirement asset (Note 28)	29	8
Deferred input VAT	9	30
Others	17	13
	₱3,316	₱1,573

Rental and other deposits include rental deposits for the leased offices of the Group and deposits for the initial set-up of the services rendered by public utility companies. Rental deposits are to be applied on the last month's rent of the lease contract.

15. ACCOUNTS AND OTHER PAYABLES

This account consists of:

	2022	2021
Trade payables	₱19,049	₱15,429
Accrued expenses	7,084	5,460
Telegraphic transfers, drafts and acceptances payable	3,373	4,956
Deferred output tax	3,311	3,660
Accrued commissions	1,055	1,056
Deferred income	978	773
Customer advances	518	682
Nontrade payables	327	264
Accrued interest payable	324	955
Royalty payable	302	293
Insurance payable	214	224
Retentions payable	95	95
Others	318	356
	₱36,948	₱34,203

The details of trade payables are as follows:

	2022	2021
Automotive	₱14,155	₱12,243
Real estate	4,857	3,166
Others	37	20
	₱19,049	₱15,429

Trade payables for automotive pertain to the purchase of raw materials, spare parts and vehicles which are noninterest-bearing and are normally settled on one to 30-day term.

Trade payables for real estate pertain to billings received from contractors for construction costs incurred on a per project basis and commissaries for food products ordered.

The details of accrued expenses are as follows:

	2022	2021
Dealers' incentives, supports and promotions	₱3,333	₱3,156
Employee benefits	995	663
Taxes	758	101
Freight, handling and transportation	574	130
Outsourced services	238	156
Office supplies	170	161
Utilities and services	164	424
Repairs and maintenance	105	18
Insurance	76	59
Professional fees	21	27
Rent	19	19
Payable to contractors	7	53
Regulatory fees and charges	7	13
Others	617	480
	₱7,084	₱5,460

Accrued expenses are noninterest-bearing and are normally settled within a 15 to 60 day term. Telegraphic transfers and drafts and acceptance payable pertain to the liabilities of Toyota Group arising from importations of materials, spare parts and/or vehicles. These payables are normally settled after a 30-day term.

Deferred output tax pertains to VAT on the uncollected portion of the contract price of sold units.

Accrued commissions are settled within one (1) year.

Accrued interest payables are normally settled within a 15 to 60 day term.

Customer advances pertain to payments received from buyers for the processing of transfer of units upon turnover.

Royalty payables represent cost of license for the use of technical know-how and information on data. The fees are calculated at 6.00% of the local value-added (LVA) of vehicles under production. The LVA represents the selling price less all costs for the knock-down parts, related taxes such as excise and sales tax and a certain percentage of administrative and selling costs. The fees also include charges from related affiliates and third-party suppliers representing initial costs of testing materials and trial parts and tools, sample molds and jigs that were utilized to test TMPC's present technical feasibility for the commercial production of newer car models.

Retentions payable represent a portion of construction cost withheld by the Federal Land Group and paid to the contractors after an agreed period commencing the completion of the project. Retentions payable due beyond one year are presented as noncurrent payable (Note 20).

Others include refunds from cancelled sales from Federal Land and other government-related payables which are non-interest bearing and are normally settled within one year. These also include other non-interest bearing payables which are all due within one year.

16. SHORT-TERM DEBT, CORPORATE NOTES, AND LONG-TERM DEBT

Short-term Debt

	Interest rate range		Outstanding balance	
	2022	2021	2022	2021
Affiliated (Note 27)				
Federal Land Group	4.50% - 5.50%	4.50% -5.50%	₱1,490	₱1,750
Toyota Group	5.35%	2.00% -2.70%	800	1,460
TMBC Group	5.00% - 5.80%	2.50% - 3.75%	1,280	675
GTCAM Group	4.95% - 5.60%	2.50%	90	90
Non-affiliated				
Federal Land Group	4.00% - 6.50%	4.00% - 5.00%	7,108	622
Toyota Group	4.00% - 6.88%	1.90% - 2.00%	3,814	4,000
TMBC Group	–	2.50%	–	475
GTCAM Group	–	2.50%	–	55
			₱14,582	₱9,127

Long-term Debt

	Interest rate range	Face amount	Outstanding balance 2022	Outstanding balance 2021	Terms
Corporate Notes					
Federal Land Group	5.57%-6.27%	₱955	₱955	₱960	5-year unsecured notes; Due from 2022 to 2023; Fixed interest
Long-term Debt - Affiliated (Note 27)					
Federal Land Group	3.68% - 5.00%	10,500	10,417	9,930	5-year unsecured loans; Due from 2022 to 2027; Fixed interest
Long-term Debt - Non-affiliated					
Parent Company Peso loans	5.00% - 7.25%	61,975	61,691	61,681	10 to 13 years unsecured loans; Due from 2025 to 2032; Fixed interest
Parent Company JPY loans	3-month JPY TONA plus 0.65% - 0.80%	10,287	9,660	10,260	JPY23.31 billion loan; Due March 2027; Floating interest

	Interest rate range	Face amount	Outstanding balance 2022	Outstanding balance 2021	Terms
Federal Land Group	3.95% - 6.25%	₱42,385	**₱42,272**	₱38,394	5 to 10 years unsecured loans; Due from 2022 to 2029; Fixed interest
Toyota Group	2.70% - 4.20%	246	**246**	246	5 to 10 years unsecured loans; Automatically renewed upon maturity ; Fixed interest
TMBC Group	4.85% - 5.94%	1,500	**550**	707	10-year secured loans; Due from 2022 to 2023; Fixed interest
TOTAL			**125,791**	122,178	
Less: Current portion			**7,758**	9,423	
			₱118,033		₱112,755

In July 2018, the Parent Company obtained an unsecured long-term loan from three (3) non-affiliated foreign banks for an aggregate principal amount of ¥23.31 billion. Beginning January 1, 2022, JPY Libor settings across all tenors have ceased publication. The new benchmark reference rate for the Parent Company's JPY-denominated loans and interest rate swap is the JPY Tokyo Overnight Average (TONA). This was refinanced in July 2022 with a long-term loan with the same foreign banks which will mature in March 2027.

In July 2018, the Parent Company entered into an interest rate swap agreement with a non-affiliated foreign bank. Under the agreement, the Parent Company, on a quarterly basis, pays fixed interest rate of 0.852% and receives floating interest rate of 3-month JPY Libor plus 0.65% spread from July 2018 to July 2024. On the same date, the Parent Company designated the swap as an effective hedging instrument under a cash flow hedge arrangement.

In July 2022, upon refinancing, the Parent Company derecognized the derivative liability under the 2018 interest rate swap agreement and entered into an interest rate swap agreement with a non-affiliated foreign bank with the following terms:

PAY	RECEIVE	TERMS
0.852%	**JPY TONA + 0.65%**	¥11.655 billion up to July 2024
0.865%	**JPY TONA + 0.80%**	¥11.655 billion up to July 2024
1.255%	**JPY TONA + 0.80%**	¥23.31 billion from July 2024 to March 2027

In July 2022, the Parent Company entered into an interest rate swap agreement with a non-affiliated foreign bank. Under the agreement, the Parent Company, on a quarterly basis, pays fixed interest rate of 0.852% - 1.255% and receives a floating interest rate of JPY TONA plus 0.65% - 0.80% spread from July 2022 to March 2027. On the same date, the Parent Company designated the swap as an effective hedging instrument under a cash flow hedge arrangement (Note 33). As such, the effective portion of the changes in fair value of the swaps was recognized under other comprehensive income amounting to ₱87.70 million in 2022 and other comprehensive loss amounting to ₱32.01 million in 2021. The derivative asset amounted to ₱87.70 million as of December 31, 2022 (Note 14), and the derivative liability amounted to ₱32.01 million as of December 31, 2021 (Note 20).

As of December 31, 2022 and 2021, the movements in the deferred financing cost follow:

	2022	2021
Parent Company		
Balance at beginning of year	**₱296**	₱308
Additions	**77**	38
Amortization	**(69)**	(50)
Balance at end of year	**₱304**	₱296
TMBC Group		
Balance at beginning of year	**₱1**	₱2
Amortization	**(1)**	(1)
Balance at end of year	**–**	1
Federal Land		
Balance at beginning of year	**₱203**	₱88
Additions	**105**	155
Amortization	**(110)**	(40)
Balance at end of year	**₱198**	₱203

Total interest expense incurred on the above-mentioned debts in 2022, 2021 and 2020 follows:

	Interest expense charged to operations			Interest expense capitalized		
	2022	2021	2020	2022	2021	2020
Short-term debt	**₱573**	₱482	₱347	**₱39**	₱71	₱114
Corporate notes	**81**	60	176	**26**	47	166
Long-term debt	**5,609**	4,770	4,711	**336**	621	682

Required Financial Ratios

The table below presents a summary of the financial ratios required to be maintained by each entity within the Group under existing loan agreements.

ENTITY	FINANCIAL RATIO	REQUIRED RATIO
Corporate notes		
Federal Land	Debt-to-equity ratio	2:1
Long-term loans		
Parent Company	Debt-to-equity ratio	2.3:1
Federal Land (Affiliated)	Debt-to-equity ratio	3:1
Federal Land (Non-affiliated)	Debt-to-equity ratio	2:1
TMBC	Current ratio	1:1
TMBC	Debt-to-equity ratio	2.5:1
TMBC	Debt service ratio	1.2x

As of December 31, 2022 and 2021, the Group has complied with the foregoing financial ratios.

17. BONDS PAYABLE

Maturity Dates	Interest rate	Par Value 2022	Par Value 2021	Amount 2022	Amount 2021
10.0 billion Bonds					
February 27, 2023	5.0937%	**₱6,100**	₱6,100	**₱6,099**	₱6,090
12.0 billion Bonds					
August 7, 2024	5.6250%	**4,000**	4,000	**3,992**	3,987
		₱10,100	₱10,100	**₱10,091**	₱10,077

Unamortized debt issuance costs on these bonds amounted to ₱9.73 million and ₱22.53 million as of December 31, 2022 and 2021, respectively.

₱10.00 billion GT Capital bonds due 2020 and 2023
On February 13, 2013, the Parent Company issued ₱10.00 billion 7-year and 10-year unsecured bonds due on February 27, 2020 and February 27, 2023, respectively, with annual interest rate of 4.84% and 5.09%, respectively. Gross and net proceeds amounted to ₱10.00 billion and ₱9.90 billion, respectively, net of deferred financing cost of ₱0.10 billion. The bonds were listed on the Philippine Dealing and Exchange Corporation on February 27, 2013.
The ₱3.90 billion bonds with maturity date of February 27, 2020 were paid. This was refinanced in February 2020 with a long-term loan from a non-affiliated local bank.

₱12.00 billion GT Capital bonds due 2019, 2021 and 2024
On July 24, 2014, the Parent Company issued 12.00 billion unsecured bonds with tenors of five years, seven years and ten years due November 7, 2019 (Series A Bonds), August 7, 2021 (Series B Bonds) and August 7, 2024 (Series C Bonds), respectively, with annual interest rates of 4.71%, 5.20% and 5.63% respectively. Gross and net proceeds amounted to ₱12.00 billion and ₱11.88 billion, respectively, net of deferred financing cost incurred of ₱0.12 billion. The bonds were listed on August 7, 2014.

The ₱3.00 billion and ₱5.00 billion bonds with maturity dates of November 7, 2019 and August 7, 2021 were paid upon maturity. These were refinanced in November 2019 and July 2019 with long-term loans from non-affiliated local banks.

As of December 31, 2022 and 2021, the movement in the deferred financing cost is as follows:

	2022	2021
Balance at beginning of year	**₱23**	₱40
Amortization	**(13)**	(17)
Balance at end of year	**₱10**	₱23

Both bonds contain negative covenants, which among others, include provision that the Parent Company should maintain a debt-to-equity ratio of 2.3:1.0. As of December 31, 2022 and 2021, the Parent Company has complied with its bond covenants.

Total interest expense incurred on bonds payable in 2022, 2021 and 2020, amounted to ₱0.55 billion (including amortization of deferred financing cost of ₱12.80 million), ₱0.71 billion (including amortization of deferred financing cost of ₱17.40 million) and ₱0.84 billion (including amortization of deferred financing cost of ₱21.02 million), respectively.

18. CUSTOMERS' DEPOSITS

As of December 31, 2022 and 2021, customers' deposits represent refundable reservation fees and advance payments received from customers which can be applied as payment to the respective automotive sale transaction with the Group.

As of December 31, 2022 and 2021, the balance of this account amounted to ₱0.93 billion and ₱0.91 billion, respectively (Note 27).

19. OTHER CURRENT LIABILITIES

This account consists of:

	2022	2021
Withholding taxes payable	**₱693**	₱452
VAT payable	**386**	572
Liabilities held for sale (Note 7)	**346**	182
Unearned management fee income	**29**	37
Lease liabilities (Note 30)	**6**	9
Others	**53**	64
	₱1,513	₱1,316

Others pertain to payables on utilities, contracted maintenance and security agencies and regulatory premium or contribution payable of the Group. These are normally payable within one year.

20. LIABILITIES ON PURCHASED PROPERTIES AND OTHER NONCURRENT LIABILITIES

Liabilities on Purchased Properties
Liabilities on purchased properties are payables to various real estate property sellers. Under the terms of the agreements executed by Federal Land covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to Federal Land only upon full payment of the real estate loans.

In 2012, Federal Land acquired certain land and investment properties aggregating ₱3.72 billion, with 20.00% downpayment amounting to ₱743.84 million. The outstanding balance amounting to ₱2.98 billion is payable in 13 years with 3.00% interest per annum. The outstanding balance was discounted at the prevailing market rate of 5.40% and the discounted liability as of December 31, 2022 and 2021, amounted to ₱1.29 billion and ₱1.43 billion, respectively.

In 2019, Federal Land acquired a land located in Makati City in November 2019. Of the total amount of ₱1.20 billion, ₱288.00 million is paid in 2019 as downpayment, ₱912.00 million is payable in five equal annual installments commencing February 1, 2020 to 2024. The loan bears 3.50% interest per annum and is unsecured. The outstanding balance was discounted at the prevailing market rate of 6.87% and the discounted liability as of December 31, 2022 and 2021 amounted to ₱0.36 billion and ₱0.53 billion, respectively.

Current portion of liabilities on purchased properties amounted to ₱0.35 billion and ₱0.30 billion as of December 31, 2022 and 2021, respectively. Noncurrent portion of liabilities on purchased properties amounted to ₱1.30 billion and ₱1.66 billion as of December 31, 2022 and 2021, respectively (Note 27). Accretion of interest in 2022, 2021 and 2020 amounted to ₱35.4 million, ₱55.47 million and ₱83.34 million, respectively.

Other Noncurrent Liabilities

This account consists of:

	2022	2021
Retentions payable - noncurrent portion	**₱1,502**	₱1,384
Refundable and other deposits	**849**	808
Provisions (Note 36)	**648**	426
Deferred output VAT	**130**	928
Finance lease obligation - net	**110**	134
Derivative liabilities (Note 16)	**47**	32
Lease liabilities (Note 30)	**15**	36
Unearned rent income	**5**	5
	₱3,306	₱3,753

Retentions payable represent a portion of construction cost withheld by the Group and paid to the contractors after an agreed period commencing the completion of the project.

Refundable and other deposits consist mainly of tenants' rental deposit from operating lease contracts with terms ranging from five to ten years. Rental deposits are obtained to secure faithful compliance of tenants' obligation under the lease contract and to answer for unpaid bills of lessees affecting the leased premises, any damage to the leased premises, and other similar costs. Rental deposits may also be applied to the unpaid rentals upon termination of the lease contract.

Provisions consist of:

	2022	2021
Claims and assessments	**₱173**	₱193
Product warranties	**475**	233
	₱648	₱426

Provisions for other expenses pertains to liabilities with uncertain amount or timing of actual disbursement. These include regulatory fees, management incentives and other charges which payment is probable and the amount is estimable as of reporting date. The management reassesses their estimates on an annual basis to determine the reasonableness of provision. Disclosure of information usually required by PAS 37, Provisions, Contingent Liabilities and Contingent Assets are not provided because of reasons permitted under paragraph 92 of PAS 37. Accordingly, only general descriptions are provided.

Deferred output VAT pertains to the VAT on installment sale of lots with terms of 60 days to five years.

21. CONTRACT BALANCES AND COST TO OBTAIN A CONTRACT

The contract balances of the Group consist of the following:

	2022	2021
Contract Assets		
Current	**₱4,707**	₱6,157
Noncurrent	**5,636**	7,114
	₱10,343	₱13,271
Contract Liabilities		
Current	**₱3,207**	₱3,384

Contract assets are initially recognized for revenue earned from real estate sales as receipt of consideration is conditional on successful completion of installation. Upon completion of performance obligation and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade residential and office development receivables.

Contract liabilities consist of collections from real estate customers which have not reached the 10.00% threshold to qualify for revenue recognition and excess of collections over the recognized receivables and contract assets based on percentage of completion.

The amount of revenue recognized in 2022 and 2021 from amounts included in contract liabilities at the beginning of the year amounted to 1.38 billion and 0.91 billion, respectively.

Cost to Obtain a Contract
The balances below pertain to the cost to obtain contracts included in 'Prepaid expenses' (Note 7):

	2022	2021
Balance at beginning of year	**₱42**	₱102
Additions during the year	**475**	308
Amortization	**(472)**	(368)
Balance at end of year	**₱45**	₱42

Performance Obligations
Information about Federal Land Group's performance obligations are summarized below:

Real estate sales
The Federal Land Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit covers condominium units, and Federal Land Group concluded that there is one performance obligation in each of these contracts. Federal Land Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10%-100% of the contract price to be paid over a maximum of 60 months at a monthly payment based on amortization schedule with remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from five (5) to 10 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results in either a contract asset or contract liability.

After the delivery of the completed real estate unit, Federal Land Group provides one-year warranty to repair minor defects on the delivered condominium unit. This is assessed by the Parent Company as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31 as follows:

	2022	2021
Within one year	**₱3,311**	₱3,032
More than one year	**515**	752
	₱3,826	₱3,784

22. EQUITY

Capital Stock and Additional Paid-in Capital

As of December 31, 2022 and 2021, the paid-up capital consists of the following (amounts in millions, except for number of shares):

	Shares		Amount	
	2022	2021	2022	2021
Voting Preferred stock - ₱0.10 par value				
Authorized	**174,300,000**	174,300,000		
Issued and outstanding	**174,300,000**	174,300,000	**₱17**	₱17
Perpetual Preferred stock -₱100.00 par value				
Authorized	**20,000,000**	20,000,000		
Issued and outstanding	**12,000,000**	12,000,000	**1,200**	1,200
Common stock - ₱10.00 par value				
Authorized	**298,257,000**	298,257,000		
Issued and outstanding	**215,284,587**	215,284,587	**2,153**	2,153
Subtotal			**3,370**	3,370
Additional paid-in capital			**98,827**	98,827
			₱102,197	₱102,197

The Parent Company's common shares with par value of ₱10.00 were listed on the Philippine Stock Exchange on April 20, 2012.

Voting Preferred Shares of Stock

The voting preferred shares has the following features, rights and privileges:

a. The voting preferred shares have a par value of ₱0.10 per share.
b. The Dividend Rate of 3.77% was fixed based on the 3-year PDST-R2 on April 13, 2015, subject to re-pricing every ten (10) years and payable annually;
c. These are non-cumulative and the holders thereof are entitled to the payment of current but not past dividends;
d. These are non-participating in any other further dividends beyond that specifically payable on the shares;
e. These are redeemable at par value, at the sole option of the Parent Company, under terms and conditions approved by the Board of Directors;

The holders of Voting Preferred Shares shall be entitled to one vote for each share in his name on the books of the Parent Company;
The holders of Voting Preferred Shares shall have no pre-emptive rights to any issue of shares, Common or Preferred;
These are not listed and not tradable in the Philippine Stock Exchange.

Perpetual Preferred Shares of Stock

The perpetual preferred shares shall have the following features, rights and privileges:

a. The perpetual preferred shares have a par value of ₱100.00 per share and issued on October 27, 2016 with an issue value of ₱1,000.00 per share. Series A issued amount to ₱4.80 billion with a dividend rate per annum of 4.6299% while Series B issued amount to ₱7.20 billion with a dividend rate per annum of 5.0949%;
b. The perpetual preferred shares are cumulative and the holders thereof are entitled to the payment of current as well as any accrued or unpaid dividends before any dividends can be paid to the holders of common shares. No dividend shall be declared or paid on the common shares unless the full accumulated dividends on all the perpetual preferred shares for all past dividend periods and for the current dividend period shall have been declared and paid by the Corporation;
c. The holders of perpetual preferred shares have preference over holders of common shares in the distribution of corporate assets in the event of dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary;
d. The perpetual preferred shares are not entitled to vote, except in those cases specifically provided by law;
e. The perpetual preferred shares are non-participating in any other further dividends beyond that specifically payable thereon;
f. The perpetual preferred shares are non-convertible to common shares or voting preferred shares;
g. The perpetual preferred shares have no pre-emptive rights to any issue of shares, common or preferred;
h. Both Series A and B of said perpetual preferred shares were listed on the Philippine Stock Exchange on October 27, 2016;
i. The Parent Company has the option, but not the obligation, to redeem in whole (but not a part of) the Shares of Series A on 5th anniversary of the Issue Date, or any dividend payment date and for Series B on the 7th anniversary of the Issue Date, or any dividend payment date;
j. If not redeemed on the optional redemption date, the dividend rate will be adjusted on the 7th anniversary of the Issue Date for Series A while the 10th anniversary of the Issue Date for
k. Series B;
l. The dividend rate for Series A will be adjusted on the relevant Rate Adjustment Date to the higher of (1) Prevailing dividend rate of 4.6299%; or (2) the sum of: (a) simple average of closing 7-year PDST-R2 benchmark rate for each of the 3 consecutive business days immediately preceding and inclusive of the Rate Adjustment date; and (b) Series A adjustment Spread of 1.5% per annum while for Series B will be adjusted to the higher of (1) Prevailing dividend rate of 5.0949%; or (2) the sum of: (a) simple average of closing 10yr PDST-R2 benchmark rate for each of the 3 consecutive business days immediately preceding and inclusive of the Rate Adjustment date; and (b) Series B adjustment Spread of 1.875% per annum.

Common Shares

As of December 31, 2022 and 2021, the total number of shareholders of common stock of the Parent Company are 91 and 89, respectively.

Stock Dividends
The BOD and Shareholders of the Parent Company approved on March 26, 2019 and May 8, 2019, respectively, the declaration of an 8.00% stock dividend in favor of the Parent Company's common shareholders. The record and payment dates were set on July 8, 2019 and August 1, 2019, respectively. On August 1, 2019, the 8.00% stock dividend equivalent to 15,947,003 common shares were issued and listed in the Philippine Stock Exchange.

Retained Earnings
On December 6, 2018, the BOD of the Parent Company approved the appropriation of retained earnings amounting to ₱17.00 billion to be earmarked for strategic investment in property development starting in 2019. In March 2019, ₱16.60 billion out of ₱17.00 billion was reversed. The remaining ₱400.00 million was earmarked for strategic investment in property development expected to be completed in the next three years.

Details of the Parent Company's dividend distributions to preferred shareholders out of the Parent Company's retained earnings as approved by the Parent Company's BOD follow:

Date of declaration	Per share	Total amount (in Millions)	Record date	Payment date
Voting Preferred Shares				
March 25, 2022	₱0.00377	₱0.66	April 8, 2022	April 22, 2022
March 22, 2021	0.00377	0.66	April 5, 2021	April 27, 2021
May 21, 2020	0.00377	0.66	June 5, 2020	June 19, 2020
Perpetual Preferred Shares				
Series A				
December 16, 2022	11.57475	56.01	January 5, 2023	January 27, 2023
December 16, 2022	11.57475	56.01	April 5, 2023	April 27, 2023
December 16, 2022	11.57475	56.01	July 5, 2023	July 27, 2023
December 16, 2022	11.57475	56.01	October 5, 2023	October 27, 2023
December 17, 2021	11.57475	56.01	January 5, 2022	January 27, 2022
December 17, 2021	11.57475	56.01	April 5, 2022	April 27, 2022
December 17, 2021	11.57475	56.01	July 5, 2022	July 27, 2022
December 17, 2021	11.57475	56.01	October 5, 2022	October 27, 2022
December 15, 2020	11.57475	56.01	January 4, 2021	January 27, 2021
December 15, 2020	11.57475	56.01	April 5, 2021	April 27, 2021
December 15, 2020	11.57475	56.01	July 5, 2021	July 27, 2021
December 15, 2020	11.57475	56.01	October 4, 2021	October 27, 2021
Series B				
December 16, 2022	12.73725	91.21	January 5, 2023	January 27, 2023
December 16, 2022	12.73725	91.21	April 5, 2023	April 27, 2023
December 16, 2022	12.73725	91.21	July 5, 2023	July 27, 2023
December 16, 2022	12.73725	91.21	October 5, 2023	October 27, 2023
December 17, 2021	12.73725	91.21	January 5, 2022	January 27, 2022
December 17, 2021	12.73725	91.21	April 5, 2022	April 27, 2022
December 17, 2021	12.73725	91.21	July 5, 2022	July 27, 2022
December 17, 2021	12.73725	91.21	October 5, 2022	October 27, 2022
December 15, 2020	12.73725	91.21	January 4, 2021	January 27, 2021
December 15, 2020	12.73725	91.21	April 5, 2021	April 27, 2021
December 15, 2020	12.73725	91.21	July 5, 2021	July 27, 2021
December 15, 2020	12.73725	91.21	October 4, 2021	October 27, 2021

Details of the Parent Company's dividend distributions to common shareholders out of the Parent Company's retained earnings as approved by the Parent Company's BOD follow:

Date of declaration	Per share	Total amount (in Millions)	Record date	Payment date
March 25, 2022	₱3.00	₱645.85	April 8, 2022	April 22, 2022
March 22, 2021	3.00	645.85	April 7, 2021	April 21, 2021
May 21, 2020	6.00	1,291.71	June 5, 2020	June 19, 2020

The computation of retained earnings available for dividend declaration in accordance with the SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the Parent Company's stated retained earnings as of December 31, 2022 and 2021.

In addition, certain amount of retained earnings is required to be maintained to enable the Group to meet certain financial ratios as stipulated in the loan covenants.

Details of dividend declarations of the Group's subsidiaries follow:

	Date of declaration	Class of stock	Total amount (in Millions)	Record date	Payment date
Federal Land	December 20, 2021	Preferred Shares-A	₱320.00	December 31, 2021	February 28, 2022
	December 20, 2021	Preferred Shares-B	332.58	December 31, 2021	February 28, 2022
	December 20, 2021	Common	100.00	December 31, 2021	February 28, 2022
	December 14, 2020	Preferred Shares-A	320.00	December 31, 2020	February 28, 2021
	December 14, 2020	Preferred Shares-B	332.58	December 31, 2020	February 28, 2021
	December 14, 2020	Common	100.00	December 31, 2020	February 28, 2021
	February 24, 2020	Common	100.00	December 31, 2019	February 28, 2020
Toyota	June 13, 2022	Common	5,913.11	December 31, 2021	October 28, 2022
	June 29, 2021	Common	3,253.38	December 31, 2020	October 8, 2021
	June 26, 2020	Common	9,059.67	December 31, 2019	November 27, 2020

Other comprehensive income (loss)
Other comprehensive income consists of the following, net of applicable income taxes:

	2022	2021
Fair value reserves on financial assets at FVOCI (Note 10)	**₱1,928**	₱4,927
Cash flow hedge reserve (Notes 14 and 16)	**88**	(32)
Cumulative translation adjustments	**18**	3
Net unrealized loss on remeasurement of retirement plan	**(97)**	(215)
Equity in other comprehensive income of associates and joint ventures:		
Equity in remeasurement of life insurance reserves	**252**	(110)
Equity in cash flow hedge reserves	**(348)**	(166)
Equity in net unrealized loss on remeasurement of retirement plan	**(647)**	(1,183)
Equity in cumulative translation adjustments	**(2,654)**	(2,746)
Equity in fair value reserves on financial assets at FVOCI	**(7,829)**	(340)
Equity in other equity adjustments of associates	**5**	5
	(₱9,284)	₱143

The movements and analysis of the other comprehensive income are presented in the consolidated statements of comprehensive income.

Other equity adjustments

TCI
In June 2015, the Parent Company acquired 2,705,295 shares of TCI for a total consideration of ₱13.50 million, resulting in 53.80% ownership over TCI. This acquisition was accounted for as an equity transaction and resulted in the recognition of negative other equity adjustments amounting to ₱7.12 million.

Non-controlling interests
The following table presents the rollforward of non-controlling interests:

	2022	2021	2020
Balance at beginning of year	**₱11,035**	₱8,885	₱11,851
Share of non-controlling interest shareholders on:			
Net income	**3,371**	3,266	1,791
Other comprehensive income (loss)	**5**	274	(166)
Cash dividends paid to non-controlling interest shareholders	**(3,139)**	(1,755)	(4,611)
Acquisition of additional interest in a subsidiary	**–**	344	20
NCI on the acquisition of a new subsidiary	**–**	21	–
Balance at end of year	**₱11,272**	₱11,035	₱8,885

Financial Information of Subsidiaries
The financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interests held by non-controlling interests

	Direct and Effective Ownership	
	2022	2021
TMPC	**49.00%**	49.00%

Carrying value of material non-controlling interests

	2022	2021
TMPC	**₱8,877**	₱8,998

Net income for the period allocated to material non-controlling interests

	2022	2021	2020
TMPC	**₱2,994**	₱3,062	₱1,788

The following table presents the financial information of subsidiaries with material NCI as of and for the years ended December 31, 2022 and 2021:

	2022	2021
	TMPC	TMPC
Statement of Financial Position		
Current assets	**₱34,511**	₱33,446
Non-current assets	**10,832**	11,491
Current liabilities	**30,038**	29,843
Non-current liabilities	**2,603**	2,240
Dividends paid to non-controlling interests	**3,109**	1,755
Statement of Comprehensive Income		
Revenues	**185,180**	132,854
Expenses and provision for income tax	**179,189**	126,632
Net income	**5,991**	6,222
Total comprehensive income	**5,991**	6,773
Statement of Cash Flows		
Net cash provided by operating activities	**5,464**	1,668
Net cash used in investing activities	**(377)**	(4,203)
Net cash used in financing activities	**(7,121)**	(9,824)

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong and healthy consolidated statement of financial position to support its current business operations and drive its expansion and growth in the future.

The Group maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns to shareholders over the long term. Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Parent Company excluding effect of uniting of interest. The Group's sources of capital are capital stock and retained earnings. No changes were made in the objectives, policies or processes in 2022 and 2021. The Parent Company considers total equity as its capital amounting to ₱132.49 billion and ₱130.83 billion as of December 31, 2022 and 2021, respectively.

The Parent Company maintains equity at a level that is compliant with its loan covenants.

23. INTEREST AND OTHER INCOME

Interest Income
This account consists of:

	2022	2021	2020
Interest income on:			
Installment contracts receivable (Note 5)	**₱431**	₱1,652	₱1,826
Cash and cash equivalents (Note 4)	**121**	23	189
Receivables	**26**	196	5
Others	**85**	28	3
	₱663	₱1,899	₱2,023

Interest income on installment contracts receivable consist of accretion of unamortized discount of and interest income from collections of the Group.

Other Income
This account consists of:

	2022	2021	2020
Ancillary income	₱1,078	₱715	₱647
Real estate forfeitures, charges and penalties	775	540	326
CARS incentives (Note 29)	475	494	–
Management fee (Note 27)	409	241	231
Dividend income	388	356	333
Realized and unrealized gain on financial assets at FVTPL	137	89	113
Gain on disposal of property and equipment (Note 11)	58	34	7
Subscription income	56	110	64
Foreign exchange gain	–	–	163
Others (Notes 5 and 8)	4,481	596	239
	₱7,857	₱3,175	₱2,123

Ancillary income represents incentives received by Toyota dealers from financing institutions for vehicles sold to financing customers and from insurance companies for policies written for buyers.

Real estate forfeitures, charges and penalties are earned when a buyer is delinquent on his payment or cancels his purchase of condominium units, after deducting any cash surrender value.

In 2021, Toyota availed of the tax incentives under Executive Order No. 182 Series of 2015 or the Comprehensive Automotive Resurgence Strategy (CARS) Program. Tax credits utilized by Toyota to pay tax dues amounted to ₱474.68 million and ₱493.69 million in 2022 and 2021, respectively (Note 29).

Management fee includes services rendered by Federal Land and PCFI in the administration of different projects related to the joint venture (Note 27).

Other income includes the ₱3.86 billion gain on property exchange of Federal Land for its transfer of properties to FNG in exchange for common shares.

24. COST OF GOODS AND SERVICES SOLD

Cost of goods and services sold consists of:

	2022	2021	2020
Beginning Inventory			
Automotive	₱7,191	₱11,023	₱7,784
Gasoline, retail, and petroleum products	10	7	11
Food	5	5	8
	7,206	11,035	7,803
Add: Net purchases	158,824	98,176	79,085
Total inventories available for sale	166,030	109,211	86,888
Less: Ending inventory (Note 6)			
Automotive	10,085	7,191	11,023
Gasoline, retail, and petroleum products	7	10	7
Food	5	5	5
Subtotal	155,933	102,005	75,853
Cost adjustments and intercompany elimination	(219)	283	164
Internal and other transfers	180	(109)	(30)
Direct labor	973	643	369
Overhead	212	137	123
	₱157,079	₱102,959	₱76,479

Overhead includes rent expense and common usage and service area charges.

25. COST OF GOODS MANUFACTURED AND SOLD

Cost of goods manufactured and sold consists of:

	2022	2021	2020
Raw materials, beginning	₱2,151	₱1,342	1,169
Purchases	32,454	28,953	20,265
Total materials available for production	34,605	30,295	21,434
Less: Raw materials, end	1,947	2,151	1,342
Raw materials placed in process	32,658	28,144	20,092
Direct labor	347	328	320
Manufacturing overhead	3,244	3,214	3,142
Total cost of goods placed in process	36,249	31,686	23,554
Work-in-process, beginning	10	16	27
Total Cost of goods in process	36,259	31,702	23,581
Less: Work-in-process, ending	5	10	16
Total cost of goods manufactured	36,254	31,692	23,565
Finished goods, beginning	382	752	861
Total goods available for sale/transfer	36,636	32,444	24,426
Less: Finished goods, ending	164	382	752
Other transfers	106	(49)	120
	₱36,366	₱32,111	23,554

26. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

	2022	2021	2020
Salaries, wages, and employee benefits (Notes 27 and 28)	**₱3,441**	₱2,973	₱2,718
Advertising and promotions	**3,296**	2,888	2,434
Delivery and handling	**2,403**	1,571	839
Taxes and licenses	**1,993**	1,515	1,907
Commissions	**1,489**	1,180	924
Unrealized foreign exchange loss	**761**	78	–
Depreciation and amortization (Note 11)	**692**	724	796
Light, water and other utilities	**430**	389	510
Repairs and maintenance	**346**	377	238
Warranty	**312**	100	220
Professional fees	**284**	237	191
Administrative and management fees	**248**	98	138
Office supplies	**227**	168	373
Outside services	**211**	203	198
Provision for credit losses - net (Note 5)	**164**	358	237
Transportation and travel	**98**	58	58
Communications	**95**	81	69
Rent (Note 30)	**65**	33	313
Insurance	**64**	64	67
Provision for inventory write-down (Note 6)	**51**	9	42
Entertainment, amusement and recreation	**27**	20	21
Royalty and service fees	**19**	12	9
Donation	**4**	10	32
Unallocated overhead costs	**–**	110	479
Others	**558**	199	219
	₱17,278	₱13,455	₱13,032

Unallocated overhead costs pertain to the fixed labor and overhead costs incurred during the COVID-19 pandemic when the automotive segment had no production operation. These include depreciation and amortization amounting to ₱39.72 million and ₱214.48 million in 2021 and 2020, respectively.

Other expenses include membership and subscription fees, dealer development, corporate events, and contractual services.

27. 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 and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities. These related parties include subsidiaries, associates, joint venture, key management personnel, stockholders and other related parties which include affiliates.

An entity is considered an affiliate if such entity and the Parent Company have common shareholders. In effect, such entity is a sister company of the Parent Company by virtue of ownership and common control. It is neither a subsidiary nor associate of the Group.

The Group, in its regular conduct of its business, has entered into transactions with its associates, joint ventures and other related parties principally consisting of cash advances for reimbursement of expenses, merger and acquisitions and capital infusion, leasing agreements, management agreements and dividends received from associates.

Transactions with related parties are made at normal market prices. Except as otherwise indicated, outstanding balances at year end are unsecured and settlement occurs generally in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties.

This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The following tables show the significant related party transactions included in the consolidated financial statements. Transactions with subsidiaries have been eliminated in the consolidated financial statements.

	DECEMBER 31, 2022		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Subsidiaries			
Accounts receivable - trade	**₱16,381**	**₱67**	Receivable from sale of lots; Vehicle swapping; Current - accordingly, no provision for losses is required.
Rent receivable	**–**	**17**	Unsecured; Non-interest bearing; due and demandable
Dividends receivable	**653**	**–**	Dividends declared in 2022
Prepayments	**4**	**2**	Advance rental payments
Security deposit	**5**	**25**	Rental deposits
Right-of-use asset	**5**	**265**	Lease of office and parking spaces
Transportation equipment	**2**	**–**	Car assigned to employee
Accounts payable	**384**	**43**	Represent payables arising from sales adjustments, warranty, sales promotions, and reimbursable expenses
Lease payable	**17**	**245**	Lease of office and parking spaces
Real estate sales	**68**	**–**	Sale of lots in Cavite
Dividend income	**3,016**	**–**	
Rent income	**42**	**–**	Office space rent and maintenance fty 2022; Subject to 5% escalation annually
Amortization expense - ROU	**37**	**–**	Amortization of office and parking space leases
Cost of rental	**2**	**–**	Janitorial and security services
Service fees	**80**	**–**	Property management fees for properties in Cavite
Outside services	**14**	**–**	Security services for properties in Cavite
Rent expense	**3**	**–**	Office space rent and maintenance; Subject to 5% escalation annually
Repairs and maintenance	**5**	**–**	Repairs and maintenance of properties

(Forward)

Category	DECEMBER 31, 2022 Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Associates			
Cash and cash equivalent	₱940,735	₱17,315	Unsecured; Interest bearing at prevailing market rate; due and demandable
Rent receivables	–	16	Unsecured; Non-interest bearing; due and demandable
Commission receivable	–	1	Unsecured; Non-interest bearing; due and demandable
Receivable from sharing of expenses	6	4	Unsecured; Non-interest bearing; due and demandable
Due from related parties	–	53	Unsecured; Non-interest bearing; due and demandable
Nontrade receivables	26	3	Unsecured; Non-interest bearing; due and demandable
Other receivables	–	15	Unsecured; Non-interest bearing; due and demandable
FVTPL investments	10	25	Investment in UITF
Other current assets	51	51	Unsecured; Non-interest bearing; due and demandable
Accounts payable	1	–	Insurance payable
Short-term debt	8,300	2,380	Interest bearing; Payable within 90 days from the date of the availment
Due to related parties	–	21	Unsecured; Non-interest bearing; due and demandable
Loans payable	–	10,418	Unsecured; With interest ranging from 2.75% to 4.25%; Payable on 2024-2029
Other payables	9	–	Unsecured; Non-interest bearing; due and demandable
Commission income	3	–	Unsecured; Non-interest bearing; due and demandable
Rent income	104	–	Rent income from associates
Interest income	15	–	Prevailing interest rate on regular peso savings deposit account and time deposit placements
Interest expense	416	–	Interest expense on loans payable
Joint ventures			
Rent receivables	–	32	Unsecured; Non-interest bearing; due and demandable
Interest receivables	–	285	Unsecured; Interest bearing at prevailing market rate; due and demandable
Loans receivables	–	4,011	Unsecured; Interest bearing at prevailing market rate; due and demandable
Commission receivable	–	377	Unsecured; Non-interest bearing; due and demandable
Due from related parties	–	70	Unsecured; Non-interest bearing; due and demandable
Management fee receivables	–	139	Unsecured; Non-interest bearing; due and demandable
Nontrade receivables	12	3	Unsecured; Non-interest bearing; due and demandable
Receivable from sharing of expenses	–	1	Unsecured; Non-interest bearing; due and demandable
Inventories	(6,297)	–	Cost of real estate inventories contributed in a joint venture (Note 8)
Investments in joint venture	10,736	10,736	Investments in a joint venture (Note 8)
Accounts payable	1	–	Unsecured; Non-interest bearing; due and demandable
Real estate sales	328	–	Sale of lots in Cavite
Management fee income	196	–	Management service income
Rent income	108	–	Unsecured; Non-interest bearing; due and demandable
Commission income	661	–	Unsecured; Non-interest bearing; due and demandable
Interest income	402	–	Unsecured; Interest bearing at prevailing market rate; due and demandable
Other income	3,862	–	Gain on transfer of properties to a joint venture (Notes 8 and 23)
Cost of real estate sales	121	–	Sale of lots in Cavite
Travel and transportation expense	1	–	Employee shuttle cost

(Forward)

Category	DECEMBER 31, 2022 Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Others			
Cash and cash equivalents	₱117,702	₱1,701	Unsecured; Interest bearing at prevailing market rate; due and demandable
FVTPL investments	137	11,135	Interest bearing
Trade receivables	–	13	Unsecured; Non-interest bearing; due and demandable
Management fee receivables	–	143	Unsecured; Non-interest bearing; due and demandable
Commission receivable	–	1	Unsecured; Non-interest bearing; due and demandable
Interest receivable	2	–	Interest on time deposit placements
Rent receivables	1	–	Square 2 rent
Loan receivable	–	905	Unsecured; With interest of 4.5%; Payable in 2032
Nontrade receivables	215	20	Within one (1) year, non-interest bearing, unsecured, no impairment
Receivable from sharing of expenses	5	4	Unsecured; Non-interest bearing; due and demandable
Other receivables	–	48	Unsecured; Non-interest bearing; due and demandable
Due from related parties	–	232	Unsecured; Non-interest bearing; due and demandable
Trade payables	304,624	13,706	Unsecured; Non-interest bearing; due and demandable
Due to related parties	–	145	Unsecured; Non-interest bearing; due and demandable
Liabilities on purchased properties	–	1,291	Unsecured; With 3% interest; payable annually until 2025
Insurance payable	98	98	Unsecured; Non-interest bearing; due and demandable
Other payables	42	–	Unsecured; Non-interest bearing; due and demandable
Commission income	3	–	Unsecured; Non-interest bearing; due and demandable
Interest income	75	–	Interest on time deposit placements
Rent income	166	–	Rent income from affiliates
Advisory fees	9	–	Retainer's fee
Agency fees	2	–	Safekeeping and trust agreement
Insurance expense	3	–	General comprehensive liability insurance; car insurance; D&O liability insurance
Management fees	213	–	Management service fees fty 2022
Royalty and technical assistance fees	652	174	Unsecured; Non-interest bearing; payable on the 25th day of the second month after quarter-end

Category	DECEMBER 31, 2021 Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Subsidiaries			
Accounts receivable - trade	₱14,021	₱5,290	Receivable from sale of lots; Vehicle swapping; Current - accordingly, no provision for losses is required.
Rent receivable	15	15	Unsecured; Non-interest bearing; due and demandable
Dividends receivable	1,659	753	Dividends declared in 2021
Receivables - others	6	–	Unsecured; Non-interest bearing; due and demandable
Prepayments	2	18	Rental deposits
Right-of-use asset	16	28	Lease of office space
Transportation equipment	4	–	Employee car plan
Accounts payable	647	36	Represent payables arising from sales adjustments, warranty, sales promotions, and reimbursable expenses
Lease payable	18	27	Lease of office space
Dividends payable	753	753	Non-interest bearing; due and demandable; Unsecured
Liabilities on purchased properties	310	4,474	Unsecured; With effective interest rate of 5.80%; payable up to 2035
Dividend income	2,412	–	

(Forward)

Category	DECEMBER 31, 2021 Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Rent income	₱55	₱–	Office space rent and maintenance fty 2021; Subject to 5% escalation annually
Miscellaneous income	1	–	Management service income
Amortization expense-ROU	12	–	Amortization of office space lease
Cost of rental	7	–	Janitorial and security services
Service fees	167	–	Property management fees for properties in Cavite
Outside services	12	–	Security services for properties in Cavite
Rent expense	60	–	Office space rent and maintenance; Subject to 5% escalation annually
Repairs and maintenance	3	–	Repairs and maintenance of properties
Associates			
Cash and cash equivalents	6	5,834	Unsecured; Interest bearing at prevailing market rate; due and demandable
Rent receivables	51	9	Unsecured; Non-interest bearing; due and demandable
Commission receivable	1	7	Unsecured; Non-interest bearing; due and demandable
Receivable from sharing of expenses	2	43	Unsecured; Non-interest bearing; due and demandable
Due from related parties	21	45	Unsecured; Non-interest bearing; due and demandable
Other receivables	7	15	Unsecured; Non-interest bearing; due and demandable
Short-term notes payable	1,750	1,750	Unsecured; With interest 3%-6% due in 2022
Short-term debt	4,690	1,460	Interest bearing; Payable within 90 days from the date of the availment
Due to related parties	31	20	Unsecured; Non-interest bearing; due and demandable
Loans payable	1,051	10,000	Unsecured; With interest ranging from 2.75% to 4.25%; Payable on 2021-2022
Other payables	19	–	Insurance payable
Dividend income	7,850	–	Dividend income from associates
Rent income	132	–	Rent income from associates
Interest income	11	–	Prevailing interest rate on regular peso savings deposit account
Interest expense	380	–	Interest expense on loans payable
Joint ventures			
Dividend receivable	8	–	Dividend receivable from joint venture
Rent receivables	21	4	Unsecured; Non-interest bearing; due and demandable
Interest receivables	152	187	Unsecured; Interest bearing at prevailing market rate; due and demandable
Loans receivables	550	3,861	Unsecured; Interest bearing at prevailing market rate; due and demandable
Commission receivable	96	173	Unsecured; Non-interest bearing; due and demandable
Due from related parties	16	83	Unsecured; Non-interest bearing; due and demandable
Management fee receivables	1	27	Unsecured; Non-interest bearing; due and demandable
Receivable from sharing of expenses	1	1	Unsecured; Non-interest bearing; due and demandable
Other receivables	5	–	Unsecured; Non-interest bearing; due and demandable
Investment in shares of stocks	800	5,180	Additional investments to a joint venture
Other payables	7	4	Unsecured; Non-interest bearing; due and demandable
Dividend income	8	–	Dividend income from joint ventures
Management fee income	23	–	Management service income
Rent income	33	–	Unsecured; Non-interest bearing; due and demandable
Commission income	293	–	Unsecured; Non-interest bearing; due and demandable
Interest income	165	–	Unsecured; Interest bearing at prevailing market rate; due and demandable

(Forward)

Category	DECEMBER 31, 2021 Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Others			
Cash and cash equivalents	₱1,721	₱5,690	Unsecured; Interest bearing at prevailing market rate; due and demandable
FVTPL investments	7,852	8,712	Interest bearing
Commission receivable	1	1	Unsecured; Non-interest bearing; due and demandable
Loan receivable	743	743	Unsecured; With interest of 3.15%; Payable in 2022
Nontrade receivables	12	11	Within one (1) year, non-interest bearing, unsecured, no impairment
Receivable from sharing of expenses	355	355	Unsecured; Non-interest bearing; due and demandable
Other receivables	7	49	Unsecured; Non-interest bearing; due and demandable
Prepaid insurance	3	–	Unsecured; Non-interest bearing; due and demandable
Due from related parties	28	27	Unsecured; Non-interest bearing; due and demandable
Accounts payable	58	14	Insurance expense and agency fees
Due to related parties	224	173	Unsecured; Non-interest bearing; due and demandable
Insurance payable	93	93	Unsecured; Non-interest bearing; due and demandable
Other payables	32	1	Pertains to various credit card transactions
Loans payable	1,433	1,433	Unsecured; With 3% interest; payable annually until 2025
Commission income	1	–	Unsecured; Non-interest bearing; due and demandable
Interest income	58	–	Interest on time deposit placements
Rent income	1	–	Rent income from affiliates
Gain or loss on disposal of investments	52	–	Realized gain on investments in FVTPL
Unrealized gain from investment in UITF	37	–	MTM gain on investments in FVTPL
Advisory fees	59	–	Retainer's fee
Agency fees	3	–	Safekeeping and trust agreement
Insurance expense	3	–	General comprehensive liability insurance; car insurance; D&O liability insurance

Category	DECEMBER 31, 2020 Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Significant investor			
Consultancy fees	₱4	₱–	Consultancy fee for the year
Subsidiaries			
Accounts receivable - trade	–	5,644	Receivables from sale of lots, with terms of up to 15 years; discounted at current market rate; Secured; Current - accordingly, no provision for losses is required.
Dividends receivable	–	753	Dividends declared in December 2020
Receivables - others	–	1	Test kits advanced by the Parent Company
Right-of-use asset	36	45	Lease of office space
Investments in subsidiaries	565	42,283	Additional investments during the year
Lease payable	36	23	Lease of office space
Security deposits	2	3	Rental deposits for lease of office space
Accounts payable	–	7	Property management; outside services
Real estate sales	4,803	–	Revenue from sale of lots
Dividend income	5,473	–	Dividend income
Cost of real estate sales	3,067	–	Cost of lots sold
Cost of rental	7	–	Janitorial and security services
Service fees	83	–	Property management fee
Outside services	3	–	Security services in land inventories
Repairs and maintenance	2	–	Maintenance fee for office space

(Forward)

Category	DECEMBER 31, 2020 Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Associates			
Cash and cash equivalents	₱18	₱13,914	Interest bearing at prevailing market rate; due and demandable
Short-term investments	–	1,248	Time deposit placements with interest rates ranging from 0.05% to 0.63%
Rent receivables	–	60	Non-interest bearing; due and demandable; Unsecured
Commission receivable	–	6	Non-interest bearing; due and demandable; Unsecured
Receivable from sharing of expenses	–	41	Non-interest bearing; due and demandable; Unsecured
Other receivables	–	8	Non-interest bearing; due and demandable; Unsecured
Inventories	245	–	Capitalized interest expense on short-term debt
Due from related parties	–	66	Non-interest bearing; due and demandable; Unsecured
Other current assets	–	49	Cash deposit required for the CARS program
Short-term debt	56	6,150	With interest ranging from 3% to 6% due in 2021
Due to related parties	–	51	Non-interest bearing; due and demandable; Unsecured
Other payables	8	–	Non-interest bearing; due and demandable; Unsecured
Loans payable	–	8,949	With interest ranging from 2.90% to 4.75%; Payable in 2021 to 2022
Rent income	114	–	Rent income
Interest income	6	–	Interest income at prevailing market rate
Commission income	1	–	Commission income
Joint ventures			
Rent receivables	–	25	Non-interest bearing; due and demandable; Unsecured
Interest receivables	–	35	Interest receivables on loans; due and demandable
Loans receivables	–	3,311	Interest bearing at prevailing market rate; due and demandable
Commission receivable	–	77	Non-interest bearing; due and demandable; Unsecured
Due from related parties	–	81	Non-interest bearing; due and demandable; Unsecured
Management fee receivables	–	28	Non-interest bearing; due and demandable; Unsecured
Nontrade receivables	3	1	Non-interest bearing; due and demandable; Unsecured
Due to related parties	–	67	Non-interest bearing; due and demandable; Unsecured
Other payables	14	–	Non-interest bearing; due and demandable; Unsecured
Rent income	71	–	Rent income
Commission income	93	–	Commission income
Interest income	35	–	Interest income at prevailing market rate
Management income	60	–	Management income
Others			
Cash and cash equivalents	–	8	Interest bearing at prevailing market rate; due and demandable
Nontrade receivables	2	–	Non-interest bearing; due and demandable; Unsecured
Accounts payable	–	1	Insurance expense payable; agency fee
Due from related parties	–	55	Non-interest bearing; due and demandable; Unsecured
Due to related parties	–	397	Non-interest bearing; due and demandable; Unsecured
Insurance payable	104	104	Non-interest bearing; due and demandable; Unsecured
Other payables	28	–	Various credit card transactions
Interest income	4	–	Interest on time deposit placements
Rent income	1	–	Office space rent
Agency fees	2	–	Safekeeping and trust agreement
Insurance expense	2	–	General comprehensive liability insurance; car insurance; D&O liability insurance

Details of the transactions with affiliates are as follows:

Cash and cash equivalents and short-term investments
The Group maintains cash and short-term deposits accounts with MBTC, an associate. The Group also has cash and short-term deposits with other related parties such as Metrobank Card Corporation (until 2019) and PSBank, which are subsidiaries of MBTC. Cash and cash equivalents earn interest at the prevailing investment rates (Note 4).

Financial assets at FVTPL
As of December 31, 2022 and 2021, the Group's investment in UITF amounted to ₱11.16 billion and ₱8.71 billion, respectively (Note 10).

Operating advances
Due from and to related parties consist mostly of operating advances which are non-interest bearing and due and demandable.

Loans receivable
In 2012 and 2021, Federal Land entered into loan agreements with CIRC. Federal Land agreed to lend to CIRC a total amount of ₱755.00 million with a nominal and effective interest rates ranging from 3.15% to 6.00%. The outstanding balance of loans receivable as of December 31, 2022 and 2021 amounted to ₱905.00 million and ₱743.41 million, respectively (Note 5).

Affiliated bank loans
The Group's loans payable to an affiliated commercial bank bears interest rates ranging from 4.50% to 5.80%, 2.00% to 5.50% and 2.30% to 6.25% per annum in 2022, 2021 and 2020, respectively (Note 16).

Management fee
Management fee amounting to ₱195.66 million and ₱23.31 million in 2022 and 2021, respectively, pertains to the income received from a joint venture of Federal Land with SFNBRDC, NBLRDI, BLRDC and STRC (Note 23).

Lease agreements
Federal Land entered into operating lease agreements for the use of office spaces in GT Tower International Building. The terms of lease range from 5 to 10 years and are generally renewable for 5 years. The rent is payable monthly with annual rent escalation rates ranging from 5% to 8%. The rental income on these leases amounted to ₱420.49 million, ₱220.16 million and ₱215.55 million in 2022, 2021 and 2020, respectively (Note 30).

Compensation of key management personnel for the years ended December 31, 2022, 2021 and 2020 follow:

	2022	2021	2020
Short-term employee benefits	**₱918**	₱903	₱707
Post-employment benefits	**275**	122	106
	₱1,193	₱1,025	₱813

Transactions with the Group Retirement Funds

The retirement funds of the Group's employees are being managed and maintained by MBTC as trustee bank. The total carrying amount and fair value of the retirement funds as of December 31, 2022 and 2021 amounted to ₱2.00 billion and ₱2.43 billion, respectively. The assets and investments of the fund include cash and cash equivalents, investments in government securities and equity securities, among others.

The following tables show the amounts of related party transactions of the Group with the retirement funds of the subsidiaries' employees as of December 31, 2022, 2021 and 2020 (in absolute amounts):

	DECEMBER 31, 2022		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Parent Company			
Investment in equity securities	**(₱1,110,660)**	**₱4,668,420**	No impairment
Dividend income	**32,106**	**–**	Cash dividends
Loss on sale of investments	**(832,955)**	**–**	Loss from sale of equity securities
Associate			
Savings deposit	**33,986,421**	**35,065,761**	Savings account earning regular annual interest; unsecured and no impairment;
Time deposit	**40,600,000**	**40,600,000**	With annual interest of 3.88%, 1 - 3 months maturity; unsecured and no impairment
Investment in equity securities	**(12,652,999)**	**10,232,460**	No impairment
Investment in UITF	**(31,195,532)**	**20,106,237**	No impairment
Investment in other security and debt instruments	**113,866,128**	**154,201,883**	No impairment
Interest income	**197,778**	**–**	Income earned from savings and time deposit
Dividend income	**955,432**	**–**	Cash dividends
Loss on sale of investments	**(2,331,316)**	**–**	Income from sale of UITF

	DECEMBER 31, 2021		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Parent Company			
Investment in equity securities	(₱393,840)	₱5,779,080	No impairment
Dividend income	1,165,240	–	Cash dividends
Loss on sale of investments	(590,210)	–	Loss from sale of equity securities
Associate			
Savings deposit	(3,116,567)	1,079,343	Savings account earning regular annual interest; unsecured and no impairment;
Time deposit	(6,000,000)	–	With annual interest of 3.88%, 1 - 3 months maturity; unsecured and no impairment
Investment in equity securities	9,328,039	22,885,459	No impairment
Investment in UITF	30,970,333	51,301,769	No impairment
Investment in other security and debt instruments	(1,479,519)	40,335,755	No impairment
Interest income	32,393	–	Income earned from savings and time deposit
Dividend income	500,177	–	Cash dividends
Gain on sale of investments	80,917	–	Income from sale of UITF

	DECEMBER 31, 2020		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Parent Company			
Investment in equity securities	(2,722,274)	6,172,920	No impairment
Dividend income	63,012	–	Cash dividends
Associate			
Savings deposit	4,182,492	4,195,910	Savings account with annual interest of 1%, unsecured and no impairment;
Time deposit	(29,722,000)	6,000,000	With annual interest of 3.88%, 1 - 3 months maturity; unsecured and no impairment
Investment in equity securities	(6,670,710)	13,557,420	No impairment
Investment in UITF	15,846,481	20,331,436	No impairment
Investment in other security and debt instruments	169,490	41,815,274	No impairment
Interest income	383,175	–	Income earned from savings and time deposit
Dividend income	305,100	–	Cash dividends
Loss on sale of UITF	(877,679)	–	Loss on sale of UITF

Transactions relating to the retirement plans are approved by the subsidiaries' respective Retirement Committees. The voting rights over the investments in the shares of entities within the Group are exercised by the Retirement Committee, who are either officers or directors of the subsidiaries.

28. PENSION PLAN

The Group provides defined benefit pension plans for substantially all of its employees. Provisions for pension obligations are established for benefits payable in the form of retirement pensions. Benefits are dependent on years of service and the respective employee's final compensation. Actuarial valuations are made annually.

Principal actuarial assumptions used to determine pension obligations follow:

		2022		
		Actuarial Assumptions		
	Date of Actuarial Valuation	Expected Return on Plan Assets	Salary Rate Increase	Discount Rate
Real estate	**December 31, 2022**	**3.69% to 5.34%**	**3.00% to 6.00%**	**7.22% to 7.38%**
Automotive	**-do-**	**6.01% to 7.16%**	**5.00% to 8.00%**	**5.50% to 7.22%**
Financial	**-do-**	**5.04%**	**8.00%**	**7.26%**

		2021		
		Actuarial Assumptions		
	Date of Actuarial Valuation	Expected Return on Plan Assets	Salary Rate Increase	Discount Rate
Real estate	December 31, 2021	3.69%	3.00% to 8.00%	4.94% to 5.21%
Automotive	-do-	4.11% to 5.09%	5.00% to 6.00%	5.01% to 5.06%
Financial	-do-	3.50%	8.00%	5.11 %

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

Net retirement liability (asset) included in the consolidated statements of financial position follow:

	2022	2021
Retirement asset (Note 14)	**(₱29)**	(₱8)
Retirement liability	**1,657**	1,629
Net retirement liability	**₱1,628**	₱1,621

The net pension liability and asset recognized in the Group's consolidated statements of financial position are as follows:

		Net benefit cost					Remeasurements in other comprehensive income						
	January 1, 2022	Current service cost	Net interest	Past service cost	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions paid	December 31, 2022
Present value of defined benefit obligation	**₱4,055**	**₱294**	**₱186**	**₱2**	**₱482**	**(₱542)**	**₱–**	**(₱421)**	**₱–**	**₱57**	**(₱364)**	**₱–**	**₱3,631**
Less: Fair value of plan assets	**2,434**	**–**	**118**	**–**	**118**	**(504)**	**(137)**	**–**	**–**	**–**	**(137)**	**92**	**2,003**
Net defined benefit liability	**₱1,621**	**₱294**	**₱68**	**₱2**	**₱364**	**(₱38)**	**₱137**	**(₱421)**	**₱–**	**₱57**	**(₱227)**	**(₱92)**	**₱1,628**

		Net benefit cost					Remeasurements in other comprehensive income						
	January 1, 2021	Current service cost	Net interest	Past service cost	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions paid	December 31, 2021
Present value of defined benefit obligation	₱4,634	₱337	₱169	₱–	₱506	(₱328)	₱–	(₱244)	₱5	(₱518)	(₱757)	₱–	₱4,055
Less: Fair value of plan assets	2,709	–	98	–	98	(315)	(148)	–	–	–	(148)	90	2,434
Net defined benefit liability	₱1,925	₱337	₱71	₱–	₱408	(₱13)	₱148	(₱244)	₱5	(₱518)	(₱609)	(₱90)	₱1,621

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The fair values of plan assets by each class as at the end of the reporting periods are as follows:

	2022	2021
Cash and cash equivalents	**₱76**	₱6
Investment in government securities	**1,305**	1,710
Investment in equity securities	**310**	545
Investment in debt and other securities	**278**	124
Investment in mutual funds	**22**	53
Receivables	**18**	4
Liabilities	**(6)**	(8)
	₱2,003	₱2,434

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	2022		2021
	Possible Fluctuations	Increase (Decrease)	Increase (Decrease)
Discount rates	+1%	**(₱376)**	(₱277)
	-1%	**429**	304
Future salary increase rate	+1%	**445**	315
	-1%	**(392)**	(292)

The Group expects to contribute ₱378.52 million to its defined benefit pension plan in 2023.

The average duration of the defined benefit retirement liability at the end of the reporting period is 11.85 years for the Group.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2022:

	2022	2021
Less than 1 year	**₱356**	₱481
More than 1 year to 5 years	**1,784**	1,689
More than 5 years to 10 years	**2,088**	2,100
More than 10 years to 15 years	**1,661**	1,490
More than 15 years to 20 years	**2,600**	2,240
More than 20 years	**6,921**	5,428

The Group does not currently have any asset-liability matching study.

29. INCOME TAXES

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% depending on the criteria set by the law effective July 1, 2020. With the implementation of this Act, interest expense allowed as a deductible expense shall be reduced by 20.00% of the interest income subjected to final tax, compared to the 33.00% reduction prior to the Act.

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 Group's income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2020 and 2021, 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.

Based on the provisions of RR No. 5-2021 dated April 8, 2021 issued by the BIR, the transitory RCIT and MCIT rates of the Group for the taxable year 2020 are 27.50% and 1.50%, respectively. The reduced amounts were reflected in the Group's 2020 annual income tax returns filed in 2021. However, for financial reporting purposes, the changes were only recognized in the 2021 consolidated financial statements. 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 consolidated financial statements.

Provision for income tax account consists of:

	2022	2021	2020
Current	**₱2,416**	₱1,935	₱1,753
Deferred	**(637)**	(183)	182
Final	**41**	69	51
	₱1,820	₱1,821	₱1,986

The components of the Group's deferred taxes as of December 31, 2022 and 2021 are as follows:

Net deferred tax assets:

	2022	2021
Deferred tax assets on:		
Retirement benefit obligation	**₱478**	₱474
Deferred gross profit	**309**	82
Allowance for impairment losses	**249**	208
Deferred intercompany gain	**149**	228
Warranties payable and other provisions	**115**	63
Accrued expenses	**78**	73
Allowance for inventory obsolescence	**46**	37
Unamortized past service cost from pension obligation	**14**	21
Excess MCIT over RCIT	**–**	52
NOLCO	**–**	20
Others	**27**	50
	1,465	1,308
Deferred tax liabilities on:		
Unearned gross profit in ending inventories	**116**	17
Capitalized customs duties	**25**	32
Unrealized foreign exchange loss	**20**	58
Others	**27**	27
	188	134
Net deferred tax assets	**₱1,277**	₱1,174

Net deferred tax liabilities:

	2022	2021
Deferred tax assets on:		
NOLCO	**₱405**	₱381
Unrealized gain on sale of land	**381**	408
Excess of cost over fair value of investment property	**81**	116
Unearned income	**45**	25
Prepaid commission	**40**	58
Retirement benefit obligation	**37**	52
Provision for impairment losses on receivables	**23**	33
Unearned gross profit in ending inventories	**22**	20
Interest expense on Day 1 loss	**10**	15
Allowance for impairment loss on inventories	**4**	5
Others	**6**	6
	1,054	1,119
Deferred tax liabilities on:		
Fair value adjustment on acquisition by Parent Company	**1,959**	1,962
Capitalized borrowing cost and guarantee fees	**885**	1,261
Mark-to-market gain on FVOCI investments	**629**	–
Unrealized gross profit on sale of land	**405**	381
Excess of book basis over tax basis of deferred gross profit	**356**	507
Fair value adjustment on acquisition by subsidiaries	**117**	138
Unamortized discount on long-term payable	**47**	68
Lease differential	**21**	22
Deferred financing costs	**1**	3
Retirement asset	**5**	2
Others	**43**	7
	4,468	4,351
Net deferred tax liabilities	**₱3,414**	₱3,232

NOLCO
As of December 31, 2022, the Group has incurred NOLCO before taxable year 2022 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The Group has incurred NOLCO in taxable years 2020 and 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act.

Summary of the Group's NOLCO as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Years	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2022	2023-2025	₱3,031	₱–	₱–	₱–	₱3,031
2021	2022-2026	3,990	–	–	–	3,990
2020	2021-2025	4,386	–	–	–	4,386
		₱11,407	₱–	₱–	₱–	₱11,407

MCIT

Details of the Group's MCIT follow:

Year Incurred	Amount	Expired/Applied	Balance	Expiry Date
2022	₱23	₱–	₱23	2025
2021	10	–	10	2024
2020	38	–	38	2023
2019	114	114	–	2022
	₱185	₱114	₱68	

The Group has NOLCO and excess MCIT over RCIT for which deferred tax assets have not been recognized since management believes that it is not probable that sufficient taxable income will be available against which the carryforward benefit of NOLCO and excess MCIT over RCIT can be utilized prior to their expiration. These NOLCO and excess MCIT over RCIT are as follows:

	2022	2021
NOLCO	**₱9,643**	₱5,498
Excess MCIT over RCIT	**42**	138

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in the consolidated statements of income follows:

	2022	2021	2020
Provision for income tax computed at statutory rates	**25.00%**	25.00%	30.00%
Tax effects of:			
Nontaxable income	**(19.97)**	(19.73)	(14.10)
Changes in unrecognized deferred tax assets	**2.18**	6.24	4.07
Nondeductible interest and other expenses	**0.53**	2.09	0.91
Income subjected to final tax	**(0.06)**	(0.25)	(0.26)
Income subjected to lower tax rate	**0.08**	0.05	0.09
Changes in tax rates	**–**	(1.28)	–
Operating income within income tax holiday (ITH)	**–**	–	(1.52)
Others	**(0.04)**	(0.79)	0.05
Effective income tax rates	**7.72%**	11.33%	19.24%

TMPC is registered with the BOI as a:

- Participant in the Car Development Program and Commercial Vehicle Development Program.
- Pioneer status for the production of Vios. Under its terms and conditions, TMPC shall be entitled to ITH from July 2, 2013 to July 1, 2019 for revenues generated from this vehicle model subject to achievement of certain percentage of local value added.
- Non-pioneer status for the production of Innova. Under its terms and conditions, TMPC shall be entitled to ITH from April 2016 to March 2020 for portion (as determined by its Logistic Efficiency Index) of revenues generated from this vehicle model.
- Participant in Comprehensive Automotive Resurgence Strategy (CARS) Program. BOI approved TMPC's enrollment of its locally-produced vehicle model to the CARS Program on June 27, 2016. Under the terms of registration, TMPC shall be entitled to Fixed Investment Support and Production Volume Incentives (as determined by its Logistic Efficiency Index) subject to achievement of production volume and localization of body shells and large plastic parts (See Note 23).

30. LEASE COMMITMENTS

Group as a lessee

The Group is a party under various lease agreements including the lease of premises occupied by the Parent Company, office space leased for the Group's branches, land leased for Federal Land Group's mall and gasoline station and lease of parking spaces with terms ranging from one (1) to 10 years.

As of December 31, 2022 and 2021, the Group recognized interest expense on lease liabilities (included in 'Interest expense' in the consolidated statement of income) amounting to ₱23.29 million and ₱32.13 million in 2022 and 2021, respectively. Rent expense from short-term leases and leases of low-value assets amounting to ₱65.22 million and ₱33.29 million in 2022 and 2021, respectively.

As of December 31, 2022 and 2021, the carrying amounts of lease liabilities are as follows (Notes 19 and 20):

	2022	2021
Beginning balance	**₱45**	₱24
Additions	**–**	139
Accretion of interest	**23**	32
Disposals	**(24)**	–
Payments	**(106)**	(37)
Adjustments	**83**	(113)
	₱21	₱45

As of December 31, 2022 and 2021, the future minimum rental payments are as follows:

	2022	2021
Within one year	**₱55**	₱69
After one year but not more than five years	**57**	47
More than five years	**–**	8
	₱112	₱124

Group as a lessor
The Group has entered into commercial property leases on its investment properties consisting of office spaces, land, mall and parking spaces with lease terms ranging from five (5) to ten (10) years. The Group's rental income on these leases amounted to ₱1.40 billion, ₱1.05 billion and ₱1.75 billion in 2022, 2021 and 2020, respectively (Note 9). The cost of rental services amounting to ₱829.91 million, ₱655.26 million and ₱588.76 million in 2022, 2021 and 2020, respectively, includes maintenance fee, depreciation, repairs and maintenance, and taxes and licenses (Note 11).

As of December 31, 2022 and 2021, the future minimum rental receipts from these lease commitments are as follows:

	2022	2021
Within one year	₱1,685	₱1,282
After one year but not more than five years	3,084	2,990
More than five years	5,353	2,690
	₱10,122	₱6,962

31. BUSINESS COMBINATION

On December 29, 2020, GTCAM and TCSPHI entered into a Share Sale and Purchase Agreement with TMPC. TMPC agreed to sell and transfer its 5,000,000 shares of TSRLI shares with a par value of ₱100.00 per share, representing in the aggregate 100% of the total issued and outstanding voting shares of TSRLI, to GTCAM and TCSPHI. 60% of the sale shares equivalent to 3,000,000 shares were sold and transferred to GTCAM and the remaining 40% or 2,000,000 shares were sold and transferred to TCSPHI. The said agreement took effect on January 1, 2021.

32. FAIR VALUE MEASUREMENT

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents and short-term cash investments
The fair value of cash and cash equivalents approximate the carrying amounts at initial recognition due to the short-term maturities of these instruments.

Receivables
The fair value of receivables due within one year approximates its carrying amounts. The fair values of installment contracts receivable are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used were 8.00% as of December 31, 2022 and 2021. For the long-term loan receivable, the Group used discounted cash flow analyses to measure the fair value of the loan. The interest rate used was the average bank lending rate for December 31, 2022 and 2021.

Due from and to related parties
The carrying amounts approximate fair values due to short-term in nature. Related party receivables and payables are due and demandable.

Financial assets at FVTPL
These pertain to the Group's investment in UITFs. UITFs are ready-made investments that allow pooling of funds from different investors with similar investments objectives. These UITFs are managed by professional fund managers and may be invested in various financial instruments such as money market securities, bonds and equities, which are normally available to large investors only. A UITF uses the mark-to-market method in valuing the fund's securities.

Financial assets at FVOCI - quoted
The fair value of quoted equity securities is based on the quoted market prices or binding dealer price quotations, without any deduction for transaction cost.

Financial assets at FVOCI - unquoted
The fair value of unquoted equity securities is estimated based on the market data approach that makes use of market multiples derived from a set of comparables. Multiples were determined that is most relevant to assessing the value of unquoted securities (e.g., earnings, book value). The selection of the appropriate multiple within the range is based on qualitative and quantitative factors specific to the measurement.

Derivative financial instruments
The fair values of interest rate swap transactions are derived using acceptable valuation method. The valuation assumptions are based on market conditions existing at the reporting dates.

Accounts and other payables
The fair values of accounts and other payables approximate the carrying amounts due to the short-term nature of these transactions.

Loans payable and bonds payable
Current portion of loans payable approximates its fair value due to its short-term maturity. Long-term portion of loans payable subjected to quarterly repricing is not discounted. Estimated fair value of long-term portion of loans payable with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using applicable interest rates for similar types of loans as of reporting date. The interest rates used ranged from 1.70% to 6.94% and 0.44% to 6.17% for the years ended December 31, 2022 and 2021, respectively.

Liabilities on purchased properties
Estimated fair value was based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term payables were incurred in 2019, 2017 and 2012 with interest rates ranging from 3.00% to 3.25% per annum.

The following tables summarize the carrying amount and fair values of financial assets and liabilities, as well as nonfinancial assets, analyzed based on the fair value hierarchy (see accounting policy on Fair Value Measurement), except for assets and liabilities where the carrying values as reflected in the consolidated statements of financial position and related notes approximate their respective fair values.

	2022				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value:					
Financial Assets					
Financial assets at FVTPL	₱11,160	₱–	₱11,160	₱–	₱11,160
Financial assets at FVOCI					
Quoted equity securities	13,154	13,154	–	–	13,154
Unquoted equity securities	191	–	191	–	191
Other noncurrent assets					
Derivative assets	88		88		88
	₱24,593	₱13,154	₱11,439	₱–	₱24,593
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	₱249	₱–	₱–	₱251	₱251
Loans receivables	5,094	–	–	5,094	5,094
Non-financial Assets					
Investment in listed associates	164,998	106,922	–	–	106,922
Investment properties	22,247	–	–	46,861	46,861
	₱192,588	₱106,922	₱–	₱52,206	₱159,128
Liabilities measured at fair value:					
Financial Liabilities					
Other noncurrent liabilities					
Derivative liabilities	₱46	₱–	₱46	₱–	₱46
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	1,300	–	–	1,649	1,649
Loans payable	118,033	–	–	139,606	139,606
Bonds payable	3,992	4,048	–	–	4,048
	₱123,325	₱4,048	₱–	₱141,255	₱145,303

	2021				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value:					
Financial Assets					
Financial assets at FVTPL	₱8,712	₱–	₱8,712	₱–	₱8,712
Financial assets at FVOCI					
Quoted equity securities	15,919	15,919	–	–	15,919
Unquoted equity securities	392	–	392	–	392
	₱25,023	₱15,919	₱9,104	₱–	₱25,023
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	₱335	₱–	₱–	₱338	₱338
Loans receivables	1,324	–	–	1,994	1,994
Non-financial Assets					
Investment in listed associates	163,655	110,158	–	–	110,158
Investment properties	15,646	–	–	41,850	41,850
	₱180,960	₱110,158	₱–	₱44,182	₱154,340
Liabilities measured at fair value:					
Financial Liabilities					
Other noncurrent liabilities					
Derivative liabilities	₱32	₱–	₱32	₱–	₱32
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	1,658	–	–	2,194	2,194
Loans payable	112,755	–	–	113,536	113,536
Bonds payable	10,077	10,448	–	–	10,448
	₱124,490	₱10,448	₱–	₱115,730	₱126,178

As of December 31, 2022 and 2021, no transfers were made among the three levels in the fair value hierarchy.

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

The fair value of the Group's investment properties has been determined based on valuations performed by third-party valuers. The value of the land was estimated by using the Market Data Approach, a valuation approach that considers the sales, listings and other related market data within the vicinity of the subject properties and establishes a value estimate by processes involving comparison.

The table below summarizes the valuation techniques used and the significant unobservable inputs valuation for each type of investment properties held by the Group:

	Valuation Techniques	Significant Unobservable Inputs
Land	Market Data Approach	Price per square meter, size, location, shape, time element and corner influence
Building and Land Improvements	Cost Approach or Market Data Approach	Lineal and square meter, current cost of materials, labor and equipment, contractor's profits, overhead, taxes and fees

Description of the valuation techniques and significant unobservable inputs used in the valuation of the Group's investment properties are as follows:

Valuation Techniques

Market Data Approach — A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.

Cost Approach — A process of determining the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation on physical wear and tear, and obsolescence.

Significant Unobservable Inputs

Reproduction Cost New — The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.

Size — Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.

Shape — Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.

Location — Location of comparative properties whether on a Main Road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a Main Road are superior to properties located along a secondary road.

<u>Significant Unobservable Inputs</u>

Time Element	"An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time". In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.
Corner influence	Bounded by two (2) roads.

33. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Group's principal financial instruments are composed of cash and cash equivalents, financial assets at FVTPL and FVOCI, receivables, due from related parties, accounts and other payables, dividends payable, due to related parties, loans payable, bonds payable, liabilities on purchased properties and derivative financial instruments.

Exposures to credit, liquidity, foreign currency, interest rate, and equity price risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The use of financial derivative instruments (if any) is solely for the management of the Group's financial risk exposures. It is the Group's policy not to enter into derivative transactions for speculative purposes.

The Group's respective financing and treasury functions focus on managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

<u>Credit Risk</u>
The Group's credit risks are primarily attributable to its financial assets. To manage credit risks, the Group maintains defined credit policies and monitors on a continuous basis its exposure to credit risks. Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

Financial assets comprise cash and cash equivalents, short-term investments, receivables, due from related parties and investment securities. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations.

In respect of installment receivables from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant and the requirement for remedial procedures is minimal given the profile of buyers.

Maximum exposure to credit risk after taking into account collateral held or other credit enhancements

As of December 31, 2022 and 2021, the maximum exposure to credit risk of the Group's financial assets is equal to its carrying value except for installment contracts receivable with nil exposure to credit risk since the fair value of the related condominium and residential units collateral is greater than the carrying value of the installment contracts receivable.

a. Credit quality per class of financial assets

    The credit quality of the financial assets was determined as follows:

    Cash and cash equivalents and long-term cash investment - based on the nature of the counterparty and the Group's internal rating system.

    Receivables - high grade pertains to receivables that had no default in payment; medium grade pertains to receivables with a history of being 30 to 90 days past due; and low grade pertains to receivables with a history of being over 90 days past due.

The table below shows the credit quality per class of financial assets based on the Group's rating system:

DECEMBER 31, 2022

	Neither Past Due Nor Individually Impaired				Past Due but not Individually Impaired	Individually Impaired	TOTAL
	High Grade	Medium Grade	Low Grade	TOTAL			
Cash and cash equivalents* (Note 4)	₱23,794	₱–	₱–	₱23,794	₱–	₱–	₱23,794
Receivables (Note 5)							
Trade receivables	7,198	165	–	7,363	3,309	16	10,688
Loans receivable	6,084	–	–	6,084	–	–	6,084
Accrued rent and commission income	1,138	–	–	1,138	4	502	1,644
Nontrade receivables	839	65	98	1,002	176	182	1,360
Accrued interest receivable	782	–	–	782	–	35	817
Installment contracts receivable	77	–	–	77	172	–	249
Management fee receivables	282	–	–	282	–	–	282
Others	120	–	83	203	1	–	204
Due from related parties (Note 27)	356	–	–	356	–	–	356
	₱40,670	₱230	₱181	₱41,081	₱3,662	₱735	₱45,478

*Excludes cash on hand amounting to ₱211.87 million

DECEMBER 31, 2021

	Neither Past Due Nor Individually Impaired				Past Due but not Individually Impaired	Individually Impaired	TOTAL
	High Grade	Medium Grade	Low Grade	TOTAL			
Cash and cash equivalents* (Note 4)	₱17,370	₱–	₱–	₱17,370	₱–	₱–	₱17,370
Receivables (Note 5)							
Trade receivables	7,499	183	31	7,713	3,415	4	11,132
Loans receivable	5,618	–	–	5,618	–	–	5,618
Accrued rent and commission income	881	–	–	881	4	345	1,230
Nontrade receivables	606	67	97	770	231	50	1,051
Accrued interest receivable	397	–	–	397	–	37	434
Installment contracts receivable	103	–	–	103	232	–	335
Management fee receivables	150	–	–	150	–	–	150
Others	308	–	–	308	10	129	447
Due from related parties (Note 27)	155	–	–	155	–	–	155
	₱33,087	₱250	₱128	₱33,465	₱3,892	₱565	₱37,922

*Excludes cash on hand amounting to ₱34.02 million

As of December 31, 2022 and 2021, the aging analysis of past due but not individually impaired financial assets presented per class, is as follows:

DECEMBER 31, 2022

	Neither Past Due nor Individually Impaired	Past Due but not Individually Impaired						Individually Impaired	TOTAL
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	TOTAL		
Cash and cash equivalents* (Note 4)	₱23,794	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱23,794
Receivables (Note 5)									
Trade receivables	7,363	1,014	1,029	416	177	673	3,309	16	10,688
Loans receivable	6,084	–	–	–	–	–	–	–	6,084
Accrued rent and commission income	1,138	1	1	1	1	–	4	502	1,644
Nontrade receivables	1,002	39	35	15	5	82	176	182	1,360
Accrued interest receivable	782	–	–	–	–	–	–	35	817
Installment contracts receivable	77	55	34	57	–	26	172	–	249
Management fee receivables	282	–	–	–	–	–	–	–	282
Others	203	1	–	–	–	–	1	–	204
Due from related parties (Note 27)	356	–	–	–	–	–	–	–	356
	₱41,081	₱1,110	₱1,099	₱489	₱183	₱781	₱3,662	₱735	₱45,478

*Excludes cash on hand amounting to ₱211.87 million

DECEMBER 31, 2021

	Neither Past Due nor Individually Impaired	Past Due but not Individually Impaired						Individually Impaired	TOTAL
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	TOTAL		
Cash and cash equivalents* (Note 4)	₱17,370	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱17,370
Receivables (Note 5)									
Trade receivables	7,713	1,008	1,000	543	251	613	3,415	4	11,132
Loans receivable	5,618	–	–	–	–	–	–	–	5,618
Accrued rent and commission income	881	1	1	1	1	–	4	345	1,230
Nontrade receivables	770	13	79	112	10	17	231	50	1,051
Accrued interest receivable	397	–	–	–	–	–	–	37	434
Installment contracts receivable	103	75	45	77	–	35	232	–	335
Management fee receivables	150	–	–	–	–	–	–	–	150
Others	308	1	–	–	–	9	10	129	447
Due from related parties (Note 27)	155	–	–	–	–	–	–	–	155
	₱33,465	₱1,098	₱1,125	₱733	₱262	₱674	₱3,892	₱565	₱37,922

*Excludes cash on hand amounting to ₱211.87 million

Liquidity risk

The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions. Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt, to give financing flexibility while continuously enhancing the Group's businesses. To serve as back-up liquidity, management develops variable funding alternatives either by issuing debt or raising capital.

The tables below summarize the maturity profile of the Group's financial assets and liabilities based on undiscounted contractual payments:

	DECEMBER 31, 2022			
	Up to 1 year	> 1 to 5 years	> 5 years	TOTAL
Financial assets				
Cash and cash equivalents* (Note 4)	₱23,825	₱–	₱–	₱23,825
Receivables (Note 5)				
Trade receivables	9,593	1,156	–	10,749
Loans receivable	990	6,571	–	7,561
Accrued rent and commission income	1,644	–	–	1,644
Nontrade receivable	1,360	–	–	1,360
Installment contracts receivables	249	–	–	249
Accrued interest receivable	817	–	–	817
Management fee receivable	282	–	–	282
Others	203	–	–	203
Due from related parties (Note 27)	356	–	–	356
Financial assets at FVTPL (Note 10)				
Investments in UITF	11,160	–	–	11,160
Financial assets at FVOCI (Note 10)				
Equity securities				
Quoted	–	–	13,154	13,154
Unquoted	–	–	191	191
Other noncurrent assets				
Derivatives assets	–	88	–	88
Total undiscounted financial assets	₱50,479	₱7,815	₱13,345	₱71,639
Other financial liabilities				
Accounts and other payables (Note 15)				
Trade payables	₱17,049	₱–	₱–	₱17,049
Accrued expenses	6,995	–	–	6,995
Telegraphic transfers and drafts and acceptances payable	3,373	–	–	3,373
Retentions payable	95	1,501	–	1,596
Accrued commissions	1,055	–	–	1,055
Accrued interest payable	324	–	–	324
Royalty payable	302	–	–	302
Nontrade payables	327	–	–	327
Others	3,509	–	–	3,509
Dividends payable	589	–	–	589
Loans payable (Note 16)	28,248	88,936	58,445	175,629
Bonds payable (Note 17)	6,374	4,136	–	10,510
Due to related parties (Note 27)	166	–	–	166
Liabilities on purchased properties (Note 20)	348	1,021	700	2,069
Other noncurrent liabilities				
Derivative liabilities (Note 20)	46	–	–	46
Total undiscounted financial liabilities	₱68,800	₱95,594	₱59,145	₱223,539
Liquidity Gap	(₱18,321)	(₱87,779)	(₱45,800)	(₱151,900)

Excludes cash on hand amounting to ₱211.87 million.

	DECEMBER 31, 2022			
	Up to 1 year	> 1 to 5 years	> 5 years	TOTAL
Financial assets				
Cash and cash equivalents* (Note 4)	₱17,371	₱–	₱–	₱17,371
Receivables (Note 5)				
Trade receivables	8,707	2,486	–	11,193
Loans receivable	4,294	1,993	–	6,287
Accrued rent and commission income	1,230	–	–	1,230
Nontrade receivable	1,051	–	–	1,051
Installment contracts receivables	335	–	–	335
Accrued interest receivable	434	–	–	434
Management fee receivable	150	–	–	150
Others	447	–	–	447
Due from related parties (Note 27)	155	–	–	155
Financial assets at FVTPL (Note 10)				
Investments in UITF	8,712	–	–	8,712
Financial assets at FVOCI (Note 10)				
Equity securities				
Quoted	–	–	15,919	15,919
Unquoted	–	–	392	392
Total undiscounted financial assets	₱42,886	₱4,479	₱16,311	₱63,676
Other financial liabilities				
Accounts and other payables (Note 15)				
Trade payables	₱15,429	₱–	₱–	₱15,429
Accrued expenses	5,388	–	–	5,388
Telegraphic transfers and drafts and acceptances payable	4,956	–	–	4,956
Retentions payable	95	1,384	–	1,479
Accrued commissions	1,056	–	–	1,056
Accrued interest payable	955	–	–	955
Royalty payable	293	–	–	293
Nontrade payables	264	–	–	264
Others	1,354	–	–	1,354
Dividends payable	590	–	–	590
Loans payable (Note 16)	24,487	67,980	77,824	170,291
Bonds payable (Note 17)	536	10,510	–	11,046
Due to related parties (Note 27)	193	–	–	193
Liabilities on purchased properties (Note 20)	304	2,057	1,414	3,775
Derivative liabilities (Note 20)	–	32	–	32
Total undiscounted financial liabilities	₱55,900	₱81,963	₱79,238	₱217,101
Liquidity Gap	(₱13,014)	(₱77,484)	(₱62,927)	(₱153,425)

Excludes cash on hand amounting to ₱34.02 million.

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Parent Group's primary risk management objective is to reduce the Group's exposure to changes in foreign exchange rates. To manage the currency risk, the Group enters into hedging activities.

The Group's foreign currency-denominated financial instruments are included in cash and cash equivalents, short-term investments, receivables, accounts and other payables and loans payable. Cash and cash equivalents denominated in foreign currency amounted to US$63.13 million and JP¥1.17 billion as of December 31, 2022, US$55.13 million and JP¥1.76 billion as of December 31, 2021 and US$48.53 million and JP¥2.19 billion as of December 31, 2020. Receivables denominated in foreign currency amounted to US$1.16 million and JP¥0.62 million as of December 31, 2022, and US$0.82 million and US$1.09 million as of December 31, 2021 and 2020, respectively. Accounts and other payables denominated in foreign currency amounted to US$213.84 million as of December 31, 2022, US$152.76 million and JP¥23.49 million as of December 31, 2021, and US$158.68 million and JP¥19.80 million as of December 31, 2020. Loans payables denominated in foreign currency amounted to JP¥23.31 billion as of December 31, 2022, 2021 and 2020. In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the exchange rates used were ₱56.12 to US$1.00 and ₱0.42 to JP¥1.00 as at December 31, 2022, ₱50.99 to US$1.00 and ₱0.44 to JP¥1.00 as at December 31, 2021 and ₱48.04 to US$1.00 and ₱0.46 to JP¥1.00 as at December 31, 2020.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-US dollar and Philippine peso-JP¥ exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) on December 31, 2022, 2021 and 2020. There is no other impact on the Group's equity other than those already affecting the consolidated statements of comprehensive income.

	Currency	Change in Variable	Increase (Decrease) in Income Before Tax
2022	**US$**	**(₱1.79)**	**₱201**
		1.79	**(201)**
	JP¥	**(0.0152)**	**252**
		0.0152	**(252)**
2021	US$	(₱0.53)	₱22
		0.53	(22)
	JP¥	(0.0113)	182
		0.0113	(182)
2020	US$	(₱0.63)	₱45
		0.63	(45)
	JP¥	0.0003	4
		(0.0003)	(4)

The Group determined the reasonably possible change in foreign exchange rate by using the absolute average change in Philippine peso-US dollar and Philippine peso-JP¥ exchange rates for the past three (3) years.

Fair Value Hedge
The Parent Company's primary risk management strategy is to reduce the Parent Company's exposure to changes in foreign exchange rates. In this regard, the Parent Company designated a layer of its JPY-denominated long-term loan (the "Hedging Instrument") to hedge the variability in the fair value arising from the translation of its investment in Toyota Motor Corporation (TMC) (the "Hedged Item") amounting to ¥22.05 billion due to fluctuations in JPY/PHP foreign exchange (FX) rates. The hedged risk is the variability in the fair value arising from the translation of the investments (the Hedged Items) due to fluctuations in JPY/PHP FX rates (foreign currency risk). The hedged item is the variability in the fair value arising from the translation of the investments (the Hedged Items) due to foreign currency risk. The hedging instrument is the of ¥22.05 billion layer of the principal amount of its long-term loan with various lenders. The terms of the hedging relationships will end in July 2024. The effectiveness of hedging relationship is tested prospectively. All designated hedging relationships were sufficiently effective as of December 31, 2022 and 2021.

Economic relation between the hedged item and the hedging instrument was qualitatively tested by matching their critical terms. The hedged items create a foreign currency risk on the translation of investments amounting to ¥22.05 billion while the hedging instruments create the exact offset of this risk. Since the critical terms of the hedged item and hedging instrument matched, a clear economic relationship was established. The Parent Company's and the counterparty's credit risk were monitored for adverse changes. The Parent Company assessed that the risk associated with them and the counterparty is considered minimal, at inception, and during the year and did not dominate the value changes that result from the economic relationship. The hedge ratio for hedge accounting purposes is 1:1 or 100% since only a layer of the long-term loan which exactly matches the notional amount of the hedged item was designated as hedging instrument.

Cash Flow Hedge
Non-deliverable forward
Toyota entered into non-deliverable forward (NDF) contracts with various banks to purchase U.S. Dollars at a specified rate in return for a specified amount of Philippine Peso. Delivery is on a specified future date. NDF contracts are designated as hedging instruments in cash flow hedges of forecast purchases in U.S. Dollars. These forecast transactions are highly probable, and they comprise about 50% of its total expected purchases in U.S. Dollars. The NDF contract balances vary with the level of expected foreign currency purchases and changes in foreign exchange forward rates.

The objective of the use of derivative financial instruments is to reduce the risk to earnings and cash flows associated with changes in foreign currency exchange rates. Toyota does not use these instruments for speculative or trading purposes. Derivative instruments are recognized as either assets or liabilities in the accompanying consolidated financial statements and are measured at fair value. Gains and losses resulting from changes in the fair values of those derivative instruments are recorded to earnings or other comprehensive income (loss).

The Group is holding the following hedging instruments designated as cash flow hedges as of December 31, 2022:

	Maturity		
	Up to 3 months	> 3 to 6 months	Total
Non-deliverable forward contracts			
Notional amount (in millions)	US$300	US$129	US$429
Average forward rate	56.10	55.58	55.94

The tables set out the outcome of the Group's hedging strategy, the carrying amounts of the derivatives and the changes in fair values used for measuring hedge ineffectiveness separately showing the effective and ineffective portions as of December 31, 2022:

	December 31, 2022			
	Carrying value	Change in fair value of hedged item used for measuring ineffectiveness	Effective portion recognized in OCI	Hedge ineffectiveness recognized in the income statement
Non-deliverable forward contracts				
Derivative asset	**₱–**	**₱–**	**₱–**	**₱–**
Derivative liability	**46**	**(26)**	**45**	**–**

The Group follows a prudent policy in managing its assets and liabilities so as to ensure that exposure to fluctuation in foreign exchange rates are kept within acceptable limits. There is no ineffectiveness recognized in the profit or loss as the changes in the fair value of the hedged items used as basis for recognizing hedge ineffectiveness equals to the carrying amount of the hedging instruments.

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

	2022		
	Cash Flow Hedge Reserve	Cost of Hedging Reserve	Total
Balance at beginning of year	₱–	₱–	₱–
Effective Portion of changes in fair value	(46)	–	(46)
Amount transferred to inventories	20	1	21
Amount reclassified to profit and loss	26	–	26
Balance at end of year (net of tax)	₱–	₱1	₱1

Interest rate risk

The Group's interest rate exposure management policy centers on reducing the Group's overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and maintaining a debt portfolio mix of both fixed and floating interest rates. The portfolio mix is a function of historical, current trend and outlook of interest rates, volatility of short-term interest rates, the steepness of the yield curve and degree of variability of cash flows.

As of December 31, 2022 and 2021, except for the Parent Company's JPY loans, the Group has no financial instruments subject to floating interest rates. There is no sensitivity to the changes in interest rates on the Group's income before tax through the impact of floating rate borrowings because the risk is effectively hedged by an interest rate swap.

Cash Flow Hedge

Interest rate swap

The Parent Company entered into an interest rate swap (IRS) agreement to hedge the variability in the interest cash flows arising from its floating rate loan with various lenders (the "Loan"), attributable to changes in the three-month JPY TONA (3m JPY TONA) (Note 16). The hedged risk is variability in interest cash flows of the Loan attributable to changes in the 3m JPY TONA (interest rate risk). The hedged item is the interest cash flows on the Loan which is based on 3m JPY TONA + margin, floored at 0%. The hedging instrument is an IRS under which the Parent Company will pay fixed interest at a rate of 0.852% to 1.255% per annum and receive variable interest based on 3m JPY TONA. The terms of the hedging relationships will end in March 2027. The effectiveness of hedging relationship is tested prospectively. The designated hedging relationship was sufficiently effective as December 31, 2022 and 2021.

An economic relation between the hedged item and the hedging instrument was qualitatively tested by matching their critical terms. The hedged item creates an exposure to pay 3m JPY TONA (floored at 0%) + 0.65% to 0.80%, settled quarterly. The hedging instrument creates an exact offset of this exposure with a consequence of paying a fixed interest payment of 0.852% to 1.255% per annum. Since most of the critical terms of the hedged item and hedging instrument matched, a clear economic relationship was established. The Parent Company's and the counterparty's credit risk was monitored for adverse changes. The Parent Company assessed that the risk associated with them and the counterparty is considered minimal, at inception, and during the year and did not dominate the value changes that result from the economic relationship. The hedge ratio for hedge accounting purposes is 1:1 or 100% since the notional amount of the IRS exactly matches the notional amount of the Loan. The hedge ineffectiveness can arise from the counterparties' credit risk differently impacting the fair value movements of the hedging instrument and the hedged item.

The Group is holding the following hedging instruments designated as cash flow hedges as of December 31, 2022 and 2021:

	Maturity				
	Up to 3 months	> 3 to 6 months	> 6 to 12 months	> 1 to 2 years	More than 2 years
2022					
Interest rate swap					
Fixed interest rate (%)					
¥11.655 billion up to July 2024	**0.852%**	**0.852%**	**0.852%**	**0.852%**	**–**
¥11.655 billion up to July 2024	**0.865%**	**0.865%**	**0.865%**	**0.865%**	**–**
¥23.31 billion from July 2024 to March 2027	**–**	**–**	**–**	**1.255%**	**1.255%**
2021					
Interest rate swap					
Fixed interest rate (%)	0.852%	0.852%	0.852%	0.852%	0.852%

The tables set out the outcome of the Group's hedging strategy, the carrying amounts of the derivatives the Group uses as hedging instruments and the changes in fair values used for measuring hedge ineffectiveness separately showing the effective and ineffective portions as of December 31, 2022 and 2021:

	December 31, 2022			
	Carrying value	Change in fair value of hedged item used for measuring ineffectiveness	Effective portion recognized in OCI	Hedge ineffectiveness recognized in the consolidated income statement
Floating rate loans				
Interest rate swap				
Derivative assets	**₱88**	**₱88**	**₱88**	**₱–**

	December 31, 2022			
	Carrying value	Change in fair value of hedged item used for measuring ineffectiveness	Effective portion recognized in OCI	Hedge ineffectiveness recognized in the consolidated income statement
Floating rate loans				
Interest rate swap				
Derivative assets	₱32	₱32	₱32	₱–

The Group follows a prudent policy in managing its assets and liabilities so as to ensure that exposure to fluctuation in interest rates are kept within acceptable limits. There is no ineffectiveness recognized in the profit or loss as the changes in the fair value of the hedged items used as basis for recognizing hedge ineffectiveness equals to the carrying amount of the hedging instruments.

The movement in cash flow hedge reserve follows:

	2022	2021
Balance at beginning of year	(₱32)	(₱51)
Net unrealized gain (loss) on cash flow hedge	120	19
Balance at end of year (net of tax)	₱88	(₱32)

Equity price risk
Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of financial assets at FVOCI held by the Group.

The table below shows the sensitivity to a reasonably possible change in the Philippine Stock Exchange index (PSEi), with all other variables held constant, of the Group's equity (through other comprehensive income) due to changes in the carrying value of the Group's financial assets at FVOCI. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through their betas. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the PSEi for the past year. The analysis is based on the assumption that last year's PSEi volatility will be more or less the same in the following year.

	Percentage change in PSEi	Increase (decrease) in total comprehensive income
2022	Increase by 32.51%	₱380
	Decrease by 32.51%	(380)
2021	Increase by 22.94%	₱302
	Decrease by 22.94%	(302)

The table below shows the sensitivity to a reasonably possible change in the Tokyo Stock Exchange index (TSEi), with all other variables held constant, of the Group's equity (through other comprehensive income) due to changes in the carrying value of the Group's financial assets at FVOCI. The analysis links TSEi changes, which proxies for general market movements, to individual stock prices through their betas. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the TSEi for the past year. The analysis is based on the assumption that last year's TSEi volatility will be more or less the same in the following year.

	Percentage change in TSEi	Increase (decrease) in total comprehensive income
2022	Increase by 5.05%	₱592
	Decrease by 5.05%	(592)
2021	Increase by 10.40%	₱1,497
	Decrease by 10.40%	(1,497)

34. BASIC/DILUTED EARNINGS PER SHARE

The basic/diluted earnings per share attributable to equity holders of the Parent Company for the years ended December 31, 2022, 2021 and 2020 were computed as follows (amounts in millions, except earnings per share):

	2022	2021	2020
a.) Net income attributable to equity holders of the Parent Company	₱18,360	₱10,983	₱6,546
b.) Effect of dividends declared to voting and perpetual preferred shareholders of the Parent Company	(589)	(589)	(589)
c.) Net income attributable to common shareholders of the Parent Company	17,771	10,394	5,957
d.) Weighted average number of outstanding common shares of the Parent Company (Note 22)	215	215	215
e.) Basic/diluted earnings per share (c / d)	₱82.55	₱48.28	₱27.67

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

35. OPERATING SEGMENTS

Segment Information
For management purposes, the Group is organized into business units based on their products and activities and has the following reportable segments:

- Real estate is engaged in real estate and leasing, development and selling of properties of every kind and description, as well as ancillary trading of goods such as petroleum, non-fuel products on wholesale or retail basis, maintenance of a petroleum service station, engaging in food and restaurant service and acting as a marketing agent for and in behalf of any real estate development company or companies;
- Financial institutions are engaged in the banking and insurance industry and financing institution;
- Automotive operations are engaged in the assembly, manufacture, importation, sale and distribution of all kinds of automobiles including automobile parts, accessories, and instruments;
- Infrastructure is engaged in the water distribution, toll operation, power sector, hospitals and rail; and
- Others pertain to other corporate activities of the Group (i.e., capital raising activities, acquisitions and investments).

The Chief Operating Decision Maker (CODM), which is the Executive Committee, monitors the operating results of the Group for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, earnings before interest, taxes and depreciation/ amortization (EBITDA) and pretax income which are measured similarly under PFRS, except for EBITDA. EBITDA is computed by reconciling net interest income (expense) and provision for income taxes to the net income and adding back depreciation and amortization expenses for the period.

For the years ended December 31, 2022, 2021 and 2020, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers. Intragroup transactions were eliminated during consolidation.

Segment Assets
Segment assets are resources owned by each of the operating segments that are employed in its operating activities.

Segment Liabilities
Segment liabilities are obligations incurred by each of the operating segments from its operating activities.

The following tables present the financial information of the operating segments of the Group as of and for the years ended December 31, 2022, 2021 and 2020:

	December 31, 2022					
	Real Estate	Financial Institution	Automotive Operations	Infrastructure	Others	Total
Revenue	₱5,193	₱–	₱211,945	₱–	₱169	₱217,307
Other income	8,500	–	1,914	–	468	10,882
Equity in net income of associates and joint venture	1,238	13,587	–	1,630	–	16,455
	14,931	13,587	213,859	1,630	637	244,644
Cost of goods and services sold	859	–	156,220	–	–	157,079
Cost of goods manufactured and sold	–	–	36,366	–	–	36,366
Cost of rental	817	–	–	–	13	830
Cost of real estate sales	2,996	–	–	–	63	3,059
General and administrative expenses	4,033	–	12,576	–	669	17,278
	8,705	–	205,162	–	745	214,612
Earnings before interest and taxes	6,226	13,587	8,697	1,630	(108)	30,032
Depreciation and amortization	673	–	1,431	–	13	2,117
EBITDA	6,899	13,587	10,128	1,630	(95)	32,149
Interest income	377	–	147	–	139	663
Interest expense	(2,401)	–	(228)	–	(4,515)	(7,144)
Depreciation and amortization	(673)	–	(1,431)	–	(13)	(2,117)
Pretax income	4,202	13,587	8,616	1,630	(4,484)	23,551
Provision for income tax	224	–	(2,008)	–	(36)	(1,820)
Net income	₱4,426	₱13,587	₱6,608	₱1,630	(₱4,520)	₱21,731
Segment assets	₱120,648	₱135,668	₱66,586	₱40,055	₱54,199	₱417,156
Segment liabilities	₱82,282	₱–	₱38,497	₱–	₱83,363	₱204,142

	December 31, 2021					
	Real Estate	Financial Institution	Automotive Operations	Infrastructure	Others	Total
Revenue	₱5,607	₱–	₱150,964	₱–	₱10	₱156,581
Other income	2,828	–	1,894	–	376	5,098
Equity in net income of associates and joint venture	97	9,443	–	1,525	–	11,065
	8,532	9,443	152,858	1,525	386	172,744
Cost of goods and services sold	467	–	102,492	–	–	102,959
Cost of goods manufactured and sold	–	–	32,111	–	–	32,111
Cost of rental	642	–	–	–	13	655
Cost of real estate sales	3,114	–	–	–	9	3,123
General and administrative expenses	3,304	–	9,651	–	500	13,455
	7,527	–	144,254	–	522	152,303
Earnings before interest and taxes	1,005	9,443	8,604	1,525	(136)	20,441
Depreciation and amortization	538	–	1,631	–	19	2,188
EBITDA	1,543	9,443	10,235	1,525	(117)	22,629
Interest income	1,587	–	229	–	83	1,899
Interest expense	(1,509)	–	(249)	–	(4,512)	(6,270)
Depreciation and amortization	(538)	–	(1,631)	–	(19)	(2,188)
Pretax income	1,083	9,443	8,584	1,525	(4,565)	16,070
Provision for income tax	(281)	–	(1,440)	–	(100)	(1,821)
Net income	₱802	₱9,443	₱7,144	₱1,525	(₱4,665)	₱14,249
Segment assets	₱109,973	₱135,453	₱65,406	₱38,194	₱48,768	₱397,794
Segment liabilities	₱70,867	₱–	₱37,748	₱–	₱84,100	₱192,715

	December 31, 2020					
	Real Estate	Financial Institution	Automotive Operations	Infrastructure	Others	Total
Revenue	₱4,646	₱–	₱113,975	₱–	2,983	121,604
Other income	3,022	–	1,041	–	375	4,438
Equity in net income of associates and joint venture	(300)	5,826	–	829	–	6,355
	7,368	5,826	115,016	829	3,358	132,397
Cost of goods and services sold	358	–	76,121	–	–	76,479
Cost of goods manufactured and sold	–	–	23,554	–	–	23,554
Cost of rental	580	–	–	–	9	589
Cost of real estate sales	3,157	–	–	–	963	4,120
General and administrative expenses	2,534	–	10,043	–	455	13,032
	6,629	–	109,718	–	1,427	117,774
Earnings before interest and taxes	739	5,826	5,298	829	1,931	14,623
Depreciation and amortization	529	–	1,979	–	9	2,517
EBITDA	1,268	5,826	7,277	829	1,940	17,140
Interest income	1,833	–	154	–	36	2,023
Interest expense	(1,379)	–	(447)	–	(4,497)	(6,323)
Depreciation and amortization	(529)	–	(1,979)	–	(9)	(2,517)
Pretax income	1,193	5,826	5,005	829	(2,530)	10,323
Provision for income tax	(370)	–	(1,564)	–	(52)	(1,986)
Net income	₱823	₱5,826	₱3,441	₱829	(₱2,582)	₱8,337
Segment assets	₱102,768	₱136,111	₱65,464	₱36,465	₱44,172	₱384,980
Segment liabilities	₱66,241	₱–	₱41,853	₱–	₱84,701	₱192,795

<u>Geographical Information</u>

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced:

	2022	2021	2020
Domestic	**₱235,574**	₱165,662	₱128,346
Foreign	**9,733**	8,981	6,074
	₱245,307	₱174,643	₱134,420

36. CONTINGENCIES

In the ordinary course of the Group's operations, certain entities within the Group have pending tax assessments/claims which are in various stages of protest/appeal with the tax authorities, the amounts of which cannot be reasonably estimated. Management believes that the bases of said protest/appeal are legally valid such that the ultimate resolution of these assessments/claims would not have material effects on the consolidated financial position and results of operations. The information usually required by PAS 37 is not disclosed on the grounds that it can be expected to prejudice the outcome of pending litigations.

In order to partially guarantee the completion of Federal Land's ongoing projects and in the ordinary course of the Group's business, the Parent Company issued Letters of Guarantee (LG) in favor of the Department of Human Settlements and Urban Development (formerly Housing and Land Use Regulatory Board) for a total guarantee amount of ₱2.40 billion, ₱2.81 billion and ₱3.45 billion as of December 31, 2022, 2021 and 2020, respectively.

37. EVENTS AFTER THE REPORTING DATE

On January 27, 2023, the Parent Company paid the quarterly cash dividends amounting to ₱56.01 million, or ₱11.57475 per share in favor of GT Capital's perpetual preferred series A stockholders as of record date January 5, 2023.

On January 27, 2023, the Parent Company paid the quarterly cash dividends amounting to ₱91.21 million, or ₱12.73725 per share in favor of GT Capital's perpetual preferred series B stockholders as of record date January 5, 2023.

On February 27, 2023, the Parent Company paid the ₱6.10 billion bonds with maturity date of February 27, 2023.

On March 20, 2023, the BOD of the Parent Company approved the declaration of regular cash dividends amounting to ₱645.85 million, or ₱3.00 per share in favor of GT Capital's common stockholders of record as of April 3, 2023, payable on April 19, 2023.

On March 20, 2023, the BOD of the Parent Company approved the declaration of regular cash dividends in favor of its voting preferred stockholders at a dividend rate of 3.77%, with record date on April 3, 2023 and payment date on April 19, 2023.

38. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Below are the noncash operating, investing and financing transactions of the Group:

	2022	2021	2020
Transfers between investment property and inventories (Note 6)	**₱5,904**	₱270	₱1,216
Borrowing costs capitalized to inventories (Note 6)	**400**	712	642
Impact of business combination (Note 8)	**–**	50	–

The following are the changes in liabilities in 2022 and 2021 arising from financing activities including both cash and non-cash changes:

	January 1, 2022	Availment	Payment	Forex movement	Amortization of day 1 loss	Amortization of deferred financing cost	Others*	December 31, 2022
Short-term debt (Note 16)	**₱9,127**	**₱38,314**	**(₱32,854)**	**₱–**	**₱–**	**₱–**	**(₱5)**	**₱14,582**
Current portion of long-term debt (Note 16)	**9,423**	**–**	**(125)**	**–**	**–**	**–**	**(1,540)**	**7,758**
Long-term debt - net of current portion (Note 16)	**112,755**	**13,818**	**(9,702)**	**(557)**	**–**	**179**	**1,540**	**118,033**
Current portion of bonds payable	**–**	**–**	**–**	**–**	**–**	**–**	**6,099**	**6,099**
Bonds payable (Note 17)	**10,077**	**–**	**–**	**–**	**–**	**14**	**(6,099)**	**3,992**
Current portion of liabilities on purchased properties (Notes 20 and 27)	**304**	**–**	**(306)**	**–**	**350**	**–**	**–**	**348**
Liabilities on purchased properties - net of current portion (Notes 20 and 27)	**1,658**	**–**	**(261)**	**–**	**(97)**	**–**	**–**	**1,300**
	₱143,344	**₱52,132**	**(₱43,248)**	**(₱557)**	**₱253**	**₱193**	**(₱5)**	**₱152,112**

**Others include reclassification from noncurrent to current portion*

	January 1, 2021	Availment	Payment	Forex movement	Amortization of day 1 loss	Amortization of deferred financing cost	Others*	December 31, 2021
Short-term debt (Note 16)	₱28,007	₱30,020	(₱48,900)	₱–	₱–	₱–	₱–	₱9,127
Current portion of long-term debt (Note 16)	5,012	–	(157)	–	–	–	4,568	9,423
Long-term debt - net of current portion (Note 16)	95,429	27,627	(5,320)	(503)	–	90	(4,568)	112,755
Current portion of bonds payable	4,995	–	(5,000)	–	–	5	–	–
Bonds payable (Note 17)	10,065	–	–	–	–	12	–	10,077
Current portion of liabilities on purchased properties (Notes 20 and 27)	598	–	(1,299)	–	35	–	970	304
Liabilities on purchased properties - net of current portion (Notes 20 and 27)	2,657	–	(342)	–	313	–	(970)	1,658
	₱146,763	₱57,647	(₱61,018)	(₱503)	₱348	₱107	₱–	₱143,344

**Others include reclassification from noncurrent to current portion*

39. APPROVAL FOR THE ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Group were approved and authorized for issue by the Parent Company's BOD on March 20, 2023.

Independent Assurance Statement

INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV Business Assurance Singapore Pte. Ltd. ('DNV') has been commissioned by the management of GT Capital Holdings, Inc. ('GT Capital', or 'the Company', Securities and Exchange Commission Identification Number: CS200711792) to undertake an independent assurance of the sustainability / non-financial disclosures in GT Capital's 2022 Integrated Report ('the Report') in its printed format for the year ended 31 December 2022. The intended users of this Assurance Statement are the management of the Company. We performed a limited level of assurance using DNV's assurance methodology VeriSustain[TM1], which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised*, along with the Global Reporting Initiative's ('GRI's') Principles for Defining Report Content and Report Quality and the Sustainability Accounting Standards Board's ('SASB's') industry-specific Standards. The verification engagement was carried out from January 2023 to April 2023.

Scope and Boundary of Assurance

The scope of assurance included a review of sustainability-related disclosures and performance data from GT Capital's operations in the Philippines. Our assurance engagement included limited level of verification of sustainability performance disclosures for the identified material topics of GT Capital as detailed under the section 'Material Topics and Impact on Value Creation' in the Report i.e., covering entities over which GT Capital has operational control or has seconded employees in operations. Our verification applies a ±5% uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

Responsibilities of the Management of GT Capital and of the Assurance Provider

The Company's management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing, and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information, ensuring that data is free from material misstatement and maintaining the integrity of their website under digital domain. The Board has complete oversight and is responsible for the Company's sustainability reporting. GT Capital has stated that the report is a harmonization of various frameworks and standards using as references the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) Standards. The International Integrated Reporting <IR> Framework guides GT Capital's value creation story and connects its financial and non-financial aspects.

In performing our assurance work, DNV's responsibility is solely towards the Management of GT Capital in accordance with terms of reference agreed, however this assurance statement represents our independent opinion and is intended to inform the outcome of the assurance to the Company's stakeholders. DNV's responsibility is to form an independent conclusion. In doing so, we carried out the sampling procedures required for the evidence for a limited level of assurance based on VeriSustain i.e., DNV is responsible for planning and performing the engagement to obtain assurance about whether the selected information is free from material misstatement and meets the disclosure requirements.

Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e., we concentrated our verification efforts on the issues of high material relevance to GT Capital and its key stakeholders. We performed hybrid audit that included, desktop review of non-financial disclosures related to the Head Office at Makati City, and selected operating companies of GT Capital (Metrobank, Federal Land and Toyota Motor Philippines) in the Philippines, based on DNV's sampling plan (aligned with VeriSustain). We undertook the following activities:

- Review of the non–financial sustainability-related disclosures in this Report;
- Review of approaches to materiality determination and review of outcomes of stakeholder engagement; DNV did not have any direct engagement with external stakeholders;

[1] The VeriSustain protocol is available on www.dnv.com
* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

- Review of information provided to us by the Company on its reporting and management processes related to sustainability performance for the reporting year based on the framework adopted by GT Capital;
- Interviews with select members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support generic disclosures. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;
- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the Risk Management and Sustainability Department;
- Carried out an on-site assessment on their head office and a hybrid (on-site as well as remote) assessment on selected operating companies to review the processes and systems for preparing site-level sustainability data and the implementation of sustainability strategies. We were free to choose the sites for assessment or verification.
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on risk-based approach, i.e., relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

Opinion and Observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that GT Capital's 2022 Integrated Report does not properly describe the non-financial performance of identified material topics based on the Guiding Principles and Content Elements of the <IR> Framework. Without affecting our assurance opinion, we also provide the following observations against the principles of VeriSustain:

Stakeholder Inclusiveness
The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report has brought out key stakeholders (e.g., Principals, Board, Investors and Analysts, Regulators, Banks, Employees, Operating Companies, Strategic Partners etc.) under the section "Stakeholder Engagement" of the report whom GT Capital has engaged with, to enhance their sustainability performance. The Report also describes the engagement modes such as in person meetings/debriefs, online engagements, surveys and/or collaborating with each stakeholder group to identify the key concerns that are pertinent to them and subsequently address it through relevant disclosures in the report.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

Materiality
The process of determining the issues that are most relevant to an organization and its stakeholders.

The Report outlines that GT Capital commissioned the University of Asia and the Pacific - Center for Social Responsibility (UA&PCSR) to conduct its materiality assessment process. The process of determining material topics involved desk research of sustainability topics that are relevant to organisations, regulators, investors, industry associations, and academic institutions; benchmarking of material topics with its international and local industry peers; and consultation with GT Capital's priority stakeholders, and consultation with the Management Committee.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Responsiveness
The extent to which an organization responds to stakeholder issues.

The Report brings out the Company's responses to identified material topics, key challenges faced and significant issues which have arisen during the reporting period through disclosures on Governance, Business Review and strategic responses to key stakeholders' concerns, to deliver shared values. Further, the Report also brings out its non-financial performance related to its material topics through selected GRI Topic-Specific Standards and SASB industry-specific Standards as Performance Indices.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The performance disclosures verified through onsite and offsite verification, i.e., at the Head Office and sampled operating sites, and through desk reviews, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any major errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its suitability, taking into account the principle of Reliability, however our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated, and the responses and corrections made to the reported data and information were reviewed.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported.

The Report discloses the Company's non-financial disclosures based on the <IR> Framework and performance during the reporting period 2022 related to its material issues using appropriate GRI Topic-Specific Standards and SASB disclosures, for the identified boundary of operations and covers the Company's approaches to value creation during the reporting period.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report presents disclosures related to the Company's performance, challenges and concerns of stakeholders during the reporting period in a neutral, consistent and balanced manner, applying adequate consideration to not unduly influence stakeholders' opinion made based on the reported data and information.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Limitations

DNV's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, are true, and is free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance, and reporting practices of GT Capital's suppliers, contractors, and any third parties mentioned in the Report. The Company's position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements[2], which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement

The procedures performed in a limited assurance engagement vary in nature and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

[2] 20 March 2023

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct[3] during the assurance engagement and maintain independence wherever required by relevant ethical requirements.

This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward internal stakeholders interviewed during the assurance process.

Purpose and Restriction on Distribution and Use

This assurance statement, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

For and on behalf of DNV

Nagarajan, Sathishkumar Digitally signed by Nagarajan, Sathishkumar Date: 2023.04.24 13:56:03 +08'00'	Percy Lakdawalla Digitally signed by Percy Lakdawalla Date: 2023.04.24 17:24:35 +08'00'	Sharma, Anjana Digitally signed by Sharma, Anjana Date: 2023.04.24 12:44:28 +05'30'
N Sathishkumar **Lead Verifier** **Head, Sustainability Services** **DNV Business Assurance Singapore Pte. Ltd.**	**Percy Lakdawalla** **Regional Manager – APAC** **Supply Chain and Product Assurance** **DNV Business Assurance Singapore Pte. Ltd.**	**Anjana Sharma** **Assurance Reviewer** **Head, Sustainability Services - India** **DNV Business Assurance India Private Limited**

24 April 2023, Singapore.

DNV is a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

[3] The DNV Code of Conduct is available from the DNV website (www.dnv.com)

Report Content Index

GRI Content Index

GT Capital Holdings, Inc. has reported the information cited in this GRI content index for the period January 01, 2022 to December 31, 2022 with reference to the GRI Standards.

GRI 1 used is GRI 1: Foundation 2021

GRI STANDARD		DISCLOSURE	PAGE NUMBER/S AND/ OR DIRECT ANSWERS
GRI 2: General Disclosures 2021	2-1	Organizational details	1-2, 10-11
	2-2	Entities included in the organization's sustainability reporting	1-2, 6-7
	2-3	Reporting period, frequency and contact point	6-7
	2-4	Restatements of information	90, 338
	2-5	External assurance	6-7, 326-329
	2-6	Activities, value chain and other business relationships	1-2, 10-13, 48-49
	2-7	Employees	63, 67-68, 339-340
	2-8	Workers who are not employees	63, 339
	2-9	Governance structure and composition	132-141, 160
	2-10	Nomination and selection of the highest governance body	160
	2-11	Chair of the highest governance body	134-141, 160
	2-12	Role of the highest governance body in overseeing the management of impacts	185
	2-13	Delegation of responsibility for managing impacts	185
	2-14	Role of the highest governance body in sustainability reporting	7
	2-15	Conflicts of interest	159
	2-16	Communication of critical concerns	158
	2-17	Collective knowledge of the highest governance body	134-141, 166-167
	2-18	Evaluation of the performance of the highest governance body	162

GRI STANDARD		DISCLOSURE	PAGE NUMBER/S AND/ OR DIRECT ANSWERS
GRI 2: General Disclosures 2021	2-19	Remuneration policies	166
	2-20	Process to determine remuneration	166
	2-22	Statement on sustainable development strategy	21-23, 48-50
	2-23	Policy commitments	61
	2-24	Embedding policy commitments	61
	2-25	Processes to remediate negative impacts	78-85
	2-26	Mechanisms for seeking advice and raising concerns	24-26, 78-85
	2-27	Compliance with laws and regulations	55, 58, 87
	2-29	Approach to stakeholder engagement	24-26
	2-30	Collective bargaining agreements	74
GRI 3: Material Topics 2021	3-1	Process to determine material topics	24-25
	3-2	List of material topics	24-25
	3-3	Management of material topics	49, 52-57, 60-66, 70-72, 74-85, 89-93
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	52-53, 336
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	54-57, 96, 102, 108, 112, 118, 124
GRI 302: Energy 2016	302-1	Energy consumption within the organization	89, 336-337
	302-3	Energy Intensity	90, 337
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	90, 338
	305-2	Energy indirect (Scope 2) GHG emissions	90, 338
	305-3	Other indirect (Scope 3) GHG emissions	90, 338
	305-4	GHG emissions intensity	339
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	63, 66, 68, 340-341
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	64
	401-3	Parental leave	65

GRI STANDARD	DISCLOSURE		PAGE NUMBER/S AND/ OR DIRECT ANSWERS
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	74
GRI 403: Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	74-76
	403-6	Promotion of worker health	74-76
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	74-76
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	72, 342
	404-2	Programs for upgrading employee skills and transition assistance programs	70-72, 171-180
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	67, 138-141, 339-340
	405-2	Ratio of basic salary and remuneration of women to men	343
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There were no reported incidents of discrimination for GT Capital, Metrobank, TMP, Federal Land, AXA and MPIC in 2022.
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	78-85
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Since 2021, all vendors of AXA for accreditation and re-accreditation are required to accomplish the Corporate Responsibility Questionnaire. This is a form that evaluates a vendor's Corporate Responsibility in terms of Responsible Procurement, Human Rights, Environment, and Health and Safety. In 2022, AXA assessed 194 vendors for accreditation/ re-accreditation, of which 192 accomplished the form.
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	60
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no substantiated complaints received concerning breaches of customer privacy for TMP, Federal Land, and AXA Philippines in 2022. For Metrobank, there have been no data breaches, including leaks, thefts, and losses of data, reported to the National Privacy Commission to date.

SASB Index

Asset Management and Custody Activities

Sustainability Disclosure Topics and Accounting Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	STATUS	COMMENT	PAGE NUMBER
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Quantitative	Number, Percentage (%)	FN-AC-270a.1	Omitted	Assets under Management metric is not applicable to GT Capital's business model. The company does not pool and manage funds from investors.	
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Quantitative	Reporting currency	FN-AC-270a.2	Modified	Modified metric to: Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of material information to stockholders.	GT Capital and its operating companies have no significant incidents of noncompliance related to Marketing and labeling.
	Description of approach to informing customers about products and services	Discussion and Analysis	N/A	FN-AC-270a.3	Modified	As a holdings company, the focus on stockholders is much appropriate than customers. In addition, the modified metric is in alignment with the topic: Stakeholder Engagement. Modified metric to: Description of approach to informing stockholders and investors	26
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Quantitative	Percentage (%)	FN-AC-330a.1	Modified	GT Capital operates in one country: the Philippines. In addition, the modified metric is in alignment with the topic: Equality and Diversity. Modified metric to: GT Capital Employee Breakdown: Rank, Age, and Gender	67
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Quantitative	Reporting currency	FN-AC-410a.1	Modified	As a holdings company, the breakdown of the operating companies' net income and ownership is much appropriate	1-2
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Discussion and Analysis	N/A	FN-AC-410a.2	Reported		50
	Description of proxy voting and investee engagement policies and procedures	Discussion and Analysis	N/A	FN-AC-410a.3	Omitted	Assets under Management metric is not applicable to GT Capital's business model. The company does not pool and manage funds from investors.	
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Reporting currency	FN-AC-510a.1	Reported		61
	Description of whistleblower policies and procedures	Discussion and Analysis	N/A	FN-AC-510a.2	Reported		61

Activity Metrics

ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	STATUS	COMMENT	PAGE NUMBER
(1) Total registered and (2) total unregistered assets under management (AUM)	Quantitative	Reporting currency	FN-AC-000.A	Modified	Assets under Management metric is not applicable to GT Capital's business model. The company does not pool and manage funds from investors.	1-2
Total assets under custody and supervision	Quantitative	Reporting currency	FN-AC-000.B	Modified	Assets under Management metric is not applicable to GT Capital's business model. The company does not pool and manage funds from investors.	1-2

ESG Performance Summary

Economic

Direct Economic Value Generated
(in Php Billion)

	2022	2021
GTCAP	245.31	174.60
Metrobank	104.80	87.40
TMP*	181.16	128.89
Federal Land	13.45	12.15
AXA	16.25	17.74
MPIC	50.88	44.00

Unaudited figures as of April 2023

Direct Economic Value Distributed
(in Php Billion)

	2022	2021
GTCAP	225.45	161.81
Metrobank	83.94	82.94
TMP*	206.95	141.24
Federal Land	6.28	10.11
AXA	14.22	9.84
MPIC	31.55	29.00

Unaudited figures as of April 2023

Direct Economic Value Retained
(in Php Billion)

	2022	2021
GTCAP	19.86	12.79
Metrobank	20.86	4.46
TMP*	-25.79	-12.35
Federal Land	7.17	2.04
AXA	2.03	7.90
MPIC	19.33	15.00

Unaudited figures as of April 2023

Environmental

Energy

Energy Consumption within the Organization
(in MWh)

	2022	2021
Metrobank	56,198	40,640
TMP	44,758	38,764
Federal Land	6,845*	44,756
AXA	1,793	848
MPIC	23,056,407	25,819,298
MPIC (energy sold)	49,554,540	46,072,898
TOTAL	**72,720,541**	**72,017,204**

Covers only GT Tower. Other properties to be included in 2023.

Energy Consumption by Source
(in MWh)

2022	Renewable	Non-Renewable
Metrobank	-	56,198
TMP	1,343	43,415
Federal Land	-	6,845*
AXA	-	1,793
MPIC*	11,250	23,045,157
TOTAL	**12,593**	**23,153,408**

Covers only GT Tower. Other properties to be included in 2023
**Excludes energy sold*

Electricity Consumption
(in MWh)

	2022	2021
Metrobank	55,602	40,036
TMP	23,535	21,961
Federal Land	6,781*	44,071
AXA	1,171	848
MPIC	305,806	293,695
MPIC (energy sold)	49,554,540	46,072,898
TOTAL	**49,947,434**	**46,473,509**

Covers only GT Tower. Other properties to be included in 2023.

Fuel Consumption
(in MWh)

	2022	2021
Metrobank	596	605
TMP	21,223	16,803
Federal Land	64*	685
AXA	623	-
MPIC	22,750,602	25,525,604
TOTAL	**22,773,107**	**25,543,696**

Covers only GT Tower. Other properties to be included in 2023.

Energy Intensity
(in MWh per Php million revenue)

	2022	2021
Metrobank	536	465
TMP	247	301
AXA	110	48
MPIC*	453,135	586,802

Emissions

Total GHG Emissions (Equity-Based)

(in tons CO_2e)

	2022	2021
Scope 1	1,394,403	1,641,770
Scope 2 (Location-Based)	420,379	410,312
Scope 3	6,156,959	5,432,170
TOTAL	**7,971,741**	**7,484,252**

Scope 1 Emissions

(in tons CO_2e)

	2022	2021
Metrobank	55	55
TMP	2,450	1,926
Federal Land	16*	173
AXA	25	30
MPIC	1,391,858	1,639,586
TOTAL	**1,394,403**	**1,641,770**

Covers only GT Tower. Other properties to be included in 2023.

Scope 2 Location-based Emissions

(in tons CO_2e)

	2022	2021
Metrobank	14,838	12,407
TMP	7,321	5,935
Federal Land	5,284	31,388
AXA	140	103
MPIC	392,796	360,479
TOTAL	**420,379**	**410,312**

Covers only GT Tower. Other properties to be included in 2023.

Scope 3 Emissions

(in tons CO_2e)

	2022	2021
Metrobank	-	-
TMP		
Upstream and Downstream Transportation and Distribution	4,754	4,179
Purchased Goods and Services	104,684	72,357
Franchises (Dealers)	9,395	7,085
Federal Land*		
Downstream Leased Assets	3,030	-
AXA	-	-
MPIC		
Fuel- and Energy-Related Activities	6,035,053	5,348,534
Business Travel and Employee Commuting	42	15
TOTAL	**6,156,959**	**5,432,170**

Covers only GT Tower. Other properties to be included in 2023.

GHG Intensity

(Scope 1 and 2 Emissions in tons CO_2e per million Php revenue)

	2022	2021
Metrobank	382.51	383.82
TMP	105.75	119.59
Federal Land	394.08*	2,598.63
AXA	40.11	29.57
MPIC	205,113.25	278,871.36
TOTAL	**382.51**	**383.82**

Covers only GT Tower. Other properties to be included in 2023.

VOC emissions

(in tons)

	2022	2021
TMP	352	381

Social

Employment

Total Headcount: Permanent & Temporary Employees

	2022	2021
GTCAP	55	51
Metrobank	13,821	13,565
TMP	3,742	3,781
Federal Land	529	430
AXA	2,170	2,354
MPIC	17,955	17,867
TOTAL	**38,272**	**38,048**

Employee Breakdown by Gender

2022	Female	Male
GTCAP	27	28
Metrobank	8,971	4,850
TMP*	362	1,484
Federal Land	298	231
AXA	1,321	849
MPIC	5,298	12,657
TOTAL	**16,277**	**20,099**

Covers permanent employees only

Employee Breakdown by Age Group

2022	Under 30 years old	30-50 years old	Over 50 Years Old
GTCAP	10	33	12
Metrobank	4,502	7,895	1,424
TMP*	473	1,164	209
Federal Land	165	330	34
AXA	747	1,330	93
MPIC	4,829	10,502	2,624
TOTAL	**10,726**	**21,254**	**4,396**

Covers permanent employees only

Employee Breakdown by Rank

2022	Rank-and-File	Junior Management	Middle Management	Senior Management
GTCAP	3	34	N/A	18
Metrobank	6,978	6,209	N/A	634
TMP*	1,231	483	111	21
Federal Land	234	173	82	40
AXA	1,653	464	44	9
MPIC	13,340	645	2,816	1,154
TOTAL	**23,439**	**8,008**	**3,053**	**1,242**

**Covers permanent employees only*

New Hires

New Hires

	2022	2021
GTCAP	9	12
Metrobank	1,991	755
TMP	105	84
Federal Land	218	101
AXA	587	575
MPIC	5,334	5,272
TOTAL	**8,244**	**6,799**

New Hires by Gender

2022	Female	Male
GTCAP	5	4
Metrobank	1,244	747
TMP	41	64
Federal Land	125	93
AXA	336	251
MPIC	1,461	3,873
TOTAL	**3,212**	**5,032**

New Hires by Age Group

2022	Under 30 years old	30-50 years old	Over 50 Years Old
GTCAP	2	5	2
Metrobank	1,457	526	8
TMP	98	7	-
Federal Land	104	111	3
AXA	339	240	8
MPIC	3,046	2,126	162
TOTAL	**5,046**	**3,015**	**183**

New Hires by Rank

2022	Rank-and-File	Junior Management	Middle Management	Senior Management
GTCAP	-	7	N/A	2
TMP	105	-	-	-
Federal Land	110	69	35	4
AXA	485	95	6	1
MPIC	-	-	-	-

Turnover

Employee Turnover Rate

	2022	2021
GTCAP	11%	4%
Metrobank	12%	7%
TMP	7%	7%
Federal Land	23%	28%
AXA	35%	27%
MPIC	29%	21%

Turnover Rate by Gender

2022	Female	Male
GTCAP	19%	4%
Metrobank	11%	6%
TMP	10%	11%
Federal Land	24%	29%
AXA	34%	6%
MPIC	31%	27%

Turnover Rate by Age Group

2022	Under 30 years old	30-50 years old	Over 50 Years Old
GTCAP	9%	15%	0%
Metrobank	16%	9%	16%
TMP	2%	2%	3%
Federal Land	38%	16%	10%
AXA	44%	30%	10%
MPIC	52%	21%	20%

Training

Total Training Hours

	2022	2021
GTCAP	2,335	2,681
Metrobank	134,755	379,820
TMP	20,281	32,895
Federal Land	6,362	3,440
AXA	69,744	68,266
MPIC	365,796	385,510

Average Training Hours

	2022	2021
GTCAP	40	56
Metrobank	10	28
TMP	5	9
Federal Land	14	8
AXA	32	29
MPIC	20	22

Average Training Hours by Gender

2022	Female	Male
GTCAP	43	38
Metrobank	10	9
TMP	4	8
Federal Land	13	15
AXA	33	31
MPIC	15	22

Average Training Hours by Age Group

2022	Under 30 years old	30-50 years old	Over 50 Years Old
GTCAP	49	32	52
TMP	10	3	2
Federal Land	14	13	21
AXA	32	32	33

Average Training Hours by Rank

2022	Rank-and-File	Junior Management	Middle Management	Senior Management
GTCAP	30	32	N/A	56
TMP	4	8	2	1
Federal Land	12	15	15	15
AXA	35	21	22	21

GRI: 404-1

Health and Safety

Work-Related Safety Incidents

2022	Fatalities	Injuries
GTCAP	-	-
Metrobank	-	-
TMP	-	-
Federal Land	-	-
AXA	-	-
MPIC	1	189

Diversity and Remuneration

Number of Female Employees by Rank

2022	Rank-and-File	Junior Management	Middle Management	Senior Management
GTCAP	3	17	N/A	7
Metrobank	4,775	3,865	N/A	331
TMP	268	52	37	5
Federal Land	156	81	45	16
AXA	1051	244	23	3

GT Capital's ratio of basic salary and remuneration of women to men

	2022
Rank-and-File	0%
Junior Management	29%

GRI: 405-2

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