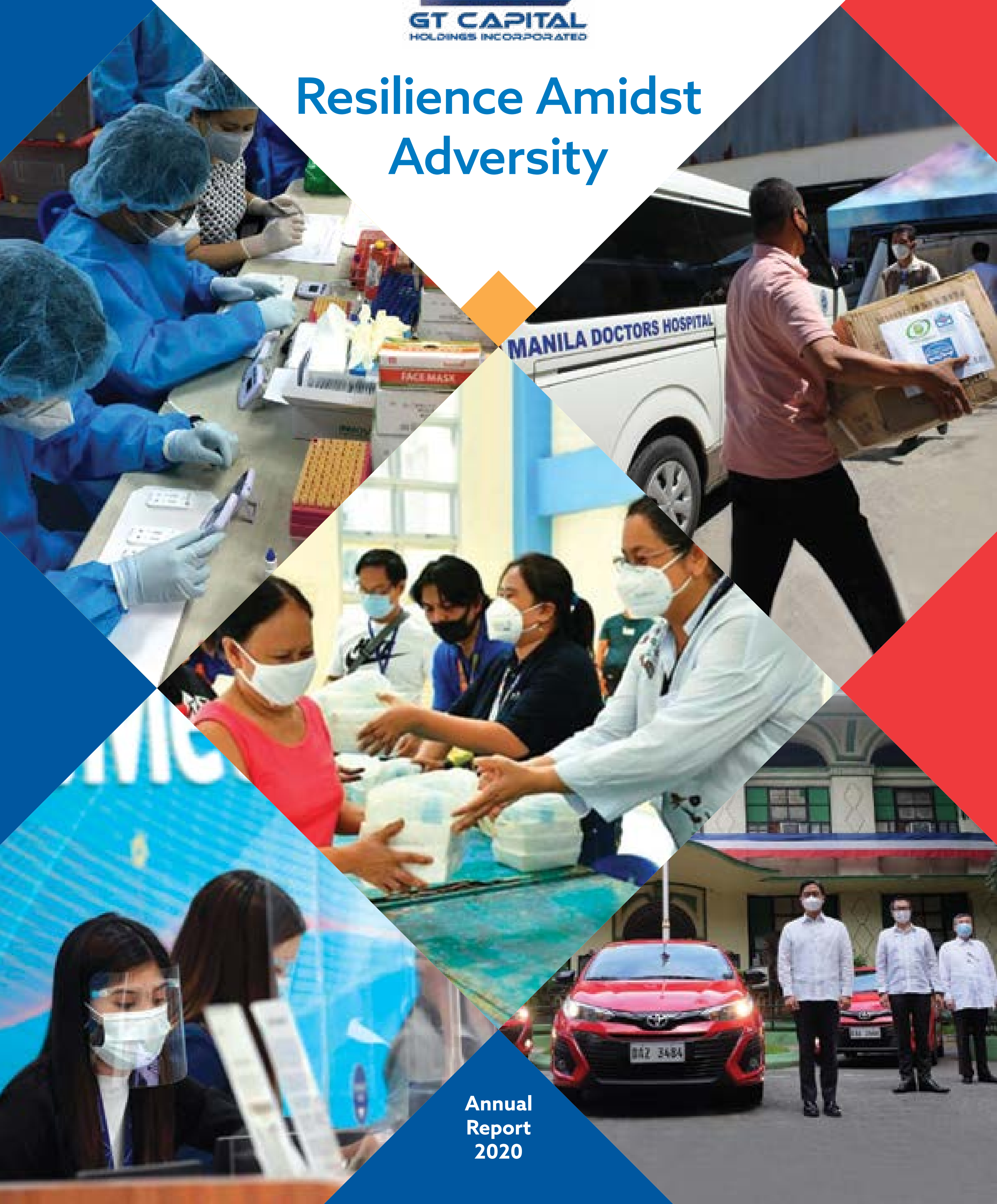
Resilience Amidst Adversity



Annual Report 2020

GT CAPITAL
HOLDINGS INCORPORATED

Resilience Amidst Adversity

Annual Report 2020

Resilience Amidst Adversity

In spite of the difficult challenges and severe economic disruptions brought about by the Covid-19 pandemic worldwide, GT Capital Holdings, Inc. remains resilient as it continues to provide world-class products and services to the Filipino people in five key sectors of the Philippine economy – banking, automotive assembly, importation, and distribution, property development, infrastructure and utilities, and life and general insurance. The GT Capital Group has strictly implemented the necessary precautions and protocols to ensure that its businesses continue to operate effectively in the new normal environment, while prioritizing the health and safety of its employees and other stakeholders. Together with its well-established strategic partnerships with best-in-class global brands, GT Capital's component companies have accelerated their digital initiatives and utilized virtual and digital platforms to effectively reach customers and clients, especially in periods under stringent quarantine. GT Capital has indeed proven its capacity to endure even during the most difficult of times. Through its strong balance sheet, prudent cost management, and innovative strategies, GT Capital is well positioned to overcome adversity and emerge even stronger, as the pandemic eases and the economy begins to recover and regain normalcy.

Metrobank
You're in good hands

37.15%
GT CAPITAL-OWNED

Php13.8 Bn
2020 NET INCOME

Metropolitan Bank and Trust Company (Metrobank) 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 SMEs, high net worth individuals, and retail segments.

TOYOTA

51%
GT CAPITAL-OWNED

Php3.3 Bn
2020 NET INCOME

Toyota Motor Philippines Corporation is the Philippines' most dominant car company and is engaged in the assembly, importation, and wholesale distribution of Toyota and Lexus motor vehicles in the Philippines. Products include vehicles and service parts for local sales and OEM (original equipment manufacturer) parts for export. 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.

100% | Php0.6 Bn

GT CAPITAL-OWNED | 2020 NET INCOME

Federal Land, Inc. is a leading Philippine property developer with a historical focus on the residential segment, and has attained a four-decade track record across various real estate subsectors. It is involved in vertical and horizontal residential projects, commercial developments, and master-planned mixed-use communities. 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.

25.3% | Php2.9 Bn

GT CAPITAL-OWNED | 2020 NET INCOME

AXA Philippines is one of the largest insurance companies in the Philippines based on total net premium income, and is a pioneer in the bancassurance industry. The company is the innovator behind and the market leader in variable unit-linked life insurance products that offer clients new possibilities to secure their financial future and expand synergies with Metrobank and PSBank by utilizing the Metrobank Group's branch network as a distribution channel. The company also offers general insurance products and services.

15.98% | Php10.2 Bn

GT CAPITAL-OWNED | 2020 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 water, utilities, toll roads, electricity distribution, hospital operations, and light rail.

2020 Milestones

1 MARCH
Metrobank and GT Capital pledge over Php200 million for Covid-19 crisis response

2 JUNE
Inauguration of the Philippines' largest molecular laboratory for Covid-19 testing at the former Philippine Red Cross Headquarters in Port Area Manila, partly funded by Metrobank and GT Capital through Metrobank Foundation (MBFI) and GT Foundation (GTFI)

3 JULY
Metrobank receives the Philippine Dealing System Cesar E.A. Virata Award Best Securities House (Bank Category) for the 7th consecutive year

4 JULY
GT Capital's Php15.1 billion bonds maintain the highest rating of PRS AAA/Outlook: Stable, from Philippine Rating Services Corporation

5 JULY
GT Capital establishes partnership with the Premium Group of Japan to enter the pre-owned vehicle inspection and warranty business

6 OCTOBER
The Asian Banker magazine's BankQuality Consumer Survey 2020 on Retail Banks recognizes Metrobank as the Most Recommended Retail Bank in the Philippines and the fourth most recommended in the Asia Pacific region

7 OCTOBER
GT Capital Auto Dealership Holdings, Inc. (GTCAD) establishes a partnership with Toyota Corolla Sapporo of Japan to acquire Toyota Santa Rosa from Toyota Motor Philippines

8 NOVEMBER
The Institute of Corporate Directors (ICD) gives GT Capital the ASEAN Asset Class PLC Award based on the ASEAN Corporate Governance Scorecard

9 NOVEMBER
GT Capital is awarded the Best Investor Relations Team in the Philippines by Capital Finance International

10 DECEMBER
Toyota Motor Philippines receives its 19th consecutive Triple Crown Award for nationwide dominance in passenger car, commercial vehicle, and overall unit sales


2

3

8

10

GT Capital's Global Strategic 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. Hybrid cars carry the Prius brand. Aside from vehicles, Toyota also manufactures spare parts and offers financial services for retail and wholesale auto 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 can be traced to the time when Claude Bebear decided to join the Ancienne 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 services 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-depositary 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 is also 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, and architectural design. It is a sister company of the Nomura Holdings financial conglomerate and 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 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 will 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 will enhance 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.

Our Vision

We will be a world-class conglomerate, dominant in all the key sectors where it is invested, most sought after by global investors seeking opportunities for strategic partnership in the Philippines, and a major contributor to nation-building.

Our 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 and distribution, 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, competence, excellence, respect, entrepreneurial spirit, and commitment to value creation, we fulfill our mission to ensure sustainable long-term profitability, increase shareholder value, create synergies, provide career opportunities, and contribute to nation-building.

Our 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.

Competence

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 competence and capability as an organization have allowed us to become one of the most credible and trusted conglomerates in the country.

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.

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.

Entrepreneurial Spirit

We believe in intelligent risk-taking, identifying key opportunities as they present themselves while holding each one accountable for taking the best action today in order to reap future rewards. This is encouraged at all levels of the organization to constantly provide fresh insight.

Commitment to Value Creation

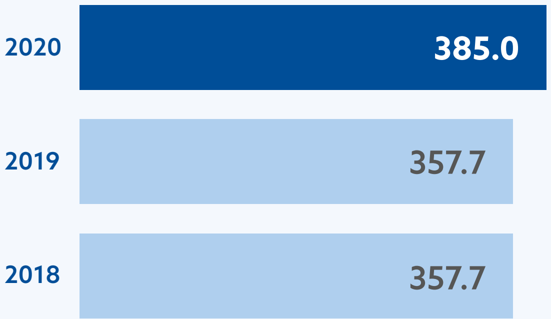
We are committed to planting the seeds today that will result in the creation of shareholder value in the future. We believe that taking a long-term and sustainable perspective is essential to creating value.

Contents

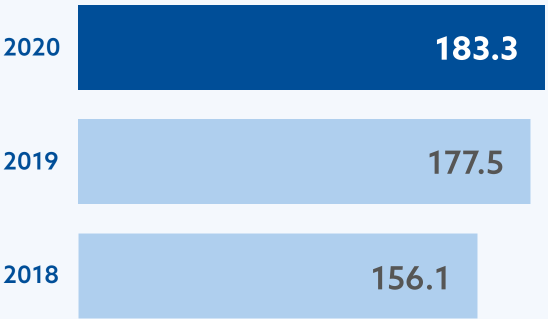
** GT Capital's 2020 Sustainability Report can be found on page 108 after the GT Capital Group Management Section.*

Consolidated Financial Highlights

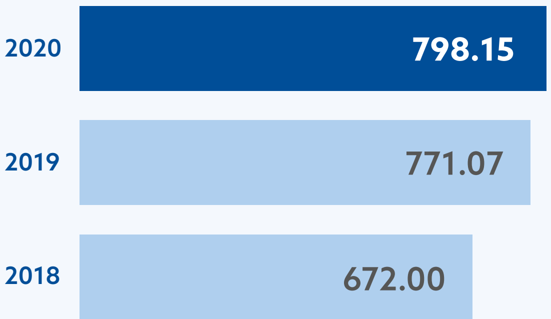
TOTAL ASSETS
(in Billion Php)



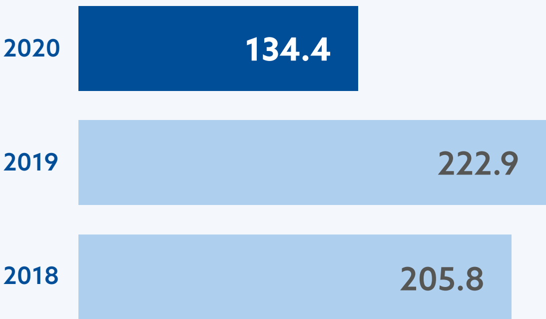
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS
(in Billion Php)



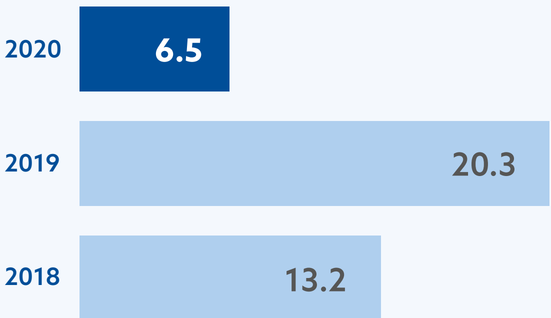
BOOK VALUE OF COMMON SHARES
(in Php)



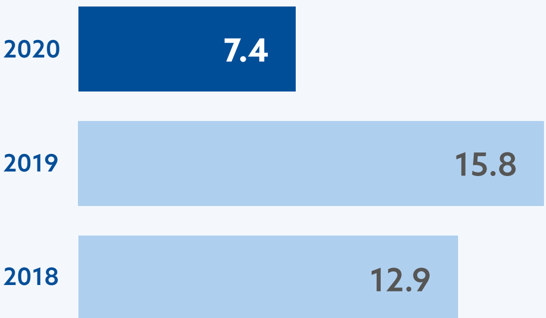
TOTAL REVENUES
(in Billion Php)



CONSOLIDATED NET INCOME
(in Billion Php)



CORE NET INCOME
(in Billion Php)



In Billion Php, unless otherwise stated	2020 (audited)	2019 (as restated)	2018 (as restated)
CONSOLIDATED NET INCOME	**6.5**	20.3	13.2
CORE NET INCOME	**7.4**	15.8	12.9
TOTAL REVENUES	**134.4**	222.9	205.8
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	**14.6**	34.5	25.6
EBITDA	**17.1**	32.9	26.6
EBITDA MARGIN (in %)	**13.2%**	12.8%	12.9%
TOTAL ASSETS	**385.0**	357.7	357.7
TOTAL LIABILITIES	**192.8**	168.3	176.8
TOTAL EQUITY	**192.2**	189.3	180.8
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS	**183.3**	177.5	156.1
EARNINGS PER SHARE (in Php)	**27.67**	91.60	58.38
BOOK VALUE OF COMMON SHARES (in Php)	**798.15**	771.07	672.00
CURRENT RATIO (x)	**1.76**	2.13	2.43
D/E RATIO (x)	**0.76**	0.67	0.72
RETURN ON AVERAGE ASSETS (ROAA) (in %)	**1.76%**	5.68%	3.96%
RETURN ON AVERAGE EQUITY (ROAE) (in %)	**3.63%**	12.18%	8.74%

Chairman's Message and President's Report

ARTHUR V. TY
Chairman

CARMELO MARIA LUZA BAUTISTA
President

Resilience Amidst Adversity

"We have proven to be resilient through times of adversity... The experiences we have gained in these trying times have pushed us to do our best to prepare for the worst."

Dear fellow shareholders,

In 2020, the entire world grappled with the effects of the Covid-19 pandemic, which clearly is an unprecedented health crisis in our lifetime. The year was marked by a series of community quarantines and strict mobility restrictions, which disrupted economic and business activities, consequently affecting people's lives.

Due to the government-mandated lockdowns and policies aimed at mitigating the spread of the virus to ultimately save lives, the Philippines ended 2020 with its weakest economic performance since the country began releasing growth data. The country's GDP contracted by 9.5% for the year, the first GDP decline of the Philippine economy since the 1998 Asian Financial Crisis.

Expectedly, household consumption spending decreased by 7.9% in 2020, as people limited their purchases to essential goods. Unemployment reached an all-time high of 10.3%, as workers lost jobs due to the closure and suspension of business operations across most industries. Remittances from overseas Filipinos, on the other hand, remained resilient at USD33.2 billion in 2020, only one percent lower than in the previous year, as they continued to send home much-needed funds to their families. Moreover, government expenditures grew by 11% in support of the administration's various initiatives to address the public health crisis.

Despite the economic contraction in 2020, full-year average inflation remained at a manageable level of 2.6%, slightly higher than the 2.5% in 2019.

Amid the global pandemic backdrop, our key sectors proved resilient in 2020. The banking sector remained stable while adopting digital platforms to continue providing essential financial services to clients. Expectedly, loan growth was soft as companies opted to defer their expansion plans and conserve capital because of the economic uncertainty brought about by the pandemic. Despite most banks boosting their anticipatory provisions, non-performing loans remained manageable for the year. The central bank was also able to implement more relaxed monetary policies to support the industry.

While stay-at-home regulations and suspension of dealership operations weighed heavily on the automotive industry, the eventual easing of quarantine restrictions allowed the sector to recover to near pre-Covid levels towards the latter half of the year. Furthermore, Toyota Motor Philippines was able to launch new models in 2020 through various digital platforms, notwithstanding the pandemic.

The property development sector was one of the hardest hit industries as lockdowns early in the year halted construction activities and delayed project launches. Construction was allowed to resume at 50% capacity in August, then eventually increased to 75% capacity by September. Notably, the insurance industry performed quite well during the year as protection and health products gained popularity as a result of the pandemic.

As expected, the infrastructure and utilities sector suffered as the lockdowns substantially reduced toll road traffic and limited rail service capacity. The decreased commercial and industrial demand for water and power was however offset by a rise in residential demand.

Given these challenges, your company, GT Capital Holdings, Inc., reported a consolidated net income of Php6.5 billion for the year, from Php20.3 billion in the previous year. Similarly, the conglomerate's consolidated core net income was at Php7.4 billion in 2020, from Php15.8 billion in the previous year. The Group's consolidated revenues amounted to Php134.4 billion, from Php222.9 billion in 2019. Despite the strong headwinds faced by your company in 2020, the sustained automotive leadership of Toyota Motor Philippines, the prudent resource management of Metrobank, and the various initiatives of our other component companies have kept us resilient throughout the year and have positioned us for a possible rebound in 2021.

RESPONDING TO THE PANDEMIC

2020 was certainly a very challenging period for most, if not all, Filipinos across the country. The Covid-19 pandemic led to the loss of millions of jobs and thousands of lives. In one way or another, we all felt the impact of the pandemic. For this reason, we took it upon ourselves to focus our efforts on helping those most severely affected by the crisis. As espoused by our late Group Chairman and Founder, Dr. George Ty Siao Kian, we take pride in being a force for social good.

Through GT Foundation and Metrobank Foundation, we have allocated over Php1.3 billion for various initiatives that directly supported the fight against the virus. A part of this budget was spent on meals to feed thousands of families in need. We also donated thousands of sets of personal protective equipment to frontline health workers from various institutions including the Philippine General Hospital, Lung Center of the Philippines, and the Manila Doctors Hospital, among many others. A significant portion of our budget was also used for the construction and operation of several molecular laboratories capable of processing thousands of tests per day.

Our component companies also organized their own projects to support health care workers, the marginalized in society with limited resources, and the recently unemployed.

We also made sure that our employees were properly taken care of and sufficiently equipped to continue with their work responsibilities during the pandemic. We ensured that health and safety protocols were strictly enforced and work areas were regularly disinfected across all our component companies. Social distancing was strictly implemented in all our offices, branches, and dealerships, to prevent the spread of the virus. We also allowed most of our employees to work from home, whenever possible. In addition, we provided hazard pay and allowances to

"The strength and reliability of our component companies, built through years of prudent decision-making and effective risk management, will continue to serve us well as we face 2021 with the challenges that the ongoing pandemic continues to present."

essential frontline workers, such as bank branch tellers, officers, and security personnel.

We have recently ordered a total of 455,000 doses of Covid-19 vaccines to inoculate all of our regular and agency employees within the Group, including the personnel in our 71 Toyota dealerships across the country. We ordered 405,000 doses of the Moderna vaccine and 50,000 doses of the AstraZeneca vaccine. We aim to vaccinate all our employees by the second half of 2021.

MOVING FORWARD TO 2021 AND BEYOND

We have proven to be resilient through times of adversity such as during this Covid-19 pandemic. The Group has survived through several downturns in the past, including the 1998 Asian Financial Crisis and the 2008 global recession. The experiences we have gained in these trying times have pushed us to do our best to prepare for the worst. Through the Group's judicious business practices, long-term visioning and planning, and with the support of our best-in-class global strategic partners, we will get through this crisis stronger than we were before.

Despite the prolonged uncertainty and disruption caused by the pandemic in 2020, the year 2021 has shown early signs of recovery, as vaccines have begun to arrive, consumer confidence has improved, and the economy has started to gradually reopen. We look forward to the coming months and years with cautious optimism. GT Capital's strong core businesses are all poised for recovery as the country's vaccination program starts rolling out and the pandemic begins to ease.

Our early foray into digital transformation, which began even prior to the pandemic, has allowed us to be well prepared for the sudden shift to digital operations and online transactions, which we expect to continue moving forward.

The strength and reliability of our component companies, built through years of prudent decision-making and effective risk management, will continue to serve us well as we face 2021 with the challenges that the ongoing pandemic continues to present.

We thank all our employees, especially our frontliners, who continue to serve to the best of their ability. They are the heart and soul of GT Capital. We thank our loyal clients who stand by us even through the most challenging of times. We also thank our shareholders, who have trusted and supported us all these years. As we look forward to 2021 and beyond, we will remain resilient amidst adversity, focused on our vision and mission to be a world-class conglomerate, contributing to nation-building and providing the best products and services to the Filipino.

Sincerely yours,

ARTHUR V. TY
Chairman

CARMELO MARIA LUZA BAUTISTA
President

Banking

Metrobank
You're in good hands

Through its strong balance sheet, prudent cost management, and innovative digital solutions, Metropolitan Bank & Trust Company (Metrobank) performed above expectations in a challenging environment brought about by the Covid-19 pandemic. Metrobank remained resolute in its commitment to provide essential banking services to its clients, even amidst the strictest community quarantines.

+26%
Pre-Provision Operating Profit Growth

CASA DEPOSITS (in Billion Php)

2020	**1,311.0**
2019	1,077.5
2018	964.9

GROSS LOAN PORTFOLIO (in Billion Php)

2020	**1,297.0**
2019	1,486.0
2018	1,393.0

NET INTEREST INCOME (in Billion Php)

2020	**86.1**
2019	77.0
2018	68.8

TOTAL DEPOSITS (in Billion Php)

2020	**1,797.2**
2019	1,714.1
2018	1,556.8

NON-INTEREST INCOME* (in Billion Php)

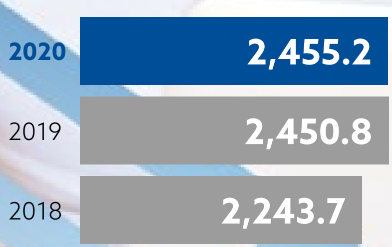
2020	**35.8**
2019	29.9
2018	23.8

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

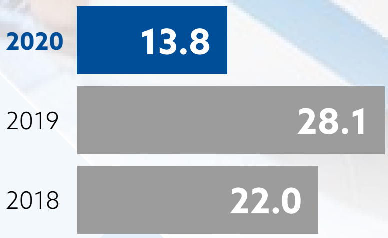
CAPITAL ADEQUACY RATIO (in %)

2020	**20.2**
2019	17.5
2018	17.0

TOTAL ASSETS
(in Billion Php)



CONSOLIDATED NET INCOME
(in Billion Php)



ARTHUR V. TY
Chairman
Metropolitan Bank
and Trust Company

FABIAN S. DEE
President
Metropolitan Bank
and Trust Company

In a year marked by unprecedented economic disruption, Metrobank reported a noteworthy 26% increase in income before provisions to Php61.8 billion, from Php49.0 billion in 2019. After increasing its provisions to Php40.8 billion in 2020, from Php10.1 billion the previous year, to more adequately prepare for the risks related to the pandemic, the Bank registered a net income of Php13.8 billion.

Metrobank remains one of the largest banks in the country with total resources of Php2.5 trillion. Total deposits grew to Php1.8 trillion, while low-cost current and savings account (CASA) deposits increased by 22% to Php1.3 trillion.

Expectedly, the Bank's loan portfolio contracted to Php1.3 trillion, as commercial clients paid down their working capital

loans and deferred their expansion plans to conserve cash, while retail customers limited spending to essential goods. Commercial accounts make up 76% of the Bank's loan portfolio, with consumer loans comprise 24%.

Net interest income grew by 12% to Php86.1 billion from Php77.0 billion the previous year, as Metrobank's CASA ratio improved to 73% from 63% in 2019. The robust CASA deposit generation helped ease the Bank's overall funding cost for the year and supported its net interest margins, which improved by 14 basis points to 3.98%.

Non-interest income rose by 20% to Php35.8 billion, which includes trading and foreign exchange gains of Php19.2 billion. The Bank optimized its investment portfolio under the low interest rate environment during the year.

Despite the pandemic's industry-wide effects, Metrobank effectively managed its operating expenses for the year, which grew only 4% to Php60.1 billion. The Bank sustained its efforts to enhance productivity and operational efficiency, resulting in an improvement in its cost-to-income ratio to 50% from 55% a year ago.

Metrobank's asset quality remained strong with a manageable non-performing loans (NPL) ratio of 2.4%, more favorable than the industry's 3.1%. NPL cover increased to 163%, from the previous year's 103%.

With a Common Equity Tier 1 (CET1) of 19.3%, the Bank's substantial capital prompted the Board of Directors to declare a special cash dividend of Php3 per share, in addition to the regular Php1 dividend per share.

Initiatives During the Pandemic

While the Covid-19 pandemic and the resulting quarantines restricted economic activity, Metrobank's digital platforms were already in place to handle the various banking needs of its clients. Among its four million clients, 24% are now enrolled in its electronic channels (e-channels), which include the Bank's mobile app, online platforms for corporate and retail clients, ATMs, and POS. 85%of the Bank's financial transactions are now done through e-channels.

More retail clients now use the Metrobank Mobile App and the new Metrobank Online to handle basic services such as account balance inquiries, bills payment transactions, and even investments. To assist customers better, the Bank waived fees for cash transfers through both InstaPay (for amounts below Php50,000) and PESONet (for transactions up to Php200,000) facilities.

Since its launch in 2019, Metrobank Business Online Solutions (MBOS) has become a one-stop shop for commercial and corporate clients' needs. With the increasing popularity of work-from-home arrangements as a result of the pandemic, MBOS provides customers with real-time access to their accounts with cash management and other online business solutions capabilities. Aside from basic banking solutions, the platform is equipped with payment and collection solutions to automate supplier payments and speed up receivable collections.

To assist clients in quarantined areas, the Bank also deployed mobile ATMs throughout Metro Manila and its environs. The roving electronic tellers allowed customers to withdraw cash, check on their account balances, pay bills, transfer funds, top-up prepaid phone credits, and even request for a new checkbook.

Metrobank became an active partner of the Ingat Angat Tayong Lahat (literally, Stay Safe for All of Us to Rise) campaign of Taskforce T3 (Test, Trace, Treat), an alliance of public sector agencies, private companies, and non-profit groups organized by the Philippine government to help increase the country's Covid-19 testing capacity. The campaign aimed to restart the economy safely by building consumer confidence and promoting empowered vigilance amid the Covid-19 pandemic.

In line with this partnership, the Bank implemented more stringent safety measures by stepping up its online, mobile, and contactless platforms, while strictly implementing sanitation protocols at all physical customer touch points.

Awards

Despite the year's challenges, Metrobank continued to gain recognition from award-giving bodies.

The Asian Banker magazine's BankQuality Consumer Survey 2020 on Retail Banks recognized Metrobank as the Most Recommended Retail Bank in the Philippines, and the fourth most recommended in the Asia Pacific region. Metrobank's BankQuality Score of 101.54 in the survey was the highest among Philippine banks. In the same survey, Metrobank was hailed as one of the Most Helpful Banks in the Philippines, recognizing the Bank's excellence in customer service.

Hong Kong-based financial publication The Asset, in its Benchmark Research Awards in Asian G3 Bonds for 2020, cited Metrobank as the Top Investment House in the Philippines. This was based on a poll of top-rated analysts, economists, strategists, salespeople, and traders in the region. Likewise, in the magazine's Sell-Side Firms in Asian Currency Bonds category, Metrobank emerged as the Top Sell-Side Institution in the Secondary Market for Government and Corporate Bonds, and Top Arranger (Investor's Choice for Primary Issues) for government bonds in the Philippine currency market. The ranking is determined by the market share in corporate and government bonds and is calculated from a detailed questionnaire completed by leading institutional investors. Metrobankers from the Financial Markets Sector were also recognized by The Asset as some of the region's best markets professionals.

The Bank also garnered multiple accolades, including the coveted Cesar E.A. Virata Award for Best Securities House (Bank Category), at the 2020 Philippine Dealing System (PDS) Annual Awards. This marked the 7th consecutive year that Metrobank has achieved the aforementioned recognition. The Cesar E.A. Virata Award recognizes overall excellence in trading, distribution, settlement, origination, underwriting, and market-making activities.

Awards

The Asian Banker BankQuality Consumer Survey and Rankings
- Most Recommended Retail Bank in the Philippines, and 4th in Asia Pacific
- 3rd Most Helpful Bank in the Philippines and 38th in Asia Pacific During Covid-19

2020 Annual Philippine Dealing System (PDS) Awards
- Cesar EA Virata Award for Best Securities House (Bank Category)
- Top 5 PDDTS-PvP Participants (Rank 2)
- Top Corporate Securities Dealing Participant
- Top Brokering Participant for Retail Transactions
- Top Dealing Participant

The Asset Benchmark Research Awards 2020
- Top Investment Houses in Asian G3 Bonds (Rank 1)
- Top Investment Houses in Asian Local Currency Bonds (Rank 4)
- Most Astute Investors in Asian G3 Bonds (Rank 1)
- Most Astute Investors in Asian Local Currency Bonds (Highly Commended)
- Best Local Currency Bond Individual - Trading (Rank 2 & 3)
- Best Local Currency Bond Individual - Sales (Rank 4 & Highly Commended)

The Asset Top Sellside Firms in Asian Currency Bonds 2020
- Top Sellside firms in the secondary market - Corporate bonds - PHP (Rank 1)
- Top Sellside firms in the secondary market - Government bonds - PHP (Rank 1)
- Top Arrangers - Investors' Choice for primary issues - Government bonds - PHP (Rank 1)

2020 Fund Managers Association of the Philippines (FMAP) Awards & Fellowship Night
- Best Fixed Income House (Rank 2)
- Best Foreign Fixed Income Trader (Rank 1)
- Best Local Fixed Income Trader (Rank 1)

The Bureau of Treasury GSED-Market Maker

Institute of Corporate Directors (ICD) Corporate Governance Award

The Digital Banker's Global Retail Banking Innovation Awards 2020 - Outstanding Social Media Campaign

Automotive Assembly, Importation, and Distribution

TOYOTA

The Covid-19 pandemic in 2020 uniquely challenged the automotive sector, with lockdowns restricting mobility and disrupting supply chains and consumer spending. Toyota Motor Philippines Corporation (TMP), however, sustained its leadership in the local automotive industry. TMP remained to be the country's most dominant automotive assembler and distributor in 2020, continuing to leverage on its wide model line-up of passenger cars and commercial vehicles, as well as on its extensive dealer network across the country.

41.3%
Market Share (All-time high)

RETAIL VEHICLE SALES
(in units)

2020	**100,019**
2019	162,011
2018	153,004

REVENUES
(in Billion Php)

2020	**99.8**
2019	168.6
2018	158.9

NET INCOME ATP
(in Billion Php)

2020	**3.3**
2019	9.1
2018	7.9

TOTAL ASSETS
(in Billion Php)

2020	**45.4**
2019	38.8
2018	36.4

TOTAL EQUITY
(in Billion Php)

2020	**9.5**
2019	15.6
2018	15.2

NUMBER OF DEALERSHIPS

2020	**71**
2019	71
2018	69


VIOS
VIOS

ALFRED V. TY
Chairman
Toyota Motor
Philippines

ATSUSHIRO OKAMOTO
President
Toyota Motor
Philippines

Upon easing of quarantine restrictions and the resumption of economic activity, Toyota was quickly able to restart assembly and sales operations, in strict compliance with health and government protocols.

Market Leadership

The mobility restrictions and economic challenges resulted in a decline in consumer confidence. As a result, industry sales in 2020 dropped 41% to 241,924 units from 410,035 units the previous year.

TMP ended the year with retail vehicle sales of 100,019 units in 2020, exceeding its initial projection of 90,000 units and outperforming the industry with a lesser decline in sales of 38% from 2019. As a result, TMP was able to increase its market share from 39.5% to 41.3%. Outside Japan, TMP has

the highest global market share among major volume countries.

In 2020, TMP's market leadership in passenger cars, commercial vehicles, and overall sales allowed the company to bag its 19th consecutive Triple Crown Award. TMP led the market in nine vehicle categories: low-cost passenger car (Wigo), sub-compact passenger car and overall sedan (Vios), medium-sized passenger car (Camry), entry-level SUV (Rush), mid-sized SUV and overall SUV (Fortuner), large SUV (Land Cruiser LC200), multi-purpose vehicle (Innova), pickup truck (Hilux), and utility van (Hiace).

Launch of New Models

In 2020, Toyota released seven all-new updates of existing models and a new hybrid crossover vehicle. The quarantine restrictions did not deter TMP from launching its products. It pivoted to virtual platforms, in line with shifts in consumer behavior and consumption.

In June, Toyota launched the new Wigo, the country's best-selling entry-level hatchback. Then, in July, the automaker launched its new Vios, the country's overall best-selling vehicle. In the same month, TMP introduced a new Hiace variant, the Hiace Cargo, which caters to increased demand for delivery services during the pandemic.

In August, Toyota introduced its first hybrid crossover, the Corolla Cross, to the Philippine automotive market. This hybrid electric variant helped realize Toyota's vision of sustainable mobility and it makes self-charging hybrid technology more accessible to Filipinos. In September, TMP launched the updated Hilux, the country's best-selling pickup truck in 2020 headlined by the Hilux Conquest variant.

October saw the launch of the new Fortuner, which continues to be the Philippines' best-selling sport utility vehicle. In December, Toyota released the updated Rush, a popular entry SUV model, and the updated Yaris.

Strategic Initiatives

TMP has continued its commitment to local assembly amid the challenges. As of December 2020, the company has invested a total of Php5.46 billion in the Comprehensive Automotive Resurgence Strategy (CARS) program, a government initiative designed to enhance the capability and regional competitiveness of the country's auto manufacturing sector. The company has been able to increase its localization of body shell parts to 57%, exceeding its initial target.

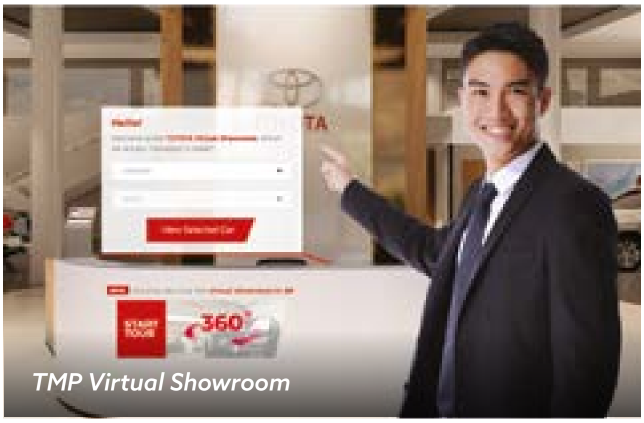
In 2020, Toyota also successfully launched innovative digital initiatives to cater to the evolving needs of its customers. In cooperation with another GT Capital component company, Toyota Financial Services Philippines (TFS), the automaker launched Kinto One, a full-service lease package that includes insurance, registration and maintenance. This is in line with Toyota's global shift to mobility, which recognizes customers' preferences moving from ownership toward usership. Toyota also offers other financing options through its Connected Auto Loan and Balloon Payment Plus schemes.

While TMP's premier motorsports program was postponed to prioritize the safety of its participants, partners, and the general public, its e-motorsports program – the GR Supra GT Cup, was introduced in 2020 to bring the thrill of the races to the virtual track while maintaining the spectators' and e-racers' peace of mind and safety.

TMP Covid-19 Response

In the light of government-mandated health protocols, TMP implemented safety protocols to continue its operations when allowed during the implementation of community quarantines. After temporarily halting its plant operations in Santa Rosa, Laguna in mid-March and April, TMP resumed activities in May, with strict health and safety protocols in place. TMP ensured that it complied with the specific mandates of the various classifications of community quarantine.

Similarly, Toyota and Lexus dealers nationwide implemented strict heath safeguards to assure customers a safe environment for



TMP Virtual Showroom

their car purchases or servicing. Physical distancing, disinfection and the mandatory use of face masks and face shields were strictly implemented. Customers were also encouraged to set their appointments before visiting their dealers using the MyToyota.ph mobile app.

To promote contactless engagement with its customers, TMP introduced its Virtual Showroom, which can be accessed through the Toyota website. Through this, customers can conveniently access a 360° interior and exterior view of the various Toyota model offerings. This innovation takes the dealership experience online and makes vehicle information accessible anytime, anywhere.

In addition, the TMP School of Technology (TMP Tech) shifted to blended learning. The country's premier automotive technical-vocational training institution updated its curriculum, combining online teaching and physically-distanced face-to-face instruction at the TMP Tech workshop.

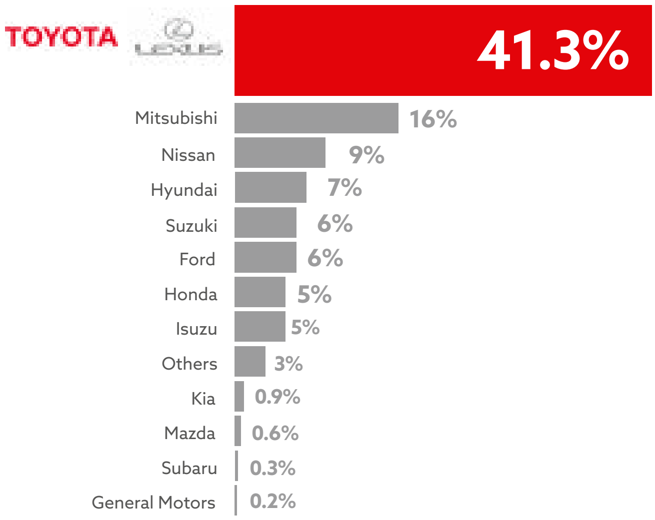
TMP has proven to be resilient in the face of economic adversity as it continues its dominance in the automotive sector. The company has continued its commitment to long-term sustainability in its operations to contribute to nation-building. Guided by its mission of fulfilling its customers' mobility requirements, Toyota is well-positioned to rebound in 2021 as the country begins to emerge from the pandemic.

OVERALL MARKET SHARE
As of December 2020 YTD

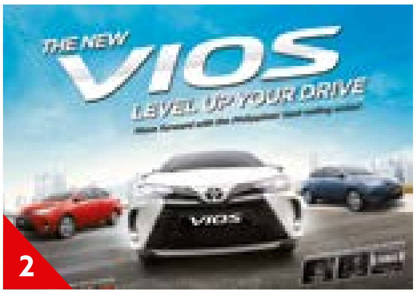
No.1 Passenger Car Sales

No.1 Commercial Vehicle Sales

No.1 Overall Sales



NEW MODEL LAUNCHES IN 2020



1 JUNE
2 JULY
3 JULY
4 AUGUST
5 SEPTEMBER
6 OCTOBER
7 DECEMBER
8 DECEMBER

Property Development

FEDERAL LAND
GT Capital Holdings

Similar to other businesses, the Philippine property sector was adversely affected by construction suspensions and mobility restrictions brought about by the pandemic-related government-mandated quarantines in 2020. For three months, construction activities were halted as a result of the lockdown.

248.5 hectares
Total Land Bank

REAL ESTATE SALES (in Billion Php)

2020	**6.5**
2019	9.8
2018	10.6

REVENUES (in Billion Php)

2020	**9.3**
2019	13.2
2018	13.4

NET INCOME (in Billion Php)

2020	**0.6**
2019	1.6
2018	1.0

TOTAL ASSETS (in Billion Php)

2020	**109.4**
2019	92.3
2018	82.2

TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS (in Billion Php)

2020	**36.8**
2019	37.0
2018	36.1

RESERVATION SALES (in Billion Php)

2020	**14.2**
2019	24.2
2018	12.4


The Seasons Residences, Bonifacio Global City

ALFRED V. TY
Chairman
Federal Land, Inc.

WILLIAM THOMAS F. MIRASOL
President and Chief Operating Officer
Federal Land, Inc.

Due to the lack of mobility and restrictions in usual face-to-face activities, the company accelerated its digital transformation in the consumer journey through improvements in digital marketing presentation such as 360° virtual tours, virtual events, online client presentations, and availability of online reservations and payments methods. As movement control orders were eased, Federal Land slowly increased construction work capacity to 43% in August, 60% in October, and 73% in November. Reservation sales also steadily increased as agents were again able to physically meet with potential clients and bring them on site visits. However, the pandemic-induced lockdown protocols affected the residential development and commercial property leasing businesses.

Grand Hyatt, Bonifacio Global City

As a result of early adaptation to market change, Federal Land was able to arrest an abrupt decline in total revenues for the year, ending 2020 with Php9.3 billion, from Php13.2 billion in 2019. The company also reported a consolidated net income of Php624 million, from Php1.6 billion in 2019.

Reservation sales in 2020 reached Php14.2 billion, from Php24.2 billion the previous year. Recurring lease revenues, on the other hand, rose by 17% to Php1.8 billion during the period, driven by new tenants in the developer's commercial properties.

To ensure the safety of its employees, tenants, and residents, Federal Land pivoted its activities to ensure that operations continued while complying with the government's health and safety guidelines. Throughout 2020, all Federal Land properties and showrooms continued to adhere to health and safety protocols, including the installation of hand sanitizers, temperature checks and completion of health declaration forms before entry, required use of face masks and shields, and social distancing to ensure safety in the "new normal." In addition, construction workers were temporarily housed on-site during the quarantine period to avoid disruptions.

Federal Land also strengthened its internal communication to facilitate continuous interaction among its employees mandated to work from home. A communication tool that connects employees in the company was introduced, which enabled person-to-person and group messaging, and provided a channel to share company announcements and live-streamed events. The months-long quarantine was an opportunity for the company to regroup and rethink the most appropriate strategies and process improvements that would not only help navigate the "new normal" but also guide the company to emerge from the crisis, equipped to take advantage of evolving real estate opportunities.

For over 45 years, Federal Land has strived to develop properties that are both iconic and valuable to society. In February, Federal Land launched "Ang Lakbay ng 105 Milyon," a public art installation at the Salcedo Underpass by artist Archie Geotina. Commissioned by the property developer in partnership with the Makati Central Estate Association (MACEA), the artwork was inspired by Geotina's travels to iconic destinations in the country. He wanted to celebrate the heroes of the past, to challenge the present, and to invest in a stronger culture for the country's future. Depicted in the artwork are local heroes who positively contributed to their communities and their heirs who will continue their goodwill.

During the year, Federal Land was also named one of the country's Top 10 developers for 2019 at the prestigious BCI Asia Awards, which recognizes property excellence in Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. The program commends developers with the most significant contribution towards sustainable architecture in the region.

Beyond 2020, Federal Land continues its commitment to creating dynamic communities for generations to enjoy, while protecting the health and safety of its employees, partners, and customers. Furthermore, as the country begins to emerge from the pandemic, GT Capital's wholly-owned property developer will take advantage of opportunities that the recovery will bring, through new project launches and potentially revitalized property demand.

Life and General Insurance

Despite the tough challenges brought about by the Covid-19 global pandemic, AXA Philippines achieved a consolidated net income of Php2.9 billion in 2020, an increase of 22% from the previous year. This was driven by a 13% growth in gross premiums to Php36.3 billion, from Php32.1 billion the previous year.

+22%
Net Income Growth

PREMIUM INCOME – LIFE INSURANCE
(in Billion Php)

2020	**31.6**
2019	26.5
2018	29.7

ANNUALIZED PREMIUM EQUIVALENT
(in Billion Php)

2020	**5.2**
2019	6.8
2018	7.1

NET INCOME - LIFE INSURANCE
(in Billion Php)

2020	**2.8**
2019	3.4
2018	2.7

TOTAL ASSETS - LIFE INSURANCE
(in Billion Php)

2020	**146.5**
2019	132.3
2018	116.1

TOTAL EQUITY - LIFE INSURANCE
(in Billion Php)

2020	**13.1**
2019	13.0
2018	9.5

CONSOLIDATED NET INCOME
(in Billion Php)

2020	**2.9**
2019	2.4
2018	3.1

SOLOMON S. CUA
Chairman
AXA Philippines

RAHUL HORA
President
AXA Philippines

The company's new business from life insurance, expressed as Annualized Premium Equivalent (APE), reached Php5.2 billion during the year, from Php6.8 billion in 2019, due to the various Covid-19 community quarantine implemented, which limited agent mobility and bancassurance operations for several months of 2020. The decline in APE was offset by growth in single premium unit-linked products that increased by 55% to Php1.4 billion in 2020. Protection and Health products also gained further popularity, accounting for 25% of APE.

In compliance with government quarantine restrictions, AXA Philippines utilized virtual selling platforms to ensure that sales operations continued even as employees, agents,

and customers stayed at home. By the second half of 2020, AXA Philippines was able to resume operations to near pre-Covid levels, as it pivoted to the new normal environment.

Covid-19-Related Initiatives

Given the evolving needs of the market during the pandemic, AXA Philippines was able to adjust and provide its customers with appropriate products amidst the health crisis. The company expanded the coverage of its Global Health Access and other policies to include Covid-19-related conditions.

AXA Philippines also gave its customers an extended grace period for premium payments, in line with the government's Bayanihan Heal As One Act, to help its clients challenged by the pandemic's economic impact. In addition, the company provided its customers and employees free teleconsultations with medical doctors.

Upon the government's declaration of quarantine lockdowns in March, AXA Philippines implemented a swift transition to a work-from-home arrangement for its employees with 24/7 IT support.

When businesses were allowed to partially resume operations in May, the company reopened its branches with strict safety measures in place. The company also provided personal protective equipment (PPE) to employees who returned to work on site.

The AXA Virtual Assistant (AVA) allowed agents to safely touch base with customers and provided them with clear guidelines to conduct online sales transactions.

Acknowledging that the extended lockdowns and social distancing can cause mental health problems, AXA Philippines launched its Employee Assistance Program, which gave employees access to professional counseling for various concerns, including mental health issues.

In keeping with continued social distancing protocols and safety measures to mitigate the spread of the coronavirus, AXA Philippines used paperless modes of communication. All notifications and billing statements were sent to customers via digital platforms to ensure safe physical distancing.

Strategic Initiatives During the Pandemic

Despite the widespread disruption caused by the pandemic, AXA Philippines continued operations to ensure that customers' needs were addressed. In line with this, the company equipped the Emma by AXA app with new functions that enabled customers to file motor and hospitalization claims, top up their investments, and withdraw funds, among other functions. AXA also launched its Rescue Line, which provides free access to emergency services such as ambulance, fire, police, and roadside assistance through the same mobile app.

The company also introduced Health Start and Health Start Lite, comprehensive and affordable health plans for three critical illnesses—cancer, heart attack, and stroke.

Throughout the year, AXA Philippines provided new Metrobank accountholders with a free AXA Protect Package. It includes personal accident insurance coverage worth Php100,000, with a free daily in-hospital benefit of Php500. The promo also gave new Metrobank depositors free access to the AXA Rescue Line, which allows customers to call for free roadside or medical emergency assistance via the Emma by AXA app.

In 2020, the company also introduced Preferred Consultation and Care, which covers the cost of a second opinion from medical specialists abroad. Through this service, AXA Philippines customers diagnosed with cancer or heart disease can consult world-class Harvard-affiliated doctors from the top one percent of American hospitals.

Furthermore, AXA Philippines partnered with the country's leading carrier, Cebu Pacific, to provide non-travel insurance to the airline's customers through CEB Health Protect. The product offers value-for-money coverage for Cebu Pacific passengers against cancer, heart attack, and stroke.

To make international securities markets more accessible to local investors, AXA launched Asset Master, its suite of peso-denominated dollar funds. These allow customers to diversify their investments and build a diverse global portfolio of fixed-income, multi-asset, and equities from various bourses worldwide.

The year also saw the company launching the AXA Rewards program to provide customers with exclusive benefits and allow them to earn points for transactions and online interactions.

For its AXA Motor Club members and motor insurance policyholders, the insurer provided exclusive benefits for such as roadside assistance, 24/7 concierge access, and LTO registration assistance. In addition, customers are now able to apply for a motor policy online via the AXA.com.ph website.

Throughout 2020, AXA Philippines held its What's Your Game Plan webinar series that discussed various relevant topics such as home schooling, prioritizing physical and mental health, and managing investments during the pandemic. For instance, one webinar, The Right Investment Game Plan, delved on time-tested ways to grow one's money.

Responsible Insurer & Top Global Brand

In recognition of its efforts in 2020, AXA was recognized as one of the world's most responsible insurers for the year. The company improved its rank in the Dow Jones Sustainability Index (DJSI) to second in 2020, from third in the previous year. The company's global score increased by five points over its 2019 grade, garnering 88 out of a possible 100.

In 2020, the insurer remained in the Top 50 Global Brands List published by Interbrand, the world's leading brand strategy and design consultancy firm. AXA continues to be one of the best global insurance brands, according to the said agency.

Its comprehensive insurance product line, decades of bancassurance experience, and judicious approach to risk have allowed AXA Philippines to attain a noteworthy performance in 2020, in the midst of the global pandemic. With the economy gearing toward recovery, the company is well-positioned for further growth as more Filipino customers demand insurance products that will adequately protect their lives and investments.

Infrastructure and Utilities

METRO PACIFIC INVESTMENTS

Through the judicious management of its resources, Metro Pacific Investments Corporation (MPIC) was able to continue its essential infrastructure and utilities services during the Covid-19 pandemic.

33%

Dividend Payout Ratio (All-time high)

SHARE OF OPERATING INCOME (in Billion Php)

2020	15.4
2019	20.9
2018	19.6

CORE NET INCOME (in Billion Php)

2020	10.2
2019	15.6
2018	15.1

TOTAL ASSETS (in Billion Php)

2020	617.8
2019	611.8
2018	557.9

WATER - BILLED VOLUME (in millions of cubic meters per day)

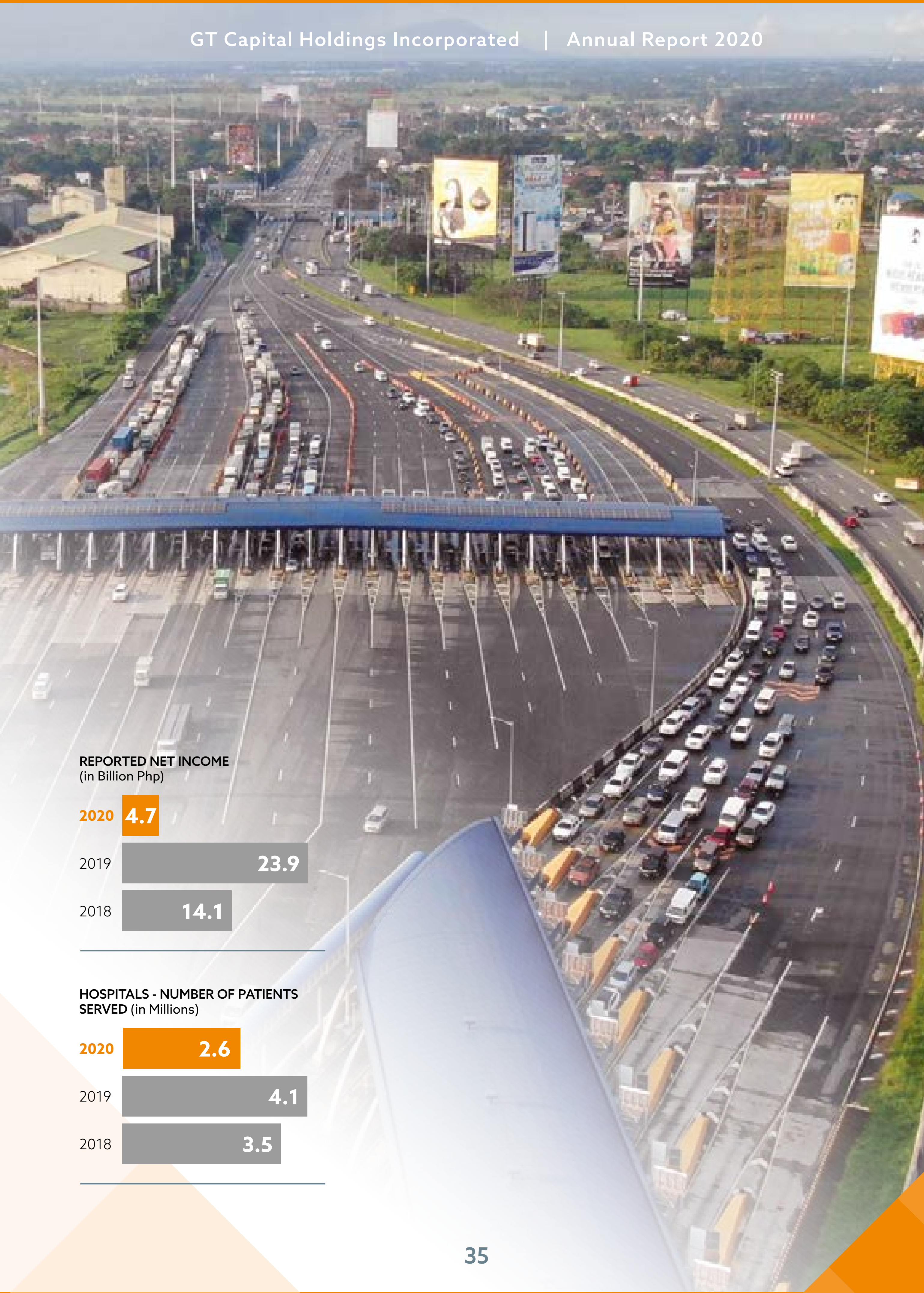
2020	536
2019	535
2018	527

POWER - ENERGY SALES (in gigawatt hours)

2020	48,501
2019	51,689
2018	49,135

TOLL ROADS - AVERAGE DAILY VEHICLE ENTRIES (Philippines)

2020	388,820
2019	536,850
2018	474,529



REPORTED NET INCOME
(in Billion Php)

2020	4.7
2019	23.9
2018	14.1

HOSPITALS - NUMBER OF PATIENTS SERVED (in Millions)

2020	2.6
2019	4.1
2018	3.5


Maynilad Water Services, Inc. Putatan Water Treatment Plant 2 in Muntinlupa

MANUEL V. PANGILINAN
Chairman
Metro Pacific Investments Corporation

JOSE MA. K. LIM
Chief Executive Officer
Metro Pacific Investments Corporation

Although demand for infrastructure services and utilities predictably decreased as a result of lower economic activity, these numbers eventually recovered close to 2019 levels towards the end of the year. Coupled with MPIC's balance sheet strength and GT Capital's continued support, the country's largest infrastructure conglomerate is well-positioned to build on new post-pandemic opportunities in the coming years.

Due largely to the economic contraction from pandemic-related government restrictions, Metro Pacific reported a consolidated core net income of Php10.2 billion in 2020, down 34% from the Php15.6 billion in 2019.

Necessary lockdowns, particularly in the second and third quarter of the year, reduced toll road traffic, closed and reduced rail services, and decreased commercial and industrial demand for water and power. These resulted in a 26% decline in income contribution from operations.

MPIC's reported net income to equity holders stood at Php4.7 billion in 2020, 80% lower than the Php23.9 billion net income the previous year. The contribution of the power business, through Meralco and Global Business Power, to Metro Pacific's core net income for the year was Php10.5 billion, a 9% decrease from Php11.6 billion in 2019. Although commercial power demand declined due to reduced economic activity, residential energy sales grew 13% to 16,488 GWh as a result of increased work-from-home arrangements during the pandemic.

Traffic on Metro Pacific Tollways Corporation (MPTC)'s domestic toll roads was substantially lower year-on-year. Average daily vehicle entries were reduced by 31% on the Cavite Expressway (Cavitex), 37% on the Subic-Clark-Tarlac Expressway (SCTEX), and 26% on the North Luzon Expressway (NLEX). As a result, MPTC's contribution to MPIC's core income for the year declined by 53% to Php2.4 billion in 2020 from Php5.2 billion in 2019.

Although construction on the Cavite-Laguna Expressway (CALAX) was temporarily suspended due to the enhanced community quarantine from March until May, MPTC was still able to open the toll road's Laguna segment interchanges in August. As of the company's full-year 2020 financial disclosure, the Laguna section was already 92% complete, while the Cavite leg was 54% complete. GT Capital owns approximately 700 hectares of land in Cavite with direct access to CALAX through two dedicated interchanges. With the help of strategic partners, the property is being developed into master-planned live-work-play townships.

Maynilad Water Services, Inc. (Maynilad), MPIC's water distribution business, saw a decline in its contribution to MPIC's core net income from Php3.6 billion in 2019 to Php3.1 billion in 2020. This was due to higher amortization and depreciation expenses as a consequence of its substantial investment in non-revenue water reduction and continuing upgrades to facilities.

Due to the drop in customers availing in-patient and out-patient services, the contribution of Metro Pacific's hospitals business to the group's net income similarly declined in 2020, at only Php45 million, from Php867 million the previous year.

In response to medical concerns during the pandemic, the Hospitals Group introduced virtual consultation and other services such as its e-pharmacy, mobile laboratories, remote patient monitoring, and continuous care beyond the hospital room. These initiatives are in line with MPIC's recovery program, which ensures continued patient service, while keeping hospital foot traffic at a safe level.

Metro Pacific and its Group foundations also donated essential supplies such as food, water, medicine, and personal protective equipment (PPE) to various hospitals and farmers' cooperatives around the country while scaling up anti-Covid-19 efforts in its own hospitals. These will be discussed in detail in the CSR section of this Annual Report.

In 2020, MPIC was able to maintain a durable financial position, backed by years of sustained capital investment and judicious liquidity management. As a result, Metro Pacific kept a low net gearing (debt-to-equity) ratio of 43.8% during the year.

That the company's businesses continued to endure during the pandemic is testament to MPIC's stability and strength, backed by years of sustained capital investments and prudent, forward-looking management.

In 2020, GT Capital's stake in the country's premier infrastructure conglomerate increased to 15.98% from 15.55%. Through its strategic partnership with Metro Pacific, GT Capital continues to participate in the development of the country's infrastructure. As a result, MPIC enhances the GT Capital Group's mission to become a vital partner in nation-building, as the Philippines emerges from the Covid-19 pandemic.

Keeping Hope Alive

Metrobank Foundation, Inc.
Excel. Engage. Empower.

Metrobank Foundation, Inc. (MBFI), the corporate philanthropic arm of the Metropolitan Bank & Trust Company (Metrobank), endeavors to continue creating a significant, positive impact on social development and nation-building, as espoused by the late GT Capital and Metrobank Group Chairman and Founder, Dr. George Ty Siao Kian. The Foundation remains at the core of sustaining communities through various corporate social responsibility programs such as the recognition of excellence among educators, police, military, and in the arts, the provision of scholarship assistance to students, and the extension of assistance to development organizations as part of its grant-giving initiatives.

200 participants during FPS Conversation's webinar that discussed disaster management. Participants were from the academe, government, and civil society

200 visual artists whose income-generating projects were cancelled due to Covid-19 received cash assistance of Php5,000 from MADE CARES

112,000 individuals and 59,100 families received food packs or were beneficiaries of feeding programs

20,000 healthcare workers
151,000 police and military personnel were recipients of personal protective equipment

MBFI and GTFI donated **Php346.4** million to combat and mitigate effects of the pandemic


GT Foundation
Metrobank Foundation
HELPING HANDS
Item: PPE gown Quantity:

Metrobank Foundation donates medical supplies to the Armed Forces of the Philippines (AFP)

ARTHUR V. TY
Chairman
Metrobank
Foundation, Inc.

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President
Metrobank
Foundation, Inc.

In its 41st year, MBFI remained one of the country's partners in providing financial and logistical assistance to those affected by calamities and natural disasters. In 2020, the whole world struggled as the Covid-19 pandemic rampaged across the globe, putting individuals, communities, and entire nations at risk. Millions of people became sick or perished, plunging families and friends into grief. As health protocols needed to be strictly implemented, work was disrupted, diminishing or wiping out sources of income for many Filipinos.

These drastic changes in people's lives led to a new normal that highlighted the need for collective action to mitigate the effects of the pandemic. The Foundation immediately took action

Metrobank Foundation Outstanding Filipino, Dr. Eva Maria Cutiongco-de la Paz

by redirecting its efforts to a much-needed pandemic response. It ably adjusted the implementation of its core CSR programs to pursue more urgent initiatives during the Covid-19 crisis.

MBFI, together with GT Foundation, Inc. (GTFI), led the Metrobank and GT Capital Group in funding and supporting efforts to address crucial public health issues and serving those who were most in need of assistance through various interventions.

The Foundation shifted its approach and created a three-pronged strategy in pursuing its flagship programs — Metrobank Foundation Outstanding Filipinos, Metrobank Art & Design Excellence (MADE), Metrobank-MTAP-DepEd Math Challenge (MMC), Metrobank Scholarship Program (MSP), Grants and Social Development Partnerships, and "Helping Hands" Calamity Assistance Program.

First, it maintained organizational and program presence among its key stakeholders and beneficiaries. Second, it shifted from face-to-face communication to digital and virtual platforms. Lastly, it maximized social and digital media to reach out to people, both internally and externally.

METROBANK FOUNDATION OUTSTANDING FILIPINOS

The lockdown restrictions and social distancing protocols implemented in 2020 prevented the Foundation from holding a physical awards and recognition program to honor outstanding educators, police officers, and soldiers for the year.

However, this did not stop the Foundation from paying tribute to models of excellence, who continually inspire their peers and pursue initiatives that create a lasting positive impact on their respective communities.

The virtual program began with a digital media campaign entitled Celebrating the Excellence of the Filipino Spirit. The campaign's official social media page featured stories of Outstanding Filipinos (OF), the country's acknowledged modern-day heroes. Through videos and online articles, the program recognized the triumph of Filipino public servants everywhere, everyday, especially in a year marked by a global health crisis.

One such modern-day hero featured in the campaign was 2019 Metrobank Foundation

Metrobank Foundation Outstanding Filipino, Dr. Cristina B. Cristobal

Outstanding Filipino Dr. Eva Maria Cutiongco-de la Paz. As the Executive Director of the National Institutes of Health (NIH) at the University of the Philippines in Manila, Dr. Cutiongco-de la Paz oversees the NIH's Covid-19 Testing Laboratory operations, trains fellows studying Genetics using the tele-genetics platform, and coordinates UP's training assistance to the Philippine Department of Health (DOH) and the Research Institute for Tropical Medicine (RITM). She also meets with donors and constituents online, serves as a keynote lecturer in public health-related webinars, and participates in Senate hearings on education and health. Throughout the public health crisis, Dr. Cutiongco-de la Paz maintained her commitment as an educator, physician, and researcher, while performing her duties at the institution she serves.

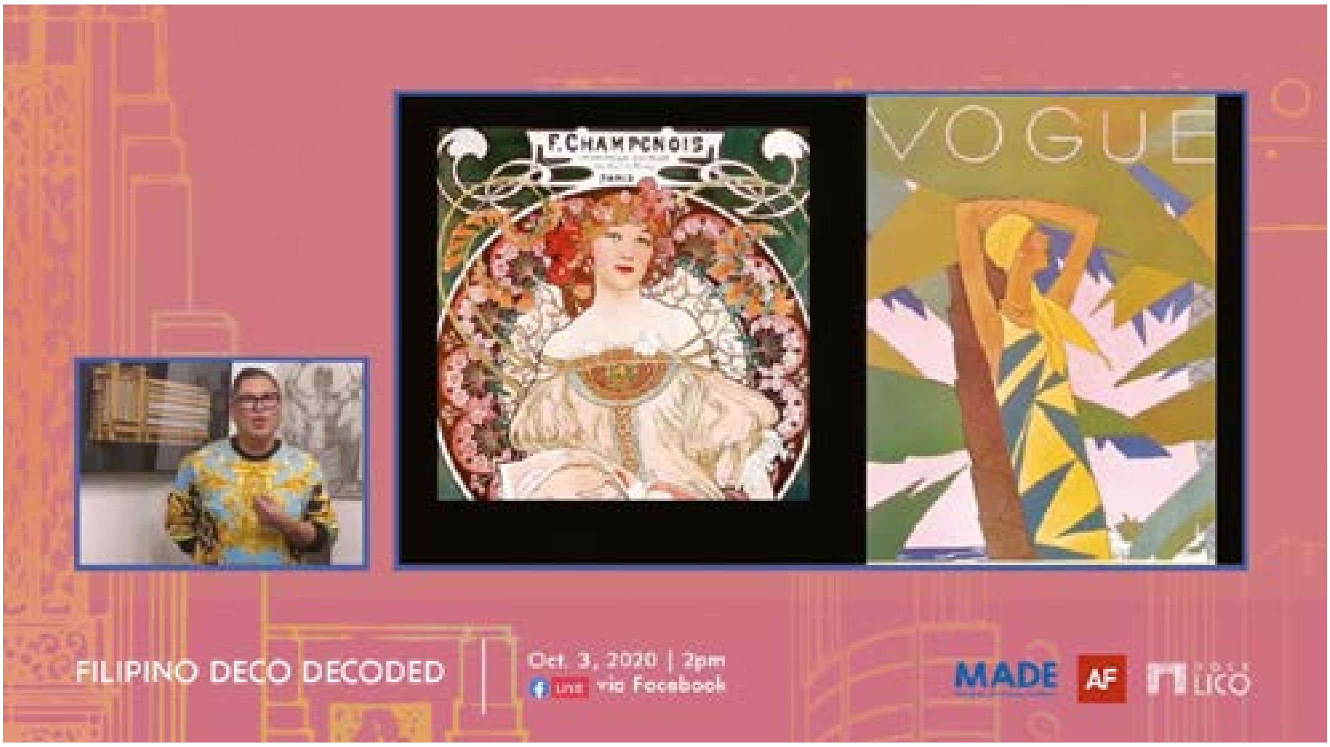
Another hero, 2003 Metrobank Foundation Outstanding Filipino Police Brigadier General (PBGen.) Rhodel Orden Sermonia, led his comrades in enhancing their programs for the community in response to the pandemic. PBGen. Sermonia is the Regional Director of Police Regional Office 3 (PRO 3) in Camp Olivas, San Fernando City, Pampanga.

At the onset of the pandemic, PBGen. Sermonia initiated the modification of PRO 3's programs to address the pandemic and mitigate the effects of community quarantines that disrupted the livelihood of the urban poor. He found ways to lessen the impact of the subsequent food crisis by optimizing their Food Bank project to improve their food supply and allow it to be readily mobilized for distribution to the affected areas when needed.

THE METROBANK FOUNDATION FELLOWSHIP IN PUBLIC SERVICE

The Metrobank Foundation Fellowship in Public Service (FPS) is a forum for Outstanding Filipinos to share their passion and best practices in their personal and professional endeavors to a wide audience.

In 2020, four Metrobank Foundation Outstanding Filipinos were tapped to deliver lectures. Veteran history teacher and 2019 Metrobank Foundation Outstanding Filipino Dr. Cristina B. Cristobal advocated for the restoration of Philippine history in the high school curriculum and mainstream inclusive instruction.



In a roundtable discussion with Department of Education (DepEd) officials and members of the academe in February, Dr. Cristobal presented the need to reinstitute Philippine History in the high school curriculum, after DepEd removed it in its implementation of the K-12 program. She also proposed the pilot inclusion of teaching Philippine Government and Constitution for a school year, which was successfully implemented in the Philippine Science High School (PSHS) system's Social Science curriculum.

For her part, 2019 Metrobank Foundation Outstanding Filipino and special education teacher Dr. Dorothy Tarol proposed that her research on inclusive instruction nationwide, entitled "Buddy-Mediated Instruction (BMI): Pivotal Strategy for Spelling and Social Skills for Students with Hearing Impairment," be adopted in the mainstream. The study aims to develop a student's basic literacy skills by pairing two "buddies" who will engage in learner-initiated activities.

Both Dr. Cristobal and Dr. Tarol's proposals were discussed with DepEd officials.

In October, the FPS Conversations initiative was launched through a webinar that focused on disaster management. Dr. Carla Dimalanta and Lt. Col. John Paul Baldomar, 2018 and 2019 Metrobank Foundation Outstanding Filipinos respectively, discussed preparedness, response, and recovery in handling catastrophic events.

METROBANK ART & DESIGN EXCELLENCE

The 36th Metrobank Art & Design Excellence (MADE), the Foundation's recognition program for visual arts, kicked off in February with the annual Art MADE Public, a series of exhibits and information campaigns in select schools held throughout the month. However, when the pandemic started to disrupt activities in March, the 2020 MADE Painting and Sculpture recognition programs had to be deferred.

The public health crisis in 2020 did not spare the local art community. As a result, MBFI readily responded through a cash assistance program for qualified Filipino visual artists. Through the MADE Community Aid and Relief for Emergency Situations (MADE CARES) program, eligible former awardees and finalists received Php5,000 each. Receiving cash donations were 200 visual artists, whose projects were canceled because of the pandemic.

Because of the consequent lockdowns and mobility restrictions, museums, art houses, and galleries decided to bring art to the public through online channels. In support of these institutions, MBFI began its #MADEatHome program, which uses digital media to promote art education and the best of MADE awardees past and present, in images and videos. Part of the digital initiative was a webinar on the country's Art Deco culture and heritage.

METROBANK-MTAP-DEPED MATH CHALLENGE

The 2020 Metrobank-MTAP-DepEd Math Challenge (MMC) saw 465,510 students from 218 DepEd Divisions registering in testing centers to participate in the nationwide elimination rounds held in January.

However, the competition was canceled in compliance with a DepEd memorandum suspending all regional and national events involving students from different localities due to the Covid-19 pandemic.

MBFI then shifted its efforts to provide supplementary materials in mathematics to students through MMC's official Facebook page. Its digital media campaign, MMC Learn@Home, began in August to cater to the program's growing online community. The series of online activities included math drills, tips, and techniques in solving math problems, as well as MMC champions' success stories. In addition, the Foundation held a webinar series for teachers and coaches through SOLVE (Session on Learning Various MMC Questions with Experts).

NATIONAL TEACHERS' MONTH

In 2020, the Philippines, led by MBFI and DepEd, observed National Teachers' Month (NTM) from September 5 to October 5. Although celebrations were subdued due to the pandemic, the public, private, and nonprofit sectors continued to give due honor and recognition to educators for their life-changing impact on society.

The theme "I Teach for a Better Future" put the spotlight on the commitment of teachers who have implemented educational reforms and innovations throughout the new normal to ensure students' uninterrupted learning.

Each year, MBFI and DepEd lead the NTM, a multi-sectoral collaborative effort involving the government, academe, business community, media, and civil society. These stakeholders engage the public jointly to organize their own events and show their deep appreciation for the teaching profession.

DepEd Region I led the NTM's culminating ceremony in October with the theme Gurong Pilipino Para sa Batang Pilipino, which was live-streamed via Facebook.

Bags of Blessing 2020

METROBANK SCHOLARSHIP PROGRAM

MBFI, together with GTFI and Pacific Paint (Boysen) Philippines, recognized the 2020 batch of graduating scholars during a series of virtual Graduates' Conversations in June and July. Fourteen graduates completed their undergraduate degrees from Manila Tytana Colleges (MTC), the University of the Philippines Diliman (UP-Diliman), and the University of Santo Tomas (UST). Among these, eight finished with Latin honors. The graduating scholars were recipients of the GTFI-Manila Tytana Colleges Youth for Excellence and Service (YES) and MBFI-Pacific Paint (Boysen) Scholarship Programs.

For the last 15 years, the MBFI-Pacific Paint (Boysen) Scholarship Program has provided grants to incoming second year architecture students from UP-Diliman and UST. Since its inception, the program has granted 113 scholarships to architectural students and has produced 103 graduates.

In September, MBFI and Boysen renewed their partnership through a Php6.8 million scholarship fund that will support fifteen architecture students at National University (NU), a new academic partner for the program, along with its existing partners, UP-Diliman and UST.

BAGS OF BLESSING 2020

The annual Bags of Blessing (BOB) tradition was started by the late Metrobank Group Founder Dr. George Ty Siao Kian in 2011. It aims to reach out to underprivileged families in time for the Chinese New Year festivities.

With GTFI as its main implementer and MBFI as cooperating partner, the BOB program kicked off in January with an event at the Universidad de Manila. Some 10,000 families from 25 cities and municipalities across NCR, Luzon, Visayas, and Mindanao received food packages worth Php10 million. Over 1,900 volunteers from the GT Capital and Metrobank Group branches, subsidiaries, and affiliates, helped prepare and distribute the packages.

The event was supported by the Catholic Bishops Conference of the Philippines, DSWD, the Armed Forces of the Philippines, the Philippine National Police, and local government units. Since its inception, BOB has benefited approximately 90,000 families across the country.

Helping Hands Disaster Relief Program

HELPING HANDS DISASTER RESPONSE

In the aftermath of natural disasters, the tandem of MBFI and GTFI always spring into action and activate their funds under their disaster relief and response program, Helping Hands. In 2020, both Foundations released a total of Php8.9 million for the benefit of over 15,000 displaced families and another 23,500 families.

When Taal Volcano erupted in January, MBFI swiftly responded by allocating Php2.3 million for affected families, coursed through Metrobank branches in South Luzon.

Beneficiaries received food items, hygiene kits, sleeping mats, and blankets. The rest of the donation was given through the Philippine Star's corporate social responsibility arm, Operation Damayan, and the Philippine Disaster Resilience Foundation. In addition, MBFI also provided financial support to the DZRH Operation Tulong soup kitchen project.

The Foundation also donated Php600,000 to the Eastern Samar provincial government, which supported 1,200 families affected by typhoon Ambo. Another Php6 million was allocated to assist families badly hit by the onslaught of typhoons Rolly and Ulysses.

HELPING HANDS COVID-19 RESPONSE

Metrobank and GT Capital Holdings Inc., through MBFI and GTFI respectively, stayed true to the mission of providing aid to Filipino families in need. As the nation grappled with the impact of the pandemic, the conglomerate recognized the plight of the underprivileged and mobilized efforts towards supporting communities and front liners.

The Ty family-led conglomerate has donated a consolidated amount of Php346.4 million to fund and support efforts that combat the pandemic and help those who were in need. The multi-faceted approach aimed to provide relief and recovery assistance to affected sectors under its disaster response program, "Helping Hands."

Medical front liners from government and private hospitals including security forces of the AFP and PNP benefitted from Php27.2 million worth of Personal Protective Equipment (PPE).

Metrobank Foundation donates a molecular laboratory in Davao City

The project also provided real-time polymerase chain reaction (PCR) and antibody rapid test kits to government and private hospitals and local government units, while equipping and constructing molecular laboratories for testing samples for Covid-19 and other emerging diseases. The Foundations donated Php3.0 million to the Alumni Association of Xavier School for the operations and needs of patients of the San Juan Covid-19 Kalinga Center, a 100-bed extension facility of the San Juan Medical Center. Php18.0 million were also allocated for a molecular laboratory of the Philippine Red Cross, capable of processing 14,000 tests per day. Php10.0 million was allocated to seven molecular laboratories under the Ayala Consortium located in Metro Manila, Laguna, Batangas, Iloilo, Bulacan, Cebu, and Davao. Another Php18.0 million was donated for a molecular laboratory for the Southern Philippines Medical Center and the Ateneo De Davao University. Lastly, Php15.0 million was allocated for the molecular laboratory of Manila Doctors Hospital capable of processing 480 tests per day. In total, the two Foundations donated Php64.0 million for equipping and constructing molecular laboratories capable of 20,780 tests per day.

To contribute in addressing hunger and establish food security and resiliency, partnerships were forged with the Philippine Disaster Resilience Foundation for Project Ugnayan, The Philippine Star Operation Damayan, Ronald McDonald House Charities Philippines (RMHCP) for its 'Kindness Kitchen,' DZRH Operation Tulong, and Jollibee Group Foundation for its 'FoodAID' program. A total of Php108.3 million worth of donations benefited some 112,000 families and 59,100 individuals ranging from the distribution of grocery vouchers, packed meals, and feeding programs.

MBFI and GTFI also provided long-term assistance to communities in the form of water, sanitation, and hygiene (WASH) facilities for schools as well as in-kind donations of laptops and tablets to benefit students in adapting to the new normal through blended learning, while Risograph and photocopying machines were donated to schools to help teachers distribute learning modules.

Both MBFI and GTFI implemented a robust, medium-term emergency response plan through strategic partnerships, which complemented the existing efforts of the Philippine government and other stakeholders who attend to their communities' needs.

METROBANK FOUNDATION PROFESSORIAL CHAIRS

The Metrobank Foundation Professional Chair program of the Ateneo Professional Schools, in partnership with the Ateneo de Manila University, published Perspectives on Good Governance: Metrobank Foundation Professorial Chair Lectures at the Ateneo Professional Schools. The publication compiles 11 lectures delivered by thought leaders and subject matter experts, all of whom are exemplary models of leadership and professionalism in their own fields. The online book launch was held in July and was broadcast over RadyoKatipunan.

MANILA DOCTORS HOSPITAL: NEW AND IMPROVED FACILITIES

MBFI is the principal owner of the Manila Doctors Hospital (MDH), which provides world-class care to the sick through safe, patient-centered healthcare services. MDH also offers corporate-friendly healthcare solutions. It runs a primary care clinic exclusively for maritime companies and their seafarers and a corporate health

Metrobank Foundation is recognized as the Philanthropic Foundation of the Year during the 72nd Anniversary of the American Association of the Philippines

care facility for the preventive health care needs of corporate clients. The hospital also has a wellness hub that offers exclusivity and convenience during executive check-ups.

At the onset of the Covid-19 pandemic, GTFI contributed to the construction of a new molecular pathology laboratory for MDH. Constructed in response to the need for a new and reliable testing center in Metro Manila, the laboratory is able to provide faster and more reliable RT-PCR results.

The year also saw the improvement of other critical facilities at the MDH, such as an expanded 28-bed Hemodialysis Unit, a more spacious operating room, a new catheterization laboratory, and broader intensive care and isolation units.

AWARDS AND RECOGNITION

MBFI was recognized as the Philanthropic Foundation of the Year (Profiles in Excellence Award) during the 72nd anniversary celebration of the American Association of the Philippines (AAP) held in February. The AAP has aimed to advance Filipino-American relations for over half a century. It maintains strong ties with the American community, returning Filipino-American balikbayans, and the Philippine government. As part of its efforts, the AAP continues to recognize the achievements of its members and key business and civic leaders who are making a difference in their respective communities.

MBFI also bagged the Top Division Award for its 40th anniversary celebration "Puso at Sigasig" in the 18th Philippine Quill Awards. The Top Division Award was chosen among entries which received the Quill Award of Excellence under the Communication Skills Category. Under this category, awardees are recognized for their demonstrated technical skills such as writing, editing, design, and multimedia production, combined with innovation and creativity." Organized by the International Association of Business Communicators (IABC) Philippines, the Philippine Quill Awards is a showcase of bright ideas, groundbreaking concepts, marvelous executions, and resounding results. Two other communication

Metrobank Foundation receives Gold and Silver Anvils at the 56th Anvil Awards

tools, "Service with a Heart: Metrobank Foundation 2018 Annual Report" and "Beyond Excellence: 2019 Metrobank Foundation Outstanding Filipinos Souvenir Program", received the Quill Awards of Excellence. Other recipients of the Quill Award of Excellence are the "2019 Metrobank Foundation Outstanding Filipinos" and "COVID Comms 2020: The Metrobank Group and GT Capital Holdings Response to Contribute to Combating Covid-19." GTFI's "Bags of Blessing 2020: #BeyondFestivityGenerosity" also won the Quill Award of Excellence.

Furthermore, the 2019 Annual Report of the Metrobank Foundation, Inc. (MBFI) titled "Puso at Sigasig" was nominated for the Platinum Anvil in the recent 56th Anvil Awards. Taking home the Gold Anvil, the annual report curated stories of extraordinary kinship and mentorship among its featured stakeholders and highlights the values of heart and zeal as its foundation to shine a light on opportunities that expand access, provide recognition, and demonstrate possibilities of a better future for all.

Two digital public relations programs received the Silver Anvil, namely "#MADEatHome: Art Education Online" and "2020 Metrobank-MTAP-DepEd Math Challenge (MMC) Learn@ Home Campaign". GTFI also received the Silver Anvil for its "Bags of Blessing (BOB) 2020: #BeyondFestivityGenerosity."

Organized by the Public Relations Society of the Philippines (PRSP), the Anvil Awards is considered as the Oscars of public relations industry in the Philippines. The Anvil symbolizes excellence in public relations and is awarded by distinguished multi-sectoral jury to outstanding public relations programs and tools.

The Metrobank Group and GT Capital Holdings, Inc. remain committed to amply respond to the Filipino's call for collective action. Opportunities to create a positive impact are of utmost priority as part of its nation-building efforts. As the Philippines emerges from the Covid-19 pandemic, MBFI and GTFI will continue to be steadfast partners in rebuilding Filipinos' lives, helping them rise once again as they walk toward a more hopeful future.

Corporate Social Responsibility

GT Foundation Inc.

GT Foundation, Inc. (GTFI) was incorporated in October 7, 2009 as the family foundation of the late GT Capital and Metrobank Group Chairman Dr. George Ty Siao Kian. He and his family believe that quality education and equitable healthcare are basic needs that should be made accessible to the underprivileged. Since its inception, the Foundation has pursued the philanthropic initiatives of the family by investing in strategic development programs that empower communities and respond to the basic needs of the Filipino people, primarily in the areas of health, education, environment, and technology and innovation.

Despite the restrictions that the Covid-19 pandemic brought about in 2020, GTFI continued to contribute to the needs of communities through various donation initiatives and relief operations.

BAGS OF BLESSING

Before the strict mobility restrictions were implemented last year, GTFI and Metrobank Foundation (MBFI) held their annual Bags of Blessing (BoB) program. The BOB program is a gift-giving project of the late Dr. George Ty Siao Kian held in celebration of the Chinese New Year. Initiated in 2011, the program allows vulnerable and marginalized Filipinos to share in the festivities, bringing good spirit in the transition to a new year.

GTFI collaborates with MBFI, together with the GT Capital Group of Companies, and other institutional partners, such as the Department of Social Welfare and Development (DSWD), Local Government Units (LGUs), the Armed Forces of the Philippines (AFP), the Philippine National Police (PNP), and the Catholic Bishops' Conference of the Philippines (CBCP), for this project.

The Group distributed rice, snack foods, milk, canned goods, and cooking essentials to over 500 families who came to the San Ildefonso Parish Church in the City of Makati. The Catholic Bishops Conference of the Philippines and Caritas Manila assisted in organizing and identifying the indigent families chosen as beneficiaries for the event.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GT Foundation Helping Hands Covid-19 Response Program

Around 10,000 families from 25 cities and municipalities across Luzon, Visayas, and Mindanao were beneficiaries of the food packages worth Php10.0 million. The food packs were prepared and distributed by 1,922 volunteers from the network of Metrobank branches, subsidiaries, and other affiliates. As of end-2020, the BoB program has benefited some 90,000 families throughout the Philippines.

HELPING HANDS DISASTER RESPONSE

In the first month of 2020, Taal Volcano erupted, displacing hundreds of families within the vicinity. In response, GTFI and MBFI promptly disbursed funds under their "Helping Hands" disaster relief and response program to support those affected by the eruption.

Food items, hygiene kits, sleeping mats, and blankets were distributed to those in need, while the rest of the activated fund was coursed through the Philippine Star's corporate social responsibility arm 'Operation Damayan' and the Philippine Disaster Resilience Foundation.

GTFI and the MBFI also donated Php600,000 to the provincial government of Eastern Samar to support 1,200 families affected by Typhoon Ambo. Another Php6.0 million was allocated to help families affected by the onslaught of typhoons Rolly and Ulysses. A total of Php8.9 million was released by the Helping Hands program in 2020, benefiting over 15,000 displaced families.

HELPING HANDS COVID-19 RESPONSE

Both GTFI and MBFI worked together to help communities and healthcare workers adversely affected by the health crisis. The two foundations were responsible for implementing the conglomerate's Covid-19 response initiatives under their Helping Hands Covid-19 Response program. They gave a total of Php346.4 million as their contribution to the conglomerate's collective initiatives to mitigate the effects of the pandemic.

The program aimed to provide short-term relief and recovery assistance to affected sectors through several initiatives, including the donation of personal protective equipment (PPE) and vehicle transportation to medical frontliners; donation of PPEs to security frontliners, such as soldiers and police officers; donation of food and relief packs to underprivileged families in selected communities; provision of real time polymerase

GT Foundation partners with Advancement for Rural Kids for Covid-19 Food Relief

chain reaction (PCR) kits and antibody rapid test kits to government and private hospitals and local government units; the construction and equipment of molecular laboratories for testing Covid-19 samples and other emerging diseases; and the provision of long-term assistance to communities in the form of water, sanitation, and hygiene (WASH) facilities for schools.

The initiatives also included in-kind donations of learning materials for geographically-isolated schools; the implementation of an amelioration program for visual artists whose livelihoods were affected by the pandemic; donation of laptops and tablets for students to adapt to the new normal through blended learning; provision of Risograph and photocopying machines to teachers for the reproduction of learning modules; provision of additional feeding programs for communities; pooled testing for LGUs and communities; and donation of vaccines.

GTFI and MBFI also implemented a robust, medium-term emergency response plan through strategic partnerships, which complemented the existing efforts of the Philippine government and other stakeholders who directly attend to the pressing needs of communities.

PROJECT FEEDBACK

In June, GTFI started supporting Project Feed Back, a project of the Advancement for Rural Kids (ARK). Project Feed Back aims to address hunger and malnutrition, and help communities become self-sustaining through the provision of weekly vegetable baskets to select families for twelve weeks. The program intends to create food security by empowering communities to grow their own vegetables and have a more sustainable food source. The project also created platforms for the community members to sell their excess produce.

With a guaranteed weekly market for the communities' produce for a period of 12 weeks, families were inspired to create backyard gardens so that they could exchange vegetables with their own community members and visitors from nearby towns and cities.

In 2020, Project Feed Back was able to provide a total of 132,500 meals to 1,519 families nourishing 5,942 lives in select barangays of Busuanga, Coron, Palawan, as well as Dumarao, Capiz.

GT Capital donates to the community of Our Lady Queen of Peace Parish in Bacoor, Cavite

GT CAPITAL
HOLDINGS INCORPORATED

GT CAPITAL HOLDINGS, INC.

Amid government-mandated community quarantines in 2020, GT Capital continued its core corporate social responsibility (CSR) programs, modified to ensure safe physical distancing. GT Capital Purple Hearts Club, the parent company's employee-driven CSR movement, focused its programs on three key areas: nutrition, education, and the Covid-19 pandemic.

Nourishment Program at Our Lady Queen of Peace

Year-round, Christmas Bag Distribution in December

At the core of GT Capital Purple Hearts Club's CSR initiatives is the parent company's consistent commitment to augment the nutritional needs of children at the Our Lady Queen of Peace Parish (OLQPP) at Queen's Row in Bacoor, Cavite. Since 2017, GT Capital employees have contributed to and visited OLQPP quarterly, usually culminating in a Christmas party for the area's children. Despite the challenges of the pandemic, the Purple Hearts Club, with the invaluable help from the community, continued this tradition. Parish volunteers, mostly mothers of children who were beneficiaries of the pre-pandemic feeding program, packed lunches every Saturday. Meals were delivered weekly to over 150 families in the villages surrounding the church. These were funded by donations both from GT Capital employees and the company CSR budget. On 19 December 2020, in lieu of the usual Christmas party, with the help of the parish priest and volunteers, GT Capital employees distributed 270 food bags to help alleviate hunger in the community.

GT Capital donates food to Manila Doctors Hospital


GT Capital donates Covid-19 test kits to the Pateros Municipality local government unit

Bags of Blessing 2020
February

In February, Purple Hearts Club volunteers participated in Metrobank Foundation and GT Foundation's nationwide Bags of Blessing distribution program to celebrate Chinese New Year. GT Capital joined team members from Metrobank's Makati sector, Manila Tytana Colleges, Toyota Financial Services, and Orix Metro Leasing and Finance Corporation in distributing rice, snack foods, milk, canned goods, and cooking necessities to over 500 families who came to the San Ildefonso Parish Church in Makati. Service personnel from the Armed Forces of the Philippines and the Philippine National Police also assisted the volunteers in distributing the goods. The Catholic Bishops Conference of the Philippines and Caritas Manila helped organize and identify the indigent families chosen as beneficiaries for the event.

Donations to Covid-19 Efforts
March-May

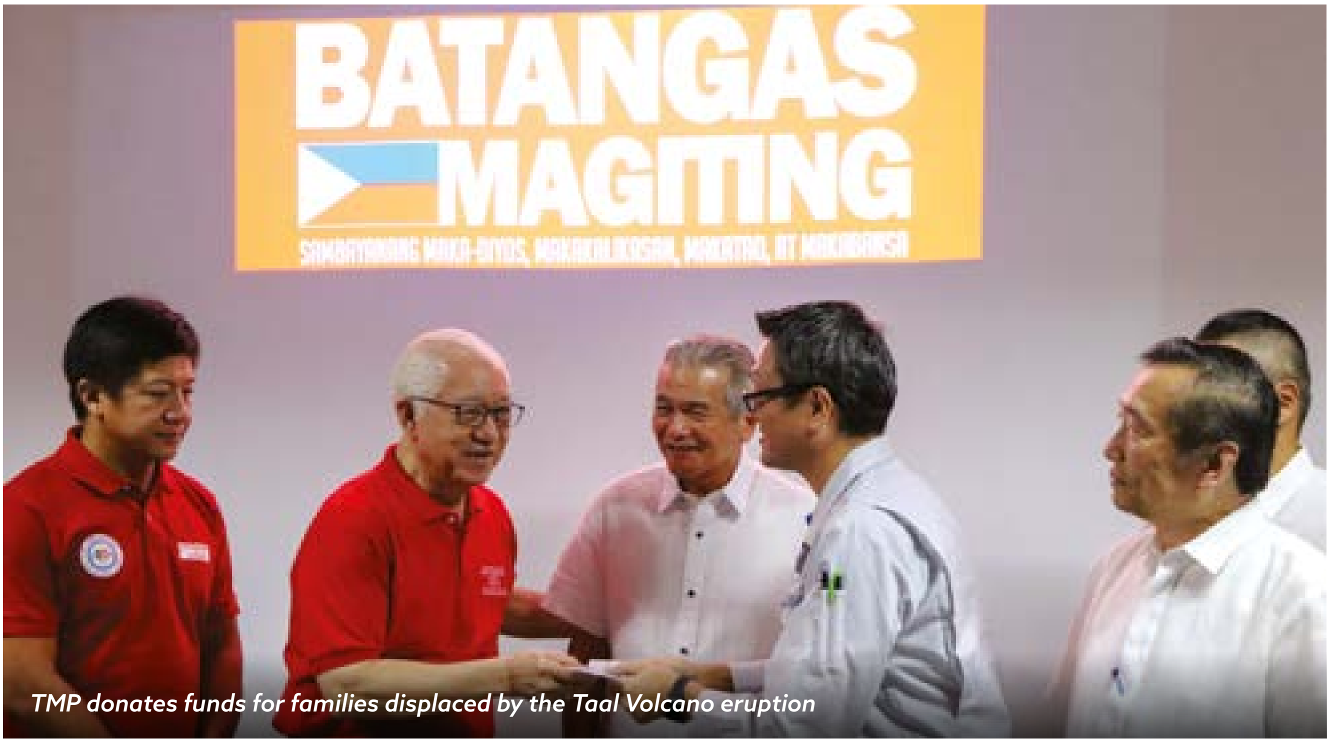
Every month from March through May, during the strictest enhanced community quarantine period, GT Capital donated fresh fruits and vegetables, which were enthusiastically received by Manila Doctors Hospital (MDH) front-liners, including doctors, nurse practitioners, and other medical and administrative staff. The parent company provided approximately 120 kg of produce worth Php28,800 to augment MDH employees' nutritional needs.

Project ARK Rapid Test Kit Donation
March, July

In March, GT Capital donated 1,320 rapid antigen Covid-19 test kits to the Pateros Municipality local government unit (LGU). Later, in July, the parent company joined Metrobank Foundation's donation of hundreds of test kits to the Imus City (LGU), in solidarity with members of the community who live near the GT Capital Group's property development in Cavite. Through these test kits, the company helps in national and local efforts to stem the spread of the pandemic.

National Teachers' Month
September

GT Capital also participated in the National Teachers' Month (NTM) initiative, spearheaded by the Metrobank Foundation (MBFI) and coordinated through the Philippine Department of Education (DepEd). Every year for almost a decade, MBFI and DepEd, along with several private and public sector partners, spearhead programs to recognize and reward teachers for their efforts in educating and equipping young minds for the future. The Philippines celebrates NTM annually from 5th September to 5th October, which is also World Teachers' Day. For 2020, GT Capital Purple Hearts Club donated Php15,000 to the NTM cause, which will go to providing bond paper reams to underserved elementary schools for printing lesson modules for distance learning.



TMP donates funds for families displaced by the Taal Volcano eruption

TOYOTA

TOYOTA MOTOR PHILIPPINES FOUNDATION

Toyota Motor Philippines Foundation (TMPF) pursues CSR projects that manifest the sincere commitment of Toyota Motor Philippines (TMP) to support the communities where it operates. Despite the challenges throughout 2020, TMPF strived to sustain its social and humanitarian projects in education, health, environment, and community service.

Disaster Response

During the first month of the year, the country witnessed the eruption of Taal Volcano, which not only caused the closure of businesses in the vicinity, but also forced hundreds of families to evacuate to safer grounds.

TMP swiftly took action and pledged Php2 million as aid for evacuees in regional relief centers in Batangas and Laguna. The company announced the donation during its annual media thanksgiving event, which was scaled down to allow TMP to reallocate resources for the victims of the eruption.

Community Service in the time of Covid-19

As a result of the pandemic, TMP focused its community service initiatives on how it can help make the health and economic situation more tolerable for the communities it serves. Immediately after the first stringent lockdown was implemented, the company moved swiftly to provide mobility support and special assistance to its customers.

To help health care workers travel to and from their places of work while public transportation was suspended, TMP coordinated with various local government units and hospitals to utilize company-owned vehicles as shuttle for doctors, nurses, and other frontline workers serving in various health care institutions.

Dozens of Toyota vehicles were mobilized to help bring urgent care to patients, while TMP also lent some units to volunteer groups who distributed personal protective equipment (PPE) to various hospitals.

TMP also partnered with the Toyota Mobility Foundation (TMF), an independent non-profit organization aimed at enabling mobility for all, to provide sanitized, just-in-time transportation services for the health care frontliners of the Philippine General Hospital (PGH).

Collaborating with the Department of Transportation (DOTr) in its 'Free Ride for Health Workers Program,' TMP and TMF provided ten free shuttle vehicles equipped with the free SWATRide booking app for the daily use of around 200 health care workers of the PGH.

In coordination with the DOTr, TMP provided the SWATRide booking app for point-to-point (P2P) buses plying the UP Town Center – Glorietta 3 route from July to October.

TMPF also provided in-kind donations to health care workers and families that needed support. Various PPEs, including isolation and surgical gowns, as well as surgical gloves, were donated to the Santa Rosa Community Hospital, while sacks of rice and grocery packages were distributed to hard-to-reach areas and communities, including the Toyota Santa Rosa Gawad Kalinga Village, which is home to more than 150 families.

Realizing that pandemic-related work suspensions came with widespread financial hardship for displaced workers, Toyota Financial Services Philippines (TFS) extended the payment terms for its customers. Likewise, TFS also extended expiring insurance policies under Toyota Insure and warranty coverage for Toyota vehicles. The company also provided a 30-day grace period for Toyota vehicles scheduled for periodic maintenance services. Toyota Mastercard credit card holders were also given Petron fuel rebates in the latter half of April.

TMP also partnered with the Department of Health (DOH) to support the government's efforts to address the mobility needs of

TMP donates face masks to Pulong, Sta. Cruz Barangay Hall

healthcare workers. In line with this, the company donated a total of 30 Vios units to various public hospitals in Metro Manila and Laguna.

Toyota also donated a total of 43,000 face masks, made through its in-house production initiative, to its supported communities. The beneficiaries included Pulong Santa Cruz Barangay Hall, Pulong Santa Cruz Elementary School, and Toyota-City of Santa Rosa-Gawad Kalinga Village in Laguna. In Batangas, face masks were turned over to the Lian Fisherfolk Association, TMP's partner for environment-related CSR activities.

The company constantly updated its digital platforms to make information readily available online and to ensure that it continues to address its customers' needs despite the pandemic-related mobility restrictions.

Environment

Despite the economic challenges brought about by the pandemic, which forced many organizations to refocus their strategies toward survival, TMP continued with its CSR initiatives for the environment.

TMP rehabilitates 10-hectare mangrove plantation in Lian, Batangas

In February, TMPF partnered with the University of the Philippines (UP) Marine Science Institute (UPMSI) for the construction of an educational exhibit and training center at the UP Puerto Galera Biodiversity and Environmental Research and Outreach Center in Oriental Mindoro. TMPF committed a total of Php2.9 million for the new training center and the creation of modules on the protection and preservation of the Verde Island Passage, the acknowledged Center of Marine Shorefish Biodiversity and the main source of livelihood for two million locals.

TMP also made an agreement with the Department of Environment and Natural Resources (DENR) and the local government of Lian, Batangas to clean-up, rehabilitate, and preserve a ten-hectare mangrove plantation area along the coastline. Under the agreement, TMP committed to plant 25,000 mangrove seedlings by 2023 and provide necessary resources to protect marine life and biodiversity in the area, while helping provide livelihood for the local community.

Throughout the company's annual Toyota Environment Month in June, TMP conducted activities to promote environmental awareness, while integrating the new normal through online environment seminars and contests. The company also conducted a tree-planting activity with select team members at the Toyota Forest in Santa Rosa, Laguna, where a total of 200 seedlings were planted.

Education

Throughout 2020, TMPF continued to support its adopted school, the Pulong Santa Cruz Elementary School (PSCES) in Santa Rosa, Laguna, as it transitioned into the new normal mode of learning. With pandemic guidelines disallowing lower education levels to hold face-to-face classes, PSCES shifted to online and modular learning.

TMPF also donated 46 brand new laptop computers that to PSCES teachers can use for their online classes. In addition, approximately 4,000 printed learning modules were donated for the use of students in kindergarten and Grades 1 and 2.

To further support PSCES in its efforts to mitigate the spread of the coronavirus in their community, TMPF provided other useful items such as thermal scanners, face shields, alcohol, antibacterial and germicidal soaps, disinfectant sprays, bleach solutions, disposable gloves, foot baths, spray tanks, and mops.

Awards

In 2020, TMP and the TMPF received awards for their outstanding CSR programs from the Society of Philippine Motoring Journalists during the 4th Driven to Serve Awards ceremony. At the virtual event, TMP garnered two Gold Awards, one for its Vegetable Garden Project at PSCES, and another for the nationwide Start Your Impossible: National Mangrove-Planting and Coastal Clean-Up Activity, which engaged TMP employees and Toyota dealers across the country. The automaker also received a Silver Award for its Breast Cancer Awareness Project for the female faculty and staff of its adopted school.

Federal Land frontliners at the Six Senses Residences in the Bay Area, Pasay City

FEDERAL LAND, INC.

The pandemic-caused disruption to the property development industry in 2020 moved Federal Land, Inc. to focus its social outreach initiatives towards helping its employees, customers, and other stakeholders navigate through the health crisis safely.

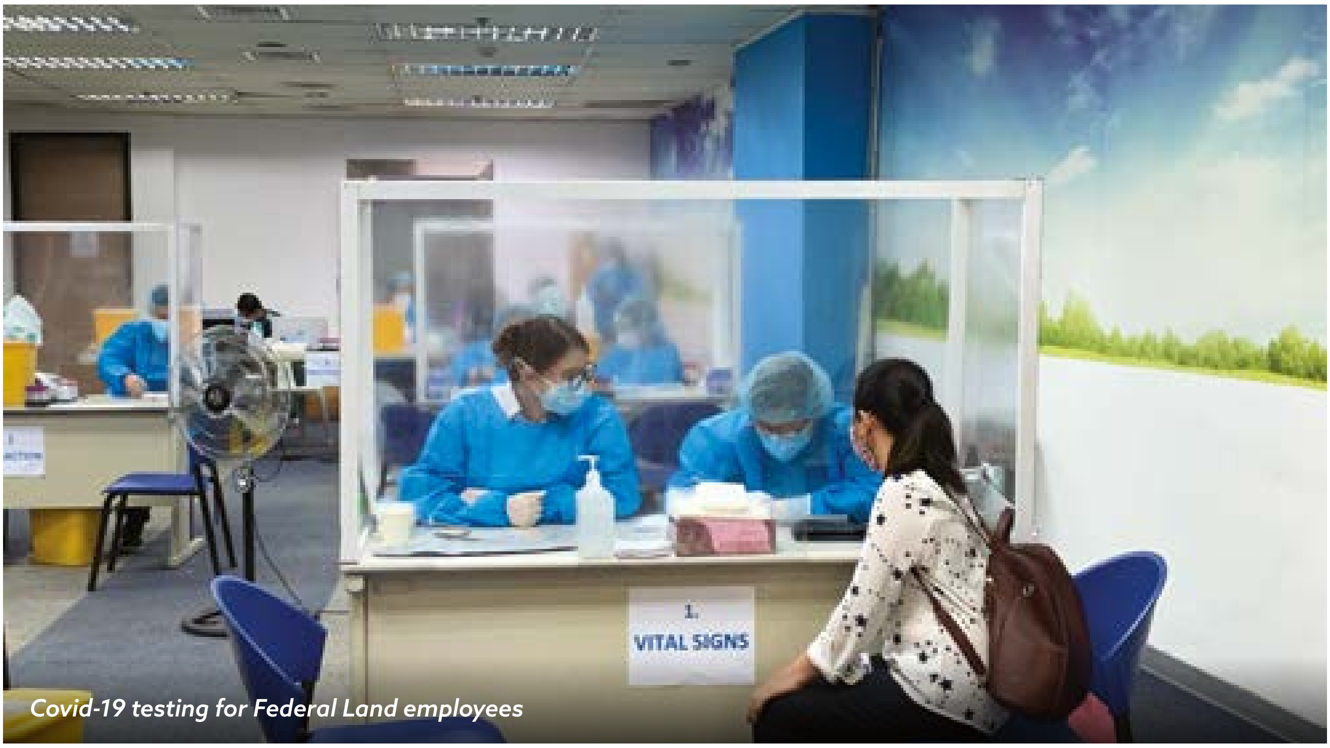
During the implementation of the quarantine lockdown, several Federal Land employees volunteered to continue working on-site to manage the daily operations of its residential, commercial, and office properties and to facilitate the needs of other employees in the transition to a work-from-home setup.

Property managers and critical staff were housed on-site during the quarantine period to avoid disruptions to the regular service and maintenance of Federal Land properties.

Even though many employees were working from home, the company ensured that communication lines remained open to everyone on the team. The property developer set up Workplace, a work-focused communication platform product by Facebook, which enabled office and social chats, announcements, and live stream events.

Federal Land showrooms strictly followed government guidelines and adhered to health and safety protocols, such as the placement of hand sanitizers, temperature checks before entry, and proper social distancing to ensure that both clients and sales representatives are safe in the new normal. The property developer also encouraged clients to use its 360° virtual tours to avoid crowding the showrooms.

As lockdowns eased during the latter part of the year, Federal Land ensured that employees could safely return to the office. In line with this, the company, in cooperation with its medical partner Manila Doctors Hospital, conducted antigen tests for all its team members to limit their exposure to



Covid-19 testing for Federal Land employees

infected colleagues. The developer's human resource department also held virtual lectures to educate its employees about the Covid-19 and related precautionary measures.

Federal Land's property management arm, Federal Property Management Corp. (FPMC), rolled out the necessary measures to comply with the IATF's guidelines for Covid-19 prevention and to guarantee that tenants' safety. FPMC instituted proper health and safety standards such as the availability of alcohol dispensers, foot baths, and social distancing markings. Frequent cleaning and misting in coordination with the LGU were normalized so that living spaces are regularly disinfected.

Covid-19 testing for Federal Land employees

AXA and the Philippine Red Cross install hand washing stations in various schools

AXA PHILIPPINES

While dealing with the pandemic and the consequent challenges it presented to global business, AXA Philippines carried on with its CSR activities in 2020 as it realized the importance of continuing to help communities, especially in times of crisis. In this regard, AXA Philippines partnered with various institutions and private companies for several initiatives.

AXA Philippines worked with the Philippine Red Cross (PRC) to install hand washing stations in several schools and organizations. The insurer also made a monetary donation to the PRC to acquire surgical masks and food packs for volunteers, which were distributed to 37 hospitals in Metro Manila and Rizal Province.

In collaboration with the PRC and Arko Pilipinas, AXA Philippines provided relief assistance and support to the victims of Typhoons Rolly and Ulysses.

AXA Philippines' partnership with UNICEF, in addition, sought to address the nutritional needs of children. The company also donated funds to UNICEF, which provided triage tents and PPEs for seven hospitals, including those in Bataan.

AXA Philippines also partnered with the Philippine Cancer Society (PCS) to help raise cancer awareness and financial preparedness among Filipinos. The result was a series of initiatives to educate the public on cancer, including lectures and campaigns promoting healthy lifestyles for cancer prevention and adapting financial know-how to counter setbacks from serious illnesses.

The company also teamed up with the Manila Doctors Hospital's CSR Office to help members of the hearing-impaired community understand and disseminate information on the Covid-19 pandemic. The resulting project was the Healthcare Equality and Accessibility for the Rights of the Deaf (HEARD), which aimed to train the hospital's health care frontliners to be able to independently communicate with deaf patients.

AXA donates face masks and other medical supplies to the Philippine Red Cross

Aside from this, AXA Philippines provided translator assistance, as well as food packs, to 100 deaf patients of the Manila Doctors Hospital. It also gave 19 respirator units to the hospital and these will be donated to public medical centers soon.

Through its #HowAreYou? Mental Awareness Campaign, AXA Philippines opened its lines to people who need to talk to someone about their troubles during the pandemic and other mental health concerns through toll-free helplines.

AXA Philippines also partnered with the Columbia University and World Health Organization's Center for Global Mental Health to develop two free resource guides to help individuals and company leaders navigate mental health issues during the pandemic.

In celebration of AXA Philippines' annual Corporate Responsibility Week, employees participated in volunteer activities from home, in compliance with health and safety protocols. The employees conducted sensitivity training with Best Buddies, created wish kits for Make-A-Wish Foundation recipients, and built solar lamps for the Liter of Light program.

Metro Pacific Foundation's Bayan Tanim! Program

METRO PACIFIC INVESTMENTS FOUNDATION, INC.

Metro Pacific Investments Corporation (MPIC) courses its CSR efforts through its philanthropic arm, the Metro Pacific Investments Foundation (MPIF), whose main mission is to enhance the lives of the communities they serve through meaningful long-term engagements.

National Food Sustainability

During the year, MPIF officially launched Bayan Tanim!, which provides communities and displaced workers with the means to grow their own vegetables safely at home, effectively addressing the plight of those who lost their livelihoods because of the pandemic and needed alternative means to provide food for themselves and their families.

Bayan Tanim was the third phase of MPIF's Covid-19 efforts. Prior to this, the Foundation distributed thousands of PPE to medical frontliners in over a dozen hospitals. This was followed by Kaya Natin 'To, a relief pack distribution effort to over 3,700 families in underserved and marginalized communities.

MPIF also signed a tripartite Memorandum of Understanding (MOU) with the Department of Agriculture (DA) and the Agrea Agricultural System International, Inc. (Agrea) to further strengthen their shared advocacy for food sustainability in the Philippines. The MOU certified their partnership to support Bayan Tanim!, which was MPIF's response to support the Plant, Plant, Plant program of the DA and the Move Food Initiative of Agrea. Through the campaign, the DA supplied the seeds for use in Bayan Tanim!, while Agrea supplied the planting crates that contained basic cultivation essentials, such as seeds, seedlings, fertilizer, and soil-less potting mix, as well as fresh vegetables directly sourced from local farmers.

Tulong Kapatid: Synergy for Social Good

While the pandemic disrupted lives and businesses in 2020, MPIC and MPIF worked on initiatives that could help the communities that were badly affected by the health crisis.

Metro Pacific Foundation's Tulong Kapatid Program

Tulong Kapatid, the CSR alliance of foundations and companies under the MVP Group of Companies, started early in the year to extend aid to augment the government's initiatives.

Tulong Kapatid saw MPIF teaming with One Meralco Foundation, Alagang Kapatid Foundation, Inc., Maynilad Water, MetroPac Movers Inc., and PLDT-Smart Foundation to distribute thousands of relief packages containing rice, noodles, canned goods, bread, milk, coffee, and hygiene packs to help underprivileged families in key areas of the country cope during the extended lockdowns.

The foundations also banded together to provide frontliners with PPEs, set up quarantine facilities, and hand out food, medicine, and other aid to poor families, even as their own operations were severely affected by the quarantine.

Other Pandemic-Related Initiatives

Aside from its Tulong Kapatid initiatives, MPIC had other initiatives that extended aid to those adversely affected by the Covid-19 pandemic. For instance, MPIF launched OPLANILAO in the province of Batangas, committing a budget for short-term and long-term projects to help support beneficiaries in the tourism sector and alleviate the impact of the Covid-19 pandemic on their livelihoods.

As part of OPLANILAO's first wave of support, MPIF distributed around 500 relief packs and vitamins to local resort staff, tourism workers, and TESDA-accredited wellness therapists.

Seeing that farmers were unable to sell their produce due to lockdown restrictions even as the food industry was experiencing limited access to fresh vegetables, MPIF donated over 8,000 kilos of fresh vegetables sourced from local farmers' cooperatives to beneficiaries who needed the supply.

Addressing Healthcare Challenges during the Pandemic

The country's healthcare system faced unprecedented challenges due to the increasing number of Covid-19 patients, especially in the first few months of the year. To alleviate overcrowding, Metro Pacific's hospitals introduced telemedicine, which allows patients

Metro Pacific Foundation donates personal protective equipment (PPE) to various hospitals in Mindanao

Maynilad builds Covid-19 testing facility in the Delos Santos Medical Center, Quezon City

to consult with their doctors via virtual platforms. In addition, the group provided other services including an e-pharmacy, mobile laboratories, remote patient monitoring, and continuity of care beyond the hospital room.

MPIF also donated 1,000 full PPE kits to various hospitals in Mindanao to augment the depleting number of protective equipment used by their frontliners.

Moreover, in cooperation with key government hospitals, the Metro Pacific Hospital Group created a task force led by MPIC Chairman Manuel V. Pangilinan to improve the coordination of activities and better cope with the rising number of people infected by the novel coronavirus.

Delos Santos Medical Center (DSMC), in cooperation with Maynilad, undertook a project to build a Php15 million testing facility in the hospital grounds. The Maynilad-DSMC testing facility, which was completed in November, makes use of the Reverse Transcription Polymerase Chain Reaction (RT-PCR) test, the gold standard in Covid-19 testing around the world. It is expected to boost the capacity of the thirty existing RT-PCR laboratories and five GeneXpert facilities licensed to operate by the Philippine Department of Health, to speed up the processing and release of confirmatory Covid-19 test results.

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.

2020 Awards and Recognitions	
ICD	ASEAN Asset Class PLCs (Philippines) *for the 2019 ASEAN Corporate Governance Scorecard (ACGS) Award, ASEAN Capital Markets Forum*
ICD	3 Golden Arrows Recognition *For the 2019 ACGS Assessment, Institute of Corporate Directors*
CAPITALFINANCE INTERNATIONAL	Best Investor Relations Team Philippines 2020 *Capital Finance International*

As part of its ongoing improvement in corporate governance, GT Capital undertook the following best practices in 2020:

1. Virtual conduct of the 2020 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. Election of a female director;
4. Release of 2019 Sustainability Report relating to GT Capital's sustainability performance in terms of the conglomerate's economic, environmental, and social impacts in its areas of operations and in communities reached by its activities and projects;
5. Ensuring continued compliance with the Data Privacy Act and its Implementing Rules and Regulations;
6. Continuation of roll out of sustainability reporting framework to component companies leading to a consolidated report; and
7. Coordination with external facilitator as regards results of board, committee, Chairman, and directors' assessments for 2019.

2020 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.

Enterprise Risk Management

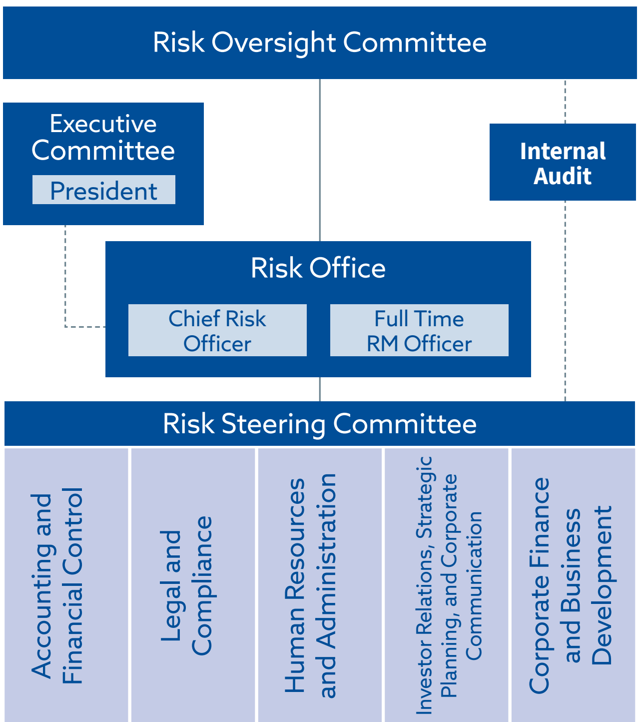
GT Capital has adopted an Enterprise Risk Management ("ERM") Policy and Framework for the promotion of increased awareness of risks, minimization of GT Capital's exposure to financial losses, and boosting shareholder confidence. GT Capital seeks to maintain an effective risk management process, designed 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

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.



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. His primary responsibility is to own, develop, implement, and continuously improve the ERM process. He 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.

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 the Audit Committee, Risk Oversight Committee, and Senior Management, and are addressed accordingly.

Key Business Risks and Controls

In 2020, the individual interviews and group workshops were conducted for the Annual ERM Reassessment. A total of 37 risks were identified and assessed using the agreed upon Risk Ranking Criteria. Risk Treatment Action Plans were developed for the top material risks. A Risk Dashboard containing key risk indicators for each identified risk was developed and monitored to assess on an on-going basis that the risks are effectively managed. Key risks for GT Capital and its component companies include market risk, operational risk, regulatory compliance risk, financial reporting risk, and portfolio management risk.

Market Risk

GT Capital's component companies are engaged in various sectors, namely banking, insurance, property development, automotive assembly and distribution, and infrastructure and utilities. GT Capital's component companies may be adversely affected by market and other macroeconomic factors such as interest rate, foreign exchange rates, inflation, and other economic variables. Political policies, directions, and uncertainties may also impinge the market demand for component company products and services.

To mitigate this risk, GT Capital and its component companies continuously monitor key risk indicators, conduct sensitivity analyses, and adjust their business strategies accordingly.

Operational Risk

GT Capital's component companies are exposed to risks in the conduct of its operations, which includes fraud and information security. Incidents in this category may lead to disruption in operations, reputational damage or financial losses.

To mitigate this risk, GT Capital and its component companies maintain robust operational policies, procedures, and controls. Regular internal audits and third-party checks, as necessary, are conducted to identify and address gaps in the performance of various functions.

Regulatory Compliance Risk

GT Capital's component companies are regulated by the Bangko Sentral ng Pilipinas, Insurance Commission, Housing and Land Use Regulatory Board, SEC, Bureau of Internal Revenue, and other regulatory bodies. Rules and implementing guidelines are always evolving, and GT Capital should always be up to date with these new developments.

To mitigate this risk, GT Capital's component companies have their own legal and compliance departments to ensure proper compliance with relevant regulations. In addition, the internal audit department of each component company reports any material non-compliance to their respective audit committees.

Financial Reporting Risk

It is of utmost importance to GT Capital and its component companies to be transparent to its shareholders in terms of financial reporting.

To achieve this, each of GT Capital's component companies has engaged Sycip, Gorres, Velayo & Company ("SGV & Co.") as their external auditor. In addition, GT Capital conducts its own review of the submitted financial reports for consolidation. Afterwards, the consolidated financial statements at the GT Capital level are then subject to another external audit by SGV & Co.

Portfolio Management Risk

As a holding company, GT Capital aims to have a diversified portfolio that maximizes profitability and creates shareholder value.

To achieve this, GT Capital Management meets on a periodic basis to monitor and review the performance of the portfolio and accordingly recommends the adjustment of business strategies to the Executive Committee and the Board of Directors.

Environmental and Social Risk

GT Capital's component companies are exposed to non-financial risks such as environmental and social impacts in the conduct of their operations. Environmental risks may be brought about by non-compliance with relevant laws and regulations and contribution of climate change. Social risk primarily arises from the component companies' interaction with its stakeholders such as employees, suppliers, customers and other participants in the value chain.

To mitigate this risk, GT Capital's component companies are actively engaging key stakeholders to improve their response to environmental and social risks. In addition, the component companies ensure compliance with all relevant laws and regulations which provide protection to the environment and to participants of its supply chain.

Other Risks

In addition to the key risks discussed above, there are other risks which were identified by GT Capital Management during the 2020 Enterprise Risk Management Annual Reassessment. Each risk has corresponding key risk indicators that are monitored on a periodic basis and serve as an early warning signal for GT Capital in case an emerging risk was to transpire. These indicators are reported to the Board of Directors, through the Risk Oversight Committee, on a quarterly basis.

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.

Policies 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 2020, 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 component companies are involved in.

Four (4) members of GT Capital's Board of Directors are Independent Directors. 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. Arthur Vy Ty has served as Chairman of GT Capital since his election on May 11, 2016. 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 at least six (6) times 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.

Board Attendance

To ensure attendance of directors, the dates of the six (6) 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, June, August, 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 2020, the Board met six (6) times, and the attendance of each director is provided below:

Name	Position	No. of Meetings Attended
Arthur Vy Ty	Chairman	6/6 (100%)
Alfred Vy Ty	Co-Vice Chairman	6/6 (100%)
Francisco C. Sebastian	Co-Vice Chairman	6/6 (100%)
Carmelo Maria Luza Bautista	President and Director	6/6 (100%)
Renato C. Valencia	Lead Independent Director	6/6 (100%)
Jaime Miguel G. Belmonte	Independent Director	6/6 100%)
Wilfredo A. Paras	Independent Director	6/6 (100%)
Rene J. Buenaventura	Independent Director	6/6 (100%)
David T. Go	Director	6/6 (100%)
Regis V. Puno	Director	6/6 (100%)
Alesandra T. Ty*	Director / Asst. Treasurer	5/5 (100%)

*Elected on May 14, 2020

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.

In 2020, the Corporation continued to work with the Institute of Corporate Directors ("ICD") as its external facilitator in the conduct of the Board, Director, and Committee Self-Assessments, as well the Chairman's Assessment for 2019. The first part of the assessment is the distribution and accomplishment by the directors of the Self-Assessment forms.

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

Board Self-Assessment Criteria
• Structure and Composition • Roles and Accountability • Board Process • Board Dynamics

Director Self-Assessment Criteria
• Director Roles & Responsibilities • Vision, Goals and Strategies • Continuous education, development and improvement • Board Meetings • Participation and Overall Performance
Committee Self-Assessment Criteria
• 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 interviewed select directors of the Corporation to enable ICD to ask additional questions in relation to the directors' answers to the Self-assessment forms.

The Corporation shall analyze the report of the ICD and conduct self-assessment for the 2020 performance in 2021.

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.

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 Held in Committee	Meetings Attended
Arthur Vy Ty	Chairman (Non-executive Director)	42/44
Alfred Vy Ty	Vice-Chairman (Non-executive Director)	41/44
Francisco C. Sebastian	Member (Non-executive Director)	44/44
Carmelo Maria Luza Bautista	Member (Executive Director)	44/44
Mary Vy Ty	Adviser (Non-executive)	43/44
Solomon S. Cua*	Adviser (Non-executive)	14/14

*Appointed on August 14, 2020

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 Held in Committee
Jaime Miguel G. Belmonte	Chairman (Independent Director)
Alfred Vy Ty	Member (Non-executive Director)
Renato C. Valencia	Member (Lead Independent Director)

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 component 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 Held in Committee	Meetings Attended
Renato C. Valencia	Chairman (Lead Independent Director)	4/4
Wilfredo A. Paras	Member (Independent Director)	4/4
Rene J. Buenaventura	Member (Independent Director)	4/4
Carmelo Maria Luza Bautista	Adviser (Executive Director)	4/4

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.

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. Wilfredo A. Paras
Chairman, Audit Committee

Mr. Rene J. Buenaventura
Chairman, Risk Oversight Committee

Member	Position Held in Committee	Meetings Attended
Wilfredo A. Paras	Chairman (Independent Director)	6/6
Renato C. Valencia	Member (Independent Director)	6/6
Rene J. Buenaventura	Member (Independent Director)	6/6
Regis V. Puno	Member (Non-executive Director)	6/6

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.

Member	Position Held in Committee	Meetings Attended
Rene J. Buenaventura	Chairman (Independent Director)	4/4
Renato C. Valencia	Member (Lead Independent Director)	4/4
Wilfredo A. Paras	Member (Independent Director)	4/4
David T. Go	Member (Non-executive Director)	3/4

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 Held in Committee	Meetings Attended
Renato C. Valencia	Chairman (Lead Independent Director)	3/3
Wilfredo A. Paras	Member (Independent Director)	3/3
Jaime Miguel G. Belmonte	Member (Independent Director)	3/3
Anjanette Ty Dy Buncio	Adviser	3/3

In 2020, 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 Secretary, Ms. Jocelyn Y. Kho, 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 2020, GT Capital directors received aggregate remuneration as follows:

Remuneration Item		
Per diem Allowance*	Bonuses	Transportation Allowance*
Executive Directors		
Php 1.51 million	Php 0.90 million	Php 0.04 million
Non-Executive Directors (other than independent directors)		
Php 26.49 million	Php 6.00 million	Php 0.44 million
Independent Directors		
Php 5.90 million	Php 3.40 million	Php 1.23 million

*Inclusive of the per diem and transportation allowance for attending Board and committee meetings amounting to Php21.06 million in 2020 which translates to an average of Php1.91 million per director for the six (6) board meetings held in 2020 or Php0.32 million per meeting.

The directors receive per diems, bonuses, and allowances that are included in the amounts stated above. This is also in consideration of their valuable contributions in the formulation of the Corporation's overall strategy. Aside from the amounts stated, there are no other compensation plans or arrangements between the directors and the Corporation.

The aggregate remuneration paid to the five most highly compensated members of GT Capital's Senior Management in 2020 is as follows:

Remuneration Item	Amount
(a) Salary	PhP 54.40 million
(b) Bonuses	PhP 23.88 million
Total	PhP 78.28 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 2020 and first quarter of 2021, directors of the Corporation attended the following programs on corporate governance:

Name of Director	Title of Training	Training Provider	Date of Training
Arthur Vy Ty	Annual Corporate Governance Training	Institute of Corporate Directors	March 5, 2021
Alfred Vy Ty	Annual Corporate Governance Training	Institute of Corporate Directors	March 5, 2021
Francisco C. Sebastian	Annual Corporate Governance Training	Institute of Corporate Directors	March 5, 2021
Carmelo Maria Luza Bautista	Annual Corporate Governance Training	Institute of Corporate Directors	March 5, 2021
	Advance Corporate Governance Training	Institute of Corporate Directors	November 10, 2020
	Anti-Money Laundering in the Age of Technology	Institute of Corporate Directors	November 10, 2020
Renato C. Valencia	Annual Corporate Governance Training	Institute of Corporate Directors	March 12, 2021
Jaime Miguel G. Belmonte	Annual Corporate Governance Training	Institute of Corporate Directors	March 5, 2021
Wilfredo A. Paras	Annual Corporate Governance Training	Institute of Corporate Directors	March 5, 2021
	4th ABCOMP Online General Membership Meeting: Anti-Money Laundering and Countering the Financing of Terrorism	Association of Bank Compliance Officers, Inc.	December 3, 2020
Rene J. Buenaventura	Annual Corporate Governance Training	Institute of Corporate Directors	March 5, 2021
	Pilipinas: Aspire, Rise, Sustain Series 3: Cultivating Business Impact through Sustainability Reporting	Institute of Corporate Directors	November 5, 2020
	Pilipinas: Aspire, Rise, Sustain Series 2: Integrating Climate Risks in Corporate Strategy	Institute of Corporate Directors	October 29, 2020
	Pilipinas: Aspire, Rise, Sustain Series 1: The Nexus of Climate Change and Sustainable Development	Institute of Corporate Directors	October 21, 2020
David T. Go	Annual Corporate Governance Training	Institute of Corporate Directors	March 5, 2021
	Advance Corporate Governance Training	Institute of Corporate Directors	November 10, 2020
Alesandra T. Ty	Annual Corporate Governance Training	Institute of Corporate Directors	March 5, 2021
Regis V. Puno	Annual Corporate Governance Training	Institute of Corporate Directors	March 12, 2021

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 component company level. Progress of these plans and significant audit findings meeting the Group's escalation criteria are reported by each component 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 2020. 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	Vicky Lee Salas

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, 2019 and 2020:

	2019	2020
Audit and Audit-Related Services	3.04	2.48
Non-Audit Services	0.04	0.06
Total	3.08	2.54

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 2020, 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 2020.

Ownership Structure

Stockholders holding more than 5% of outstanding shares

As of December 31, 2020, 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. (Non-Filipino)	51,845,525	24.082%
PCD Nominee Corp. (Filipino)	42,285,779	19.642%

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

GT Capital reports quarterly to the PSE the direct and indirect shareholdings of its major shareholder, Grand Titan Capital Holdings, Inc., GT Capital's directors, and its senior officers. Their direct and indirect common shareholdings for the year 2020 are as follows

Name	Nature of Relationship to GT Capital	Number of Shares Directly Owned (As of January 1, 2020)	Number of Shares Indirectly Owned (As of January 1, 2020)	Number of Shares Directly Owned (As of December 31, 2020)	Number of Shares Indirectly Owned (As of December 31, 2020)
Grand Titan Capital Holdings, Inc.	Principal Shareholder	120,413,658 (55.932%)	0 (0.0000%)	120,413,658 (55.932)	0 (0.0000%)
Arthur V. Ty	Chairman	111,780 (0.052%)	13,149 (0.006%)	111,780 (0.052%)	13,149 (0.006%)
Alfred V. Ty	Co-Vice Chairman	111,780 (0.052%)	13,149 (0.006%)	111,780 (0.052%)	13,149 (0.006%)
Francisco C. Sebastian	Co-Vice Chairman	112 (0.0000%)	143,802 (0.067%)	112 (0.0000%)	143,802 (0.067%)
Anjanette T. Dy Buncio	Treasurer	0 (0.0000%)	54,544 (0.025%)	0 (0.0000%)	132,144 (0.061%)
Carmelo Maria Luza Bautista	President and Executive Director	1,118 (0.0005%)	13,413 (0.006%)	1,118 (0.0005%)	13,413 (0.006%)
Alesandra T. Ty	Director/Assistant Treasurer	0 (0.0000%)	19,294 (0.009%)	0 (0.0000%)	21,794 (0.010%)
Francisco H. Suarez, Jr.	Executive Vice President and Chief Finance Officer	0 (0.0000%)	5,589 (0.0026%)	0 (0.0000%)	5,589 (0.0026%)
Renato C. Valencia	Lead Independent Director	218 (0.0000%)	0 (0.0000)	218 (0.0000%)	0 (0.0000)
Jaime Miguel G. Belmonte	Independent Director	1,118 (0.0005%)	0 (0.0000)	1,118 (0.0005%)	0 (0.0000)
Wilfredo A. Paras	Independent Director	1,118 (0.0005%)	0 (0.0000)	1,118 (0.0005%)	0 (0.0000)
Farrah Lyra Q. De Ala	Assistant Vice President	0 (0.0000%)	309 (0.0000%)	0 (0.0000%)	509 (0.0000%)
Winston Andrew L. Peckson	First Vice President	0 (0.0000%)	303 (0.0000%)	0 (0.0000%)	303 (0.0000%)
Reyna Rose P. Manon-Og	First Vice President and Controller	0 (0.0000%)	274 (0.0000%)	0 (0.0000%)	524 (0.0000%)
David T. Go	Non-Executive Director	112 (0.0000%)	0 (0.0000%)	112 (0.0000%)	0 (0.0000%)
Rene J. Buenaventura	Independent Director	112 (0.0000%)	0 (0.0000%)	112 (0.0000%)	0 (0.0000%)
Regis V. Puno	Non-Executive Director	112 (0.0000%)	0 (0.0000%)	112 (0.0000%)	2,000 (0.0000%)
Renee Lynn Miciano-Atienza	Vice President and Head, Legal & Compliance	0 (0.0000%)	50 (0.0000%)	0 (0.0000%)	50 (0.0000%)
Antonio V. Viray	Corporate Secretary	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)

Name	Nature of Relationship to GT Capital	Number of Shares Directly Owned (As of January 1, 2020)	Number of Shares Indirectly Owned (As of January 1, 2020)	Number of Shares Directly Owned (As of December 31, 2020)	Number of Shares Indirectly Owned (As of December 31, 2020)
Jocelyn Y. Kho	Assistant Corporate Secretary	0 (0.0000%)	1,080 (0.0000%)	0 (0.0000%)	6,080 (0.003%)
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 and Head, Investor Relations and Corporate Communications	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)
Joyce B. De Leon **(Appointed November 13, 2020)**	First Vice President and Chief Risk Officer	0 (0.0000%) (As of date of appointment)	0 (0.0000%) (As of date of appointment)	0 (0.0000%)	0 (0.0000%)
Leo Paul C. Maagma	Vice President and Chief Audit Executive	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)
Susan E. Cornelio	Vice President and Head, Human Resources and Administration	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)
Elsie D. Paras	Vice President Deputy CFO	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)	0 (0.0000%)
Don David C. Asuncion **(Appointed December 15, 2020)**	Vice President	0 (0.0000%) (As of date of appointment)	0 (0.0000%) (As of date of appointment)	0 (0.0000%)	0 (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 2020:

Activity	Employees
Emergency grab bags	43
Human Capital Development Initiatives	43
Rapid Testing	40
PCR Testing	7
Face shield/Face mask distribution	43

Activity	Employees
Vitamins Distribution	43
WFH Arrangement	43
Shuttle Arrangement	17
Covid-19 Orientation Webinar	43

Activities undertaken by GT Capital in response to the Covid-19 pandemic are discussed in the Sustainability Report.

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 2020, the following training programs were attended by GT Capital's Senior Management and other employees:

Senior Management Training

Name of Employee	Date	Program
Francisco H. Suarez, Jr.	January 9, 2020	DBS-FMSBC Pulse of Asia Conference
	January 24, 2020	The Metrobank Economic and Markets Outlook Briefing
	January 30, 2020	Leading Practices in Communicating Sustainability and ESG Performance to Investors
	February 4, 2020	JPMorgan 14th Philippines Conference
	February 26, 2020	Metro Pacific Briefing
	April 17, 2020	CLSA Philippines: Special Conference Call with Sec Karlo Nograles
	April 29, 2020	GT Capital: Update amidst the Coronavirus Crisis c/o Regis
	June 9, 2020	Credit Suisse Virtual Conference - Finding Alpha: The Philippines Pandemic Behaviour
	June 19, 2020	UBS Expert Series - Outlook for Philippines Automotive
	June 29, 2020	Philippines Insight: Metropolitan Bank (MBT PM)
	July 8, 2020	Department of Finance: Pre-SONA Forum of the Economic Development and Infra Clusters
	July 8, 2020	Credit Suisse Speaker's Corner Series

Name of Employee	Date	Program
Francisco H. Suarez, Jr.	August 4, 2020	Leading in Extraordinary times with Jaime Zobel de Ayala c/o Makati Business Club
	August 5, 2020	Goldman Sachs Investor Relations Forum Webinar Series
	August 6, 2020	Security Bank Economic Forum
	August 13, 2020	Maybank: Invest ASEAN 2020
	August 17, 2020	GT Capital First Half Briefing
	August 19, 2020	Nomura Virtual Philippines Corporate Day 2020
	September 11, 2020	JP Morgan's Asia Pacific CEO-CFO Conference
	September 16, 2020	Philippines Economic Outlook & Govt Response Covid-19 c/o Credit Suisse
	September 21, 2020	Philstocks "Coffee Time" Stock Talks Live via Zoom
	September 23 - 24, 2020	BlackRock's Senior Leaders at the Corporate CFO Summit
	September 25, 2020	UBS OneASEAN Conference 2020
	October 8, 2020	MUFG Economic Briefing
	November 4, 2020	GT Capital Economic Briefing
Vicente Jose S. Socco	March 5, 2020	Corporate Governance Orientation Program
	November 4, 2020	GT Capital Economic Briefing
Jose B. Crisol, Jr.	January 9, 2020	DBS-FMSBC Pulse of Asia Conference
	January 24, 2020	The Metrobank Economic and Markets Outlook Briefing
	January 30, 2020	Leading Practices in Communicating Sustainability and ESG Performance to Investors
	February 4, 2020	JPMorgan 14th Philippines Conference
	April 17, 2020	CLSA Philippines: Special Conference Call with Sec Karlo Nograles
	April 29, 2020	GT Capital: Update amidst the Coronavirus Crisis c/o Regis
	June 9, 2020	Credit Suisse Virtual Conference - Finding Alpha: The Philippines Pandemic Behaviour
	June 19, 2020	UBS Expert Series - Outlook for Philippines Automotive
	June 29, 2020	Philippines Insight: Metropolitan Bank (MBT PM)
	July 8, 2020	Department of Finance: Pre-SONA Forum of the Economic Development and Infra Clusters
	July 8, 2020	Credit Suisse Speaker's Corner Series
	August 5, 2020	Goldman Sachs Investor Relations Forum Webinar Series
	August 13, 2020	Maybank: Invest ASEAN 2020
	August 19, 2020	Nomura Virtual Philippines Corporate Day 2020
	September 11, 2020	JP Morgan's Asia Pacific CEO-CFO Conference
	September 21, 2020	Philstocks "Coffee Time" Stock Talks Live via Zoom
	September 22, 2020	Macquarie: Ph Auto Industry Expert Call with Autoindustriya.com Founder Brent Co.
	September 23 - 24, 2020	BlackRock's Senior Leaders at the Corporate CFO Summit
	September 25, 2020	UBS OneASEAN Conference 2020
	November 4, 2020	GT Capital Economic Briefing

Name of Employee	Date	Program
Winston Andrew L. Peckson	October 21& 29 November 5, 2020	Pilipinas: Aspire, Rise, Sustain Webinar Series
	November 4, 2020	GT Capital Economic Briefing
Joyce B. De Leon	October 21& 29 November 5, 2020	Pilipinas: Aspire, Rise, Sustain Webinar Series
	November 4, 2020	GT Capital Economic Briefing
	December 3, 2020	S&P CSA 2020 - Methodology Changes Webinar
	December 9, 2020	Story IQ: Data Storytelling for Business
	December 28, 2020	S&P CSA 2020 - Discover the value and impact of the CSA - Webinar
Reyna Rose P. Manon-Og	January 22, 2020	Transfer Pricing Masterclass
	June 5, 2020	SGV FAAS Covid-19 Accounting Considerations Webinar Series #2
	July 17, 2020	Critical Thinking
	July 21, 2020	Transfer Pricing in Focus
	September 3, 2020	Asia CEO Forum "Never Let Fear Decide Your Future"
	September 15, 2020	MAP International CEO Web Conference on "A WHOLE NEW WORLD: Reigniting the Stalled Global Economy
	November 4, 2020	GT Capital Economic Briefing
Susan E. Cornelio	Jan - Dec 2020	UST PhD program
	April 20, 2020	Emotional Intelligence
	November 4, 2020	GT Capital Economic Briefing
Elsie D. Paras	January 14, 2020	FMIC Economic Briefing
	July 8, 2020	Department of Finance: Pre-SONA Forum of the Economic Development and Infra Clusters
	August 12, 2020	FMIC Economic Briefing
	November 9, 2020	Real Estate Investment Trusts SMART Webinar Series
	September 15, 2020	A Whole New World: Reigniting The Stalled Global Economy
	November 4, 2020	GT Capital Economic Briefing
	November 25, 2020	FMIC Economic Briefing
Leo Paul C. Maagma	April 21, 2020	Leading Through Uncertainty
	October 28, 2020	Maximize Design Thinking For You
	November 4, 2020	GT Capital Economic Briefing
Renee Lynn Miciano-Atienza	November 4, 2020	GT Capital Economic Briefing
	November 19, 2020	7th SEC PSE Corporate Governance Forum
Don David C. Asuncion	November 4, 2020	GT Capital Economic Briefing
Farrah Lyra Q. De Ala	April 27, 2020	Operational Management
	May 18, 2020	Emotional Intelligence
	June 25 - 26, 2020	Strategic Planning
	July 29 - 30, 2020	Strategic Thinking and Planning
	November 4, 2020	GT Capital Economic Briefing

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 2020, GT Capital employees attended the following training programs:

Program
Data Analytics
Effective Business Communication
Pilipinas: Aspire, Rise, Sustain Webinar Series
StoryIQ: Data Storytelling for Business
Complaints Management
Valuation in Volatile Times: Challenges presented by Covid-19
Philippine Real Estate: Ground Zero or Ground Hero?
Asia Infra Finance Leadership
Sustainability in the Age of Covid-19
MUFG Annual Economic Briefing
The Asset Events Plus 15th Philippine Summit Webinar Series: Part 2 - Innovation in the Philippine Capital Markets
Philippines Daily Inquirer Property Forum
Microsoft PowerBi Basic to Intermediate Training and PowerBi Advanced Training
Project Management Fundamentals
Emotional Intelligence
Understanding Force Majeure: Assessing Your Legal Position
The Shift to Digital: E-commerce in the new normal
Data Privacy Risks for Companies in the Time of Covid
Corona Virus Disease 2019 Primer
LRA Citizen's Land Registration Portal (CLRP)
MaxiLIFE Webinar Series: FLATTENING THE MENTAL HEALTH CURVE IN OUR WORK PLACES
IT Security Awareness
Identity and Access Management for Non-IT Auditors
Risk Summit
Supervisory Skills Management
Coaching and Mentoring
Competency-Based Talent Management
Training and Development Competency Needs Analysis
Behavior Event Interviewing (The Competency-Based Interviewing & Selection)
BIR CAS Accreditation

Succession Planning

In line with GT Capital's initiative to strengthen succession planning, officers, and employees were given developmental interventions in 2020 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 2020. 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.

Sustainability Reporting

In 2020, GT Capital released its Sustainability Report with information for the reporting period January 1 to December 31, 2019, adopting the Global Reporting Initiative ("GRI") Standards, an internationally recognized framework for sustainability.

The Sustainability Report covers the thirteen (13) material topics under the GRI Standards:

- Economic Performance
- Indirect Economic Impacts
- Anti-corruption
- Anti-competitive Behavior
- Energy
- Environmental Compliance
- Employment
- Labor/Management
- Training and Education
- Diversity and Equality
- Non-discrimination
- Human Rights Assessment
- Supplier Social Assessment

The Sustainability Report presents globally comparable information affecting its triple bottom line, a vital component of stakeholder relations. Moreover, the focus on sustainability allows GT Capital to identify potential opportunities or trends or evaluate emerging risks, making the endeavor a risk management and strategic initiative for the Corporation.

An online version of the Sustainability Report is available on GT Capital's website.

Customer Welfare and Safety, Environment-Friendly Value Chain and Interaction with Communities

GT Capital monitors its subsidiaries regarding their respective policies and practices on the welfare, health, and safety of end-customers, supplier/contractor selection procedures, interaction with communities, and their initiatives which ensure an environmentally friendly value chain and promote sustainable development.

Toyota Motor Philippines Corporation

30 working years from its goal to achieving the Toyota Environmental Challenge (TEC) 2050, Toyota Motor Philippines Corporation (TMP) is extending its efforts to implement projects and activities that are linked not only to TEC 2050 but also to United Nation's Sustainable Development Goals (SDG). Aside from its initiatives, it is also expanding the promotion to its stakeholders – suppliers, dealers and Team Members in partnership with communities and the government, to ensure that everyone in the value chain is united in a common goal of attaining sustainable development. In 2020, activities implemented by TMP were the following:

1. Challenge 1. Energy and water conservation program; Continuous promotion of Hybrid Electrified Vehicles (HEV) to increase the awareness of the market about the environmental benefits of HEV units, especially in terms of carbon dioxide (CO2) emissions;

2. Challenge 2: Life Cycle Carbon Dioxide (CO2) Emissions: High environmental performance and sustainable practices of dealers are ensured through ECO Dealership Program that paved the way for the ISO14001:2015 certification of 68 dealerships to date. Furthermore, 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. There are 46 ISO14001:2015 certified suppliers as of 2020. Also, for logistics operation, one of the highlight environmental activities is the improvement of fuel efficiency of delivery vehicles to further reduce its emissions;

3. Challenge 3: Plant Carbon Dioxide (CO2) Emissions: ESCO Activities of Manufacturing focused on Painting Shop and continuous operation of the 1MW Solar Array;

4. Challenge 4: Minimizing and Optimizing Water Usage: Reduced raw water consumption through installation of Rainwater Harvesting Facility for car wash purposes and extension of effluent recycling for gardening of TMP's ECO forest;

5. Challenge 6: Establishing a Future Society in Harmony with Nature: All Toyota Green Wave Project, year-round mangrove/tree planting participated by limited number of Team Member volunteers due to pandemic protocols where 5,200 trees were planted.

To achieve the objectives in environmental protection, strict compliance with the requirements of the Department of Environment and Natural Resources, Laguna Lake Development Authority and other regional and local government agencies is guaranteed.

TMP actively promotes environmental awareness among its value chain through the celebration of Annual Toyota Global Environment Month held every June. Despite the pandemic, TMP still managed to launch the event by conducting the following activities: Renewable Energy Aggregation Webinar for Suppliers, Tree Planting, CO2 Reduction Kaizen Contest, Slogan Making Contest, Green Haiku Contest, Biodiversity Photo Contest and Social Media Contest.

Toyota Manila Bay Corporation

Toyota Manila Bay Corporation ("TMBC") has a high regard for environmental awareness, safety and health, which is visible in the firm's mission statement to contribute to the growth of the city, society and the automotive industry.

To address all stakeholders' welfare, health and safety TMBC provides;

a. Safe and secure facility which is compliant to DOLE and National Building Code standards such as, among others, the availability of lactation room, employee's clinic, customer lounge, CCTV cameras, 24/7 security and housekeeping team, fire protection system, exhaust blowers, fresh air fans, and pressurization blower.

b. To save on water consumption, most of TMBC's facilities operate a zero-discharge water treatment facility where recycled water is used for flushing of water closets.

c. Variable Refrigerant Volume (VRF) is also used as air-condition system to precisely regulate temperature within the building and is proven to be energy efficient.

Policies and programs rolled-out to ensure that the above were met are;

1. Energy and water conservation program; Waste and hazardous waste committee, chemical control committee

and atmosphere control committee were also formed in accordance to ISO 14001-2015 standards;

2. Compliance to ISO 14001-2015 standards for all branches of TMBC;

3. TMBC's TMK and TMB branches maintain their LEED certification, secured during construction period;

4. 5S patrol;

5. Accreditation policy where TMBC can only engage with the accredited suppliers/vendors. Accreditation process requires compliance to all legal and policies of both LGU and NGU;

6. The human resources team also launches activities through Purple Heart's Club that will support communities where the dealerships are located, such as, among others;

a. Brigada Eskwala;

b. Donation of Used Oil;

c. Blood donation;

d. Paru-paru festival in Dasmarinas, Cavite City;

7. TMBC, through Environment Safety and Health section, conducts annual facility audit of the transporter/treater of used oil and filters. This is to ensure that the third-party vendor complies with LLDA and DENRS implementing rules and regulations;

8. Authorized drivers' accreditation program wherein only those who passed our written and simulation exam can be issued an authorization ID to drive our vehicles;

9. Rolling-out of the 8-hour mandatory safety and health seminar to all team members as required by DOLE beginning February 2020 onwards; and

10. For 2020, TMP in coordination with out TMK branch donated boats and life jackets to the City of Marikina in its effort to help the city in times of disaster.

Federal Land, Inc.

Federal Land is guided by its Corporate Governance policies to cultivate a company culture of integrity, leading to positive business performance.

1. Customer welfare, health, and safety

   Federal Land places its resident and tenant safety as a top priority. Through its property management arm, Federal Property Management Corp., it rolled out the necessary actions in compliance with the IATF's guidelines for Covid-19 prevention. Among these measures are regular misting and disinfection, installing hand sanitizers, and temperature checks at entrances. At the height of the community quarantine, critical staff stayed onsite to minimize disruptions to regular service and maintenance. Communication lines remained open to regularly update the residents.

   For its sales and customer service operations, Federal Land shifted to web-based systems for a contactless end-to-end home-buying process, from property viewing to finalizing unit turnover. Project information and virtual tours are made available on its website and official social media pages. Federal Land readily addressed client inquiries and resident concerns via phone, chat, and email. We also maximized online channels for internal transactions, document turnover, real-time sales tracking, and completion. Unit viewing and turnovers were conducted virtually to ensure the safety of our clients and employees.

2. Supplier/contractor selection procedures

   Federal Land has a systematic approach for selecting and accrediting contractors and suppliers to meet its time, quality, and costs expectations of every project. All new contractors and suppliers undergo an accreditation process that includes a thorough company background check of its business documents, existing clientele, and previous projects before they can participate in a bidding event. Finally, prospective contractors are interviewed by Federal Land's Bidding Committee before they are awarded a contract.

3. Promoting sustainable development

   Federal Land ensures that its offerings are environment-friendly and sustainable, through the planning and development of residential projects that promote energy and natural resource conservation. Examples of these are:

   • Compliance with the Philippine Green Building Code and local city regulations;

   • Rainwater harvesting and sewage treatment plants for the re-use of non-potable water;

   • Water-efficient toilet fixtures to significantly reduce water consumption; and

   • Strategic use of building materials and paint colors with high Solar Reflectance Index (SRI) values such as "low e-glass" and LED lighting to reduce the heat island effect on the community and improve thermal comfort.

Furthermore, Federal Land's amenity offerings address the lifestyle needs of its residents, including:

- Health and wellness amenities such as the wellness spa, yoga room, fitness gym, and meditation garden promote relaxation and optimal health;
- Recreational amenities such as jacuzzi, swimming pools, karaoke room, game room, children play area, and movie theater are available for the family to enjoy; and
- Business amenities such as the meeting rooms, function hall, business center, and library offer alternative spaces for remote work.

4. Interactions with the Community

Federal Land is committed to working with the communities where it does business. In the past, it has played host to various interest groups for workshops and seminars. Social gatherings, however, were limited during most of 2020.

Federal Land continues to be a good corporate citizen. The company continues to improve its processes and programs to strengthen its relationships with its various stakeholders.

Others

Integral to GT Capital's business is corporate social responsibility and environmental sustainability. The commitment of GT Capital is seen in the activities of the entire Group, in particular, MFI and GT Foundation, Inc. ("GTFI"). MFI aims to contribute to achieving sustainable and developed communities while recognizing the efforts of individuals who are integral to nation-building. GTFI invests in strategic programs that advance the development of underprivileged communities. The advocacies of the Group are discussed in the Corporate Social Responsibility section while specific activities of MFI and GTFI are discussed in the Component Company Highlights section of the Annual Report.

GT Capital's Purple Hearts' Club was established in 2018 to be the Corporation's social responsibility arm. It aims to train and develop employees to become socially responsible leaders and is tasked with developing and implementing the corporate social responsibility programs of the Corporation. In 2020, it undertook the following endeavors:

1. Participated in the annual Bags of Blessing Program of GTFI and MBFI;
2. Supported frontline workers and staff of Manila Doctors Hospital through donations of fresh fruits and vegetables;
3. Funded weekly feeding program at Our Lady Queen of Peace Parish in Bacoor, Cavite;
4. Distributed Noche Buena bags for the families of Our Lady Queen of Peace Parish in Bacoor, Cavite;
5. Donated rapid antigen Covid-19 test kits to Pateros and Imus local government units; and
6. Supported MBFI's National Teachers Month through donation of cash for bond paper reams to elementary schools.

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)
2020	Php6.00	Php1,291.71
2019	3.00	598.01
2018	3.00	577.79
2017	5.00	871.50
2016	6.00	1,045.80
2015	3.00	522.90
2014	3.00	522.90
2013	3.00	522.90
2012	3.00	500.86

Other Stakeholder 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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JOAQUIN JUAN PAOLO V. MABANTA
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Other stakeholder concerns may be sent to governance@gtcapital.com.ph.

The following is GT Capital's 2020 Investor Relations Calendar of Events:

Date	Event	Venue
January 8 – 10	DBS-FMSBC Pulse of Asia Conference	The Fullerton Hotel Singapore
January 14	First Metro Economic & Capital Markets Briefing	Grand Ballroom, Grand Hyatt Manila
January 24	The Metrobank Economic and Markets Outlook Briefing	Garden Pavilion, Grand Hyatt Manila
February 4	JPMorgan 14th Philippines Conference	Shangri-La at the Fort
March 3	Sponsorship - GoNegosyo Women's Summit 2020	World Trade Center, Pasay City
April 7	CLSA Zoom Video Conference for UK Investors	Digital Platform
April 29	GT Capital: Update amidst the Coronavirus Crisis – Regis Investor Conference	Digital Platform
May 18	Group Investor Conference Call c/o Regis (in lieu of GTCAP 1Q2020 Results)	Digital Platform
May 18	Group Investor Conference Call c/o Maybank (in lieu of GTCAP 1Q2020 Results)	Digital Platform
May 19	Group Investor Conference Call c/o RCBC (in lieu of GTCAP 1Q2020 Results)	Digital Platform

Date	Event	Venue
May 20	Group Investor Conference Call c/o CLSA (in lieu of GTCAP 1Q2020 Results)	Digital Platform
June 5	GT Capital Annual Stockholders Meeting	Digital Platform
June 9	Credit Suisse Virtual Conference - Finding Alpha: The Philippines' Pandemic Behaviour	Digital Platform
June 19	UBS Expert Series - Outlook for Philippine Automotive	Digital Platform
August 13	Maybank Invest ASEAN 2020	Digital Platform
August 17	GT Capital 1st Half Financial and Operating Results Briefing	Digital Platform
August 19	Nomura Virtual Philippines Corporate Day 2020	Digital Platform
September 11	J.P. Morgan's Asia Pacific CEO-CFO Conference	Digital Platform
September 15	Sponsorship - MAP CEO Web Conference	Digital Platform
September 21	Philstocks "Coffee Time" Stock Talks Live via Zoom	Digital Platform
September 25	UBS OneASEAN Conference 2020	Digital Platform
October 9	CFI Interview of Mr. Francisco H. Suarez, Jr.	Digital Platform
October 14-15	Jefferies and Regis Partners Philippines Corporate Access Days	Digital Platform
November 4	GT Capital Economic Briefing 2020	Digital Platform
November 17	GT Capital January to September Financial and Operating Results Briefing	Digital Platform
November 23-27	Strategic Planning Week	Digital Platform
November 27	Strategic Planning Plenary Conference 2020	Digital Platform
December 2	UBS Global Emerging Markets	Digital Platform
December 4	CLSA UK Access Day 2020	Digital Platform
December 7	Nomura Investment Forum 2020	Digital Platform
January 1 – December 31	31 One-on-one meetings with investors and research analysts	Metro Manila, Philippines / Digital Platforms
January 1 – December 31	9 Conference calls / digital meetings with investors and research analysts	GT Tower International / Digital Platforms
January 1 – December 31	15 Total conferences and roadshows participated in	Metro Manila, Philippines; Singapore; Digital Platforms
January 1 – December 31	1 Site visit to component companies	The Seasons Residences Showroom, Taguig


GT CAPITAL
HOLDINGS INCORPORATED
First Quarter 2020
Financial and Operating Results
Partners for Good
18 May 2020


17 November 2020
January to September 2020
Financial and Operating Results
Investor and Analyst Briefing
GT CAPITAL
Partners for Good


cfi.co
CFI.co Awards
Nominee for Best Investor Relations Team
Francisco H. Suarez, Jr.
Executive Vice President
Chief Finance Officer
Jose B. Crisol, Jr.
GT CAPITAL
Partners for Good


Welcome!
GT Capital
Virtual Strategic Planning
Plenary Conference 2020
From Crisis to Confidence
GT CAPITAL
Partners for Good


14 - 15 October 2020
Investor Presentation
First Half 2020 Financial and Operating Results
Jeffries-Regis Access Conference
Francisco H. Suarez, Jr.
Executive Vice President
Chief Finance Officer
Jose B. Crisol, Jr.
GT CAPITAL
Partners for Good

Corporate Objectives and Non-Financial Indicators

Banking

Corporate Objectives

- Ensure business continuity, balance sheet strength, customer protection, and employee safety
- Maintain prudence in lending activities to safeguard asset quality

Non-Financial Indicators

- Over 950 branches
- Over 2,300 ATMs
- Over 30 foreign branches, subsidiaries, and representative offices

Automotive Assembly, Importation, and Distribution

Corporate Objectives

- Launch of new models
- Maintain dealership network

Non-Financial Indicators

- 100,019 unit sales
- 71 dealers in 2020
- New model launches in 2020: Wigo, Vios, Hiace Cargo, Corolla Cross (Hybrid), Hilux, Fortuner, Rush
- Number 1 market share (41.3%) in passenger car, commercial vehicle, and overall retail unit sales

Property Development

Corporate Objectives
- Rationalize project launches
- Balance leasing assets
- Leverage on synergy with GT Capital companies

Non-Financial Indicators
- Streamlined project launches
- Enhanced online transactions and capabilities
- Increased market awareness and strengthened partnerships

Insurance

Non-Financial Indicators

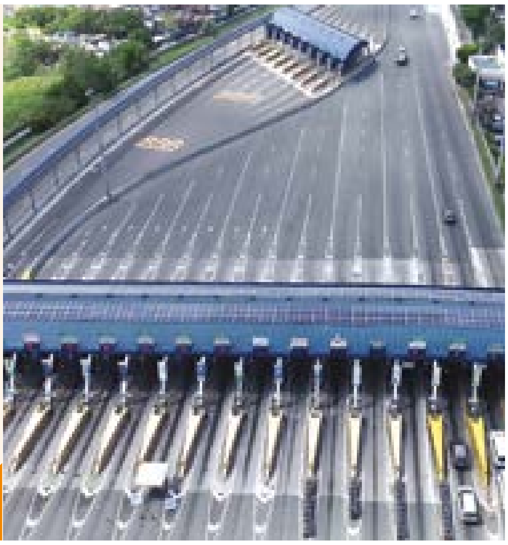
Life Insurance
- 40 branches
- Over 7,000 financial advisers

Non-life Insurance
- 22 branches
- Over 1,700 agents
- Present in over 950 Metrobank and PSBank branches

Infrastructure and Utilities

Corporate Objectives
- Toll Roads: Completion of additional sections of the Cavite-Laguna Expressway in 2023 and substantial completion of the Cebu-Cordova Link Expressway within 2022
- Power: Completion of the 50 megawatt solar power plant of Meralco PowerGen Corporation in Bulacan
- Rail: Partial completion of the 11.7 kilometer LRT-1 Cavite Extension project

Non-Financial Indicators
- 48,501 gigawatt hours of power sold
- 388,820 average daily vehicle toll road entries in the Philippines
- 536 million cubic meters of billed water volume
- 2.6 million hospital patients served



Board of Directors

ARTHUR V. TY
Chairman

FRANCISCO C. SEBASTIAN
Co-Vice Chairman

ALFRED V. TY
Co-Vice Chairman

MARY VY TY
Board Adviser

CARMELO MARIA LUZA BAUTISTA
Director / President

Board of Directors

ALESANDRA T. TY
Director

RENATO C. VALENCIA
Lead Independent Director

RENE J. BUENAVENTURA
Independent Director

ATTY. REGIS V. PUNO
Director

DR. DAVID T. GO
Director

JAIME MIGUEL G. BELMONTE
Independent Director

WILFREDO A. PARAS
Independent Director

GUILLERMO C. CHOA
Board Adviser

Board of Directors

Arthur V. Ty, 54 years old, Filipino, was elected as Chairman of GT Capital Holdings, Inc. in May 2016. Prior to this, he was the Corporation's Vice Chairman since its inception in 2007 before assuming the Chairmanship in 2012 up to June 2014. 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 AXA Philippines. 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.

Francisco C. Sebastian, 66 years old, Filipino, is co-Vice Chairman of GT Capital since May 2016. Prior to assuming this post, he was Chairman of GT Capital since June 2014, when he was first elected to the board. He joined the Metrobank Group in 1997 as President of First Metro Investment Corporation, the investment arm of Metropolitan Bank & Trust Company (Metrobank), a post he held for 14 years until he became its Chairman in 2011. 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. He worked in Hong Kong for 20 years from 1977, initially as an investment banker for Ayala International Finance Limited and Filinvest Finance (HK) Ltd. From 1984, until he joined the Metrobank Group, he owned and managed his own business services and financial advisory firm in Hong Kong. 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, 53 years old, Filipino, has been a Vice Chairman of the Corporation 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) and Chairman of Toyota Motor Philippines Corporation (TMP). He graduated from the University of Southern California in 1989 with a degree in Business Administration, after which he lived in Japan for two years. Some of his other current roles and positions include: Vice Chairman of Metro Pacific Investments Corporation, a listed company; Chairman, Federal Land, Inc.; Member of the Board of Trustees, Metrobank Foundation, Inc.; Chairman, Toyota Motor Philippines Foundation (TMPF); and President, GT Foundation, Inc. (GTFI).

Mary Vy Ty, 80 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: Assistant to the Group Chairman, 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, 64 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 43 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 Dealership Holdings, Inc. (GTCAD), 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.

Alesandra T. Ty, 40 years old, Filipino, assumed the role of Director of GT Capital in 2020. She 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.

Renato C. Valencia, 79 years old, Filipino, is the Lead Independent Director of GT Capital, the current Chairman of iPeople Inc., and Independent Director of EEI Corporation and Anglo Philippine Holdings, Inc. His past positions include the following: 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); and Independent Director, Metropolitan Bank &

Board of Directors

Trust Company (Metrobank). Mr. Valencia was formerly a Director at the following companies: 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, and the Makati Stock Exchange. Mr. Valencia also served as Board Adviser at Philippine Veterans Bank, Advisory Board Member of the Philippines Coca-Cola System Council, and Board Member of the Civil Aeronautics Board. He is a graduate of the Philippine Military Academy with a Bachelor's degree in General Engineering, and also holds a Master's degree in Business Administration from the Asian Institute of Management.

Rene J. Buenaventura, 65 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 AIG Insurance Philippines Inc. and Independent Director of Lorenzo Shipping Corporation. 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.

Atty. Regis V. Puno, 62 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 Chemicals Corporation, both publicly listed companies, and is the Philippine Committee Chairman of the Alumni Admissions Program (AAP) of Georgetown University in the United States.

Dr. David T. Go, 67 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 (TMP). He is also the Vice Chairman of Lexus Manila, Inc. and 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 Toyota Logistics, Inc. Dr. Go has no directorships in other listed companies aside from GT Capital.

Jaime Miguel G. Belmonte, 57 years old, Filipino, was elected as an Independent Director of GT Capital on July 11, 2012. 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; and a member of the Board of Advisers of Manila Tytana College (since 2008). 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.

Wilfredo A. Paras, 74 years old, Filipino, was elected as Independent Director of GT Capital on May 14, 2013. He currently holds various positions in other Philippine corporations, such as: Independent Director of Philex Mining Corporation, a listed company, (2011-present); Member of the Board of Trustees of Dualtech Training Center (2012-present); and President of WAP Holdings, Inc. (2007-present). He also served as the Executive Vice President/Chief Operating Officer and Director of JG Summit Petrochemical Corporation; President of Union Carbide Philippines; President/Director of Union Carbide-Indonesia; Managing Director of Union Carbide Singapore; and Business Director for Union Carbide Asia-Pacific. Mr. Paras holds a Bachelor of Science (BS) in Industrial Pharmacy degree from the University of the Philippines and a Master's degree in Business Administration (MBA) from the De La Salle University Graduate School of Business. He finished a Management Program from the University of Michigan, Ann Arbor, Michigan, USA. He is also a Fellow of the Institute of Corporate Directors.

Guillermo Co Choa, 61 years old, Filipino, was appointed as Board Adviser of GT Capital in June 2016. He is currently the Chairman and President 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

Back:	**FRANCISCO H. SUAREZ, JR.** EVP/Chief Finance Officer	**VICENTE SANIEL SOCCO** Chairman, GT Capital Auto Dealership Holdings, Inc.	**JOSE B. CRISOL, JR.** SVP/Head of Investor Relations, Strategic Planning, and Corporate Communication	**WINSTON ANDREW L. PECKSON** FVP/Consultant
Front:	**ALESANDRA T. TY** Assistant Treasurer	**CARMELO MARIA LUZA BAUTISTA** President	**ANJANETTE TY DY BUNCIO** Treasurer	**ATTY. ANTONIO V. VIRAY** Corporate Secretary

Back:	**LEO PAUL C. MAAGMA** VP/Chief Audit Executive	**ATTY. RENEE LYNN C. MICIANO-ATIENZA** VP/Head of Legal and Compliance	**ELSIE D. PARAS** VP/Head of Business Development	**DON DAVID C. ASUNCION** VP, GT Capital Auto Dealership Holdings, Inc.
Front:	**SUSAN E. CORNELIO** VP/Head of Human Resources and Administration	**JOCELYN Y. KHO** Assistant Corporate Secretary	**JOYCE B. DE LEON** FVP/Chief Risk Officer	**REYNA ROSE P. MANON-OG** FVP/Controller and Head of Accounting and Financial Control

Senior Management

Alesandra T. Ty, 40 years old, Filipino, assumed the role of Director of GT Capital in 2020. She 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, 64 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 43 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 Dealership Holdings, Inc. (GTCAD), 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, 52 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.; Director and Chairman of the Board of Manila Medical Services Inc.; Treasurer and Corporate Secretary of Bonifacio Landmark Realty Development Corp.; 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, 81 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 (formerly Feria Feria Lugtu & Lao). He then embarked on a banking career with the Philippine Savings Bank (PSBank) retiring as Senior Vice President and Corporate Secretary. When PSBank was acquired by Metropolitan Bank & Trust Company (Metrobank), he was appointed General Counsel (later Special Counsel) of Metrobank, later becoming Senior Vice President, Corporate Secretary, and Director. He is currently Corporate Secretary of Grand Titan Capital Holdings, Inc., and Of Counsel of Feria Tantoco Daos Law Firm. His foundations as a successful corporate lawyer and secretary were provided by Colegio de San Juan de Letran (Letran College), where he graduated Valedictorian of his Associate in Arts cohort; 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 degree through a Ford Foundation Fellowship Grant. Atty. Viray was former President of the Bankers Institute of the Philippines (BAIPhil); and Association of Bank Lawyers. He incorporated the Chamber of Thrift Banks, the aggrupation of the country's thrift banks associations: Savings Banks Association of the Philippines, Stock Savings and Loan Associations, and the Development Bankers Association.

Francisco H. Suarez Jr., 61 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 Dealership Holdings, Inc., Toyota Subic Bay, GT Mobility Ventures and JBA Philippines, Director of Toyota Sta Rosa, Inc. and Premium Warranty Services

Philippines, Inc. , Adviser to the Board of Toyota Manila Bay Corp., and Corporate Secretary of Toyota Financial Services. 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 39 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 KimEng Group. For a time, he also served as Executive Director of ATR KimEng 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.

Vicente Saniel Socco, 61 years old, is the Chairman of GT Capital Auto Dealership Holdings, Inc. (GTCAD). GTCAD 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 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.

Jose B. Crisol, Jr., 54 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. 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 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.

Winston Andrew L. Peckson, 69 years old, Filipino, serves as First Vice President and Consultant of GT Capital. He was the Chief Risk Officer of GT Capital from 2016 until 2020. Mr. Peckson brings to the Corporation over 40 years of experience in banking. Concurrent to his position, he is a Director of the First Metro Philippine Equity Exchange Traded Fund, Inc. and a Fellow of the Institute of Corporate Directors. Before joining GT Capital, he served as a Consultant for the Treasury and Investment Banking Group of First Metro Investment Corporation (FMIC). Prior to his stint at FMIC, he was the Head of Treasury Marketing of Philippine National Bank. Before this, he was also Vice President and General Manager of ABN AMRO Bank NV's Manila Offshore Branch, a position he held for 10 years. Other previous positions he held were: Vice President and Corporate Treasury Advisor of Bank of America – Manila Branch; CEO and Director of Danamon Finance Company (HK) Ltd. (DFCL); Manager for Corporate Banking of Lloyds Bank plc – Hong Kong Branch; Vice President for Commercial Banking of Lloyds Bank plc – Manila Offshore Branch; and Branch Banking Head of Far East Bank & Trust Company. He earned his Bachelor of Arts degree, Major in Psychology and Minor in Business Administration, from the Ateneo de Manila University and earned his Master's degree in Business Management from the Asian Institute of Management.

Senior Management

Susan E. Cornelio, 49 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 the Sta. Isabel College 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.

Jocelyn Y. Kho, 66 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.; Controller and Assistant Corporate Secretary, Global Treasure Holdings, Inc.; Director and Treasurer, Global Business Holdings, Inc., Circa 2000 Homes, Inc., Nove Ferum Holdings, Inc. and Horizon Royale Holdings, Inc.; Director and First Vice President, 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.; Assistant Treasurer, Horizon Land Property Dev't Corp.; Chairman, Multi Fortune Holdings, Inc.; Chairman and President, Glam Holdings Corporation, Yorktown Properties, Inc., Uni-Plastic International Corporation, MBTC Management Consultancy, Inc., The Metropolitan Park, Inc., Titan Resources Corporation, Granview Realty and Development Corporation, Cellini Holdings, Inc., Veronese Holdings, Inc. 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.

Joyce B. de Leon, 46 years old, Filipino, serves as Chief Risk Officer and First Vice President of GT Capital Holdings, Inc. She was appointed to the position on 19 October 2020. Ms. de Leon brings close to 15 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 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.

Reyna Rose Paner-Manon-og, 39 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. 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 recently completed the Strategic Business Economics Program of the University of Asia and the Pacific.

Leo Paul C. Maagma, 50 years old, Filipino, was appointed the Chief Audit Executive of GT Capital Holdings, Inc. in April 2018. With over 27 years of extensive work experience—more than 22 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 nearly 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.

Atty. Renee Lynn Miciano-Atienza, 38 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 Dealership Holdings, Inc.; Director, Toyota Subic, 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.

Elsie D. Paras, 48 years old, Filipino, serves as GT Capital's Vice President and Head of Corporate Finance and Business Development. She has led several of the company's mergers, acquisitions, divestment activities, and fundraising initiatives since she joined on 05 January 2015. She is also involved in the Property Management of the Group's real estate assets in Cavite. Prior to her employment at GT Capital, she served as Finance Manager and Deputy Chief Finance Officer of SIA Engineering Philippines, a joint venture of Cebu Air, Inc. and SIA Engineering Company of the Singapore Airlines Group. Before this, she was a Manager for Strategic Consulting for Jones Lang La Salle Middle East and North Africa in Dubai. Previously, she worked as Business Development Manager for Commercial Centers at Robinsons Land Corporation and Project Development Manager at Ayala Land, Inc. for middle-income housing among others. She garnered her Master's degree in Business Management (MBM), major in Finance, from the Asian Institute of Management in 2001. Ms. Paras also participated in the International Exchange Student Program of HEC School of Management in France. Prior to her MBM, she worked for six years in equity research and investment banking. She graduated with honors from the University of the Philippines with a Bachelor of Science degree in Business Economics.

Don David C. Asuncion, 41 years old, Filipino, is the Vice President of GT Capital Auto Dealership Holdings, Inc. (GTCAD), the conglomerate's wholly-owned subsidiary for the Group's automotive holdings. He brings to GT Capital more than nineteen years of expertise in the automotive sector. Mr. Asuncion began his career with Toyota Motor Philippines in 2002 handling franchise development and area operations in 2006. In 2008, he joined Ford Group Philippines taking on diverse roles in Business Development, Customer Service, and Sales. Subsequently, in 2012, he joined Bermaz Auto Philippines (formerly Berjaya Auto Philippines) as the company's General Sales Manager and later General Manager for Sales and Marketing. In 2019, he assumed the role of Assistant Vice President for Mitsubishi Motors Philippines Corporation where he was most recently employed prior to joining GTCAD. Mr. Asuncion garnered his Bachelor of Science degree in Management at the Ateneo de Manila University.

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.

Fabian S. Dee, 58 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 Bank and the Strongest Bank in the Philippines today. He is a seasoned banker with approximately 30 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, 52 years old, Japanese, is the President of Toyota Motor Philippines Corporation and a Director of Toyota Financial Services Philippines Corporation. He has over 28 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 new 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, 56 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 30 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, Inc.'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.

Rahul Hora, 47 years old, Indian, is the President and Chief Executive Officer of AXA Philippines. His accomplished work experience spans 23 years, including four years in the FMCG industry and more than 19 years in insurance. Upon joining AXA Philippines, he led part of the sales team as Chief Agency Officer beginning 2009 and then also served as a member of the Board of Directors in 2012. In 2015, he was appointed Chief Operating Officer and led the organization towards being a more customer-centric company, with key focus on digital transformation. Prior to working at AXA Philippines, he has served as the Regional Head of Distribution in AXA Asia Life based in Hong Kong; and the Senior Vice President and Head of Sales Development of ICICI Prudential Life

RAHUL HORA
President
AXA Philippines

JOSE MA. K. LIM
President
Metro Pacific Investments Corporation

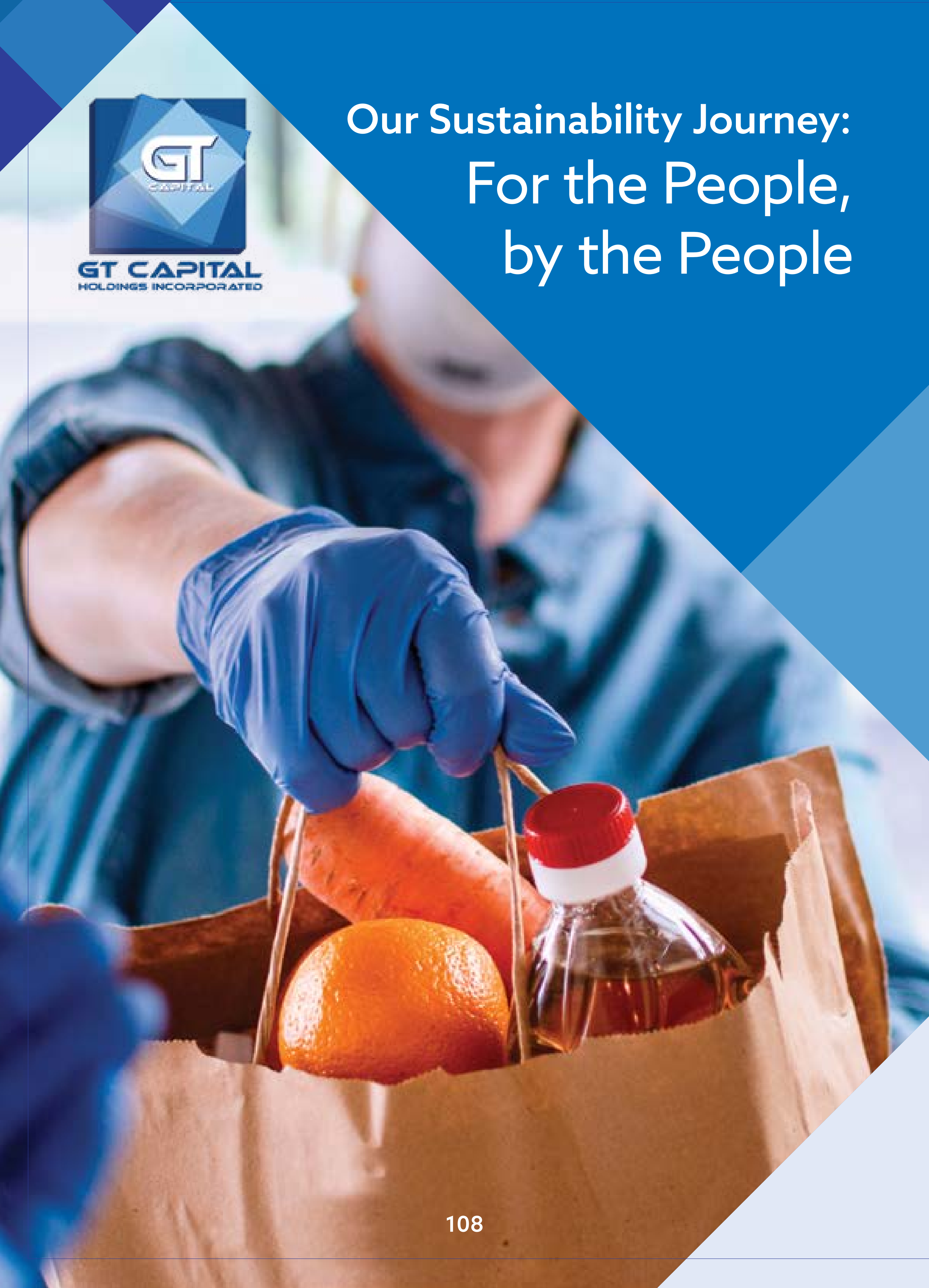
ANICETO M. SOBREPEÑA
President
Metrobank Foundation, Inc.

Insurance Co. Ltd. He also has notable experience starting in the Indian insurance industry, serving as the Sales Manager of ICICI Prudential in Delhi, right from its inception, and later becoming a member of its Senior Management team as ICICI expanded. He earned his undergraduate degree from St. Stephens College in Delhi University, after which he attended the Centre of Management Development and received his Master's degree in Marketing.

Jose Ma. K. Lim is the incumbent President and Chief Executive Officer of Metro Pacific Investments Corporation. Mr. Lim joined the MPIC Group (which was then called Metro Pacific Corporation or MPC) in 1995 as Treasury Vice President of the Fort Bonifacio Development Corporation (then a subsidiary of MPC). He was later appointed as its Chief Financial Officer in 2000. In 2001, he assumed more responsibility for the company as he concurrently served as Vice President and Chief Financial Officer of MPC. Mr. Lim currently acts as a Director in the following MPIC subsidiary and affiliate companies: Beacon Electric Asset Holdings Incorporated, Meralco, Metro Pacific Tollways Corporation, Manila North Tollways Corporation, Tollways Management Corporation, Maynilad, Light Rail Manila Corporation, AF Payments, Inc, MetroPac Water Investments Incorporated, Indra Philippines, Medical Doctors Incorporated, Colinas Verdes Hospital Managers Corporation, and East Manila Managers Corporation. He is also the Chairman of Asian Hospital Incorporated, Davao Doctors Hospital (Clinica Hilario) Incorporated, and Riverside Medical Center Incorporated. He is also the President of the Metro Strategic Infrastructure Holdings Incorporated. Prior to joining the MPIC Group, he built himself a solid reputation in foreign banking institutions as Vice President of the Equitable Banking Corporation and Director for Investment Banking of the First National Bank of Boston. He is a founding member and Treasurer of the Shareholders Association of the Philippines. He is also an active member of the Management Association of the Philippines where he served as Vice-Chair of the Good Governance Committee from 2007 to 2009. For five consecutive years from 2012-2016, he was conferred the Best CEO for Investor Relations by Corporate Governance Asia. Mr. Lim earned his Bachelor of Arts degree in Philosophy from the Ateneo de Manila University and his Master of Business Administration degree from the Asian Institute of Management.

Aniceto M. Sobrepeña, 68 years old, Filipino, is the President of Metrobank Foundation, Inc. (MBFI) and Executive Vice President of Metropolitan Bank & Trust Company (Metrobank). 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. 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 Ty Siao Kian.

Our Sustainability Journey:
For the People, by the People



About this Report

(102-46, 102-50, 102-54)

This Sustainability Report 2020 recounts GT Capital's sustainability performance in terms of the conglomerate's economic, environmental, and social impacts in its areas of operations and in communities reached by its activities and projects.

This report has been prepared in accordance with the GRI Standards: Core Option. It discusses GT Capital's sustainability performance at the parent level, unless otherwise stated.

The information in this report covers GT Capital's operations for the calendar period ending December 31, 2020.

Having previously supported GT Cap in establishing its sustainability framework and materiality process and topics for its maiden Sustainability Report for 2018 and subsequent SR, sustainability reporting specialists from the University of Asia and the Pacific supported GT Capital in preparing this SR 2020 in an ad hoc advisory capacity.

A copy of this Report may be downloaded at https://www.gtcapital.com.ph/sustainability-report. Inquiries and other concerns related to this report may be sent to GT Capital's Chief Risk Officer at joyce.deleon@gtcapital.com.ph.

Contents

The paper version of the 2020 GT Capital Sustainability Report is printed on Magno 150gsm, a PEFC Credit and FSC Mix Credit material. Magno paper is produced in the company's paper mills in Europe and meets high quality and environmental standards.

Message from the President (102-14)

Dear fellow stakeholders,

The year 2020 was unprecedented for the health and economic challenges it brought to every corner of the world. The effects of the COVID-19 pandemic are acutely felt in countries like ours, where prolonged periods of lockdowns have had to be imposed to curb the spread of the virus.

As we strove to serve your needs, our stakeholders, during this difficult time, we at GT Capital Holdings have formed a clearer vision of what is really important—a sense of community that will see us through all these challenges. Today, the Filipinos' strong sense of community was heightened even more, helping and supporting especially those who were severely affected by the pandemic. I am both grateful and humbled to see the same sense of community among the ranks of GT Capital and its component companies.

Securing the physical and financial health of our people and communities

We have secured COVID-19 vaccinations for all of GT Capital Group's regular and contractual employees and their households and aim to vaccinate all employees by October 2021. A portion of the 455,000 doses we have ordered will be donated to the national government, to support the effort in protecting more Filipinos against the disease. This is in addition to the Php200 million we immediately allocated to initiatives that directly support the fight against the virus, including the production of testing kits by the University of the Philippines-National Health Institutes and the purchase of PPE (personal protective equipment) for medical frontliners.

We made sure that all our workplaces—bank branches, showrooms, offices, and properties—adhered to mandated safety and health protocols and implemented additional measures to safeguard the health and safety of our personnel and customers alike.

Metrobank deployed mobile ATMs in Metro Manila and surrounding areas to continue serving clients in quarantined areas. Aside from withdrawing cash, clients were able to carry on with their financial transactions, including paying bills, fund transfers, and even requesting new checkbooks, by using these mobile ATMs.

The TMP School of Technology (TMP Tech) shifted to blended learning modalities and updated its curriculum to combine online teaching and face-to-face instruction and hands-on-learning at the TMP Tech workshop. Federal Land temporarily housed construction workers on-site during the quarantine period not only to avoid disruptions but also to protect them from community-acquired infection.

And through our strategic partnership with Metro Pacific Investments Corporation (MPIC), we have been able to come to the aid of more Filipinos. MPIC's Hospital Group implemented patient care beyond the hospital premises through virtual consultation services, mobile laboratories, remote patient monitoring, and e-pharmacy services, among others. These initiatives ensured continued patient care, while keeping foot traffic at the hospital at safe levels.

We also recognized that meeting financial obligations and keeping their sources of livelihood and income intact is a worry that continues to plague many of our countrymen today. Our component companies have moved to help mitigate this unfortunate reality.

Toyota Motor Philippines did not retrench any employees as a direct result of the pandemic. The company continued to hire new team members throughout the quarantines, with some 500 production workers hired for the Sta. Rosa, Laguna plant. Federal Land and Metrobank deferred the collection of payments on consumer loans and penalties, in compliance with the provisions of Bayanihan Acts 1 and 2. AXA Philippines swiftly implemented work-from-home arrangements for its employees, with its IT team providing 24/7 support to the entire organization.

Accelerating digitalization to sustain stakeholder engagement

The restrictions on mobility and face-to-face interaction with our stakeholders provided us with the opportunity to accelerate and expand the adoption of online channels and digital platforms.

Twenty-four percent (24%) of Metrobank's four million clients are now enrolled in its electronic channels, with 85% of the financial transactions handled by the bank now being carried out electronically. Its online banking platform MBOS, or Metrobank Business Online Solutions, handled millions of transactions, providing customers with real-time access to their accounts for their cash management needs.

AXA's various online platforms and tools ensured that sales operations continued even as employees, agents, and customers stayed at home. Its Virtual Selling platform and its AXA Virtual Assistant allowed them to engage customers online, while its Emma by AXA app enabled customers to file motor and hospitalization claims, top up their investments, and withdraw funds remotely.

TMP switched to virtual vehicle launches and virtual showrooms that allowed buyers a 360-degree view of the vehicle's exterior and interior. Federal Land also offered similar virtual property tours, virtual events, and online presentations to clients. It also provided customers with an online reservations and payments portal.

Minimizing our impact on the environment

The measures taken to curb the spread of the virus and the resulting slowdown in economic activity have given us pause to reflect further on the impact of our businesses and operations on the environment.

Federal Land properties have incorporated features and innovations that readily harness available natural resources, minimizing their energy and water consumption. Among other features, Federal Land's developments are designed with rainwater harvesting and recycling technology, to help address the issue of water scarcity.

Federal Land also started the final stages of the master plan of a 700-hectare mixed-use development in Cavite. The development will host two sustainably designed townships and will be directly accessible from the Cavite-Laguna Expressway (CALAX).

The partially completed 44.63-kilometer CALAX, owned and operated by Metro Pacific Tollways Corporation, an MPIC subsidiary, has already started to ease motoring traffic in the southern section of what has come to be called NCR+, reducing the impact of car traffic on air pollution and productivity.

Through another MPIC company, we have been able to contribute to the responsible consumption of water. In 2020, Maynilad Water Services, the water distribution business of MPIC, made substantial investments to reduce non-revenue water and continue upgrading its water facilities.

Ensuring resilience for the future

Apart from mitigating the impacts of Covid-19 on our lives in 2020, it was important for us in GT Capital to contribute to the country and to fellow Filipinos having a fighting chance post-pandemic. Our component companies instituted measures and launched a number of programs paving the way for this recovery and, eventually, growth.

Metrobank increased risk provisioning three-fold, to Php40.8 billion from Php10.1 billion the previous year. Together with its pre-provision operating profit improving by 41%, this will enable the bank to sustain its high level of client service, while managing its exposure with adequate capital.

AXA launched peso-denominated US dollar funds, making markets accessible to local investors, diversifying their exposure. These funds will allow customers to conveniently invest in global markets and mega tech companies without having to convert their pesos to dollars.

TMP's Toyota Financial Services Philippines introduced new lease-to-own financing packages, as well as other financing solutions, as viable options especially at a time when banks may be taking a conservative stance.

TMP itself finalized the acquisition of a new Toyota dealership, Toyota Santa Rosa, in partnership with Corolla Sapporo. TMP has also actively supported the Philippine government's thrust to strengthen the industry's local production capability and competitiveness under the CARS program (Comprehensive Automotive Resurgence Strategy). To date, TMP has invested Php5.8 billion into local production, increasing the localization of large press parts to 60%.

Construction of Federal Land projects by end-2020 were back to full capacity. Following government guidelines on construction work, from the initial suspension in the second quarter to the gradual phasing-in of increased work capacity.

In 2020, GT Capital increased its stake in MPIC to 15.98% from 15.55%, raising our stake as well in the development of critical infrastructure in the Philippines.

Our sustainability journey

While zeroing in on resilience amid and recovery after the pandemic, we never lose sight of the bigger picture—our sustainability journey. From our policies to programs to day-to-day operations, GT Capital puts sustainability at the core. We are willing to make the necessary investments to further this commitment. We align and rally our component companies to synergize our efforts. Sustainability has been deeply embedded in the Group and we have the numbers to prove it.

In 2020, we started engaging with S&P Global to gauge our sustainability performance, benchmarked against our peers. Our Corporate Sustainability Assessment score significantly improved, placing us in the upper end of S&P's ranking of local conglomerates.

As we conclude the preparations for this report, the country is experiencing the resurgence of Covid-19 infections and active cases, endangering the growth trajectory that began in the third quarter of 2020. Nevertheless, as in the past year, you may be assured that GT Capital will stay on the path of keeping our people, stakeholders, and communities safe and with continued access to the essential services that our component companies and strategic partners provide.

We will continue to be there, with a thoughtful optimism, making use of our capabilities and competencies to get our country back on its feet.

CARMELO MARIA LUZA BAUTISTA
President

Sustainability Framework

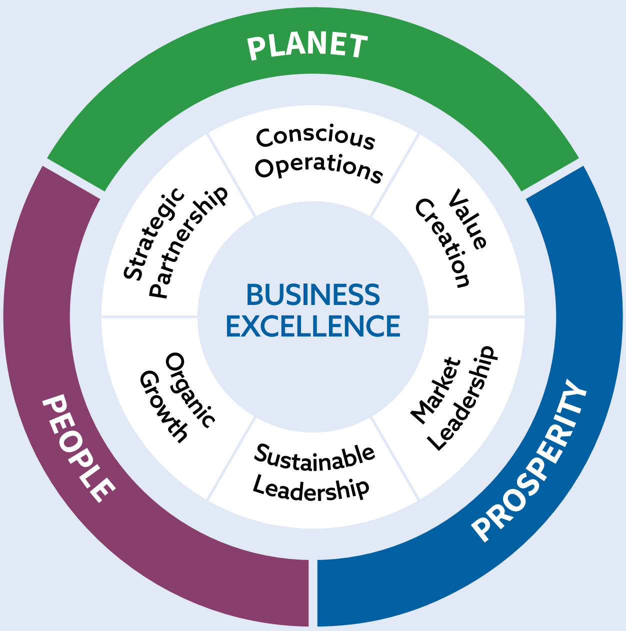
(102-11)

Business excellence has been at the heart of GT Capital's operations throughout our 14 years of experience. In 2018, GT contextualized business excellence within the Three Ps of sustainability—Planet, People, Prosperity. Alternatively referred to as the Triple Bottom Line, this framework makes GT Capital more conscious of the need for our business interests ("prosperity") to be balanced with society's interests in environmental ("planet") and social ("people") terms.

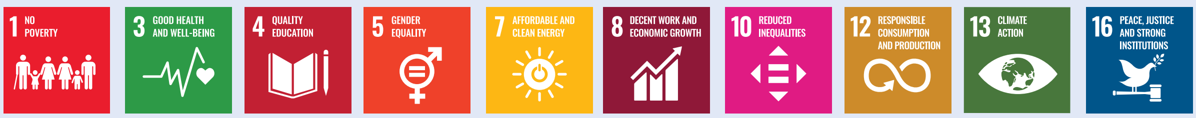
More specifically, we have taken the elements of our traditional business model—value creation, market leadership, sustainable leadership, organic growth, strategic partnerships, conscious operations—and challenged both the parent and component companies to make these elements work in synergy to serve the Triple Bottom Line.

This way, GT Capital continues to aim to achieve a holistic form of business excellence that benefits all the parent and component companies' stakeholders, to include investors, shareholders, employees, customers and end-users of our products and services, and the communities where we operate.

GT Capital's Sustainability Framework



In 2018, we identified 10 UN Sustainable Development Goals (SDGs) that are material to our component companies–SDG 1, No Poverty; SDG 3, Good Health and Well Being; SDG 4, Quality Education; SDG 5, Gender Equality; SDG 7, Affordable and Clean Energy; SDG 8, Decent Work and Economic Growth; SDG 10, Reduced Inequalities; SDG 12, Responsible Consumption and Production; SDG 13, Climate Action; and SDG 16, Peace, Justice and Strong Institutions. We remain committed to contributing to the achievement of these SDGs through our business operations and other corporate activities.



Our Materiality Process

(102-40, 104-42, 102,43, 102-44, 102-47)

Following the GRI Standards, GT Capital in 2018 conducted a materiality assessment to identify the environmental, social, and governance (ESG) issues that had the most potential to affect our businesses and stakeholders. To determine these issues, we consulted stakeholder groups who had the most influence on our sustainability performance–the parent company's principals, capital fund providers, employees, senior executives, regulators, and component companies.

The materiality assessment was made in partnership with the University of Asia and the Pacific.

The process resulted in the identification of 16 material topics, which continue to be still relevant today. The table below shows these topics.

Environmental (2)
Energy
Environmental Compliance

Economic (4)
Economic Performance
Indirect Economic Impacts
Anti-corruption
Anti-competitive Behavior

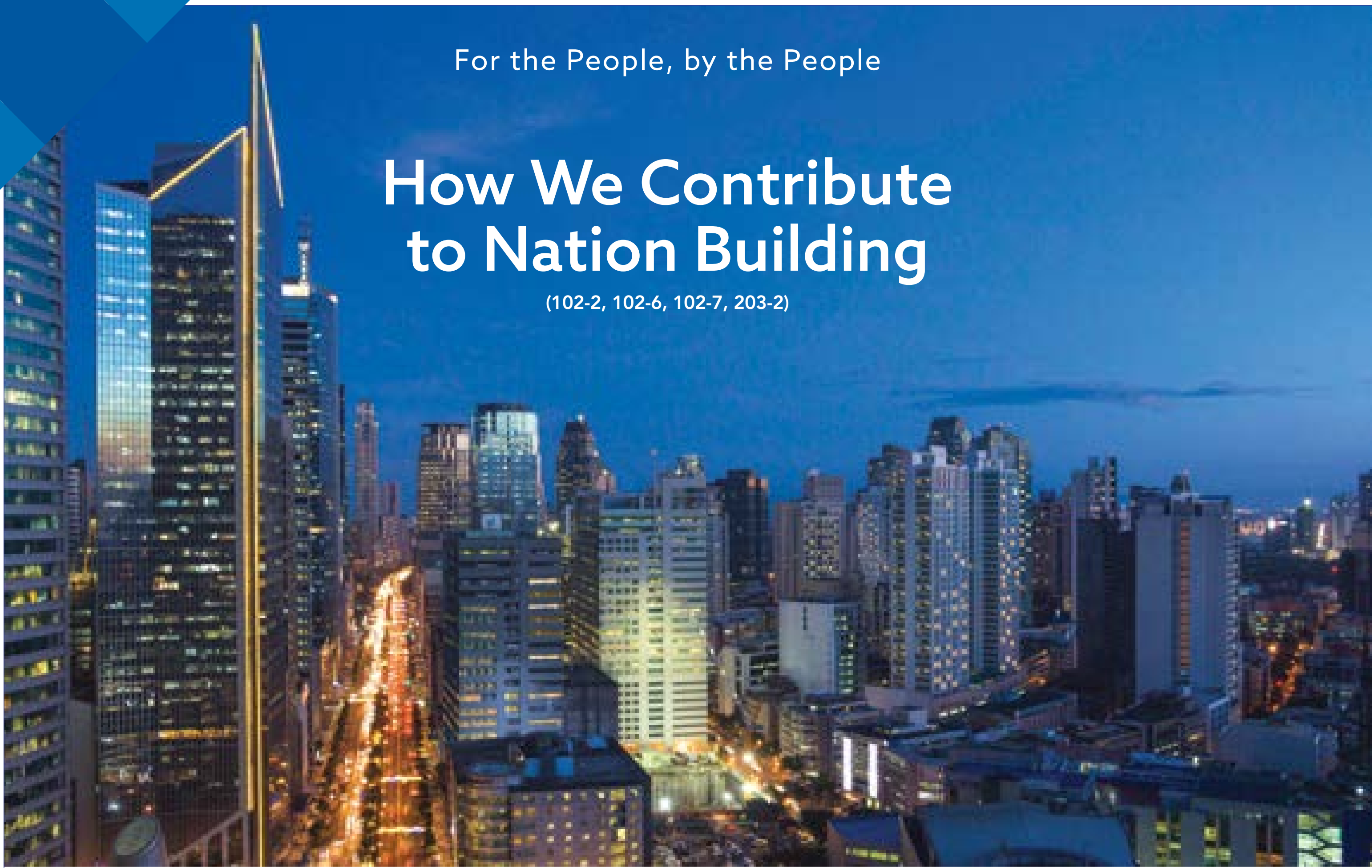
Social (10)
Employment
Labor/Management Relations
Training and Education
Diversity and Equal Opportunity
Nondiscrimination
Human Rights Assessment
Supplier Social Assessment
Marketing and Labeling
Customer Privacy
Socioeconomic Compliance

Taking these topics, GT Capital is in the process of establishing business strategy and key ESG targets both for the parent and component companies.

Management approach disclosures for our material topics are discussed on pages 11-16 while relevant data are shown on page 17-44.

How We Contribute to Nation Building

(102-2, 102-6, 102-7, 203-2)



The year 2020 emphasized the need for the private sector to intensify its pursuit of the Triple Bottom-line. As an investment company with diversified business interests in five key sectors of the Philippine economy, namely banking; automotive assembly, importation, and distribution; property development; infrastructure and utilities; and life and general insurance, we believe that we in GT Capital have the crucial pegs that would help our nation regain its footing.

Our tradition of excellence and leadership has enabled us not only to deliver long-term value to our shareholders and stakeholders, but also to push for a more inclusive growth.

We ensure that our investment decisions are consistent with our core values of integrity, competence, respect, entrepreneurial spirit, and commitment to value creation. Furthermore, we support our component companies in expanding their respective plans and programs in support of the country's economy, environment, and society.

We guarantee that new investments undergo due diligence and that existing investments remain aligned with our overall corporate mission, vision, and core values.

As the Group's holdings company, GT Capital is well-positioned to drive a broad-based growth for the Philippine economy through our diverse component companies. We also assure synergy among these companies, delivering both direct and indirect benefits to the economy as a whole and to the communities we reach.

Metropolitan Bank and Trust Company (Metrobank) has provided meaningful banking services to Filipinos since its first branch opened in 1963. Today, it has a workforce of 13,718 employees, over 950 branches, and, 2,300 ATMs nationwide. The bank assures that its clients' varied financial needs are served through its wide product portfolio for the consumer, small business, corporate, and institutional segments.

	2018	2019	2020
ECONOMIC (Php millions)			
Direct economic value generated (revenues)	215,825	226,754	**134,420**
Direct economic value distributed:			
a. Operating costs	185,106	176,537	**104,742**
b. Employee wages and benefits	3,676	2,985	**2,718**
c. Payments to suppliers, other operating costs		10,609	**10,282**
d. Dividends given to stockholders and interest payments to loan providers	12,853	21,035	**8,204**
e. Taxes given to government	4,200	4,887	**1,804**
f. Investments to community (e.g. donations, CSR)	1	1	**32**
ENVIRONMENTAL			
Energy consumption(kWh)*	4,038.25	5,125.87	**5,997.00**
SOCIAL			
Average training hours per employee*	53.3	66.6	**40**
Gender diversity (Male, Female %)*	41.7%, 58.3%	47.6%, 52.4%	**46.5%, 53.5%**

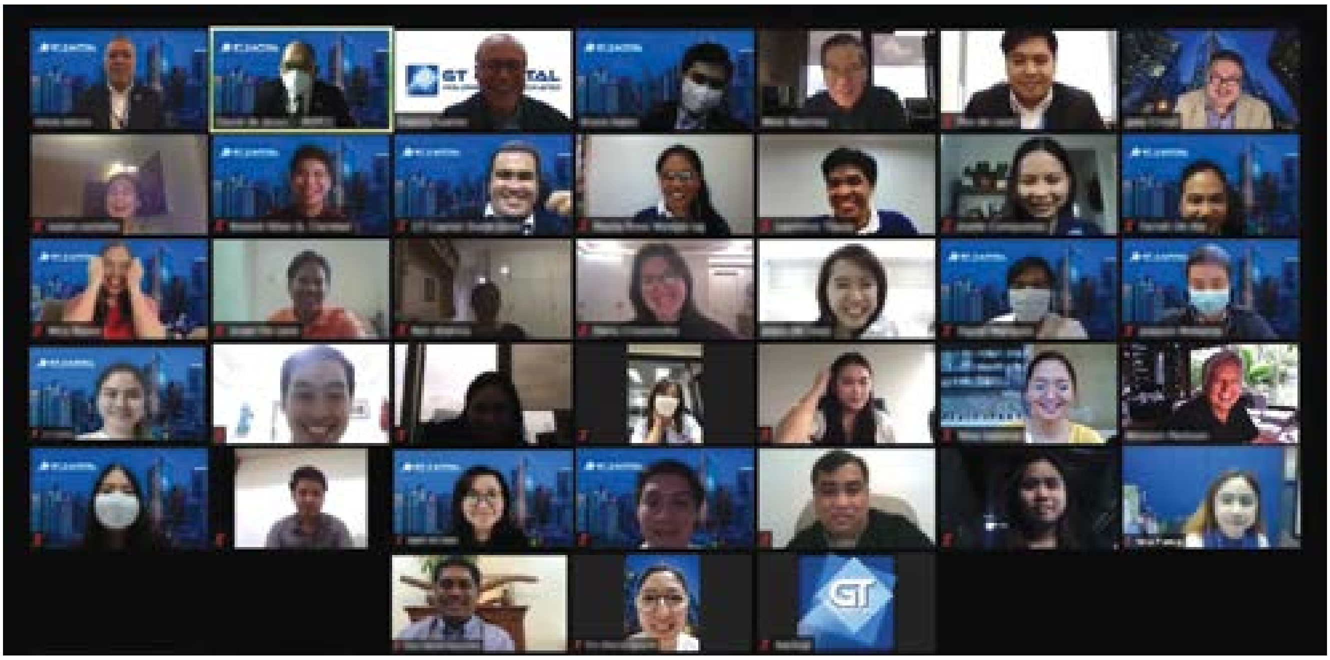
*Note: More comprehensive information on the economic, environmental, and social performance of GTCH, its component companies. Legend: * - At parent level*

Incorporated in August 1988, Toyota Motor Philippines (TMP) has been an advocate of automotive manufacturing as a catalyst for national development. It has actively engaged the Philippine government in its CARS (Comprehensive Automotive Resurgence Strategy) program, to date investing Php5.8 billion to boost its local production capability. As of end-2020, TMP had a total of 1,902 employees, spread in its manufacturing plant in Sta. Rosa, Laguna and its 71 dealerships nationwide.

A prime real estate developer, Federal Land, Inc. (FLI) began in 1972 ago as Federal Homes, Inc. It has since built many large-scale developments, including residential condominiums, office buildings, retail and commercial centers, mixed-use townships, and master-planned communities. FLI has 484 employees and 748 brokers and sellers. Federal Land properties may be found in key locations nationwide, including Makati, Bonifacio Global City (BGC), Cebu, and Ortigas.

AXA Philippines is one of the country's largest and fastest-growing insurance companies in terms of total net insurance premium. Today, AXA has 7,000 financial advisors in 40 branches, and about 1,700 financial executives in over 950 Metrobank and PSBank branches nationwide. As of end-2020, AXA Philippines protected 1.5 million individuals through its comprehensive suite of life and non-life insurance products.

GT Capital's strategic partnership with Metro Pacific Investments Corporation (MPIC) has made us the largest minority investor in the country's leading infrastructure holding company. In 2020, we increased our stake in MPIC to 15.98% from 15.55% the previous year. Our equity investment in MPIC supports our vision of nation-building by providing our stakeholders with access to basic services and infrastructure such as clean water, reliable power, hospitals, tollways, and railways. Across its companies, MPIC has a total of 15,823 employees nationwide.



EMPLOYMENT AND DIRECT ECONOMIC VALUE GENERATED AND CONTRIBUTED

(203-2)

GT Capital generates employment for thousands of Filipinos. This is one of the Group's most noticeable impacts to society. Owing to our business lines and strategic partnerships, GT Capital has generated over 20,034 jobs as of end-2020 across the country.

We maintain healthy relationships with our employees through hiring highly qualified candidates, providing acceptable and benchmarked compensation packages, ensuring a healthy working environment, and ensuring employee satisfaction through surveys.

We commit to hire, retain, and develop talent in sectors that are key to the growth of the nation's economy.

Head Count (102-8)	Total
GT Capital Holdings, Inc.	43
Metropolitan Bank and Trust Company (Parent Bank)	13,718
Toyota Motor Philippines Corporation	1,902
Toyota Manila Bay Corporation	952
Toyota Financial Services Philippines	490
Federal Land, Inc.	484
Philippine AXA Life Insurance Corp.	2,391
Metro Pacific Investments Corporation	54
Total	**20,034**

In 2020, the GT Capital Group generated and distributed Php134.4 billion in direct economic value, with operating costs taking the largest share at Php104.7 billion. A total of Php8.2 billion went to payments to capital providers, Php10.3 billion was paid to suppliers and for other operating costs, Php1.8 billion was remitted to the government in taxes and fees, Php2.7 billion was paid to employees in wages and benefits, and Php32 million was set aside for community investments and donations. The company retained Php6.6 billion in economic value.

GT Capital Holdings Group COVID-19 Response Reached Php209 Million

(203-2)

A year into our battle against the COVID-19 pandemic, the GT Capital Holdings Group escalates our efforts to support the vulnerable sectors of society. The spirit of bayanihan remains high as the Group continues to provide meaningful assistance to the healthcare sector and disadvantaged communities. We have donated much-needed supplies and equipment to medical institutions across the country. We also conduct relief operations to aid our fellowmen whose struggles have been aggravated by the economic effects of the pandemic.

Policies and programs have been continuously implemented to address the needs of our employees, customers, and partners. Our workforce's safety and security remain to be the top priority. We have ordered vaccines for all our employees and their households. While most employees still work from home, the skeletal staff who report to their workplaces are given extra assistance. We refrain from layoffs and ensure the security of everyone's jobs.

To date, the Group's overall contribution to the pandemic response has reached 209 Million.

GT CAPITAL GROUP COVID RESPONSE:

- 405,000 doses of the Moderna vaccine and 50,000 doses of the AstraZeneca vaccine ordered for all regular and agency GT Capital Group employees. To be administered by Manila Doctors Hospital and Unilab
- Php100 million in food vouchers for 100,000 families through Project Ugnayan of the Philippine Disaster Relief Foundation, Caritas Manila, and ABS-CBN Foundation
- Php3 million in food packs to 2,000 families through the Philippine Star Operation Damayan
- Php2 million in packed meals for 40,000 individuals through the Ronald McDonald House Charities of the Philippines
- Php2 million in uncooked meals for 10,000 families through the Jollibee Group Foundation
- Php1.3 million for the feeding of 19,100 individuals in Mandaluyong through DZRH Operation Tulong
- Php5 million for 4,000 sets of personal protective equipment (PPE) for frontliners from the Philippine General Hospital, Lung Center of the Philippines, and six Manila District Hospitals through GT Foundation and Metrobank Foundation
- Php1.8 million for 10,000 masks and 150,100 pairs of surgical gloves for frontliners from the Armed Forces of the Philippines and the Philippine National Police
- Php15 million for 12,000 sets of hazmat suits, gloves, face shields, N95 masks, and shoe covers for frontliners in thirteen hospitals, including General Emilio Aguinaldo Memorial Hospital, Northern Mindanao Medical Center, and PHP General Hospital, among others
- Php5 million for 3,800 Polymerase Chain Reaction (PCR) testing kits for the UP National Institute of Health through Manila HealthTek, Inc.
- Php10 million for 22,220 Antibody rapid testing kits to GoNegosyo through Project ARK
- Php3 million of donations for the operations and needs of patients of the San Juan COVID-19 Kalinga Center, a 100-bed facility of the San Juan Medical Center, through Alumni Association of Xavier School
- Php18 million for a molecular laboratory for the Philippine Red Cross capable of 14,000 tests per day
- Php10 million for seven molecular laboratories in Metro Manila, Laguna, Batangas, Iloilo, Bulacan, Cebu, and Davao capable of 5,500 tests per day through the Ayala Consortium
- Php18 million for a molecular laboratory for the Southern Philippines Medical Center and Ateneo De Davao University capable of 800 tests per day through the Department of Health
- Php15 million for a molecular laboratory for the Manila Doctors Hospital capable of 480 tests per day

Management Approach

As a holding company, GT Capital strives for its component companies to contribute to nation building through products, services, and solutions that fulfill the aspirations of Filipinos while adhering to sustainability principles and standards.

As GT Capital founder George S.K. Ty had said, "while success in business is a source of pride, our contribution to nation building gives us even greater satisfaction."

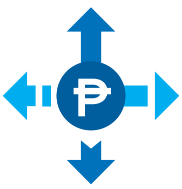
GT Capital counts on the synergy of its component companies and strategic partnerships not only to expand its businesses but, more importantly, to assure a sustainable future for the markets and stakeholders it serves and the communities it reaches and operates in. The synergistic activities of its component companies respond to Filipinos' needs in a multi-faceted fashion, from shelter through Pro-Friends and Federal Land; banking through Metrobank; insurance through AXA Philippines; mobility through Toyota Motor Philippines; and water, power, healthcare services, and roads through Metro Pacific Investments Corporation.

Economic Performance (103-1,2,3)
GT Capital manages the impacts of its economic performance on stakeholders by reviewing and validating component companies' annual budgets. It works with independent third parties including investment consultants, actuarial professionals, and auditors to preserve and grow its financial resources while generating and distributing value for its stakeholders throughout the value chain.

Investment decisions are consistent with its core values of integrity, competence, respect, entrepreneurial spirit, and commitment to value creation. Such decisions also comply with the company's determined investment criteria and risk appetite.

GT Capital's Finance and Accounting group, guided by approved policies and practices, is responsible for monitoring the conglomerate's economic performance. This group conducts monthly meetings, annual planning, and checklists of reportorial requirements.

GT Capital also monitors its indirect economic impacts occurring primarily through its component companies as part of the supply chain.



Indirect Economic Impacts (103-1,2,3)
As an investment holding company, our indirect economic impacts primarily occur through our component companies and the supply chain which includes both customers and suppliers. We ensure that investment decisions made are consistent with our core values. We guarantee due diligence for new investments by considering our overall economic contribution and position. We undertake regular monitoring of already existing investments to determine their alignment to GT Capital's corporate mission, vision, and core values.

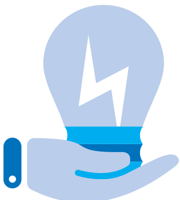
Anti-corruption (103-1,2,3)
GT Capital does not tolerate corruption in its workplaces. GT Capital's Code of Discipline provides penalties for corruption violations. Our Code of Ethics also states that all directors, officers and employees shall ensure the conduct of fair business transactions and guarantee that personal interest does not affect the exercise of their duties. Likewise, they shall not use their position to profit or acquire benefits or advantage for themselves or related interests.

GT Capital has established procurement policies and contracts to secure crucial services which are reviewed and approved by the Bids and Awards Committee. The Senior Executive Committee reviews and awards contracts for extraordinary service engagements.

Anti-competitive Behavior (103-1,2,3)
Competition stimulates innovation, productivity, and competitiveness, all of which contribute to an effective business environment. We conduct due diligence and engage legal advisers to ensure compliance with Republic Act No. 10667, or the Philippine Competition Act of 2014.

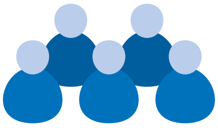
Environmental Category (103-1,2,3)
GT Capital intends to monitor the environmental impacts of its activities at the component-company and parent levels. The component companies plan and execute their own programs to mitigate their impact on the environment; reduce the energy, water, and other resources consumed in their activities; and promote the protection of the environment in their areas of operation.

GT Capital is in the process of drafting its environmental policy for adoption in the coming years. Nevertheless, its Legal and Compliance group ensures that the company adheres to environmental laws and regulations.



Energy (103-1,2,3)
We exert diligent efforts in energy conservation at our head office through shifting into more energy-efficient office equipment and minimizing consumption only to necessary usage. We plan to draft our environmental policy in the coming years. We also aim to achieve a reduction in our energy consumption which translates to lower energy costs and contributes to sustainable business operations. We also target a net percentage decrease in total energy consumption and in average consumption per employee.

Management Approach

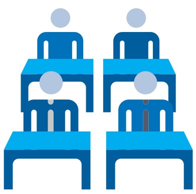


EMPLOYMENT (103-1,2,3)
We maintain healthy relationships with our employees through hiring of highly qualified candidates, provision of acceptable and benchmarked compensation packages, helping to ensure a healthy working environment and employee satisfaction. We commit to hire, retain, and develop talents who identify with our core values.

One of the goals of our Human Resources and Administration Department (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. We also have 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.

Our Human Resources 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.

LABOR/ MANAGEMENT RELATIONS (103-1,2,3)
We seek to maintain healthy relationships with employees through the full disclosure of plans that may affect their well-being. We are also committed to provide employees with a reasonable notice period prior to operational changes. As of 2020, we provided a notice period of at least 30 days before implementing operational changes.



TRAINING AND EDUCATION (103-1,2,3)
Based on competency assessments, employees are provided with individual development plans (IDP), inclusive of career and succession planning. We aim to provide at least 16 hours of training per employee per year.

DIVERSITY AND EQUALITY (103-1,2,3)
We value diversity across our ranks and aim to provide equal opportunity for all relevant stakeholders. We ensure that equal opportunity is provided to all employees and that no preference is given on the basis of gender, ethnicity, or race. Through HRAD, Human Resources Committee, and concerned department heads, we commit to provide applicants and employees with equal opportunity especially in terms of diversity and perceived pay gaps between men and women employees.

NON-DISCRIMINATION (103-1,2,3)
We constantly aim to provide safe and healthy workplaces through controls that prevent and address incidents of discrimination. Mechanisms are also in place to raise awareness on and report such incidents. Acts of discrimination are covered by the company's Code of Discipline. Through HRAD, Human Resources Committee, and other relevant department heads, we aim to provide our employees and management a working environment free of discrimination.

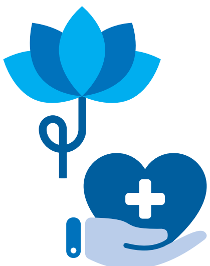
HUMAN RIGHTS ASSESSMENT (103-1,2,3)
GT Capital ensures that component companies follow acceptable and sustainable business practices involving human rights issues. Our company complies with its human rights policies and procedures. Our human rights assessment primarily impacts the following stakeholder groups—our principals, management, shareholders, regulators, and employees.

GT Capital is committed to provide appropriate training on human rights policies and procedures. Our company is committed to ensure that 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,

Management Approach

SUPPLIER SOCIAL ASSESSMENT (103-1,2,3)
GT Capital ensures that our activities are assessed to prevent and mitigate their negative social impacts, if any, on the supply chain. These include impacts that are directly related to our activities, products, and services.

MARKETING AND LABELLING (103-1,2,3)
GT Capital ensures stakeholders' access to accurate and adequate information about our company and its transactions. Through timely and accurate disclosures of material information, we aim to mitigate the negative effects of inadequate marketing. GT Capital is committed to respect the stockholders' right to information based on prescribed rules and regulations. Our company also aims to provide stockholders with accurate and timely information during the annual stockholders' meeting and quarterly briefings, and to achieve non-violation of disclosures rules. As part of evaluating the effectiveness of our approach in this area, we conduct regular audits on processes, feedback forms, and consultations with investors.



ENVIRONMENTAL COMPLIANCE AND SOCIOECONOMIC COMPLIANCE (103-1,2,3)
Acting in an environmentally and socially responsible way is our duty to our stakeholders. GT Capital believes this positively affects its bottom line and long-term success as a conglomerate. Environmental and social responsibility has been included as a covenant in our contracts.

GT Capital complies with all environmental, social, and economic laws and regulations. Our Legal and Compliance Department ensures that we adhere to all these laws.

CUSTOMER PRIVACY (103-1,2,3)

GT Capital processes the personal data of our data subjects, including our stockholders, in accordance with Republic Act No. 10173, or the Data Privacy Act of 2012 (DPA). Our company manages the impacts on data privacy through implementation of security measures for organizational, physical, and technical aspects.

Our company's policy on customer privacy is included in our Data Privacy Manual which includes GT Capital's Privacy Policy and Privacy Notice, both of which are available to the public. GT Capital is committed to protect the fundamental human right of our data subjects to privacy while ensuring free flow of information to promote innovation, growth, and development.

Part of our company goals and targets related to privacy are zero-breach and full compliance with the DPA, and related laws and issuances as well as the requirements of the National Privacy Commission (NPC). The departments responsible for this are the Data Protection Officers and the Data Breach Response Team.

Finally, the company specifically aims for organizational and physical security measures such as outlining of storage type and location of documents with personal data, rules on sharing of personal data with third parties, and technical security measures in the form of personal data back-up in electronic format, monitoring of security breaches, and regular testing of security measures.

◆ Economic Performance

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (201-1)

Direct Economic Value Generated and Distributed (201-1)

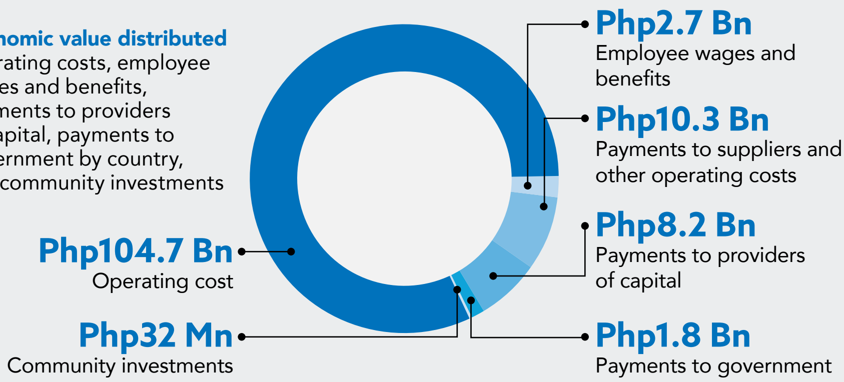
Php134.4 Bn

Economic value, retained

Php6.6 Bn

directed economic value generated less economic value distributed

Economic value distributed
operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments



CORE NET INCOME

Php7.4 Bn

DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS (201-3)

Php1.9 Bn

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT (201-4)

None received in 2020

INDIRECT ECONOMIC IMPACTS (203-2)

Significant indirect economic impacts
Discussed comprehensively on page 7, How We Contribute to Nation Building

Communication and training about anti-corruption policies and procedures (205-2)
The Chief Audit Executive (CAE) receives communication through the governance hotline. The Company's Code of Ethics covers sanctions against corruption and other illegal activities.

Legal actions for anti-competitive behavior, anti-trust and monopoly practices (206-1)
No actions against the Company in relation to anti-competitive behavior, anti-trust or monopoly practices.

Operations assessed for risks related to corruption (205-1)
Deals subjected to overall risk assessment including regulatory (corruption) risk

◆ Environmental Performance

REDUCTION OF ENERGY CONSUMPTION (302-4)

Actual energy consumption at the parent level

5,997 KWh

NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS (307-1)

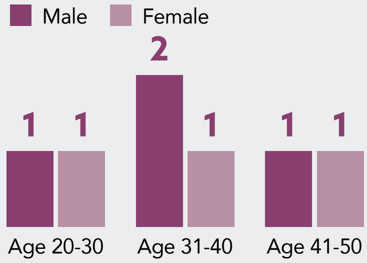
No non-compliance with environmental laws and/or regulations in 2020

Social Performance

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (401-1)

Employee hires

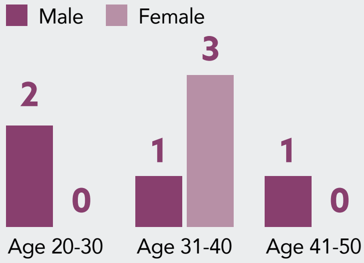
Total number rate of new employee hires during the reporting period, by age group, gender and region.



Employee turnover

Total number and rate of employee turnover during the reporting period, by age group, gender and region.

16.3%



BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES (401-2)

Actual availment of employee benefits provided to full-time employees that are not provided to temporary or part-time employees during the period.

Health Care
43 Employees

Life Insurance
43 Employees

Parental Leave
0 Employees

Disability and Invalidity Coverage
0 Employees

Retirement Provision
0 Employees

PARENTAL LEAVE (401-3)

Total number of employees that were entitled to parental leave, by gender:
6 Male
5 Female

Total number of employees that returned to work in the reporting period after parental leave ended, by gender:
0 Availment

Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender:
0 Availment

Total number of employees that returned to work in the reporting period after parental leave ended, by gender:
0 Availment

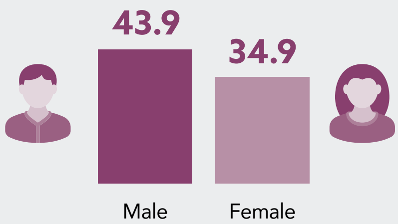
Return to work and retention rates of employees that took parental leave, by gender:
0 Availment

AVERAGE HOURS OF TRAINING THAT THE ORGANIZATION'S EMPLOYEES HAVE UNDERTAKEN DURING THE REPORTING PERIOD (404-1)

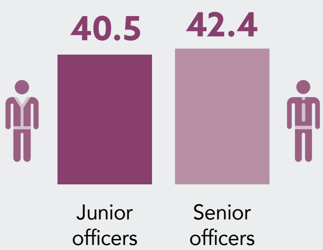
Average hours of training

40 hours

Average hours of training by gender



Average hours of training by employee category



GT CAPITAL
HOLDINGS INCORPORATED

Social Performance

PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITIONS ASSISTANCE PROGRAMS (404-2)

Total number of programs (404-2)

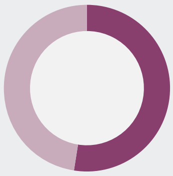
63 programs

Percentage of employees receiving regular performance and career development reviews (404-3)

100% of employees

Percentage of total employee by gender and by employee category who received a regular performance and career development review during the reporting period. (404-3)

46.5% Male (20)

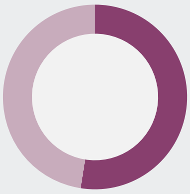


53.5% Female (23)

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES (405-1)

By gender

46.5% Male (20)



53.5% Female (23)

By age group

30.2% Under 30 (13)

11.6% Over 50 (5)

58.1% 39-50 (25)

LABOR MANAGEMENT RELATIONS

Minimum notice periods regarding operational changes (402-1)

30 Days

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN (405-2)

0.8 : 1

female to male

INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN (406-1)

No incident of discrimination reported in 2020

SUPPLIER SOCIAL ASSESSMENT

New suppliers that were screened using social criteria (414-1)
Group-wide policy under development

SOCIOECONOMIC COMPLIANCE

Non-compliance with laws and regulation in the social and economic area (419-1)

No recorded fines or monetary sanctions for non-compliance with environmental, social and economic laws and regulations.

NEGATIVE SOCIAL IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN (414-2)

Formal policy for development to be cascaded to component companies

Suppliers are usually sourced from accredited MBT/Group suppliers.

MARKETING AND LABELLING

Incidents of non-compliance concerning marketing communications (417-3)

No noted incidents of non-compliance concerning marketing communications.

Customer Privacy Substantiated complaints concerning breaches of customer privacy losses of customer data (418-1)

No substantiated complaints concerning breaches of customer privacy and losses of customer data.

HUMAN RIGHTS ASSESSMENT

Employee training on human rights policies and procedures (412-2)

Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.

Employees are required to familiarize themselves with the Company's Code of Discipline before annual acknowledgement is signed.

SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACT THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING (412-3)

Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.

All contracts include standard clauses in relation to compliance with all applicable laws and regulations and have undergone legal due diligence.

Setting the Tone, Serving the Community

As the group's holdings company, GT Capital is responsible for setting the tone of the conglomerate's sustainability performance, following internationally accepted standards.

As we encourage each of our component companies to create and implement policies, practices, and programs that advance their environmental, social, and corporate governance (ESG) performance, we look and examine the ESG performance of GT Capital Holdings itself. This way, we generate value not only for our businesses and shareholders but for all stakeholders and the community at large.

In 2018, with the assistance of the University of Asia and the Pacific, we started to organize our sustainability information following the GRI Standards, looking more purposefully into our impacts on the economy, environment, and society. The following year, we published our first Sustainability Report ahead of the regulatory requirement. Since then, we availed of the GRI Materiality Disclosures Service to ensure that our disclosures are aligned with international standards and obtained the GRI watermark logo to evidence this in our reports

To further enhance the conglomerate's approach to sustainability and further embed sustainability practices in our operations, we participated in S&P's Corporate Sustainability Assessment which they made available to selected listed companies meeting their minimum capitalization threshold. This enabled us to obtain an assessment of our ESG performance as disclosed in our Sustainability Report, enabling us to appreciate how we performed, identify

our gaps and benchmark against our peers. As a result, our S&P Corporate Sustainability Assessment score jumped to 37 from 22 in 2019 as we earned higher scores on all three ESG categories. We will continue to participate in the S&P Corporate Sustainability Assessment to identify areas for improvements.

As of December 2020, we received an ESG Risk Rating of 15.2 and were assessed by Sustainalytics, a leading independent ESG rating, research and data firm, to be at low risk of experiencing material financial impacts from ESG factors. GT Capital has also been named by Sustainalytics as a 2021 ESG Industry Top-Rated Company in the Diversified Financials industry.

Working at GT Cap in the new normal. When work could be resumed at our offices and other workplaces strictly following safety and health protocols, we complied with deploying only a fraction of the usual workforce, with most of our employees still working from home. Given this new situation, we relaxed our rules on hours rendered, considerate of the challenges of both working from home and having to form part of the skeletal staff on-premises. Whenever necessary, we also supported employees and their households with rapid and PCR-testing in coordination with the Philippine Red Cross.

Recognizing that the ongoing pandemic would continue to present more challenges, GT Capital will continue to pursue programs and activities that will shore up our capability to deliver economic, environmental, and social value to all our stakeholders.

Corporate Governance

GT Capital remains committed to embrace healthy corporate governance practices in line with best standards in the Philippines and in the Association of Southeast Asian Nations ("ASEAN") Region. As part of its ongoing improvement in corporate governance, GT Capital undertook the following best practices in 2020:

1. **Virtual conduct of the 2020 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. **Election of a female director;**

4. **Release of 2019 Sustainability Report relating to GT Capital's sustainability performance in terms of the conglomerate's economic, environmental, and social impacts in its areas of operations and in communities reached by its activities and projects;**

5. **Ensuring continued compliance with the Data Privacy Act and its Implementing Rules and Regulations;**

6. **Continuation of roll out of sustainability reporting framework to component companies leading to a consolidated report; and**

7. **Continued coordination with external facilitator as regards results of board, committee, Chairman, and directors' assessments for 2019.**

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. In 2020, GT Capital was one of the awardees of ASEAN Asset Class PLCs (Philippines) by the ASEAN Capital Markets Forum, obtaining a score of above 97.5 points for the 2019 ASEAN Corporate Governance Scorecard (ACGS) Award. The Institute of Corporate Directors also awarded GT Capital with 3 Golden Arrows recognition because of its score in the ACGS.

GT Capital's best practices on corporate governance are discussed in detail in the Corporate Governance Report in the 2020 Annual Report.

◆ Economic Performance

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (201-1)

Direct Economic Value Generated and Distributed (201-1)

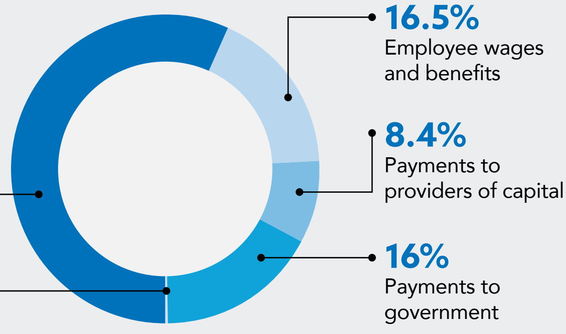
Php113.9 Bn

Economic value, retained

5.2%

directed economic value generated less economic value distributed

Economic value distributed
operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments



◆ Environmental Performance

MATERIALS USED BY WEIGHT OR VOLUME (301-1)

Pieces of UPS batteries

5,820

Cartridges of printer toner

10,620

ENERGY CONSUMPTION WITHIN THE ORGANIZATION (302-1)

*For Selected Facilities

13,282,083kWH

WATER AND EFFLUENTS WATER CONSUMPTION (303-5)

*For Selected Facilities

80,865m³

EMISSIONS

Direct (Scope 1)

n/a

GHG Emissions (305-1)

Energy Indirect (Scope 2)

n/a

GHG Emissions (305-2)

*No Air Emission Testing conducted for 2020

CO^2

SOLID AND HAZARDOUS WASTES

Solid Waste
*For Head Office Area

6.6MT

Total Solid Waste Generated

Hazardous Waste
*For Head Office Area

0.0053MT

Total Weight of Hazardous Waste Generated

ENVIRONMENTAL COMPLIANCE

Non-compliance with Environmental Laws and Regulations (307-1)

Zero
Total amount of monetary fines for non-compliance with environmental laws and/ or regulations

Zero
No. of non-monetary sanctions for non-compliance with environmental laws and/ or regulations

Social Performance

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (401-1)

Total employee count

13,718

ATTRITION RATE

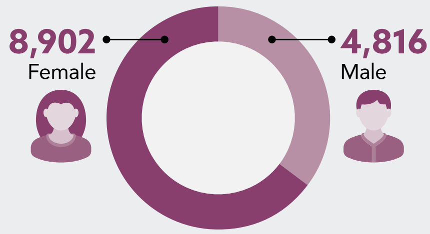
7.0%

RATIO OF LOWEST PAID EMPLOYEE AGAINST MINIMUM WAGE

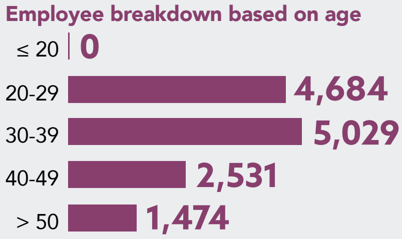
1.1 : 1.0

PERCENTAGE OF EMPLOYEE PER EMPLOYEE CATEGORY IN EACH OF THE FOLLOWING DIVERSITY CATEGORIES (405-1)

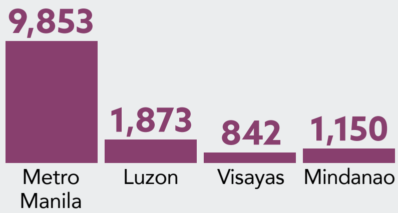
Employee breakdown based on gender:



Employee breakdown based on age



Employee breakdown based on region:



DIVERSITY AND EQUAL OPPORTUNITY

Female Workers in the workforce

65%

Male Workers in the workforce

35%

Employees who availed Solo Parent Leave

95 Female **9** Male

Zero Incidents of Discrimination

Zero instances of discrimination during the reporting period

TRAINING AND EDUCATION

Average hours of training per year per employee (404-1)

12.3 hours

Programs for upgrading employee skills and transition assistance programs (404-2)

Metrobank Employees Graduate Assistance Program (MEGA)

Metrobank Educational Assistance for Dependents of Employees Program (MEADE)

LABOR-MANAGEMENT RELATIONS

Freedom of Association and Collective Bargaining Agreement

95%

Collective Bargaining Agreement Coverage

6,692

Union Members

OCCUPATIONAL HEALTH AND SAFETY WORK-RELATED ILL HEALTH (403-10)

2020 Diseases or Principal Complaint Count

2,105

CUSTOMER PRIVACY

0 No. Substantiated Complaints on Customer Privacy

0 No. of Customers, Users and Account Holders whose Information is Used for Secondary Purposes

0 No. of Complaints on Data Breached

CUSTOMER MANAGEMENT

87%

Customer Satisfaction

DATA SECURITY

0

No. of data breaches, including leaks, thefts and losses of data

PRODUCT OR SERVICE CONTRIBUTION TO UN SDGS

Supported UN SDGs by providing Php606.9 billion in capital loan disbursements and contributed to 9 out of 17SDGs

Looking after Employees' Complete Well-Being

Metrobank considers our employees as partners in building meaningful banking and thus consistently looks after their complete well-being. The bank enables and empowers our employees, equipping them with the right competencies to upscale their performance, and safeguarding their health and well-being.

Recruitment. In 2020, through the use of technology, the bank's recruitment process continued despite the limitations imposed by the pandemic. Online interviews were conducted using video conference applications. Online forms replaced manual ones, while hiring endorsements were done via email approvals up to the level of the Management and Nominations Committee, including the Board of Directors as appropriate.

This transformation went beyond recruitment as it also changed foundational human resources goals, recruitment skills, and other related HR policies and processes. Application interviews across all levels were standardized, recruitment tools and policies were reviewed to adapt to the industry's best practices, and sourcing talent from within was re-evaluated.

The bank's talent acquisition team was also reorganized to streamline accountability and maintain its operational excellence. The bank earned employment-oriented networking site LinkedIn's Best Quality of Hires in 2020 Award for continuously attracting top talents despite the pandemic.

Training. Metrobank continually creates opportunities for growth and values employees' professional enrichment to help achieve our goals.

To this end, the Metrobank Academy has offered a range of courses from basic to highly technical courses developed by both internal and external subject matter experts. Employees who prefer online learning can attend self-paced courses through the Academy's online learning portal, MBLearn.

In response to the times, the academy recently added more courses to its lineup, including leadership and simulation exercises that reinforce critical decision-making skills and enable employees to continue providing excellent service amid turbulent times.

In 2020, Metrobank's 13,718 employees expanded their professional knowledge and value after logging 169,012 training hours or half a day per employee. Both the bank and our employees transitioned from classroom to online learning solutions.

Career Development. As the bank adjusted working conditions to adapt to the pandemic, we also revisited our performance management framework and processes to better monitor productivity and optimize employee performance.

We launched an enhanced performance management program based on the principles of meritocracy, differentiation, and fairness, allowing managers to recognize top performers and support those who can become better. These assessments are done annually and allow senior officers to give feedback on their team members' performance. These also provide the basis for career advancement and promotion.

Education Assistance. Believing that education increases the worth and capacity of employees, their families, and communities, the bank has supported qualified employees who wish to undertake further studies. For the years 2018 to 2020, 142 scholarship availments were granted towards finishing their MBAs, while another 47 scholarship availments were granted under the bank's MEGA (Metrobank Employees Graduate Assistance) program.

The value that Metrobank gives to education extends to the employees' dependents. For the year 2018 to 2020, the Metrobank Educational Assistance for Dependents of Employees (MEADE) program has financially supported a total of 965 availments by qualified and deserving employees' children who wish to complete their secondary (521) or tertiary education (444).

Caring for Employees' Health. In addition to closely following government-mandated health and safety protocols, the bank executed preventive controls to curb the spread of the virus. These controls included IT-enabled meetings, online documentation and approvals, distancing in the workplace, frequent workplace disinfection, and placing visual cues and reminders on-premises. We also activated an automated bot messaging service, called MB COVID Care Bot, that sends related reminders, surveys, and quizzes through the employee work chat.

The bank also designated safety marshals, who ensured that employees adhered to safety and protection protocols in the workplace, and adopted a rotating workforce, daily on-site screening, and health risk assessments, among others.

Employees who test positive for COVID-19 and their close contact are provided with PCR testing at discounted rate. Similarly, at the beginning of the pandemic, frontliners and employees with comorbidities were assessed and tested for COVID-19 through RTK under the Safe Together program. The bank also rolled out a specific travel policy, referring employees to a travel decision guide before traveling and requiring them to declare all travels to their immediate supervisor and observe necessary protocols.

TOYOTA

Economic Performance

TOYOTA GROUP INVESTMENTS

1989-2020

Php67 Bn

2020

Php1.0 Bn

TOTAL DUTIES & TAXES PAID

1989-2020

Php410.8 Bn

2020

Php26.5 Bn

PROCUREMENT FROM LOCAL SUPPLIERS

1989-2020

Php228.8 Bn

2020

Php12.8 Bn

TOYOTA GROUP AUTO PARTS EXPORTS

1997-2020

USD16.3 Bn

2020

USD816.6 Mn

TOTAL VEHICLE PRODUCTION

1989-2020

902,967 units

2020

35,226 units

TOTAL VEHICLE SALES

1989-2020

1,845,882 units

(CKD: 58.3% of total vehicle sales)

2020

100,019 units

(CKD: 35,841; CBU: 64,178)

EMPLOYMENT

SINCE 1989

over 61,000 Employees

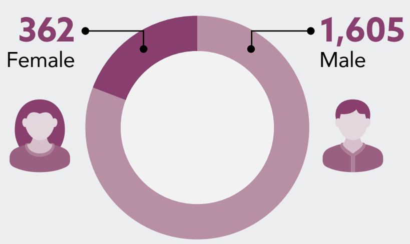
◆ Social Performance

TOTAL EMPLOYEES

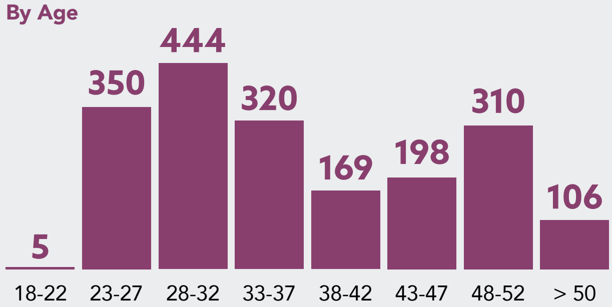
Team Members

1,902

By Gender



By Age



By Region

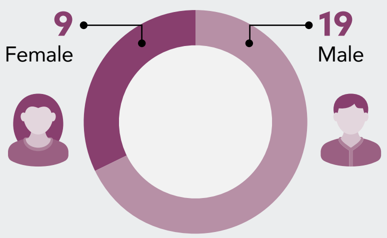
160 PH
Makati City
marketing offices at GT Tower International in Makati City

1,727 PH
Santa Rosa City
TMP's head office and manufacturing plant in Santa Rosa City, Laguna

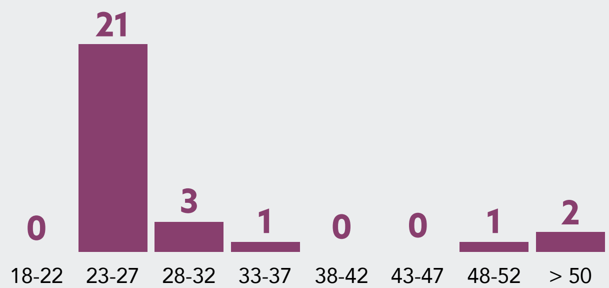
15 Overseas
Toyota's Global headquarters (Japan) or at Regional headquarters (Singapore, Thailand) for Team Members under the Intra-Company Transfer (ICT) Program

NEW EMPLOYEE HIRES

By Gender



By Age



By Region

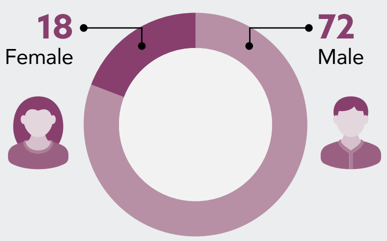
8 PH
Makati City

20 PH
Santa Rosa City

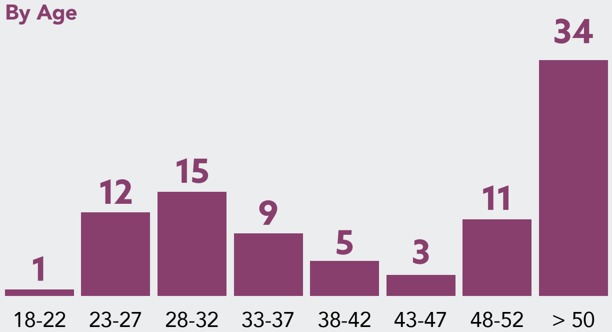
0
Overseas

NEW EMPLOYEE TURNOVER

By Gender



By Age



By Region

15 PH
Makati City

75 PH
Santa Rosa City

0
Overseas

PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS

In-House:

19 Corporate Trainings

4 Leadership Development Programs

2 Global Training Programs

1 Program to prepare employees for Retirement

TOYOTA

◆ Environmental Performance

ENERGY

Electricity (in KWH)

Average Monthly Consumption ▼ -31%

2020	1,325,341
2019	1,927,922

Consumption Per Unit Produced ▲ 5%

2020	452
2019	428

LPG (in Kg)

Average Monthly Consumption ▼ -34%

2020	38,800
2019	58,626

Consumption Per Unit Produced ▲ 2%

2020	13.2
2019	13

Diesel (in L)

Average Monthly Consumption ▼ -37%

2020	12,692
2019	20,192

Consumption Per Unit Produced ▼ -4%

2020	4.3
2019	4.5

EMISSIONS

VOC Emission Per Unit Produced (in g/m²) ▼ -0.3%

2020	47.9
2019	48.1

CO^2 Emission Per Unit Produced (in ton-CO^2) ▲ 3%

2020	0.29
2019	0.28

WATER (in m³)

Average Monthly Consumption ▼ -32%

2020	10,743
2019	15,857

Consumption Per Unit Produced ▲ 4%

2020	3.7
2019	3.5

WASTE

Total Max. Generation Per Unit Produced ▲ 7%

2020	11
2019	10

Average Monthly Generation ▼ -34%

2020	35,153
2019	53,653

Actual Generation Per Unit Produced ▲ 1%

2020	12
2019	11.9

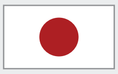
Number of Local Suppliers and Geographical Location

Commodity	Parts	No. of Suppliers	Supplier Name
1. Electricals & Systems	Aircon, Clock, Wiring Harness, Meter Combination *100%CPP	11	Denso PH, Denso Ten, IWSP, Jeco Harada, Sanden Aircon, SCT, TRP, Yazaki
2. Chassis	Tires, Alloy Wheel, Exhaust Pipe, Pedal, Fuel Tank, Brake Tubes, Asphalt Sheet	7	Enkei, Yokohama, PAEC, Roberts, F. Tech, Valerie, Sanoh
3. Interior	Seat Assy, Door Trim, Headlining, Visor, Carpet Assy	7	ACI, B4, Formasia, Megapack
4. Resin	Bumper, Instrument Panel, Cluster Louver	6	BOPI, Daiho, Karzai, Manly, Sanko Gosei
5. Stamped	Reinforcement Instrument Panel Cluster, Hood lock, Insulator	5	Technol Eight, Rich Metal, Tri-R, Valerie, PHKR
6. Rubber	Weathership, Hoses, Moldings	1	NewPro
7. Others	Glass, Sticker, Battery	6	AGC, 3M, Tsuchiya, Oriental
TOTAL		43	

PARTS SUPPLY FLOW

Locally-Sourced Parts

Multi-Sourced Parts



Japan-Sourced Parts

43
Local Parts Suppliers

455
Indirect Materials Suppliers

98
Toyota Suppliers Club Member-Companies

LOCALLY SOURCED PARTS SUPPLIERS LOCATION MAP

Committed to Helping Move the Country Forward

SINCE it started operations in 1988, Toyota Motor Philippines (TMP) has been a stalwart of Philippine manufacturing, cognizant of the multiplier effect it brings to creating sustainable jobs and raising standards of living in the communities it operates in. Today, TMP is one of the two participating automotive companies in the government's Comprehensive Automotive Resurgence Strategy (CARS) program, aimed at revitalizing the Philippine automotive sector and developing the country as a regional car manufacturing hub.

Moreover, then and today, TMP has sought to contribute not only to the country's economy but to the actual lives of its employees and other stakeholders.

With manufacturing activities put on hold for the most part in 2020, TMP assured all its employees—in the production line, dealerships, and offices—that their jobs were intact. Those who could work from home did so, with the tools they were provided in the form of computers, mobile phones, and Internet connection. Those whose jobs were put on hold in order to comply with government-mandated health and safety protocols were not exactly unoccupied.

Taking off from TMP's manufacturing expertise and discipline, these employees were trained to make face masks for use by company personnel. As soon as more than enough masks were being produced, the company started to donate them to local communities hosting its facilities and dealerships, a partner fisherfolk association in Batangas, and to a number of national government agencies.

TMP believes that assuring the job security of its workforce and keeping them employed during the pandemic is the company's best ticket to recovery. Keeping a highly trained and trainable workforce, despite the current economic crunch, will allow the company to right away step on the gears and resume full production once the economy fully reopens.

To protect its workforce from COVID-19, TMP transformed its sports gym at the Sta. Rosa, Laguna plant into a testing center where employees and contractors could undergo rapid testing. Those who were found to have viral antigens were immediately brought to the hospital, accompanied by the company doctor and nurse, for confirmatory testing. TMP monitored the condition of affected employees and supported their medical needs.

The communities that hosted TMP's facilities and dealerships were also a priority in the company's efforts to combat COVID-19. At the onset of the pandemic, it made a number of vehicles available to

nearby hospitals, for them to shuttle their front liners to and from the hospital, as public transportation continues to be an issue in places under community quarantine. These vehicles, which have since been donated to the hospitals, have also helped protect the front liners in NCR and CALABARZON from community-acquired infection. By end-2020, TMP had donated 30 vehicles to 28 hospitals, three of them in Santa Rosa Community Hospital.

TMP employees themselves amped up their involvement in helping the company's host communities through its TNOTES—Tulungan Network of Toyota Employee Servers—program. Through TNOTES, TMP employees voluntarily donate to the social causes through an automatic salary deduction mechanism. Funds generated by TNOTES are pooled, managed by TNOTES officers and donated to causes identified by TMP Human Resources Group. In 2020, the program's pooled funds went towards donations to families affected by the eruption of Taal Volcano and other natural calamities during the year. Employees who had not previously signed up for TNOTES but wanted to help in the efforts could still do so through one-time salary deductions.

For local initiatives, TMP works directly with the communities affected, while for regional and national initiatives, it coordinates with pertinent non-government organizations, Metrobank Foundation, and GT Capital, for group-wide efforts.

TMP took advantage of the disruptions caused by the pandemic on its business by accelerating the implementation and enhancement of digital initiatives to continue engaging the market.

It improved its website, https://toyota.com.ph/, so that customers could see more features aside from the images of the car. Among the features added are detailed car specs, pricing information, and appointment scheduler.

Generally, since people buying cars want to see the vehicles physically before purchase, TMP made sure to implement the appointment system to comply with social distancing guidelines. It also facilitated car servicing for existing clients, giving them the option to either leave their cars at the dealership or have them serviced at home.

Although the pandemic brought unexpected challenges, TMP remains confident that it would weather the storm on firm footing. As a business, the company always has its eyes fixed on the long term, inspired by the objectives of Toyota Motor Corporation of producing reliable vehicles and contributing to sustainable societal development and the vision of its late Chairman, Dr. George S.K. Ty, of always adding value to society aside from pursuing profitability.

TMP was launched even when the economy was just rising from the doldrums in the late 1980s—today, with over 41% share of the country's automotive market, TMP remains firmly committed as ever to strengthening the country's manufacturing sector, sustaining jobs for more Filipinos, and contributing to the welfare of the communities it touches.

Economic Performance

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (201-1)

Direct Economic Value Generated and Distributed (201-1)

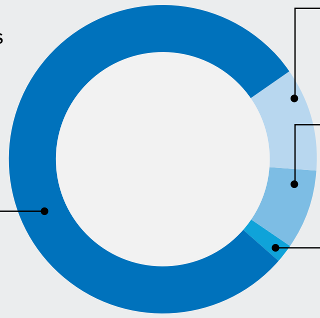
Php9.3 Bn

Economic value, retained

Php630 Mn

direct economic value generated less economic value distributed

Economic value distributed
operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments



Php5.8 Bn
Operating cost

Php797 Mn
Employee wages and benefits

Php612.6 Mn
Payments to providers of capital

Php124 Mn
Payments to government

DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS (201-3)

Php111 Mn

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT (201-4)

None received in 2020

Environmental Performance

REDUCTION OF ENERGY CONSUMPTION (302-4)

510,700 KWH as of DECEMBER 2020, this is amounting to Php3,385,942

Social Performance

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (401-1)

Total Employees

51 NCR

Total number and rate of new employee hires during the reporting period, by age group, gender and region.

By Gender

18 Male

33 Female

Turnover Rate

15.1%

Total number and rate of employee turnover during the reporting period, by age group, gender and region.

By Gender

30 Male

41 Female

MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES (402-1)

30 days (402-1)

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN (405-2)

1 : 0.8
(Junior Officers and Staff Only)

INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN (406-1)

No incident of discrimination reported in 2020

BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES (401-2)

Actual availment of employee benefits provided to full-time employees that are not provided to temporary or part-time employees during the period.

Health Care
462 Employees

Life Insurance
463 Employees

Parental Leave
18 Employees

Disability and Invalidity Coverage
0 Employees

Retirement Provision
3 Employees

PARENTAL LEAVE (401-3)

	Male	Female
Total number of employees that were entitled to parental leave, by gender	89	90
Total number of employees that returned to work in the reporting period after parental leave ended, by gender	4	14
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender	4	10
Return to work and retention rates of employees that took parental leave, by gender	100%	71%

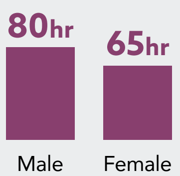
AVERAGE HOURS OF TRAINING THAT THE ORGANIZATION'S EMPLOYEES HAVE UNDERTAKEN DURING THE REPORTING PERIOD (404-1)

Functional Trainings

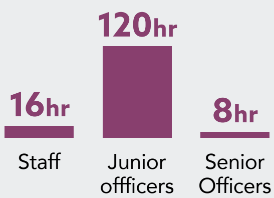
261 hours

(Jan - Dec 2020)
Average: 8 hours per EE

By gender



By employee category

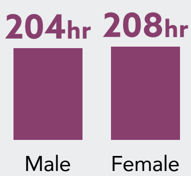


Corporate NEO

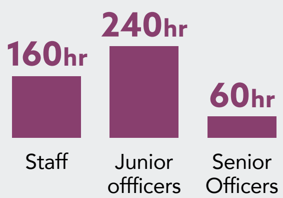
208 hours

(Jan - Dec 2020)
Average: 4 hours per EE

By gender



By employee category



PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (404-3)

All Senior Officers who are hired on or before September 1 and newly regularized probationary employees on or before September 1 are eligible for Annual performance review

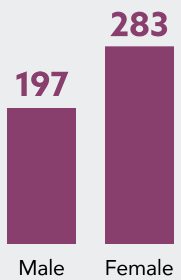
40.8% Male

59.2% Female

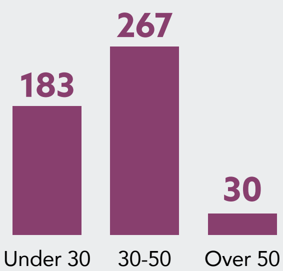
DIVERSITY OF GOVERNANCE OF BODIES AND EMPLOYEES (405-1)

Percentage of individuals within the organization's governance bodies in each of the following diversity categories:

By gender



By age group



PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITIONS ASSISTANCE PROGRAMS (404-2)

Functional Trainings

11 sessions

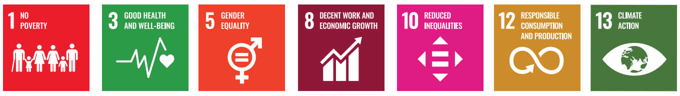
Corporate NEO

8 sessions

NON-COMPLIANCE WITH LAWS AND REGULATION IN THE SOCIAL AND ECONOMIC AREA (419-1)

No recorded fines or monetary sanctions for non-compliance with environmental, social and economic laws and regulations

Providing Quality Homes for Everyone



DESIGN that both complements the natural environment and enriches the quality of life has been the core philosophy behind Federal Land properties. This has become more pronounced in the last few years, with our developments adopting design features and methodologies that promote our 48-year-old mission—providing quality homes for everyone.

Our properties incorporate innovations that harness readily-available natural resources in order to minimize our energy and water consumption, especially in urban environments where most of our developments are located.

Harvesting fresh air. We harvest fresh air, both naturally and mechanically, to improve our properties' overall quality and provide our communities with healthy, relaxing environments, a need that has become more pronounced with the community lockdowns imposed due to the ongoing pandemic. Open lawns and landscaped gardens with full-grown trees and shrubs help produce more oxygen and create a cooling effect for the entire community.

Maximizing natural sunlight. The ultimate source of free lighting, natural sunlight is a constant in both our commercial and residential developments. While greatly reducing artificial lighting, natural lighting improves the overall well-being of our residents, tenants, and the people who frequent our developments. Natural lighting and views to the outdoors also help ward off illness, stress, and seasonal depression. When staying at home is the preferred and safest option, the importance of natural lighting and outdoor views becomes most apparent.

A number of our properties feature big windows and use materials with a high solar reflective index (SRI), thus reducing the amount of heat that enters the building or the home. These materials also reduce the urban heat island effect, especially important in a tropical country like the Philippines. We have also been using double-glazed windows, a double-panel glass with an air gap and low emission film in between. This methodology allows natural light to freely enter while minimizing the heat transmission towards the interior. These features, combined with the placement of windows to allow for cross-ventilation, decrease the requirement for both artificial lighting and air-conditioning.

Natural lighting is complemented by the extensive use of LED lighting, not only helping to assure cool and well-lit spaces, but reducing the risk of fire incidents as well, leading to residents' peace of mind.

Promoting water efficiency. The pandemic has called for intensified personal hygiene practices and enhanced cleaning protocols of properties, leading to greater water consumption. Our water management practices, and facilities have helped to mitigate this development, allowing us to continue using water in a responsible and sustainable manner.

Our residential projects are designed with rainwater harvesting and recycling technology. Collected rainwater is filtered, stored, and then later re-used to irrigate the properties' green open spaces and landscaped areas. Water-efficient toilet fixtures using dual-flush technology reduce water waste in our residences while providing thorough cleaning in a single, low-volume flush. These fixtures comply with the Philippine Green Building Code's requirement to use less than six liters of water for toilet-flushing.

Our developments also have their sewage treatment plants (STP), removing contaminants from wastewater.

Sustainable Communities. We observe sustainability practices not only in our residential projects but in our mixed-use developments as well.

Our recent residential projects have been designed to include ample sidewalks and trails, encouraging outdoor activities like walking, jogging, and biking. On the other hand, our mixed-use developments support the surrounding communities, generating jobs through the businesses and facilities they host, and by providing essential transportation links in the area.

Federal Land counts on its entire organization to further promote and sustain the innovations that we have adopted through the years to protect the environment and improve the quality of life of our clients and property owners. From the planning team, to the construction and property management teams, we observe strict due diligence, remaining firm in our vision to provide quality developments for generations to come. This commitment is exemplified by no less than Federal Land, Inc. Chairman, Mr. Alfred V. Ty, who pores through master plans, ensuring that they conform to this vision.

Support to the community during the pandemic. We made sure that the residents of our communities had continued access to their basic needs for the duration of the strict community lockdowns imposed by government.

The pandemic also brought immense challenges to completing and turning over projects on time. To mitigate these challenges, when construction activities were once again allowed by government, we provided our construction workers with on-site barracks and their needed provisions so that work could be resumed without compromising the workers' health.

We likewise granted rent concessions to tenants in our commercial spaces, recognizing the financial difficulties they had to face during the months where retail shops are not allowed to open. In addition, we are now designing open spaces where our tenants could safely set up shop under the relaxed guidelines.

Economic Performance

GROSS PREMIUM

PHP36.3 Bn

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT (201-4)

None received in 2020

NET INCOME

PHP2.9 Bn

DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS (201-3)

AXA Philippine's retirement plan is under a defined benefit, wherein its employees are not required to contribute to the retirement plan of the company. All contributions are for the account of the employer.

INDIRECT ECONOMIC IMPACT

100% operations assessed for risks related to corruption

Total number and percentage of operations assessed for risks related to corruption.

100% of employees

Total number and percentage of governance body members that the organization's anticorruption policies and procedures have been communicated to, broken down by region.

100% of employees

Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region

100% of employees

Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region.

100% of employees

Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.

92% of employees

Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.

Environmental Performance

REDUCTION OF ENERGY CONSUMPTION (302-4) **704,184.3 KWH**

NONCOMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS (307-1)

No identified non-compliance with environmental laws and/ or regulations in 2020

CO2 EMISSIONS: POWER CONSUMPTION **339 T. eq. CO^2**

CO2 EMISSIONS: BUSINESS TRAVEL AIRPLANE AND TRAIN **101 T. eq. CO^2**

WATER CONSUMPTION **582 M^3**

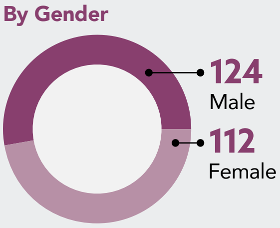
OFFICE PAPER CONSUMPTION **5 T**

WASTE: UNSORTED WASTE **7 T**

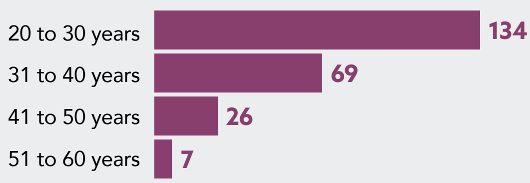
Social Performance

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (401-1)

By Gender



TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER DURING THE REPORTING PERIOD, BY AGE GROUP, GENDER AND REGION.



MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES (402-1)

30 days

BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES (401-2)

Actual availment of employee benefits provided to full-time employees that are not provided to temporary or part-time employees during the period.

Life Insurance

Both regular and contractual direct hires same HMO coverage

Parental Leave

Both regular and contractual direct hires same parental leave benefit

Retirement Provision

Regular employees have non-contributory retirement benefit

Health Care

Both regular and contractual direct hires same Group Life Insurance coverage

Disability and Invalidity Coverage

Both regular and contractual direct hires same Group Life Insurance coverage with ADD

Stock ownership:

Regular employees have the option to purchase AXA shares at a discount

Others:

A. Both regular and contractual direct hires have same vacation and sick leave credits
B. Both regular and contractual direct hires have same clothing allowance
C. Both regular and contractual direct hires have same rice allowance
D. Both regular and contractual direct hires have same bereavement assistance benefit
E. Regular employees are given Christmas allowance annually
F. Regular employees may avail of company loans

PARENTAL LEAVE (401-3)

Total number of employees that were entitled to parental leave, by gender

1,486 Female | **935** Male

Total number of employees that took parental leave, by gende

67 Female | **39** Male | **0** LGBTQ

Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender

42 Female | **39** Male | **0** LGBTQ

Total number of employees that returned to work in the reporting period after parental leave ended, by gender

42 Female | **39** Male | **0** LGBTQ

Return to work and retention rates of employees that took parental leave, by gender

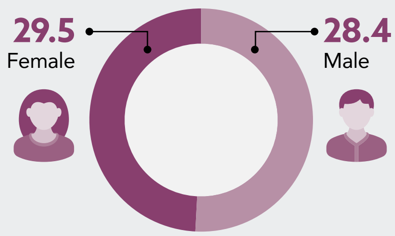
100%

AVERAGE HOURS OF TRAINING THAT THE ORGANIZATION'S EMPLOYEES HAVE UNDERTAKEN DURING THE REPORTING PERIOD (404-1)

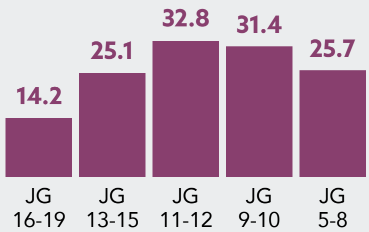
Average Training Hours Per Employee

29 hrs

By Gender (hours)



Employee category (hours)



PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITIONS ASSISTANCE PROGRAMS (404-2)

Self Development , Management Development , IT/Digital Skills, Product Knowledge & Customer Service, Regulatory

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (404-3)

By Gender for Active Employees:

Male: 100% | Female: 100%

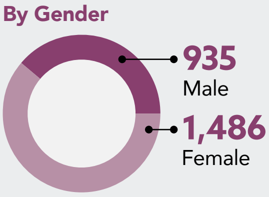
By Employee Category:

100% across all categories for all Active Employees

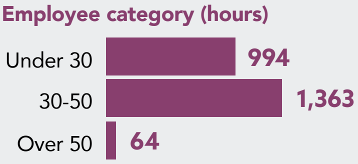
DIVERSITY OF GOVERNANCE OF BODIES AND EMPLOYEES (405-1)

Percentage of individuals within the organization's governance bodies in each of the following diversity categories:

By Gender



Employee category (hours)



RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN (405-2)

Pay structure is the same for all regardless of location of operation. Please refer to the sheet salary ratio for reference.

EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES AND PROCEDURES (412-2)

Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations: 3 hours

Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations: 5.9%

Pushing the Boundaries of Investing and Protection

AXA Philippines has actively pushed the boundaries of investing and protection in two areas that have become increasingly urgent and pressing in the last year—the environment and financial inclusion.

Through the AXA Group, AXA Philippines adheres to Responsible Investment (RI), or the integration of environmental, social, and corporate governance (ESG) considerations into investment processes and ownership practices, from a performance and risk management perspective.

The group's RI policy includes a set of investment guidelines for sectors that pose particularly acute environmental or ethical challenges. The policy also considers "impact investing," aiming to create intentional, positive, measurable, and sustainable impacts on society while delivering financial market returns. As a signatory to the United Nations-supported Principles for Responsible Investment, AXA acts according to internationally recognized principles for sustainable finance.

AXA's general account's insurance assets and relevant unit-linked investments are covered by the Responsible Investment policy. Its pension funds are also covered wherever regulatory requirements allow it.

Among the ESG topics considered by the policy, climate change is given particular priority, with carbon metrics integrated into investment decisions. AXA has committed to containing the "warming potential" of its investment to 1.5° by 2050 and is currently developing metrics for measuring this impact. AXA is also considering the possibility of divesting parts of its portfolio, like coal and oil sands, or exclude whole sectors to effectively pursue climate-related objectives.

AXA Philippines is on track to full compliance with the policy's exclusion of coal investments by end-2021.

As a global insurer, AXA Philippines has been able to create and launch three global funds—global fixed income, global multi-asset, and global equities—that follow previously defined

ESG factors. By investing in these USD-denominated funds, collectively called AXA Global Dynamic Allocation Funds, our clients are able to participate in responsible investing themselves. Unlike funds that track indices where ESG screening is not possible, the AXA Global Dynamic Allocation Funds are invested only in companies that have measurably demonstrated their own contribution to ESG standards.

Through these funds, we are able to balance returns expected by our clients and the impact that their investments make on the environment and society.

Launched in 2018, the AXA Global Dynamic Allocation Funds' average annualized performance as of the Fund Fact Sheet of February 2021 is 5.04%, 4.59%, and 2.07% for the fixed income, multi-asset, and equities funds, respectively.

In recent years, AXA Philippines has also started to reach a new set of customers market apart from its traditional market segments (high net-worth, middle market, and young single professionals). Called Emerging Customers, this segment pertains to low income, mass market individuals who may easily slip into poverty given a single sudden setback, like job loss, illness, or death in the family.

The Philippines where, by AXA's reckoning, 70% of the population may be considered an Emerging Customer is a priority country for AXA worldwide. Other places where Emerging Customers are addressed as a separate market are the emerging markets in Asia, South America, and Africa. By offering affordable and relevant insurance products, AXA supports vulnerable sectors of society and helps strengthen the country's social and economic fabric. It also contributes to providing more vulnerable Filipino individuals and households with a social safety net especially in times of great difficulty.

To reach Emerging Customers in a more expedient and efficient manner without having to create a whole new distribution platform, AXA Philippines has to date partnered with two entities who primarily serve this market.

With Globe Telecom's e-wallet subsidiary GCash, AXA Philippines offers Emerging Customers a first bite into insurance. Called GCash Insure, this insurance product suite offers life, hospitalization, and accident coverage at very low rates, payable in monthly payments. Rates can go as low as Php39 a month for a total coverage of Php50,750. The highest—yet still very affordable—premium is at Php1,320 a year for a total coverage of Php410,000. In 2020, this product counted more than 100,000 lives insured from only less than 100 lives at the start of the year.

The other product partnership addressing Emerging Customers is with leading pawnshop network, Cebuana Lhuillier. Called MicroBiz Protek, the product is offered to micro-enterprises inclusive of comprehensive property insurance with personal accident coverage and comprehensive general liability. Offered for as low as Php2,000 a year, the product offers protection against incidents, fire, and natural calamities that could potentially wipe out the micro-business.

Through these two partnerships, AXA Philippines by end-2020 has covered around 300,000 individuals from the Emerging Customers segment.

As more at-risk Filipinos get into the habit of protecting themselves and their properties, and as more Filipino investors get used to investing in ESG-vetted funds, it is the hope of AXA Philippines to be able to offer the market with more insurance and investment products that contribute to a more just and more sustainable world.

METRO PACIFIC INVESTMENTS

2020 Key Performance Indicators

POWER

30.5 Mn
Meralco estimated population served

43,572Gwh
Meralco energy sales

4,929Gwh
GBP energy sales

TOLL ROADS

209,720
NLEX average daily vehicles entries

44,784
SCTEX average daily vehicles entries

125,797
CAVITEX average daily vehicles entries

8,520
CALAX average daily vehicles entries

WATER

9.8 Mn
Estimated population served

536 MCM
Volume of water billed

726 MCM
Volume of water supplied

LIGHT RAIL

186,021
Average daily ridership

119,329
Total train trips

51 Mn
Total number of riders

HEALTHCARE

3,590
Number of beds

2.5 Mn
Number of out-patients

107,000
Number of in-patients

Economic Performance

CORE INCOME
PHP10.2 Bn

FINANCIAL ASSISTANCE RECEIVED FROM THE GOVERNMENT (201-4)
None received in 2020

REPORTED INCOME
PHP4.8 Bn

LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST AND MONOPOLY PRACTICES (206-1)
No actions against the Company in relation to anti-competitive behavior, anti-trust or monopoly practices.

Environmental Performance

Parent Company

REDUCTION OF ENERGY CONSUMPTION (302-4)

83 GJ Non-renewable fuel consumed

126 GJ Electricity purchased for consumption

Social Performance

Parent Company

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (401-1)

Total new hires

4

1 Male
Rate: 5%

3 Female
Rate: 9%

Total turnover

6

2 Male
Rate: 11%

4 Female
Rate: 11%

MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES (402-1)

30 days

PARENTAL LEAVE* (401-3)

Female	Male	
14	10	**Total number of employees that were entitled to parental leave, by gender**
1	0	**Total number of employees that took parental leave, by gender** (Maternity Leave)
1	0	**Total number of employees that returned to work in the reporting period after parental leave ended, by gender** (Maternity Leave)
1	0	**Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender** (Maternity Leave of that employee just ended last January 2021)
100%	N/A	**Return to work and retention rates of employees that took parental leave, by gender**

*Parent Company

AVERAGE HOURS OF TRAINING THAT THE ORGANIZATION'S EMPLOYEES HAVE UNDERTAKEN DURING THE REPORTING PERIOD* (404-1)

Average hours

15hrs

By Gender

17 Male

13 Female

Employee category

Senior Mgmt **18 hrs**

Middle Mgmt **9 hrs**

Supervisors **24 hrs**

Rank & File **17 hrs**

DIVERSITY OF GOVERNANCE OF BODIES AND EMPLOYEES* (405-1)

Percentage of individuals within the organization's governance bodies in each of the following diversity categories

By Gender

19 Male

35 Female

Age group

Under 30 years old **16**

30-50 years old **28**

Over 50 years old **10**

PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITIONS ASSISTANCE PROGRAMS (404-2)

Merger and Acquisition Program, The Business of Treasury, MTA: Windows Server Administration Fundamentals, Virtual Contract Negotiations in the New Normal, and Designing & Developing a Mental Health Program in the Workplace, Business Writing, Change Management and Strategic Planning

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (404-3)

100% of employees

Caring for People, Partnering with Communities

Caring for our people is at the heart of MPIC's business. As our front liners, employees are the company's top priority as we outlined our response to the COVID-19 pandemic.

All of MPIC's operating companies took swift, decisive actions designed to prevent the risk of exposure, transmission, outbreak, and spread of COVID-19 among our ranks and within our workspaces and premises. Employees went on to deliver exceptional, uninterrupted service to the public, even if some had to say goodbye to families and friends because of COVID-19.

We ensured to comply with the necessary health protocols mandated by the government to minimize infection risk including social distancing, temperature checks, regular disinfection of offices, and the wearing of PPE, such as face masks and face shields, that we provided to all employees. At the height of the pandemic, employees at the parent company were encouraged to work from home whenever possible. MPIC IT and HR Teams immediately collaborated to launch a Daily Health Check Platform called MPIC S.A.G.I.P to easily identify team members in need of healthcare assistance. This system allows employees to report on their daily health disposition – including body temperatures and other symptoms. This innovation has been very instrumental in ensuring the health and safety of our workforce.

To facilitate social distancing, we limited the number of people at work in our offices and field locations, restricted non-essential travel, canceled physical group meetings, implemented shift rotations, and encouraged flexible work-from-home arrangements with non-business-critical personnel.

To ensure service continuity, GBP, Meralco, and Maynilad allowed employees to stay in our offices and facilities and provided them with all basic amenities including meals and medicines. Shuttle services were provided to other essential personnel who needed to report to our offices for mission-critical work.

Given the emerging challenges of remote work for employees, especially with regard to their mental health, MPIC companies initiated teleconsultation services, how-to-cope guides, mental health surveys, and COVID-19 medical hotlines. At the MPIC head office, online "kamustahan" sessions were conducted per department to check in with each employee and address any concern regarding the work-from-home setup.

Our ability to keep our workforce safe was critical in order to continue delivering the essential services that we provide. We ensure that all employees are regularly tested, supplied with the necessary PPEs, provided with vitamins to boost their immunity, and given prompt medical attention at the first sign of the disease. All operating companies require employees to undergo rapid mass testing before going back to work. At Maynilad, employees and third-party service providers like meter readers, desludging personnel, and other contractors are required to undergo serologic antibody tests prior to redeployment to the field.

This caring attitude that MPIC has nurtured through the years have been extended to areas outside our direct commercial interests.

The entire group mobilized all our available resources and personnel to support the Philippine government's fight against COVID-19. We secured the continuous delivery of essential services that MPIC companies provide. We worked hard with various partners and stakeholders to share whatever we could, especially to the most vulnerable, during this complex period. We allocated over Php531 million in relief assistance and other forms of support that prioritized people's health and lives over commercial gains.

Meralco provided housing support and free transportation for medical front liners. It converted a multi-purpose hall in its Pasig City office into temporary sleeping quarters for 32 health workers from The Medical City. It partnered with the Department of Transportation to deploy over 20 e-jeepneys for free and exclusive use of more than 76,000 health frontliners and other essential personnel. It also ensured uninterrupted supply of electricity to urgent care facilities and evacuation centers in Quezon City, Caloocan City, and Silang, Cavite, as well as to COVID-19 facilities like the ASEAN Convention Center in Clark, World Trade Center Metro Manila, Ninoy Aquino Stadium, and South Cembo Sports Complex, among others.

GBP fast-tracked the remittance of the financial benefits of the local governments of Cebu, Iloilo, Aklan, and Mindoro under the Department of Energy's Regulation No. 1-94 to help the provinces in their COVID-19 response.

Maynilad partnered with the De Los Santos Medical Center for the construction of a Php15 million laboratory for RT-PCR testing, doubling the capacity of the country's testing capacity at the time. It supplied free water to testing laboratories and temporary treatment centers at the Palacio de Maynila, Rizal Memorial Sports Complex, Philippine International Convention Center, World Trade Center Metro Manila, Bagong Nayong Pilipino, and Mall of Asia. It also partnered with the community-based enterprises Kapwa and Green Badge to procure items for health and hygiene kits which were later distributed to hospitals, treatment centers, and communities.

MPTC provided about Php3 million worth of toll-free access to all expressways to over 3,600 medical front liners. It also granted special access to NLEX to over 300 vehicles of the IATF (Inter-agency Task Force for the Management of Emerging Infectious Diseases), Department of Health, and other groups going to and from the quarantine facility in the Philippine Arena Complex in Bulacan.

The Light Rail Manila Corporation enhanced its disinfection protocols, using UVC technology to disinfect and sanitize light rail vehicles (LRVs) and advanced filtration technology for the LRV's air-conditioning units. End terminals and high-touch areas were frequently disinfected, and stations were provided with alcohol dispensers, thermal scanners, and isolation areas. LRMC also provided healthcare workers of MPIC hospitals with a shuttle service.

Meanwhile, the Metro Pacific Investments Foundation donated over Php4.2 million worth of specimen collection tubes, vitamins, and PPE to over 14 hospitals, healthcare centers, quarantine facilities, and local government offices including the Research Institute for Tropical Medicine, Philippine Genome Center, and various facilities in Mindanao. The Foundation also launched OPLANILAO, an alternative livelihood and cash-for-work program to support workers in the coastal resource management and tourism sectors of Batangas affected by the closure of beach resorts during the quarantine.

Some of MPIC's community projects were put on hold because of the limitations imposed by the community quarantines. However, by the second half of the year, most of these projects had resumed following strict health and safety protocols. These projects include, among others, livelihood generation projects, reforestation activities, assistance to public schools and community health centers, electrification of public schools and far-flung areas, WASH programs, and water access for informal settlers.

Through these programs, MPIC gives back to the people we serve and reaches out to the most vulnerable, partnering with them and providing them with the tools that help improve their lives and promote social justice.

GRI Content Index

MATERIALITY DISCLOSURES SERVICE 2021

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI Standard	Disclosure		Page number(s), direct answer and/or URLs	Reason for Omission
GRI 101: Foundation 2016				
General Disclosures				
GRI 102: General Disclosures 2016	Organizational Profile			
	102-1	Name of the organization	GT Capital Holdings Inc.	
	102-2	Activities, brands, products, and services	p. 7 "How We Contribute to National Building"	
	102-3	Location of headquarters	43rd Floor, GT Tower International 6813 Ayala Avenue corner H.V. Dela Costa Street, Makati City, Philippines	
	102-4	Location of operations	Philippines	
	102-5	Ownership and legal form	GT Capital is a corporation registered with the Philippine Securities and Exchange Commission. As of December 31, 2020, GT Capital is 55.93% owned by Grand Titan Holdings, Incorporated, directors and officers. The remainder is public float.	
	102-6	Markets served	p. 7	
	102-7	Scale of the organization	p. 7	
	102-8	Information on employees and other workers	p. 9, "Employment and Direct Economic Value Generated and Contributed"	
	102-9	Supply chain	The supply chain at the parent level covers contractual services, office supplies and equipment.	
	102-10	Significant changes to the organization and its supply chain	GT Capital redeemed its 51% stake in Property Company of Friends, Inc. in exchange for 702 hectares of selected assets.	
	102-11	Precautionary Principle or approach	p. 5 "Sustainability Framework" and p. 11 "Management Approach"	
	102-12	External initiatives	Global Reporting Initiative, ASEAN Corporate Governance Scorecard	
	102-13	Membership of associations	Philippine Stock Exchange	
	Strategy			
	102-14	Statement from senior decision-maker	p. 3 "Message from the President"	
	Ethics and integrity			
	102-16	Values, principles, standards, and norms of behavior	https://www.gtcapital.com.ph/about/vision-mission	

GRI Standard	Disclosure		Page number(s), direct answer and/or URLs	Reason for Omission
GRI 101: Foundation 2016				
General Disclosures				
GRI 102: General Disclosures 2016	Governance			
	102-18	Governance structure	https://www.gtcapital.com.ph/governance/policies https://www.gtcapital.com.ph/board-committees https://www.gtcapital.com.ph/board-of-directors	
	Stakeholder engagement			
	102-40	List of stakeholder groups	p. 6 "Our Materiality Process"	
	102-41	Collective bargaining agreements	GT Capital has no collective bargaining agreements at present.	
	102-42	Identifying and selecting stakeholders	p. 6	
	102-43	Approach to stakeholder engagement	P 6	
	102-44	Key topics and concerns raised	p. 6	
	Reporting practice			
	102-45	Entities included in the consolidated financial statements	The entities consolidated in the financial statements are Federal Land, Inc., Toyota Motor Philippines Corporation, Toyota Manila Bay Corp., and GT Capital Auto Dealership Holdings, Inc.	
	102-46	Defining report content and topic Boundaries	p. 2 "About this Report"	
	102-47	List of material topics	p. 6 "Our Materiality Process"	
	102-48	Restatements of information	There were no restatements of information from the Sustainability Report 2020	
	102-49	Changes in reporting	There were no changes in the reporting framework from the Sustainability Report 2020	
	102-50	Reporting period	p. 2 "About this Report"	
	102-51	Date of most recent report	June 5, 2020 – Date of the 2020 Annual Stockholders' Meeting	
	102-52	Reporting cycle	Annual	
	102-53	Contact point for questions regarding the report	Joyce B. De Leon Chief Risk Officer	
	102-54	Claims of reporting in accordance with the GRI Standards	p. 2 "About this Report"	
	102-55	GRI Content Index	p. 45	
	102-56	External Assurance	The report has not been externally assured.	

GRI Content Index

Material Topics				
GRI Standard	Disclosure		Page number(s), direct answer and/or URLs	Reason for Omission
		ECONOMIC CATEGORY		
Economic Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 11	
	103-2	The management approach and its components	p. 11	
	103-3	Evaluation of the management approach	p. 11	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distribute	p. 17	
	201-3	Defined benefit plan obligation and retirement plans for employees	p. 17	
	201-4	Financial assistance received from the government	p. 17	
Indirect Economic Impacts				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 11	
	103-2	The management approach and its components	p. 11	
	103-3	Evaluation of the management approach	p. 11	
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	p. 7	
Anti-corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 12	
	103-2	The management approach and its components	p. 12	
	103-3	Evaluation of the management approach	p. 12	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	p. 17	
	205-2	Communication and training about anti-corruption policies	p. 17	
Anti-competitive Behavior				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 12	
	103-2	The management approach and its components	p. 12	
	103-3	Evaluation of the management approach	p. 12	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 17	

Material Topics				
GRI Standard		Disclosure	Page number(s), direct answer and/or URLs	Reason for Omission
ENVIRONMENTAL CATEGORY				
Energy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 12	
	103-2	The management approach and its components	p. 12	
	103-3	Evaluation of the management approach	p. 12	
GRI 302: Energy 2016	302-4	Reduction of energy consumption	p. 17	
Environmental Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 12	
	103-2	The management approach and its components	p. 12	
	103-3	Evaluation of the management approach	p. 12	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations.	p. 17	
SOCIAL CATEGORY				
Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 13	
	103-2	The management approach and its components	p. 13	
	103-3	Evaluation of the management approach	p. 13	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	p. 18	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 18	
	401-3	Parental leave	p. 18	
Labor/Management Relations				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 13	
	103-2	The management approach and its components	p. 13	
	103-3	Evaluation of the management approach	p. 13	
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	p. 19	

GRI Content Index

Material Topics				
GRI Standard		Disclosure	Page number(s), direct answer and/or URLs	Reason for Omission
Training and Education				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 13	
	103-2	The management approach and its components	p. 13	
	103-3	Evaluation of the management approach	p. 13	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	p. 18	
	404-2	Programs for upgrading employee skills and transition assistance programs	p. 19	
	404-3	Percentage of employees receiving regular performance and career development reviews	p. 19	
Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 14	
	103-2	The management approach and its components	p. 14	
	103-3	Evaluation of the management approach	p. 14	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	p. 19	
	405-2	Ratio of basic salary and remuneration of women to men	p. 19	
Non-Discrimination				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 14	
	103-2	The management approach and its components	p. 14	
	103-3	Evaluation of the management approach	p. 14	
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	p. 19	
Human Rights Assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 14	
	103-2	The management approach and its components	p. 14	
	103-3	Evaluation of the management approach	p. 14	
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	p. 19	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	p. 19	

Material Topics				
GRI Standard	Disclosure		Page number(s), direct answer and/or URLs	Reason for Omission
Supplier Social Assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 15	
	103-2	The management approach and its components	p. 15	
	103-3	Evaluation of the management approach	p. 15	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	p. 19	
	414-2	Negative social impacts in the supply chain and actions taken	p. 19	
Marketing and Labelling				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 15	
	103-2	The management approach and its components	p. 15	
	103-3	Evaluation of the management approach	p. 15	
GRI 417: Marketing and Labeling 2016	417-3	Incidents of non-compliance concerning marketing communications	p. 19	
Customer Privacy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 16	
	103-2	The management approach and its components	p. 16	
	103-3	Evaluation of the management approach	p. 16	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 19	
Socio-economic Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 15	
	103-2	The management approach and its components	p. 15	
	103-3	Evaluation of the management approach	p. 15	
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	p. 19	

2020 ESG Highlights

Data Requirement	Units	GTCAP	MBT	TMP	FLI	AXA	MPIC
Economic Performance							
Direct Economic Value Generated	Bn Php	134.4	113.9	99.8	9.3	36.3	40.9
Direct Economic Value Distributed	Bn Php	127.8	108.0	96.4	8.7	33.4	31.6
Direct Economic Value Retained	Bn Php	6.6	5.9	3.4	0.6	2.9	9.2
Direct Economic Value Retained	%	4.9%	5.2%	3.4%	6.8%	8.0%	22.6%
Anti-Corruption Cases	Cases	-	-	-	-	-	-
Environmental Performance							
Energy Consumption (Electricity)	KWh	5,997	13,282,083	15,904,092	510,700	704,184	58,056
Energy Consumption (LPG)	kg	-	-	465,600	-	-	-
Energy Consumption (Diesel)	L	-	-	152,304	-	-	-
Water Consumption	m^3	109	80,865	128,916	-	582	-
CO_2 Emissions	ton-CO_2e	-	-	10,215	-	565	-
CO_2 Emissions (Power Consumption)	ton-CO_2e	-	-	-	-	339	-
CO_2 Emissions (Business Travel)	ton-CO_2e	-	-	-	-	101	-
CO_2 Emissions (Business Travel)	ton-CO_2e	-	-	-	-	120	-
CO_2 Emissions (Paper)	ton-CO_2e	-	-	-	-	5	-
VOC Emissions	g/m^2	-	-	1,688,286	-	-	-
Solid Waste	kg	-	6,600	421,836	-	7,000	-
Hazardous Waste	kg	-	5	-	-	-	-
Environmental Compliance (Significant Fines)	Actual Php	-	-	-	-	-	-
Social Performance							
Total Number of Employees	# of Employees	43	13,718	1,902	484	2,391	54
Female Share of Total Workforce	% of Total Employees	53.5%	64.9%	19.0%	41.0%	61.4%	64.8%
Male Share of Total Workforce	% of Total Employees	46.5%	35.1%	81.0%	59.0%	38.6%	35.2%
Female Employees	# of Employees	23	8,902	362	199	1,468	35
Male Employees	# of Employees	20	4,816	1,540	285	923	19
Employees Age Below 30 years	# of Employees	13	4,684	799	185	982	16
Employees Age 30 to 50 years	# of Employees	25	7,560	997	269	1,346	28
Employees Age Over 50 years	# of Employees	5	1,474	106	30	63	10
Employee Turnover	% of Total Employees	16.7%	7.0%	4.7%	15.1%	25.0%	11.1%
Average Training Hours Per Employee	Hrs	40.0	12.3	16.2	12.0	29.0	15.0
Collective Bargaining Agreement Coverage	% of Rank and File Employees	-	95%	-	-	-	-

GT Capital's best practices on corporate governance are discussed in detail in the Corporate Governance Report in the 2020 Annual Report.

Financial Statements

Contents

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, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, 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 e nation.

(Original signed)
Arthur V. Ty
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 [illegible] affiants exhibiting to me their respective Tax Identification Numbers, as follows:

Arthur V. Ty	TIN No. 121-526-580
Carmelo Maria L. Bautista	TIN No. 106-903-668
Francisco H. Suarez, Jr.	TIN No. 126-817-465

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Page No.: 10
Book No.: 54
Series of 2021

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PTR No [illegible]
IBP No [illegible]

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, 2020 and 2019, 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, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

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.

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 Relationships

Under PFRSs, the Group is required to annually test the amount of goodwill and intangible assets with indefinite useful life. As of December 31, 2020, the Group has goodwill attributable to the acquisition of various businesses and intangible asset with indefinite useful life relating to customer relationships with carrying values of ₱5.93 billion and ₱3.89 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 coronavirus 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 intangible assets are included in Notes 3 and 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 coronavirus 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 relationships.

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 collectability 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 (or buyer's equity). Collectability is also assessed by considering factors such as past history with the buyer, age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the coronavirus 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 which 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 coronavirus pandemic to the level of cancellations during the year. We traced the analysis to supporting documents such as official receipts.

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 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 coronavirus 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 those incurred but not yet billed costs, 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 (e.g., 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 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 is a key audit matter because the Group's equity in the net earnings of these associates contributed ₱5.85 billion, or 70.21% of the Group's consolidated net income in 2020, and the Group's investments in these associates accounted for 65.02% and 42.53% of the consolidated total noncurrent assets and total assets, respectively, of the Group as of December 31, 2020.

The Group's share in MBTC's net income is significantly affected by MBTC's application of the expected credit loss (ECL) model in calculating the allowance for credit losses for its loans and receivables; and accounting for disposals of investment securities under the hold-to-collect (HTC) business model.

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: 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 coronavirus 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 impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information, including the impact of the coronavirus pandemic. Meanwhile, the accounting for the disposals of investment securities is significant to our audit because the amounts involved are material and it involves the exercise of significant judgment by management in assessing whether the disposals are consistent with the HTC business model or these resulted from a change in business model.

The Group's share in MPIC's net income is significantly affected by the recoverability of goodwill, service concession agreements (SCAs) not yet available for use, and SCA related to West Zone concession; 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 an ongoing discussion with the 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 is also a key audit matter as it 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 coronavirus pandemic, there is a heightened level of uncertainty on 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 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, 2020, the fair values of the Group's investments in MBTC and MPIC have declined compared to their carrying value. In the event that an impairment indicator is identified, 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 coronavirus pandemic, there is a heightened level of uncertainty on the future economic outlook and market forecast. Hence, such assessment is a key audit matter in our audit.

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 coronavirus pandemic on the counterparties; (c) tested MBTC's application of internal credit risk rating system, including the impact of the coronavirus 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) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of MBTC's lending portfolios and broader industry knowledge, including the impact of the coronavirus pandemic; and (h) tested the effective interest rate used in discounting the expected loss.

Further, we checked the data used in the ECL models by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are 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 disposals of investment securities under the HTC business model, we obtained an understanding of MBTC's objectives for disposals of investment securities at amortized cost through inquiries with management , review of approved internal documentation, reading of the minutes of meeting of the relevant committees in the Bank and the approval process over the disposals. We evaluated management's assessment of the impact of the disposals in reference to MBTC's business models and the provisions of the relevant accounting standards and regulatory issuances. For disposals resulting from change in business model, we reviewed the new business model documentation to check whether the new policies and procedures for managing the investment securities reflect the change in the objective of the business model. We also reviewed the calculation of the gains on the disposals and the measurement of the remaining securities in the affected portfolios.

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 with 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 coronavirus pandemic, and inquired from 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. 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 cash flow 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 the 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 coronavirus 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 recalculation of the billed amounts, including the estimated billings during the community lockdown and the subsequent actualization thereto, 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 coronavirus 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, 2020, 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, 2020 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 and fair presentation of the consolidated financial statements in accordance with PFRSs, 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 a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 Vicky Lee Salas.

SYCIP GORRES VELAYO & CO.

Vicky Lee Salas
Partner
CPA Certificate No. 86838
SEC Accreditation No. 0115-AR-5 (Group A),
April 16, 2019, valid until April 15, 2022
Tax Identification No. 129-434-735
BIR Accreditation No. 08-001998-053-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534310, January 4, 2021, Makati City

March 22, 2021

Consolidated Statements of Financial Position

(In Millions)

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱17,114**	₱12,133
Financial assets at fair value through profit or loss (FVTPL) (Note 10)	**3,709**	4,698
Receivables (Note 5)	**18,833**	13,382
Contract assets (Note 21)	**6,183**	5,095
Inventories (Note 6)	**74,735**	72,189
Due from related parties (Note 27)	**202**	209
Prepayments and other current assets (Note 7)	**12,380**	10,416
Total Current Assets	**133,156**	118,122
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Note 10)	**12,740**	12,373
Receivables - net of current portion (Note 5)	**7,048**	3,421
Contract assets - net of current portion (Note 21)	**6,852**	5,556
Investment properties (Note 9)	**16,253**	15,347
Investments and advances (Note 8)	**184,757**	178,059
Property and equipment (Note 11)	**11,612**	13,159
Goodwill and intangible assets (Note 13)	**9,965**	10,040
Deferred tax assets (Note 29)	**1,402**	1,141
Other noncurrent assets (Note 14)	**1,195**	436
Total Noncurrent Assets	**251,824**	239,532
	₱384,980	₱357,654
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 15)	**29,998**	25,234
Contract liabilities (Note 21)	**4,006**	4,553
Short-term debt (Note 16)	**28,007**	12,890
Current portion of long-term debt (Note 16)	**5,012**	4,974
Current portion of liabilities on purchased properties (Notes 20 and 27)	**598**	432
Current portion of bonds payable (Note 17)	**4,995**	3,899
Customers' deposits (Note 18)	**506**	560
Dividends payable	**589**	589
Due to related parties (Note 27)	**515**	204
Income tax payable	**472**	875
Other current liabilities (Note 19)	**843**	1,371
Total Current Liabilities	**75,541**	55,581

(Forward)

	December 31	
	2020	2019
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 16)	**₱95,429**	₱87,149
Bonds payable (Note 17)	**10,065**	15,040
Liabilities on purchased properties - net of current portion (Notes 20 and 27)	**2,657**	3,352
Pension liability (Note 28)	**1,934**	1,222
Deferred tax liabilities (Note 29)	**3,225**	3,138
Other noncurrent liabilities (Note 20)	**3,944**	2,852
Total Noncurrent Liabilities	**117,254**	112,753
	192,795	168,334
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)	**79,234**	74,569
Retained earnings - appropriated (Note 22)	**400**	400
Other comprehensive loss (Note 22)	**(853)**	(2,019)
Other equity adjustments (Note 22)	**2,322**	2,322
	183,300	177,469
Non-controlling interests (Note 22)	**8,885**	11,851
Total Equity	**192,185**	189,320
	₱384,980	₱357,654

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

(In Millions, Except Earnings Per Share)

	Years Ended December 31		
	2020	2019	2018
CONTINUING OPERATIONS			
REVENUE			
Automotive operations (Note 35)	**₱113,975**	₱192,966	₱179,117
Real estate sales (Note 35)	**7,629**	7,982	9,342
Equity in net income of associates and joint ventures (Note 8)	**6,355**	14,578	11,513
Interest income (Note 23)	**2,023**	2,305	1,668
Rent income (Notes 9 and 30)	**1,751**	1,526	1,181
Sale of goods and services	**457**	802	778
Commission income	**107**	252	108
Other income (Note 23)	**2,123**	2,529	2,124
	134,420	222,940	205,831
COSTS AND EXPENSES			
Cost of goods and services sold (Note 24)	**76,479**	133,943	129,849
Cost of goods manufactured and sold (Note 25)	**23,554**	36,819	31,809
General and administrative expenses (Note 26)	**13,032**	13,595	10,667
Interest expense (Notes 16 and 17)	**6,323**	6,453	5,401
Cost of real estate sales (Note 6)	**4,120**	5,340	6,839
Cost of rental (Note 30)	**589**	435	476
	124,097	196,585	185,041
INCOME BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	**10,323**	26,355	20,790
PROVISION FOR INCOME TAX (Note 29)	**1,986**	5,057	3,886
NET INCOME FROM CONTINUING OPERATIONS	**8,337**	21,298	16,904
NET INCOME FROM DISCONTINUED OPERATIONS (Note 12)	**–**	3,814	707
NET INCOME	**₱8,337**	₱25,112	₱17,611
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company			
Profit for the year from continuing operations	**₱6,546**	16,586	12,795
Profit for the year from discontinued operations	**–**	3,723	361
	6,546	20,309	13,156
Non-controlling interests			
Profit for the year from continuing operations	**1,791**	4,712	4,109
Profit for the year from discontinued operations	**–**	91	346
	1,791	4,803	4,455
	₱8,337	₱25,112	₱17,611
Basic/Diluted Earnings Per Share from Continuing Operations Attributable to Equity Holders of the Parent Company (Note 34)	**₱27.67**	₱74.31	₱56.70
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 34)	**₱27.67**	₱91.60	₱58.38

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(In Millions)

	Years Ended December 31		
	2020	2019	2018
NET INCOME FROM CONTINUING OPERATIONS	**₱8,337**	₱21,298	₱16,904
NET INCOME FROM DISCONTINUED OPERATIONS (Note 12)	**–**	3,814	707
NET INCOME	**8,337**	25,112	17,611
OTHER COMPREHENSIVE INCOME (LOSS)			
CONTINUING OPERATIONS			
Items that may be reclassified to profit or loss in subsequent periods:			
Changes in cumulative translation adjustments	**(15)**	(4)	4
Changes in cash flow hedge reserves (Note 16)	**2**	10	(62)
Equity in other comprehensive income of associates and joint ventures (Note 8):			
Cash flow hedge reserve	**(115)**	(307)	85
Remeasurement on life insurance reserves	**(364)**	(167)	376
Translation adjustments	**(241)**	(551)	(1,968)
Other equity adjustments	**21**	–	19
	(712)	(1,019)	(1,546)
Items that may not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at FVOCI (Note 10)	**368**	1,699	(1,469)
Equity in changes in fair value of financial assets at FVOCI of associates (Note 8)	**1,959**	2,517	(1,228)
Remeasurements of defined benefit plans (Note 28)	**(466)**	(435)	348
Equity in remeasurement of defined benefit plans of associates (Note 8)	**(412)**	(1,066)	393
Income tax effect	**263**	450	(218)
	1,712	3,165	(2,174)
OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS	**1,000**	2,146	(3,720)
OTHER COMPREHENSIVE INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	**–**	(220)	236
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**1,000**	1,926	(3,484)
TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAX	**₱9,337**	₱27,038	₱14,127
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company			
Total comprehensive income for the year from continuing operations	**₱7,712**	₱19,137	₱5,197
Total comprehensive income for the year from discontinued operations	**–**	3,379	4,230
	7,712	22,516	9,427
Non-controlling interests			
Total comprehensive income for the year from continuing operations	**1,625**	4,539	4,238
Total comprehensive income (loss) for the year from discontinued operations	**–**	(17)	462
	1,625	4,522	4,700
	₱9,337	₱27,038	₱14,127

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

(In Millions)	Capital Stock (Note 22)	Additional Paid-in Capital (Note 22)	Treasury Shares (Note 22)	Retained Earnings - Appropriated (Note 22)
Balance at January 1, 2020	**₱3,370**	**₱98,827**	**₱–**	**₱400**
Cash dividends declared (Note 22)	–	–	–	–
NCI share on additional stock issuance of a subsidiary	–	–	–	–
Total comprehensive income	–	–	–	–
Balance at December 31, 2020	**₱3,370**	**₱98,827**	**₱–**	**₱400**
Balance at January 1, 2019	₱3,211	₱85,592	₱–	₱17,000
Cash dividends declared (Note 22)	–	–	–	–
Stock dividend declared (Note 22)	159	13,235	–	–
Reversal of appropriation upon completion of expansion and acquisition (Note 22)	–	–	–	(16,600)
NCI on acquisition of subsidiaries	–	–	–	–
Effect of deconsolidation (Note 12)	–	–	–	–
Total comprehensive income	–	–	–	–
Balance at December 31, 2019	**₱3,370**	**₱98,827**	**₱–**	**₱400**
Balance at January 1, 2018	₱3,143	₱78,940	₱–	₱19,000
Cash dividends declared (Note 22)	–	–	–	–
Stock dividend declared (Note 22)	68	6,652	–	–
Appropriation during the period	–	–	–	17,000
Reversal of appropriation upon completion of expansion and acquisition (Note 22)	–	–	–	(19,000)
Realized gain (loss) on sale of financial assets at FVOCI	–	–	–	–
Total comprehensive income (loss)	–	–	–	–
Effect of equity call of a majority-owned subsidiary	–	–	–	–
Adjustments on NCI of a subsidiary	–	–	–	–
Balance at December 31, 2018	**₱3,211**	**₱85,592**	**₱–**	**₱17,000**

See accompanying Notes to Consolidated Financial Statements.

Attributable to Equity Holders of the Parent Company					
Retained Earnings - Unappropriated (Note 22)	**Other Comprehensive Income (Loss)** (Note 22)	**Other Equity Adjustments** (Note 22)	**Total**	**Attributable to Non-controlling Interests** (Note 22)	**Total Equity**
₱74,569	**(₱2,019)**	**₱2,322**	**₱177,469**	**₱11,851**	**₱189,320**
(1,881)	–	–	(1,881)	(4,611)	(6,492)
–	–	–	–	20	20
6,546	1,166	–	7,712	1,625	9,337
₱79,234	**(₱853)**	**₱2,322**	**₱183,300**	**₱8,885**	**₱192,185**
₱52,223	(₱4,207)	₱2,322	₱156,141	₱24,687	₱180,828
(1,187)	–	–	(1,187)	(4,259)	(5,446)
(13,395)	–	–	(1)	–	(1)
16,600	–	–	–	–	–
–	–	–	–	148	148
19	(19)	–	–	(13,247)	(13,247)
20,309	2,207	–	22,516	4,522	27,038
₱74,569	**(₱2,019)**	**₱2,322**	**₱177,469**	**₱11,851**	**₱189,320**
₱45,000	(₱522)	₱2,322	₱147,883	₱26,866	₱174,749
(1,168)	–	–	(1,168)	(6,925)	(8,093)
(6,721)	–	–	(1)	–	(1)
(17,000)	–	–	–	–	–
19,000	–	–	–	–	–
(44)	44	–	–	–	–
13,156	(3,729)	–	9,427	4,700	14,127
–	–	–	–	45	45
–	–	–	–	1	1
₱52,223	**(₱4,207)**	**₱2,322**	**₱156,141**	**₱24,687**	**₱180,828**

Consolidated Statements of Cash Flows

(In Millions)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	**₱10,323**	₱26,355	₱20,790
Income before income tax from discontinued operations (Note 12)	**–**	2,597	866
Income before income tax	**10,323**	28,952	21,656
Adjustments for:			
Equity in net income of associates and joint ventures (Note 8)	**(6,355)**	(14,578)	(11,513)
Interest expense (Notes 12, 16 and 17)	**6,323**	6,453	5,401
Depreciation and amortization (Note 11)	**2,517**	2,417	1,946
Pension expense (Note 28)	**324**	244	366
Provisions (Note 26)	**237**	213	135
Interest income (Notes 12 and 23)	**(2,023)**	(2,305)	(1,668)
Dividend income (Note 23)	**(333)**	(335)	(152)
Unrealized foreign exchange losses (gains) (Notes 23 and 26)	**(163)**	(137)	146
Realized and unrealized gain on financial assets at FVTPL (Note 23)	**(113)**	(135)	(59)
Gain on disposal of property and equipment (Notes 11 and 23)	**(7)**	(15)	(198)
Gain on disposal of direct ownership in subsidiaries (Note 12)	**–**	(2,341)	–
Operating income before changes in working capital	**10,730**	18,433	16,060
Decrease (increase) in:			
Short-term investments	**–**	64	1,600
Financial assets at FVTPL	**1,109**	(1,375)	(2,505)
Receivables	**(9,234)**	(6,318)	(2,207)
Contract assets	**(2,383)**	1,876	–
Inventories	**(3,413)**	(6,784)	(4,062)
Due from related parties	**7**	457	(500)
Prepayments and other current assets	**(1,964)**	(3,878)	628
Increase (decrease) in:			
Accounts and other payables	**4,873**	3,202	2,630
Contract liabilities	**(546)**	(1,054)	–
Customers' deposits	**(54)**	2	976
Due to related parties	**311**	–	15
Other current liabilities	**(519)**	787	(386)
Cash generated from (used in) operations	**(1,083)**	5,412	12,249
Dividends paid (Note 22)	**(6,493)**	(4,910)	(7,483)
Interest paid	**(6,330)**	(6,126)	(4,625)
Income tax paid	**(2,207)**	(4,612)	(4,377)
Interest received	**1,935**	2,418	1,922
Dividends received (Notes 8, 10 and 12)	**3,097**	3,742	2,249
Contributions to pension plan assets and benefits paid (Note 28)	**(74)**	(108)	(575)
Net cash used in operating activities	**(11,155)**	(4,184)	(640)

(Forward)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Disposal of property and equipment and intangible assets (Note 11)	**₱27**	₱60	₱198
Disposal of investment property (Note 9)	**–**	–	177
Disposal of financial assets at FVOCI	**–**	3	495
Additions to:			
Investments in associates and joint ventures (Note 8)	**(2,097)**	(1,043)	(29,630)
Property and equipment (Note 11)	**(874)**	(1,822)	(3,919)
Investment properties (Note 9)	**(91)**	(1,095)	(222)
Intangible assets (Note 13)	**(29)**	(55)	(62)
Financial assets at FVOCI	**–**	–	(10,478)
Impact of business consolidation	**–**	149	–
Impact of deconsolidation of a subsidiary (Note 12)	**–**	(1,421)	–
Increase (decrease) in other noncurrent assets	**(973)**	1,742	(1,987)
Net cash used in investing activities	**(4,037)**	(3,482)	(45,428)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan availments (Notes 16 and 38)	**67,800**	43,984	71,286
Payments of loans payable (Note 38)	**(44,430)**	(36,152)	(31,427)
Payments of bonds payable (Note 38)	**(3,900)**	(2,994)	–
Payment of principal portion of lease liabilities	**(99)**	(107)	–
DST on stock dividend issuance	**–**	(2)	(1)
Increase (decrease) in:			
Liabilities on purchased properties	**(529)**	491	(503)
Other noncurrent liabilities	**1,159**	(59)	1,012
Acquisition of noncontrolling interests	**20**	148	45
Net cash provided by financing activities	**20,021**	5,309	40,412
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**152**	137	(146)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,981**	(2,220)	(5,802)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**12,133**	14,353	20,155
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱17,114**	₱12,133	₱14,353

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.

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 Dealership Holdings, Inc. (GTCAD) and Subsidiaries 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 GTCAD (automotive business), and is engaged in investing, purchasing and holding shares of stock, notes and other securities and obligations.

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.

The principal business interests of GTCAD 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.

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 Parent Company'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), which include the availment of the relief granted by the SEC under Memorandum Circular (MC) Nos. 14-2018 and 3-2019, that deferred the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry.

Deferral of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry, particularly PIC Q&A 2018-12-D, Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04)
In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provision above of PIC Q&A 2018-12, for another three (3) years or until December 31, 2023.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards 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 Percentages of Ownership December 31 2020	Direct Percentages of Ownership December 31 2019	Effective Percentages of Ownership December 31 2020	Effective Percentages of Ownership December 31 2019
Federal Land and Subsidiaries	Philippines	**100.00**	100.00	**100.00**	100.00
Toyota and Subsidiaries	-do-	**51.00**	51.00	**51.00**	51.00
TMBC and Subsidiaries	-do-	**58.10**	58.10	**58.10**	58.10
GTCAD and Subsidiaries	-do-	**100.00**	100.00	**100.00**	100.00

Federal Land's Subsidiaries

	Percentages of Ownership 2020	Percentages of Ownership 2019
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**	49.10
Central Realty and Development Corp. (CRDC)	**75.80**	75.80
Federal Brent Retail, Inc. (FBRI)	**51.66**	51.66

** Formerly Omni Orient Management Corp. Amended Articles of Incorporation was approved by the SEC on October 25, 2019.*
*** On April 30, 2019, FRHI was incorporated and has not started its commercial business operations.*
**** In September 2019, the Group increased ownership from 49.10% to 100.00% thereby obtaining control over Magnificat.*

Toyota's Subsidiaries

	Percentages of Ownership 2020	Percentages of Ownership 2019
Toyota Makati, Inc. (TMI)	**100.00**	100.00
Toyota Sta. Rosa Laguna, Inc. (TSRLI)	**100.00**	100.00
Toyota Motor Philippines Logistics, Inc. (TLI)	**100.00**	100.00
Lexus Manila, Inc. (LMI)	**75.00**	75.00
Toyota San Fernando Pampanga, Inc. (TSFI)	**55.00**	55.00

TMBC's Subsidiaries

	Percentages of Ownership	
	2020	2019
Oxfordshire Holdings, Inc. (OHI)	**100.00**	100.00
TMBC Insurance Agency Corporation (TIAC)	**100.00**	100.00

GTCAD's Subsidiaries

	Percentages of Ownership	
	2020	2019
GT Mobility Ventures, Inc. (GTMV)*	**66.67**	66.67
Toyota Subic, Inc. (TSI)	**55.00**	55.00

** On January 31, 2019, GTMV was incorporated and has not started its commercial business operations.*

On December 29, 2020, GTCAD and Toyota Corolla Sapporo Philippines Holdings, Inc. (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 GTCAD and TCSPHI. 60% of the sale shares equivalent to 3,000,000 shares will be sold and transferred to GTCAD and the remaining 40% or 2,000,000 shares will be sold and transferred to TCSPHI. The said agreement shall enter into force and effect on January 1, 2021.

On September 9, 2019, the SEC approved GTMV's increase in authorized capital stock, from 1,000,000 shares with par value of ₱1.00 per share to 600,000,000 shares with par value of ₱1.00 per share. GTCAD and Mitsui & Co. Ltd. (Mitsui) subscribed to the increase in the authorized capital stock of GTMV and paid for such subscription amounting to ₱99.75 million and ₱50.00 million, respectively. This resulted in a change in GTCAD's direct holdings in GTMV from 100% to 66.67%.

In February 2019, the Parent Company remitted ₱100.00 million to GTCAD to fund the latter's investment in a used car auction business which had been completed in March 2019. GTCAD, through GTMV, a joint venture between the GTCAD and Mitsui, formed JBA Philippines with auction house operator Japan Bike Auction Co., Ltd. ("JBA"). 60% of JBA Philippines will be controlled by GTMV while 40% will be owned by JBA.

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.

<u>Business Combinations and Goodwill</u>
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 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 its 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 in preparation of the consolidated financial statements are consistent with those of the previous year except for the following new and amended PFRSs and PAS which were adopted as of January 1, 2020.

Except as otherwise indicated, the following new and amended standards did not have a material impact on the accounting policies, financial position or performance of the Group.

- Conceptual Framework for Financial Reporting issued on March 29, 2018
- Amendments to PFRS 3, *Business Combinations - Definition of a Business*
- Amendments to PFRS 7, *Financial Instruments: Disclosures and PFRS 9, Financial Instruments, Interest Rate Benchmark Reform*
- Amendments to PAS 1, *Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to PFRS 16, Leases, *COVID-19-related Rent Concessions*
- Adoption of PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3 - On the accounting of the difference when the percentage of completion is ahead of the buyer's payment

  PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

  The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has already adopted the additional guidance issued by the PIC in September 2019.

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.

Financial Instruments – Initial Recognition and Subsequent Measurement

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. Financial assets
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 sales 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

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.

FVOCI (debt instruments)
The Group measures debt instruments at FVOCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments at FVOCI.

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. 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 as held for trading and classified these as FVTPL.

<u>Derecognition</u>
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.

<u>Impairment of Financial Assets</u>
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 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 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 Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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 are 120 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".

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.

<u>Derecognition</u>
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.

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.

<u>Offsetting Financial Instruments</u>
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.

<u>Inventories</u>
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 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

<u>Investments in Associates and Joint Ventures</u>
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 in retained investments and proceeds from disposal is recognized in profit or loss.

Land held for Future Development
Land held for future development consists of properties for future developments and are carried at the lower of cost or NRV. NRV is the estimated selling price in the ordinary course of business, less cost to complete and costs of sale. Costs include cost incurred for development and improvements of the properties. Upon start of development, the related cost of the land is transferred to real estate inventories.

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 5 to 41 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 41
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 no longer in use and no further depreciation is charged against current operations.

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.

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 venture, 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 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 value in use, 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.

<u>Value-added Tax (VAT)</u>
Revenue, expenses and assets are recognized net of the amount of sales 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.

<u>Discontinued Operations</u>
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

The disposal group is excluded from the results of continuing operations and is presented as a single amount as 'Net income from discontinued operations' in the consolidated statement of income.

Additional disclosures are provided in Note 12. All other notes to the consolidated financial statements include amounts of disposal group, unless otherwise mentioned.

Customers' Deposits

The Group requires buyers of real estate to pay a minimum percentage of the total selling price. The minimum percentage is on the basis of the level of buyer's commitment to pay and is part of the revenue recognition criteria. When the revenue recognition criteria are met, sales are then recognized and these deposits and downpayments will be applied against the related installment contracts receivable. In the event that the customer decides to terminate the purchase prior to recognition of sale, an amount equivalent to the cash surrender value of the deposit will be refunded to the buyer.

Customer's deposits consist of payment from buyers which have not reached the minimum required percentage and amounts that have not been applied against the related installment contracts receivable.

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 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 judgements, 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.

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.

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.

<u>Revenues outside the scope of PFRS 15</u>
Interest income
Interest income is recognized as it accrues using the effective interest method.
Dividend income is recognized when the Group's right to receive the payment is established.

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.

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

Management fees
Management fees from administrative, property management and other fees are recognized when services are rendered.

Other income
Other customer related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract. 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.

<u>Expense Recognition</u>
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.

Contract Balances

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 judgements 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. Effective January 1, 2019, management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred 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 asset 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 asset 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 pesos, which is also the Parent Company'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

Policies applicable beginning January 1, 2019

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

ROU assets

The Group recognizes ROU assets (included in 'Property and Equipment') at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Land	50
Office space	2 to 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.

Policies applicable prior to January 1, 2019
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:
(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) there is a substantial change to the asset.

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

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to the ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and included in 'Property and equipment' with the corresponding liability to the lessor included in 'Lease liabilities'. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded directly to 'Interest expense'.

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

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

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

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

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

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*
  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *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, *Business Combinations* 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16 , *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.

The amendment are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

- Amendments to PAS 37, *Onerous Contract - 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *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 amendments permit 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 that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' 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.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments 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. The amendments are not expected to have a material impact on the Group.

  - 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.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-Current*
  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, 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 reporting period

- o That classification is unaffected by the likelihood that an entity will exercise its deferral right
- o 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, 2023 and must be applied retrospectively.

- 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 (i.e., 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:

- o A specific adaptation for contracts with direct participation features (the variable fee approach)
- o A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, 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 Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes 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.

- Deferred Provisions of PIC Q&A 2018-12
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 08, 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. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

		Deferral Period
a.	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
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
c.	Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
d.	Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

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.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

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 relief to defer the adoption of PIC Q&A 2018-12-D, assessing if the transaction price includes a significant financing component until December 31, 2020. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the 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. The Group believes that the mismatch for its contract to sell does not constitute a significant financing component based on the examples provided in the PIC letter dated November 11, 2020.

Upon full adoption of the above deferred guidance beginning on or after January 1, 2021, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

- IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Costs*)
  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23, *Borrowing Costs*, considering that these inventories are ready for their intended sale in their current condition.

  On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

  The Group did not avail of the relief provided by the SEC and instead adopted the IFRIC agenda decision retrospectively effective January 1, 2018. The impact of full retrospective application is presented in the Group's 2019 consolidated financial statements.

- PIC Q&A 2020-05, Accounting for Cancellation of Real Estate Sales (Supersedes PIC Q&A 2018-14)
  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach (Approach 3) where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively upon approval of the FRSC.

  The Group did not avail of the relief provided by the SEC and adopted the PIC Q&A prospectively from approval of the FRSC on November 11, 2020. Prior to adoption, the Group records the repossessed inventory at cost. The Group has opted to implement approach 3 in its accounting for sales cancellation.

3. Management's Judgments and Use of Estimates

The preparation of the consolidated financial statements in compliance with PFRS 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:

Accounting for redemption of shares in PCFI
In assessing whether the Group has lost control over PCFI, the Group considers if the following factors are still present: (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. The Group assessed that it lost control over PCFI upon the signing of redemption agreement, combined with the approval of the transaction by the Philippine Competition Commission. See Note 12 for the details of the transaction.

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 as 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 ownership over twenty percent (20.0%), requires significant judgment. In making 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, 2020 and 2019, the Group determined that it exercises significant influence over MPIC in which it holds 15.98% and 15.52% ownership interest, 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 is also entitled to nominate one (1) out of three (3) members in each of the Audit Committee (AC), Risk Management Committee (RMC) and Finance Committee (FC) of MPIC.

The combination of the Parent Company's 15.98% ownership over 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 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 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 - for sales contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

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 assets 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.

Discontinued operations
The Group determined that the redemption of shares, equivalent to 51% ownership interest, by PCFI will qualify for presentation of the former subsidiary as discontinued operations since it represents a separate line of business and the operations and cash flows of PCFI can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group (Note 12).

<u>Management's Use of Estimates</u>
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. See Note 5 for the related balances.

The carrying amount of installment contracts receivables is disclosed in Note 5. The Group recognized real estate sales in 2020, 2019 and 2018 amounting to ₱7.63 billion, ₱7.98 billion and ₱9.34 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.

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, intangible assets from customer relationship and software costs are disclosed in Notes 9, 11 and 13, respectively.

Evaluating impairment of non-financial assets
The Group reviews input VAT, investments in and advances to associates and joint venture, investment properties, creditable withholding tax, property and equipment, intangible assets from customer relationship, software costs, 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 fair value less cost to sell and value in use. 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 and advances to associates and joint venture, property and equipment, and software cost.

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 between fair value less cost to sell and value in use 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 value in use and fair value less cost to sell of the MPIC Group. Based on the Group's impairment testing, the investment in MBTC and MPIC is 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, intangible assets from customer relationship, software costs, 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 Note 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 to the consolidated statement of financial position 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.

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:

	2020	2019
Cash on hand	**₱23**	₱65
Cash in banks and other financial institution (Note 27)	**5,394**	4,452
Cash equivalents (Note 27)	**11,697**	7,616
	₱17,114	₱12,133

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 0.125% to 3.75% in 2020 and 0.05% to 6.70% in 2019 (Notes 23 and 27).

5. Receivables

This account consists of:

	2020	2019
Trade receivables	**₱15,345**	₱11,210
Loans receivable (Note 27)	**7,219**	3,421
Accrued rent and commission income (Note 27)	**1,306**	445
Nontrade receivables (Note 27)	**1,289**	1,043
Installment contracts receivables	**347**	289
Accrued interest receivable (Note 27)	**185**	97
Management fee receivable (Note 27)	**126**	64
Others (Note 27)	**485**	418
	26,302	16,987
Less: Allowance for credit losses	**421**	184
	₱25,881	₱16,803

Total receivables shown in the consolidated statements of financial position follow:

	2020	2019
Current portion	**₱18,833**	₱13,382
Noncurrent portion	**7,048**	3,421
	₱25,881	₱16,803

Noncurrent portion are as follow:

	2020	2019
Trade receivables	**₱3,139**	₱–
Loans receivable	**3,909**	3,421
	₱7,048	₱3,421

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.

Loans Receivable
Loans receivable from various counterparties pertain to long-term receivables as follows:

	2020	2019
Real estate	**₱4,713**	₱1,091
Automotive	**2,506**	2,330
	₱7,219	₱3,421

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. The 'Day 1' difference for this receivable amounted to ₱94.22 million at inception in 2012. Accretion of interest in 2020, 2019 and 2018 amounted to ₱10.56 million, ₱10.05 million and ₱9.58 million, respectively (Note 23).

On June 8, 2015, the Board of Federal Land approved the conversion of this receivable to equity in exchange for the common shares of CIRC. Federal Land is yet to apply with the SEC for the conversion as of report date. The outstanding balance of long-term loans receivable as of December 31, 2020 and 2019 amounted to ₱687.36 million and ₱665.63 million, respectively (Note 27).

Loans receivable from Multi Fortune Holdings, Inc. (MFHI)
In 2020, Federal Land entered into three loan agreements with MFHI. Federal Land agreed to lend to MFHI ₱90.00 million with nominal interest rate of 5.95% per annum and maturity date on February 28, 2025. Outstanding balance of this loan as of December 31, 2020 amounted to ₱90.00 million.

In 2020, Federal Land and MFHI also entered into another loan agreement where Federal agreed to lend MFHI ₱100.00 million with nominal interest rate of 5.25% per annum and maturity date on September 16, 2025. Outstanding balance of this loan as of December 31, 2020 amounted to ₱100.00 million.

In 2020, Federal Land entered into another loan agreement with MFHI to lend the latter ₱100.00 million with nominal interest rate of 5.25% per annum and maturity date on December 31, 2025. Outstanding balance of this loan as of December 31, 2020 amounted to ₱100.00 million.

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. Outstanding balance of this loan amounted to ₱135.00 million as of December 31, 2020 and 2019.

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 will mature on the fifth year anniversary of the execution. Outstanding balance of this loan amounted to ₱290.00 million as of December 31, 2020 and 2019.

Interest income earned in 2020, 2019, and 2018 amounted to ₱31.66 million, ₱27.64 million, and ₱18.62 million, respectively (Note 23).

The total outstanding balance of long-term loans receivables from MFHI as of December 31, 2020 and 2019 amounted to ₱715.00 million and ₱425.00 million, respectively.

Loans receivable from Bonifacio Landmark Realty and Development Corporation (BLRDC)
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. Interest income earned in 2020 amounted to ₱14.04 million.

Loans receivables of TMPC to local companies
In 2019, TMPC entered into loan agreements with local companies. The loan bears fixed interest rate of 4.00% and is payable for a period of three (3) years up to December 2, 2022. In 2020, additional loans amounting to ₱88.87 million were granted. The outstanding balance of long-term loans receivable as of December 31, 2020 and 2019 amounted to ₱2.51 billion and ₱2.33 billion, respectively.

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).

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).

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:

	2020	2019
Installment contracts receivables	**₱351**	₱293
Less: Unearned interest income	**4**	4
	347	289
Less: Noncurrent portion	**–**	–
Current portion	**₱347**	₱289

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% and 8.00% to 12.00% in 2020 and 2019, respectively.

Movements in the unearned interest income in 2020 and 2019 follow:

	2020	2019
Balance at beginning of year	**₱4**	₱913
Additions	**1**	4
Accretion (Note 23)	**(1)**	(2)
Reclassification to contract assets	**–**	(911)
Balance at end of year	**₱4**	₱4

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).

Others
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, 2020		
	Trade Receivables	**Other Receivables**	**Total**
Balance at beginning of the year	**₱6**	**₱178**	**₱184**
Provision for credit losses - net (Note 26)	**228**	**9**	**237**
Balance at end of year	**₱234**	**₱187**	**₱421**

	December 31, 2019		
	Trade Receivables	Other Receivables	Total
Balance at beginning of the year	₱8	₱274	₱282
Recoveries from credit losses - net (Note 26)	(2)	(96)	(98)
Balance at end of year	₱6	₱178	₱184

In 2019, reversals of credit losses were made due to improvements in payments and recovered amounts.

6. Inventories

This account consists of:

	2020	2019
At cost		
Real estate		
Land and improvements	**₱42,822**	₱43,115
Condominium units held for sale	**11,710**	12,940
Construction in progress	**4,552**	4,744
Gasoline retail and petroleum products (Note 24)	**7**	11
Food (Note 24)	**5**	8
Automotive		
Finished goods	**7,637**	5,311
Work-in-process	**16**	27
Raw materials	**4,222**	3,375
Raw materials in transit	**2,784**	1,694
	73,755	71,225
At NRV		
Automotive		
Spare parts	**980**	964
	₱74,735	₱72,189

A summary of movements in real estate inventories (excluding gasoline retail and petroleum products, and food) follows:

	2020					
	Rawland intended for development	**Land and improvements**	**Subtotal**	**Condominium units held for sale**	**Construction in progress**	**Total**
Balance at beginning of year	**₱18,418**	**₱24,697**	**₱43,115**	**₱12,940**	**₱4,744**	**₱60,799**
Construction and development costs incurred	**–**	**18**	**18**	**790**	**1,744**	**2,552**
Land acquired during the year	**161**	**266**	**427**	**–**	**–**	**427**
Borrowing costs capitalized	**–**	**315**	**315**	**–**	**327**	**642**
Cost of sales during the year	**(963)**	**(90)**	**(1,053)**	**(2,931)**	**(136)**	**(4,120)**
Transfers from construction in progress to condominium units for sale	**–**	**–**	**–**	**911**	**(911)**	**–**
Transfer to and from investment property	**–**	**–**	**–**	**–**	**(1,216)**	**(1,216)**
Balance at end of year	**₱17,616**	**₱25,206**	**₱42,822**	**₱11,710**	**₱4,552**	**₱59,084**

	2019					
	Rawland intended for development	Land and improvements	Subtotal	Condominium units held for sale	Construction in progress	Total
Balance at beginning of year	₱18,492	₱28,381	₱46,873	₱12,163	₱6,217	₱65,253
Construction and development costs incurred	–	516	516	5,678	3,284	9,478
Land acquired during the year	18,418	3,322	21,740	–	–	21,740
Borrowing costs capitalized	–	196	196	25	910	1,131
Effect of deconsolidation (Note 12)	(18,492)	(7,050)	(25,542)	(259)	(3,841)	(29,642)
Cost of sales during the year	–	(598)	(598)	(5,130)	(1,433)	(7,161)
Transfers from construction in progress to condominium units for sale	–	–	–	393	(393)	–
Transfer from land development and improvements to condominium units	–	(70)	(70)	70	–	–
Balance at end of year	₱18,418	₱24,697	₱43,115	₱12,940	₱4,744	₱60,799

Federal Land's capitalized borrowing costs in its real estate inventories amounted to ₱0.64 billion and ₱1.05 billion in 2020 and 2019, respectively, for loans specifically used to finance Federal Land's project construction with interest rates ranging from 4.50% to 6.71%, from 3.00% to 6.71% and from 2.90% to 6.71% in 2020, 2019 and 2018, respectively. Also, Federal Land's capitalized borrowing costs in respect of its general borrowing amounted to ₱21.53 million and ₱6.29 million in 2020 and 2019, respectively. The average capitalization rate used to determine the amount of borrowing costs eligible for capitalization was 5.05% to 6.26% and 6.26% in 2020 and 2019, respectively.

Inventories charged to operations follow:

	2020	2019	2018
Cost of goods and services sold (Note 24)	**₱76,479**	₱133,943	₱129,849
Cost of goods manufactured and sold (Note 25)	**23,554**	36,819	31,809
Cost of real estate sales	**4,120**	5,340	6,839
	₱104,153	₱176,102	₱168,497

The cost of the inventories carried at NRV amounted to ₱1.12 billion and ₱1.08 billion as of December 31, 2020 and 2019, respectively.

Allowance for inventory write-down on automotive spare parts inventories follow:

	2020	2019
Balance at beginning of year	**₱113**	₱96
Provision for inventory write-down	**42**	17
Write-off of scrap inventories	**(14)**	–
	₱141	₱113

7. Prepayments and Other Current Assets

This account consists of:

	2020	2019
Input VAT	**₱3,947**	₱3,589
Advances to contractors and suppliers	**2,627**	3,710
Creditable withholding taxes (CWT)	**1,572**	1,246
Ad-valorem tax	**1,378**	713
Short-term investments (Note 27)	**1,248**	–
Prepaid expenses	**1,009**	627
Advances to officers, employees and agents (Note 27)	**51**	50
Others	**548**	481
	₱12,380	₱10,416

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.

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.

CWT are attributable to taxes withheld by third parties arising from service fees, real estate revenue, auto sales and rental income.

Ad-valorem tax represents advance payments to the Bureau of Internal Revenue (BIR). This is applied against taxes on the manufacture and importation of vehicles which generally occurs within one year from the date the ad-valorem taxes are paid.

Short-term investments 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).

Prepaid expenses mainly include prepayments for supplies, taxes and licenses, rentals and insurance.

Advances to officers and employees amounting to ₱42.15 million and ₱41.72 million as of December 31, 2020 and 2019, 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 ₱9.06 million and ₱8.84 million as of December 31, 2020 and 2019, 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.

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 and Advances

This account consists of:

	2020	2019
Investments in associates	**₱166,804**	₱160,605
Investments in joint ventures	**17,903**	17,454
Advances	**50**	–
	₱184,757	₱178,059

There were no impairment losses for any of these investments in 2020 and 2019.

The movements in the Group's investments in associates follow:

	2020	2019
Cost		
Balance at beginning of year	**₱111,072**	₱110,284
Acquisitions/additional investments during the year	**1,247**	937
Effect of business combination	**–**	(149)
Balance at end of year	**112,319**	111,072
Accumulated equity in net income		
Balance at beginning of year	**61,993**	47,768
Equity in net income for the year	**6,600**	14,214
Amortization of FV increment on net asset	**(3)**	–
Elimination during the year	**(1)**	–
Recognition of previously deferred gain	**–**	11
Balance at end of year	**68,589**	61,993
Dividends received		
Balance at beginning of year	**(11,631)**	(9,539)
Dividends received during the year	**(2,729)**	(2,092)
Balance at end of year	**(14,360)**	(11,631)
Accumulated equity in other comprehensive income		
Balance at beginning of year	**(2,513)**	(3,573)
Equity in fair value changes on financial assets at FVOCI for the year	**1,959**	2,517
Equity in translation adjustments	**(241)**	(551)
Equity in remeasurement on life insurance reserves	**(364)**	(167)
Equity in net unrealized gain (loss) on remeasurements of defined benefit plans	**(291)**	(739)
Equity in other equity adjustments	**21**	–
Balance at end of year	**(1,429)**	(2,513)
Effect of elimination of intragroup profit		
Balance at beginning of year	**1,684**	1,695
Recognition of previous deferred gain	**-**	(11)
Elimination during the year	**1**	–
Balance at end of year	**1,685**	1,684
	₱166,804	₱160,605

The movements in the Group's investments in joint ventures follow:

	2020	2019
Cost		
Balance at beginning of year	**₱15,805**	₱15,699
Additional investments during the year	**800**	106
Balance at end of year	**16,605**	15,805
Accumulated equity in net income		
Balance at beginning of the year	**2,629**	2,276
Equity in net income (loss) for the year	**(241)**	550
Unrealized gain on sale of properties (Note 27)	**–**	(197)
Balance at end of year	**2,388**	2,629
Dividends received		
Balance at beginning of year	**(26)**	–
Dividends received during the year	**(36)**	(26)
Balance at end of year	**(62)**	(26)
Accumulated equity in other comprehensive income		
Balance at beginning of year	**(205)**	109
Equity in net unrealized gain (loss) on remeasurements of defined benefit plans	**3**	(7)
Equity in cash flow hedge reserve	**(115)**	(307)
Balance at end of year	**(317)**	(205)
Effect of elimination of intragroup profit		
Balance at beginning of year	**(749)**	(984)
Recognition of deferred gain	**38**	34
Elimination during the year	**–**	201
Balance at end of year	**(711)**	(749)
	₱17,903	₱17,454

Details regarding the Group's associates and joint ventures follow:

	Nature of Business	Country of Incorporation	2020	2019
Associates:				
MBTC	Banking	Philippines	**37.15**	36.65
MPIC	Infrastructure	-do-	**15.98**	15.52
Phil AXA	Insurance	-do-	**25.33**	25.33
Crown Central Properties Corporation (CCPC)	Real estate	-do-	**48.00**	48.00
Joint ventures:				
Bonifacio Landmark Realty and Development Corporation (BLRDC)	Real estate	-do-	**70.00**	70.00
North Bonifacio Landmark Realty and Development Inc. (NBLRDI)	-do-	-do-	**70.00**	70.00
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**	50.00
TFSPC	Financing	-do-	**40.00**	40.00
SMFC	-do-	-do-	**20.00**	20.00

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
2020					
MBTC	February 19, 2020	₱1.00	₱4,497	March 6, 2020	March 20, 2020
MPIC	February 26, 2020	0.076	2,399	March 12, 2020	March 20, 2020
MPIC	August 5, 2020	0.0345	1,082	August 20, 2020	September 3, 2020
Phil AXA	November 16, 2020	207.00	2,070	November 16, 2020	December 2020
SMFC	June 26, 2020	8.88	178	June 26, 2020	July 17, 2020

	Declaration Date	Per Share	Total	Record Date	Payment Date
2019					
MBTC	February 13, 2019	₱1.00	₱3,980	March 1, 2019	March 14, 2019
MPIC	March 5, 2019	0.076	2,395	March 20, 2019	April 3, 2019
MPIC	August 1, 2019	0.0345	1,087	August 19, 2019	August 30, 2019
Phil AXA	November 6, 2019	40.9008	409	Octobe 24, 2019	December 17, 2019
SMFC	June 21, 2019	6.56	131	June 21, 2019	July 19, 2019

Investment in MBTC
In October 2019, the Parent Company received a stock dividend equivalent to a total of 189.22 million common shares of Metrobank.

On various dates in 2019, the Parent Company acquired an aggregate of 12.26 million common shares of Metrobank for a total consideration of ₱836.53 million. This increased the Parent Company's ownership interest in Metrobank from 36.36% to 36.65%.

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
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 acquisition of 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 for 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) operation of the hotel.

Federal Land does not exercise control at 70% ownership over BLRDC, but instead exercises joint control because Federal Land and ORPI have contractually agreed to share control over the relevant economic activities of BLRDC.

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. This was reflected as additions of ₱1.69 billion in the investments in associates and joint ventures in 2018.

Investment in Sunshine Fort
On July 3, 2017, the 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 2020, 2018 and 2017, the Parent Company remitted ₱800.00 million, ₱720.00 million and ₱480.00 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, TFSPC and SMFC are private companies and there are no quoted market prices available for their shares.

As of December 31, 2020 and 2019, the fair values of the Group's investments in PSE-listed entities follow (Note 32):

	2020	2019
MBTC	**₱81,943**	₱109,213
MPIC	**20,972**	17,003
	₱102,915	₱126,216

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 between fair value less cost to sell and value in use 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 value in use of MBTC. The pre-tax discount rate applied to MBTC cash flow projections is 8.24%. Cash flows beyond the five-year period are extrapolated using a steady growth rate of 2.00%. 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 was based on the sum-of-the-parts of the value in use and fair value less cost to sell (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 and applicable discount.

The following tables present the carrying values of the Group's material associates:

Investments in MBTC

	2020	2019
Consolidated Statements of Comprehensive Income		
Net interest income, other income and share in net income of associates and joint ventures	**₱121,900**	₱106,919
Expenses	**107,926**	78,045
Net income	**13,974**	28,874
Other comprehensive income	**5,345**	3,666
Total comprehensive income	**19,319**	32,540
*Consolidated Statements of Financial Position**		
Total assets	**2,455,163**	2,450,813
Total liabilities	**(2,121,988)**	(2,132,322)
Net assets	**333,175**	318,491
Equity attributable to NCI	**(8,971)**	(8,937)
Net assets attributable to common shareholders of MBTC	**324,204**	309,554
GT Capital's ownership interest in MBTC	**37.15%**	36.65%
GT Capital's share in net assets of MBTC	**120,442**	113,452
Notional goodwill	**4,162**	4,363
Fair value and other adjustments	**2,660**	2,852
	₱127,264	₱120,667

**MBTC does not present classified statements of financial position.*

Investments in MPIC

	2020	2019
Consolidated Statements of Comprehensive Income		
Revenues	**₱40,855**	₱159,098
Expenses	**17,269**	97,287
Net income	**10,247**	27,818
Other comprehensive loss	**(4,414)**	(1,477)
Total comprehensive income	**5,833**	26,341
Consolidated Statements of Financial Position		
Current assets	**142,878**	105,237
Noncurrent assets	**474,918**	506,541
Current liabilities	**(115,594)**	(75,118)
Noncurrent liabilities	**(257,855)**	(290,615)
Net assets	**244,347**	246,045
Equity attributable to NCI	**(59,487)**	(55,083)
Net assets attributable to common shareholders of MPIC	**184,860**	190,962
GT Capital's ownership interest in MPIC	**15.98%**	15.52%
GT Capital's share in net assets of MPIC	**29,541**	29,637
Capitalized transaction cost	**277**	277
Notional goodwill	**2,727**	2,727
Fair value and other adjustments	**3,921**	4,311
	₱36,466	₱36,952

The following table presents the carrying values of the Group's material joint venture:

	2020			2019		
	BLRDC	**TFSPC***	**Sunshine Fort**	BLRDC	TFSPC*	Sunshine Fort
Selected Financial Information						
Cash and cash equivalents	**₱601**	**₱1,172**	**₱625**	₱643	₱925	₱157
Current financial liabilities	**7,951**	**–**	**3,122**	4,548	–	1,595
Non-current financial liabilities	**–**	**–**	**3,954**	3,010	–	–
Financial liabilities	**–**	**92,634**	**–**	–	73,780	–
Depreciation and amortization	**298**	**179**	**–**	26	62	–
Interest income	**20**	**7,468**	**225**	29	6,959	7
Interest expenses	**376**	**3,911**	**259**	223	3,877	–
Income tax expense	**72**	**49**	**8**	11	183	5
Statements of Comprehensive Income						
Revenues	**603**	**7,542**	**755**	706	7,265	632
Expenses	**805**	**7,363**	**468**	759	6,503	613
Net income (loss)	**(759)**	**130**	**(4)**	(42)	580	15
Other comprehensive income (loss)	**–**	**(218)**	**–**	–	(781)	–
Total comprehensive income (loss)	**(759)**	**(88)**	**(4)**	(42)	(201)	15
Statements of Financial Position						
Current assets	**1,384**	**–**	**13,551**	1,466	–	10,852
Noncurrent assets	**12,005**	**–**	**1,091**	12,258	–	1,784
Total assets	**13,389**	**104,160**	**14,642**	13,724	83,444	12,636
Current liabilities	**(7,951)**	**–**	**(3,122)**	(4,548)	–	(1,595)
Noncurrent liabilities	**–**	**–**	**(3,953)**	(3,010)	–	(3,474)
Total liabilities	**(7,951)**	**(92,831)**	**(7,075)**	(7,558)	(74,027)	(5,069)
Net assets	**5,438**	**11,329**	**7,567**	6,166	9,417	7,567
GT Capital's ownership interest	**70.00%**	**40.00%**	**60.00%**	70.00%	40.00%	60.00%
GT Capital's share in net assets	**3,807**	**4,532**	**4,540**	4,316	3,767	4,540
Notional goodwill and other adjustments	**220**	**894**	**(186)**	241	894	(195)
	₱4,027	**₱5,426**	**₱4,354**	₱4,557	₱4,661	₱4,345

**TFSPC does not present classified statements of financial position.*

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, 2020 and 2019:

	2020		2019	
	Associates	**Joint ventures**	Associates	Joint ventures
Statements of Financial Position				
Current assets	**₱185**	**₱14,751**	₱189	₱12,317
Non-current assets	**51**	**5,908**	52	4,727
Total assets*	**153,915**	**–**	142,168	–
Current liabilities	**54**	**6,630**	73	6,473
Non-current liabilities	**–**	**3,815**	–	353
Total liabilities*	**141,849**	**–**	130,416	–
Statements of Comprehensive Income				
Revenues	**18,404**	**3,451**	17,409	3,397
Expenses	**14,283**	**2,755**	13,499	2,366
Net income	**2,917**	**492**	2,559	747
Other comprehensive income (loss)	**(517)**	**(124)**	778	(7)
Total comprehensive income	**2,400**	**368**	3,337	740

**Phil AXA does not present classified statements of financial position.*

The aggregate carrying values of the other associates and joint ventures amounted to ₱7.17 billion and ₱6.88 billion as of December 31, 2020 and 2019, 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

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, 2020 and 2019, 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, 2020 and 2019, accumulated equity in net earnings amounting to ₱56.56 billion and ₱52.97 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, 2020 and 2019, the Group has no share on commitments and contingencies of its associates and joint ventures.

<u>Advances</u>

In December 2020, GTMV made a deposit in Premium Warranty Services, Philippines Inc. (PWSPI) amounting to ₱49.75 million representing the paid-up capital of PWSPI, which is in the process of incorporation as of December 31, 2020.

9. Investment Properties

The composition and rollforward analysis of this account follow:

	December 31, 2020			
	Land and Improvements	Building and Improvements	Construction In Progress	Total
Cost				
At January 1	**₱5,212**	**₱7,835**	**₱4,045**	**₱17,092**
Additions	**5**	**86**	**–**	**91**
Transfers (Note 6)	**(68)**	**2,399**	**(1,115)**	**1,216**
At December 31	**5,149**	**10,320**	**2,930**	**18,399**
Accumulated Depreciation				
At January 1	**20**	**1,725**	**-**	**1,745**
Depreciation (Note 11)	**4**	**397**	**-**	**401**
At December 31	**24**	**2,122**	**-**	**2,146**
Net Book Value at December 31	**₱5,125**	**₱8,198**	**₱2,930**	**₱16,253**

	December 31, 2019			
	Land and Improvements	Building and Improvements	Construction In Progress	Total
Cost				
At January 1	₱6,983	₱7,907	₱4,301	₱19,191
Additions	587	506	2	1,095
Effect of deconsolidation (Note 12)	(2,389)	(656)	(258)	(3,303)
Reclassifications	33	78	–	111
Transfers	(2)	–	–	(2)
At December 31	5,212	7,835	4,045	17,092
Accumulated Depreciation				
At January 1	18	1,445	–	1,463
Depreciation (Note 11)	4	340	–	344
Effect of deconsolidation (Note 12)	–	(62)	–	(62)
Reclassification	(2)	2	–	–
At December 31	20	1,725	–	1,745
Net Book Value at December 31	₱5,192	₱6,110	₱4,045	₱15,347

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 ₱1.75 billion, ₱1.53 billion and ₱1.18 billion in 2020, 2019 and 2018, 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 2021.

The aggregate fair values of the Group's investment properties amounted to ₱34.84 billion and ₱26.61 billion as of December 31, 2020 and 2019, respectively. 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 2020.

10. Investment Securities

Investment securities consist of:

	2020	2019
Current:		
Financial assets at FVTPL (Note 27)		
Quoted	**₱3,709**	₱4,698
Noncurrent:		
Financial assets at FVOCI		
Quoted	**12,499**	12,160
Unquoted	**241**	213
	12,740	12,373
	₱16,449	₱17,071

Financial assets at FVTPL
These pertain to the Parent Company'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, amounting to ₱11.41 billion and ₱11.06 billion as of December 31, 2020 and 2019, 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 of shares of stocks of various unlisted private corporations. The Group has designated these equity securities as 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, amounting to ₱229.64 million and ₱200.74 million as of December 31, 2020 and 2019, respectively. Also included in the balance are unquoted equity securities of Federal Land and TMBC amounting to ₱9.94 million and ₱0.12 million, respectively, as of December 31, 2020 and ₱9.94 million and ₱0.11 million, respectively, as of December 31, 2019.

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:

	2020		
	Attributable to Parent Company	**Non-controlling Interest**	**Total**
Balance at beginning of year	**₱999**	**₱188**	**₱1,187**
Changes in fair values of financial assets at FVOCI	**358**	**10**	**368**
Balance at end of year	**₱1,357**	**₱198**	**₱1,555**

	2019		
	Attributable to Parent Company	Non-controlling Interest	Total
Balance at beginning of year	(₱734)	₱222	(₱512)
Changes in fair values of financial assets at FVOCI	1,733	(34)	1,699
Balance at end of year	₱999	₱188	₱1,187

11. Property and Equipment

The composition and rollforward analysis of this account follow:

	2020									
	Transportation Equipment	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Machinery, Tools and Equipment**	**Land and Building**	**Building and Land Improvements**	**Other Property and Equipment**	**Right-of-use assets**	**Construction-in-Progress**	**Total**
Cost										
At January 1	**₱672**	**₱1,027**	**₱337**	**₱2,527**	**₱3,090**	**₱4,705**	**₱5,966**	**₱453**	**₱887**	**₱19,664**
Additions	**78**	**80**	**18**	**88**	**67**	**8**	**166**	**203**	**166**	**874**
Disposals and reclassifications	**(45)**	**(1)**	**–**	**12**	**67**	**108**	**(4)**	**(469)**	**(149)**	**(481)**
At December 31	**705**	**1,106**	**355**	**2,627**	**3,224**	**4,821**	**6,128**	**187**	**904**	**20,057**
Accumulated Depreciation and Amortization										
At January 1	**351**	**565**	**217**	**690**	**103**	**818**	**3,700**	**61**	**–**	**6,505**
Depreciation and amortization	**147**	**155**	**46**	**261**	**20**	**296**	**1,049**	**35**	**–**	**2,009**
Disposals and reclassifications	**(35)**	**(3)**	**–**	**–**	**–**	**30**	**(14)**	**(47)**	**–**	**(69)**
At December 31	**463**	**717**	**263**	**951**	**123**	**1,144**	**4,735**	**49**	**–**	**8,445**
Net Book Value at December 31	**₱242**	**₱389**	**₱92**	**₱1,676**	**₱3,101**	**₱3,677**	**₱1,393**	**₱138**	**₱904**	**₱11,612**

	2019									
	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	Machinery, Tools and Equipment	Land and Building	Building and Land Improvements	Other Property and Equipment	Right-of-use assets	Construction-in-Progress	Total
Cost										
At January 1	₱706	₱1,193	₱328	₱2,482	₱2,951	₱5,120	₱5,708	₱–	₱964	₱19,452
Additions	188	107	30	556	3	212	329	453	397	2,275
Effect of deconsolidation (Note 12)	(186)	(370)	(21)	(699)	(84)	(629)	–	–	–	(1,989)
Disposals and reclassifications	(36)	97	–	188	220	2	(71)	–	(474)	(74)
At December 31	672	1,027	337	2,527	3,090	4,705	5,966	453	887	19,664
Accumulated Depreciation and Amortization										
At January 1	351	608	195	913	87	904	2,756	–	–	5,814
Effect of deconsolidation (Note 12)	(128)	(235)	(20)	(494)	–	(359)	–	–	–	(1,236)
Depreciation and amortization	158	201	42	275	16	381	1,000	61	–	2,134
Disposals and reclassifications	(30)	(9)	–	(4)	–	(108)	(56)	–	–	(207)
At December 31	351	565	217	690	103	818	3,700	61	–	6,505
Net Book Value at December 31	₱321	₱462	₱120	₱1,837	₱2,987	₱3,887	₱2,266	₱392	₱887	₱13,159

Construction-in-progress as of December 31, 2020 pertains to Federal Land and GTCAD's building construction and Toyota group's machineries and building improvements.

Gain on disposal of property and equipment amounted to ₱6.57 million, ₱14.50 million and ₱23.27 million in 2020, 2019 and 2018, respectively (Note 23).

Details of depreciation and amortization follow:

	2020	2019	2018
Continuing operations			
Property and equipment	**₱2,009**	₱1,983	₱1,542
Investment properties (Note 9)	**401**	333	309
Intangible assets (Note 13)	**107**	101	95
	2,517	2,417	1,946
Depreciation and amortization attributable to discontinued operations			
Property and equipment	**–**	151	217
Investment properties (Note 9)	**–**	11	24
Intangible assets (Note 13)	**–**	8	30
	–	170	271
	₱2,517	₱2,587	₱2,217

Breakdown of depreciation and amortization in the consolidated statements of income and consolidated statements of financial position follow:

	2020	2019	2018
Consolidated Statements of Income			
Cost of goods manufactured	**₱1,098**	₱1,246	₱974
Cost of rental (Note 30)	**397**	329	309
Cost of goods and services	**12**	–	31
General and administrative expenses (Note 26)	**1,010**	842	632
Attributable to discontinued operations (Note 12)	**–**	170	150
	2,517	2,587	2,096
Consolidated Statements of Financial Position			
Real estate inventories	**–**	–	121
	₱2,517	₱2,587	₱2,217

12. Disposal of Assets

Disposal of Investment in PCFI
On May 10, 2019 the Parent Company and PCFI executed a Redemption Agreement for the redemption, cancellation and retirement of the 64,530,712 Series A Redeemable Voting Preferred Shares with a par value of ₱10.00 per share of PCFI, representing 51% interest of the Parent Company in PCFI. The Parent Company and PCFI have agreed to the redemption price of ₱20.00 billion through the assignment, transfer and conveyance of the selected assets owned and/or beneficially owned by PCFI to the Parent Company.

On July 4, 2019, Philippine Competition Commission approved the Redemption Agreement of the Parent Company and PCFI. Accordingly, the financial statements of PCFI were deconsolidated from the consolidated financial statements of the Group as of that date.

The derecognized assets and liabilities of PCFI as of the date of deconsolidation follow:

Assets	
Cash and cash equivalents	₱1,421
Short-term investments	1
Receivables	5,482
Contract assets	2,688
Inventories	29,642
Prepayments and other current assets	3,251
Financial assets at FVOCI	3
Investment properties	3,241
Property and equipment	753
Goodwill and intangible assets	2,862
Deferred tax assets	64
Other noncurrent assets	634
	50,042
Liabilities	
Accounts and other payables	3,643
Contract liabilities	3,180
Loans payable	8,057
Customer's deposits	5
Dividends payable	1,145
Income tax payable	72
Pension liabilities	182
Deferred tax liabilities	2,417
Other liabilities	435
	19,136
Net assets	₱30,906

Net unrealized gain on financial assets at FVOCI and net unrealized gain on defined benefit plan of PCFI amounting to ₱18.91 million were reclassified to retained earnings.

PFRS 5 requires income and expenses from disposal group to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statements of income. Accordingly, the results of operation of PCFI was presented as 'Net income from discontinued operations'.

The results of operations of PCFI included in the consolidated statements of income are presented below:

	2019	2018
Real estate sales	₱3,275	₱9,166
Rent income	46	76
Interest income	204	414
Other income	193	334
Revenue	3,718	9,990
Cost of real estate sales	1,847	5,111
General and administrative expenses	1,331	3,373
Interest expense	284	640
Cost and expenses	3,462	9,124
Income (Loss) before income tax	256	866
Provision for (Benefit from) income tax	71	159
Net income	185	707
Gain on deconsolidation	2,341	–
Dividend income from discontinued operations	1,288	–
Net income from discontinued operations	₱3,814	₱707
Attributable to Parent Company	₱3,723	₱361
Attributable to non-controlling interest	91	346
	₱3,814	₱707

Other comprehensive income from discontinued operations consists of the following:

	2019	2018
Changes in fair value of available-for-sale investment	₱–	₱–
Changes in cash flow hedge reserve	(226)	252
Changes in fair value of financial assets at FVOCI	–	–
Remeasurement of defined benefit plan	6	(17)
	(₱220)	₱236

The aggregate consideration received consists of:

Value of selected assets received	₱20,000
Non-controlling interest	13,247
	₱33,247

The net cash outflow arising from the deconsolidation of cash and cash equivalents of PCFI amounted to ₱1.42 billion. Total gain on deconsolidation amounted to ₱2.34 billion, which is the difference between the consideration received and the carrying value of the Group's investment in PCFI.

On October 18, 2019, the Parent Company and PCFI executed a Deed of Assignment to assign, transfer and convey the selected assets of PCFI to the Parent Company.

13. Goodwill and Intangible Assets

Goodwill and intangible assets consist of:

	2020	2019
Goodwill	**₱5,926**	₱5,926
Customer relationship	**3,883**	3,883
Software costs - net	**154**	228
Franchise - net	**2**	3
	₱9,965	₱10,040

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.

Goodwill in relation to acquisitions has been attributed to the following CGUs:

	2020			
	Toyota	**TRDCI**	**TMBC**	**Total**
Balances at beginning and end of year	**₱5,597**	**₱88**	**₱241**	**₱5,926**

	2019				
	Toyota	TRDCI	PCFI	TMBC	Total
Balances at beginning of year	₱5,597	₱88	₱2,841	₱241	₱8,767
Effect of deconsolidation (Note 12)	–	–	(2,841)	–	(2,841)
Balances at end of year	₱5,597	₱88	₱–	₱241	₱5,926

Toyota

The recoverable amount of Toyota CGU was based on VIU calculations using cash flow projections from financial budgets approved by management covering a three-year period. The pre-tax discount rate applied to cash flow projections is 9.54% in 2020 and 10.74% in 2019. Cash flows beyond the three-year period are extrapolated using a steady growth rate of 2.90% in 2020 and 3.56% in 2019. The carrying value of goodwill amounted to ₱5.60 billion as of December 31, 2020 and 2019. 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 four-year period. The pre-tax discount rate applied to cash flow projections is 9.99% in 2020, 11.53% in 2019. Cash flows beyond the forecast period are extrapolated using a long-term growth rate of 2.90% in 2020 and 3.51% in 2019. The carrying value of goodwill amounted to ₱241.06 million as of December 31, 2020 and 2019. 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.

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 12.77% and 17.58% in 2020 and 2019, respectively. Cash flows beyond the forecast period are extrapolated using a steady growth rate of 3.06% and 3.10% in 2020 and 2019, respectively. The carrying value of the customer relationship amounted to ₱3.88 billion as of December 31, 2020 and 2019. 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 5.28% 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 value-in-use 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:

	2020	2019
Cost		
Balance at beginning of year	**₱567**	₱729
Additions	**29**	55
Disposals/reclassification	**3**	–
Effect of deconsolidation (Note 12)	**–**	(217)
Balance at end of year	**599**	567
Accumulated Amortization		
Balance at beginning of year	**339**	426
Amortization (Note 11)	**106**	109
Effect of deconsolidation (Note 12)	**–**	(196)
Balance at end of year	**445**	339
Net Book Value	**₱154**	₱228

Franchise
Franchise fee pertains to the Federal Land Group's operating rights for its fast food stores with estimated useful lives of three to five years.

The amortization of the franchise fee amounting to ₱0.56 million, ₱0.34 million and ₱0.33 million in 2020, 2019 and 2018, 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):

	2020	2019	2018
Software cost	**₱106**	₱101	₱89
Franchise	**1**	–	–
Attributable to discontinued operations (Note 12)	**-**	8	30
	₱107	₱109	₱119

14. Other Noncurrent Assets

This account consists of:

	2020	2019
Rental and other deposits	**₱1,144**	₱375
Deferred input VAT	**24**	40
Retirement asset (Note 28)	**9**	7
Others	**18**	14
	₱1,195	₱436

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:

	2020	2019
Trade payables	**₱13,498**	₱12,337
Accrued expenses	**5,245**	4,534
Deferred output tax	**3,480**	2,380
Telegraphic transfers, drafts and acceptances payable	**3,006**	1,840
Accrued commissions	**944**	777
Accrued interest payable	**768**	896
Customer advances	**617**	577
Deferred income	**436**	–
Nontrade payables	**417**	602
Royalty payable	**307**	288
Insurance payable	**219**	–
Retentions payable	**95**	10
Others	**966**	993
	₱29,998	₱25,234

The details of trade payables are as follows:

	2020	2019
Automotive	**₱11,654**	₱11,106
Real estate	**1,826**	1,226
Others	**18**	5
	₱13,498	₱12,337

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:

	2020	2019
Dealers' incentives, supports and promotions	**₱3,015**	₱2,559
Employee benefits	**527**	579
Freight, handling and transportation	**204**	218
Payable to contractors	**182**	212
Rent	**180**	18
Taxes	**164**	114
Outsourced services	**140**	40
Utilities and services	**129**	96
Office supplies	**64**	46
Repairs and maintenance	**50**	31
Warranty	**43**	–
Insurance	**24**	34
Professional fees	**18**	20
Regulatory fees and charges	**3**	2
Others	**502**	565
	₱5,245	₱4,534

Accrued expenses are noninterest-bearing and are normally settled within a 15 to 60 day term.

Deferred output tax pertains to VAT on the uncollected portion of the contract price of sold units.

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.

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 upon 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 and Long-term Debt

This account consists of:

	2020					
			Long-term debt			
	Interest rates	Short-term debt	Corporate Notes	Loans payable	Subtotal	Total
Parent Company	**0.83% - 7.25%**	**₱–**	**₱–**	**₱67,765**	**₱67,765**	**₱67,765**
Federal Land Group	**2.55% - 6.71%**	**15,012**	**965**	**30,999**	**31,964**	**46,976**
Toyota Group	**4.60% - 5.10%**	**12,025**	**–**	**246**	**246**	**12,271**
TMBC Group	**2.90% - 5.94%**	**885**	**–**	**863**	**863**	**1,748**
GTCAD Group	**2.90% - 3.25%**	**85**	**–**	**–**	**–**	**85**
		28,007	**965**	**99,873**	**100,838**	**128,845**
Less: Deferred financing cost		**–**	**–**	**397**	**397**	**397**
		28,007	**965**	**99,476**	**100,441**	**128,448**
Less: Current portion of long-term debt		**–**	**25**	**4,987**	**5,012**	**5,012**
		₱28,007	**₱940**	**₱94,489**	**₱95,429**	**₱123,436**

	2019					
			Long-term debt			
	Interest rates	Short-term debt	Corporate Notes	Loans Payable	Subtotal	Total
Parent Company	0.85% - 7.25%	₱–	₱–	₱63,790	₱63,790	₱63,790
Federal Land Group	2.80% - 6.25%	8,580	4,850	22,586	27,436	36,016
Toyota Group	4.60% - 5.10%	2,270	–	246	246	2,516
TMBC Group	4.50% - 4.90%	1,855	–	1,021	1,021	2,876
GTCAD Group	4.60% - 4.85%	185	–	–	–	185
		12,890	4,850	87,643	92,493	105,383
Less: Deferred financing cost		–	–	370	370	370
		12,890	4,850	87,273	92,123	105,013
Less: Current portion of long-term debt		–	3,885	1,089	4,974	4,974
		₱12,890	₱965	₱86,184	₱87,149	₱100,039

Short-term Debt
<u>Federal Land Group Short-term Loans</u>
Non-affiliated loans
In 2020 and 2019, Federal Land Group's outstanding unsecured short-term borrowings amounting to ₱12.46 billion and ₱6.38 billion, respectively, have terms of over 60 to 180 day obtained for the Group's working capital requirements with interest rates ranging from 4.00% to 5.00%, 4.25% to 6.00% and 2.80% to 6.00% in 2020, 2019 and 2018, respectively.

Affiliated loans (Note 27)
In 2020 and 2019, Federal Land Group's outstanding unsecured short-term borrowings from MBTC, an affiliated local bank amounting to ₱2.55 billion and ₱2.20 billion, respectively, have terms of over 60 to 180 day obtained for the Group's working capital requirements with interest rates ranging from 4.50% to 6.25%, 4.60% to 6.25% and 4.60% to 5.50% in 2020, 2019 and 2018, respectively.

Toyota Group Short-term Loans
Non-affiliated loans
In 2020 and 2019, Toyota Group's outstanding unsecured short-term borrowings amounting to ₱8.03 billion and ₱0.62 billion, respectively, have terms of one year or less obtained to finance its operating activities. These loans bear annual fixed interest rates ranging from 2.30% to 3.00%, 4.60% to 5.10% and 5.05% to 6.25% in 2020, 2019 and 2018, respectively.

Affiliated loans (Note 27)
In 2020 and 2019, Toyota Group's outstanding unsecured short-term borrowings from MBTC, an affiliated local bank amounting to ₱4.00 billion and ₱1.65 billion, respectively, have terms of over 60 to 180 day obtained to fund the Group's working capital requirements with interest rates ranging from 2.50% to 3.50%, 4.60% to 4.85% and 5.00% to 5.65% in 2020, 2019 and 2018, respectively.

TMBC Group Short-term Loans
Non-affiliated loans
In 2020 and 2019, TMBC Group's unsecured short-term borrowings amounting to ₱0.38 billion and ₱0.93 billion, respectively, have terms ranging from 25 to 31 days obtained to finance its working capital requirements. These loans bear interest rates ranging from 2.90% to 3.25%, 4.55% to 4.90% and 5.10% to 5.50% in 2020, 2019 and 2018, respectively.

Affiliated loans (Note 27)
In 2020 and 2019, TMBC Group's outstanding unsecured short-term borrowings from MBTC, an affiliated local bank amounting to ₱0.51 billion and ₱0.92 billion, respectively, have terms of over 28 to 39 days obtained to fund the Group's working capital requirements with interest rates ranging from 2.90% to 3.25%, 4.50% to 4.85% and 5.00% to 5.65 in 2020, 2019 and 2018, respectively.

GTCAD Group Short-term Loans
Non-affiliated loans
In 2020 and 2019, GTCAD Group's unsecured short short-term borrowings amounting to ₱0.02 billion and ₱0.05 billion, respectively, have terms ranging from 30 to 90 days obtained from affiliated and non-affiliated local banks to finance the working capital requirements with interest rates of 2.90% and 4.60% to 4.85%, in 2020 and 2019, respectively.

Affiliated loans (Note 27)
In 2020 and 2019, GTCAD Group's outstanding unsecured short-term borrowings from MBTC, an affiliated local bank amounting to ₱0.07 billion and ₱0.14 billion, respectively, have terms of over 28 to 39 days obtained to fund the Group's working capital requirements with interest rates ranging from 3.25% and 4.60% to 4.85% in 2020 and 2019, respectively.

Federal Land - Corporate Notes
On July 5, 2013, the Group issued ₱4.00 billion unsecured notes with 5.57% interest per annum maturing on July 5, 2020 and an additional ₱1.00 billion notes with 6.27% interest per annum maturing on July 5, 2023. The proceeds from the issuance were used to finance ongoing projects. As of December 31, 2020 and 2019, outstanding balance amounted to ₱0.97 billion and ₱4.85 billion, respectively. As of December 31, 2020 and 2019, the current portion amounting to ₱0.03 billion and ₱3.88 billion, respectively, are presented as a current liability.

The agreements covering the above-mentioned Notes provide for restrictions and requirements with respect to, among others, declaration or making payment of cash dividends/retirement of shares (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares); making distribution on its share capital; purchase, redemption or acquisition of any share of stock; incurrence or assumption of indebtedness; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; maintaining certain financial ratios; and entering into any partnership, merger, consolidation or reorganization. As of December 31, 2020 and 2019, the Group has complied with the loan covenants.

Interest expense charged to operations amounted to ₱176.23 million in 2020, ₱122.71 million in 2019 and ₱77.27 million in 2018. Interest expense capitalized amounted to ₱59.36 million, ₱165.86 million and ₱334.10 million in 2020, 2019 and 2018, respectively.

Long-term Loans

Parent Company Long-term Peso Loans

In February 2020, the Parent Company obtained a 12-year unsecured long-term loan with a non-affiliated local bank with a principal amount of ₱4.00 billion to refinance bonds due on February 27, 2020. Said loan bears fixed interest rate of 5.53% with maturity date of 2032.

In November 2019, the Parent Company obtained an unsecured long-term loan with a non-affiliated local bank with a principal amount of ₱3.00 billion to refinance bonds due in November 2019. Said loan bears fixed interest rate of 5.39% with a term of 10 years and maturity date of 2029.

In March 2018, the Parent Company obtained unsecured long-term loans with various non-affiliated local banks with an aggregate principal amount of ₱25.00 billion. Said loans bear fixed interest rates ranging from 6.50% to 7.25%, with terms ranging from 10 to 12 years and maturity dates ranging from 2028 to 2030.

In 2015, the Parent Company obtained unsecured long-term loans with various non-affiliated local banks with an aggregate principal amount of ₱25.00 billion. Said loans bear fixed interest rates ranging from 5.00% to 5.88%, with various terms ranging from 10 to 13 years and maturity dates ranging from 2025 to 2028.

As of December 31, 2020 and 2019, the carrying value of the above-mentioned long-term loans payable amounted to ₱56.71 billion and ₱52.74 billion, respectively.

Parent Company Long-term JPY Loans

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, 50% of which will mature in July 2022 and the remaining 50% will mature in July 2024 with interest rate of 3-month JPY Libor plus 0.65% spread. Proceeds from the loan were used to refinance a short-term loan from a non-affiliated foreign bank for a principal amount of ¥22.20 billion with an interest rate of 0.90%. As of December 31, 2020 and 2019, the carrying value of the said loan amounted to ₱10.75 billion and ₱10.73 billion, respectively.

In July 2018, the Parent Company entered into an interest rate swap agreement with MUFG Bank, Ltd., Labuan Branch. 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 19, 2018 to July 12, 2024. On the same date, the Parent Company designated the swap as an effective hedging instrument under a cash flow hedge arrangement. As such, the effective portion of the changes in fair value of the swaps was recognized under other comprehensive income amounting to ₱51.00 million and ₱52.58 million in 2020 and 2019, respectively. As of December 31, 2020 and 2019 the negative fair value of the interest rate swap amounted ₱51.00 million and ₱52.58 million, respectively under 'Other noncurrent liabilities' (Note 20).

As of December 31, 2020 and 2019, the movement in the deferred financing cost follows:

	2020	2019
Balances at beginning of year	**₱325**	₱346
Additions	**30**	53
Amortization	**(47)**	(74)
Balances at end of year	**₱308**	₱325

Total interest expense incurred on these long-term loans payable in 2020, 2019 and 2018 amounted to ₱3.65 billion (including amortization of deferred financing cost of ₱47.09 million), ₱3.25 billion (including amortization of deferred financing cost of ₱73.86 million) and ₱2.79 billion (including amortization of deferred financing cost of ₱31.61 million), respectively.

Federal Land Long-term Loans

Non-affiliated loans

In 2014, Federal Land obtained unsecured loans from various non-affiliated banks amounting to ₱6.60 billion. The loan principal will be paid as follows: ₱2.00 billion payable in full after 10 years from drawdown date with fixed interest rate of 5.86% per annum; ₱1.50 billion payable in full after 10 years from drawdown date with fixed interest rate of 5.85% per annum; ₱2.00 billion payable at 40.00% quarterly principal payment starting at the end of 5th year and 60.00% principal balance on maturity date with fixed interest rate of 5.67% per annum; ₱1.10 billion principal payable at 40% quarterly payment at the end of 5th year to 9th year and 60.00% principal balance on maturity date with fixed interest rate of 5.05% per annum.

In 2015 to 2019, the Fed Land Group obtained unsecured long-term loans with various non-affiliated local banks with an aggregate principal amount of ₱7.08 billion. Said loans bear fixed annual interest rates ranging from 5.00% to 6.71%, various terms ranging from 5 to 10 years and maturity dates from 2020 to 2026.

As of December 31, 2020 and 2019, the carrying value of these non-affiliated long-term loans amounted to ₱22.38 billion and ₱18.41 billion, respectively, net of unamortized deferred financing cost.

Affiliated loans (Note 27)

On August 25, 2016, Federal Land obtained a 5-year unsecured loan from MBTC, an affiliated bank with a principal amount of ₱2.00 billion and interest rate of 2.80% maturing on August 25, 2021.

On various dates in 2016, the Federal Land Group obtained unsecured long-term loans from an affiliated bank with an aggregate principal amount of ₱2.00 billion. The loans bear interest rates of 2.55% to 2.60%, with terms of five (5) years and maturity date of 2021. The loan proceeds were used to finance real estate projects.

On various dates in 2017, the Federal Land Group obtained various unsecured long-term loans from an affiliated bank totaling ₱2.50 billion. Said loans bear interest rates of 2.75% to 2.90% and will be payable in 2022. The loan proceeds were used to finance real estate projects.

On June 29, 2018, Federal Land obtained a 5-year unsecured loan from an affiliated local bank, with a principal amount of ₱2.50 billion and interest rate of 4.25% maturing on June 29, 2023.

As of December 31, 2020 and 2019, the carrying value of these affiliated long-term loans payable amounted to ₱4.97 billion and ₱8.98 billion, respectively, net of unamortized deferred financing cost.

As of December 31, 2020 and 2019, the movement in the deferred financing cost is as follows:

	2020	2019
Balances at beginning of year	**₱43**	₱42
Additions	**75**	12
Amortization	**(30)**	(11)
Balances at end of year	**₱88**	₱43

Interest expense charged to operations amounted to ₱1.26 billion in 2020, ₱0.86 billion in 2019 and ₱1.07 billion in 2018. Interest expense capitalized from the above-mentioned loans payable amounted to ₱0.68 billion, ₱0.52 billion and ₱1.38 billion in 2020, 2019 and 2018, respectively.

Toyota Group Long-term Loans
As of December 31, 2020 and 2019, this account consists of unsecured long-term debt with the following entities:

	2020	2019
TAPI	**₱79**	₱79
Other entities	**167**	167
	₱246	₱246

The loan from TAPI bears a fixed interest rate of 4.20% per annum. This loan is for a period of five years up to February 26, 2021 which is automatically renewed upon maturity for another period of 5 years to 10 years.

The long-term unsecured interest-bearing loans with other entities consist of a 2.7% interest-bearing 10-year term loan with a maturity date of September 28, 2025 and October 23, 2026. These loans are automatically renewed upon maturity for another 10 years.

The loan covenants restrict TMPC from encumbering or disposing properties leased by the lenders during the respective terms of various loan agreements. TMPC is not required to maintain any financial ratios under the mentioned loan agreements. Interest expense on these loans amounted to ₱7.82 million, ₱7.82 million and ₱7.86 million in 2020, 2019 and 2018, respectively.

TMBC Long-term Loans
On March 21, 2016, TMBC entered into a Term Loan Facility with a non-affiliated local bank amounting to ₱1.50 billion to finance the construction of the dealership facilities, with interest rates ranging from 4.85% to 5.94% and payable for a period of 10 years, inclusive of three (3) years grace period on principal repayments subject to interest rate based on 10-year PDST-R2 plus a minimum spread of 1.25%. TMBC loan is secured by a real estate mortgage. The carrying value of the mortgaged properties amounted to ₱392.68 million as of December 31, 2020 and 2019.

TMBC is required to maintain the following financial ratios during the term of the loans:

- Minimum current ratio (CR) of 1.0x - defined as Current Assets divided by Current Liabilities
- Maximum debt to equity ratio (DER) of 4.0x - defined as Total Liabilities divided by Total Tangible Net Worth (Total Equity - Intangibles)
- Minimum debt service ratio (DSR) of 1.2x - defined as Earnings before Interest, Taxes, Depreciation and Amortization divided by Interest Expense plus current portion of Long-term debt of the previous year

As of December 31, 2020 and 2019, TMBC has complied with the required financial ratios.

As of December 31, 2020 and 2019 the movement in the deferred financing cost is as follows:

	2020	2019
Balances at beginning of year	**₱2**	₱3
Amortization	**–**	(1)
Balances at end of year	**₱2**	₱2

As of December 31, 2020 and 2019, the carrying value of long-term loans payable amounted to ₱0.86 billion and ₱1.02 billion, respectively. As of December 31, 2020 and 2019, the current portion of long-term loans payable amounted to ₱0.16 billion.

Interest expense on long-term loans payable amounted to ₱49.95 million, ₱56.17 million and ₱56.17 million in 2020, 2019 and 2018, respectively. Interest expense capitalized amounted to ₱0.77 million in 2018.

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**
TMBC	CR	1:1
TMBC	DER	4:1
TMBC	DSR	1.2x
Federal Land - Corporate notes	DER	2:1
Parent Company - Long-term loans	DER	2.3:1

As of December 31, 2020 and 2019, the Group has complied with the foregoing financial ratios.

17. Bonds Payable

		Par Value		**Amount**	
Maturity Dates	Interest rate	**2020**	2019	**2020**	2019
₱10.0 billion Bonds					
February 27, 2020	4.8371%	**₱–**	₱3,900	**₱–**	₱3,899
February 27, 2023	5.0937%	**6,100**	6,100	**6,083**	6,076
		6,100	10,000	**6,083**	9,975
₱12.0 billion Bonds					
August 7, 2021	5.1965%	**5,000**	5,000	**4,995**	4,986
August 7, 2024	5.6250%	**4,000**	4,000	**3,982**	3,978
		9,000	9,000	**8,977**	8,964
		₱15,100	₱19,000	**₱15,060**	₱18,939

Unamortized debt issuance costs on these bonds amounted to ₱39.93 million and ₱60.96 million as of December 31, 2020 and 2019, respectively.

<u>₱10.00 billion GT Capital bonds due 2020 and 2023</u>
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 net proceeds were utilized for general corporate requirements which included various equity calls (e.g., Toledo plant and Panay plant) and refinancing of corporate notes.

Prior to the relevant maturity dates, the Parent Company may redeem (in whole but not in part) any series of the outstanding bonds on every anniversary date, or the immediately succeeding banking day if such is not a banking day, starting on the fourth (4th) anniversary date for the seven-year bonds and the seventh anniversary date for the 10-year bonds (the relevant Optional Redemption Dates). The Parent Company shall give no less than 30 but not more than 60 days prior written notice of its intention to redeem the bonds at the relevant Optional Redemption Date.

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.

<u>₱12.00 billion GT Capital bonds due 2019, 2021 and 2024</u>
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 net proceeds were utilized for general corporate requirements which included financing of ongoing projects (e.g., Veritown Fort and Metropolitan Park), refinancing of outstanding loans, and for working capital requirement.

Prior to the relevant maturity dates, the Parent Company may redeem in whole but not in part the Series B or Series C Bonds on every anniversary date, or the immediately succeeding banking day if such is not a banking day, starting on: (i) for the series B bonds: the third month after the fifth anniversary from issue date and (ii) for the series C bonds: the seventh anniversary from issue date (the relevant Optional Redemption Dates). The redemption price is equal to 100.00% of the principal amount together with the accrued and unpaid interest. The Parent Company shall give no less than 30 but not more than 60 days prior written notice of its intention to redeem the bonds, which notice shall be irrevocable and binding upon the Parent Company to effect such early redemption of the bonds on the Early Redemption Option Date stated in such notice.

The ₱3.00 billion bonds with maturity date of November 7, 2019 were paid. This was refinanced in November 2019 with a long-term loan from a non-affiliated local bank.

As of December 31, 2020 and 2019, the movement in the deferred financing cost is as follows:

	2020	2019
Balances at beginning of year	**₱61**	₱93
Amortization	**(21)**	(32)
Balances at end of year	**₱40**	₱61

Both bonds contain negative covenants, which among others, include provision that the Parent Company should maintain a debt-to-equity ratio of 2.3 to 1.0. As of December 31, 2020 and 2019, the Parent Company has complied with its bond covenants. Total interest expense incurred on bonds payable in 2020, 2019 and 2018 amounted to ₱0.84 billion (including amortization of deferred financing cost of ₱21.02 million), ₱1.15 billion (including amortization of deferred financing cost of ₱31.18 million) and ₱1.15 billion (including amortization of deferred financing cost of ₱30.54 million), respectively.

18. Customers' Deposits

As of December 31, 2020 and 2019, 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, 2020 and 2019, the balance of this account amounted to ₱0.51 billion and ₱0.56 billion, respectively (Note 27).

19. Other Current Liabilities

This account consists of:

	2020	2019
VAT payable	**₱391**	₱820
Withholding taxes payable	**327**	379
Lease liabilities	**5**	15
Others	**120**	157
	₱843	₱1,371

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 2017, Federal Land entered into a contract with Kabayan Realty Corporation (KRC) to acquire certain land for ₱2.26 billion. Upon execution of the contract, Federal Land paid KRC with 22% downpayment amounting to ₱500.00 million and the outstanding balance amounting to ₱1.76 billion shall be paid in five installments with 3.00% interest per annum based on the outstanding balance. The outstanding balance was discounted at the prevailing market rate of 4.82% and the discounted liability as of December 31, 2020 and 2019, amounted to ₱0.99 billion and ₱1.22 billion, respectively.

In 2017, HLPDC entered into various contracts to acquire parcels of land for ₱161.37 million. Upon execution of the contracts, HLPDC paid ₱93.99 million and the outstanding balance amounting to ₱67.37 million shall be paid in 2018.

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, 2020 and 2019, amounted to ₱1.57 billion and ₱1.71 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 3.5% 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, 2020 and 2019 amounted to ₱0.69 billion and ₱0.85 billion, respectively.

Total outstanding liabilities on purchased properties (including current portion) amounted to ₱3.25 billion and ₱3.78 billion as of December 31, 2020 and 2019, respectively (Note 27). Accretion of interest in 2020, 2019 and 2018 amounted to ₱83.34 million, ₱156.48 million and ₱168.05 million, respectively.

Other Noncurrent Liabilities

This account consists of:

	2020	2019
Retentions payable - noncurrent portion	**₱1,140**	₱1,263
Deferred output VAT	**1,119**	–
Refundable and other deposits	**800**	727
Provisions (Note 36)	**634**	505
Finance lease obligation - net	**176**	8
Derivative liabilities	**51**	53
Lease liabilities	**19**	296
Unearned rent income	**5**	–
	₱3,944	₱2,852

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.

Deferred output VAT pertains to the VAT on installment sale of lots with terms of 60 days to five years.

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:

	2020	2019
Claims and assessments	**₱326**	₱315
Product warranties	**308**	190
	₱634	₱505

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, general descriptions are provided.

21. Contract Balances and Cost to Obtain a Contract

The contract balances of the Group consist of the following:

	2020	2019
Contract Assets		
Current	**₱6,183**	₱5,095
Noncurrent	**6,852**	5,556
	₱13,035	₱10,651
Contract Liabilities		
Current	**₱4,006**	₱4,553

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% 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 2020 and 2019 from amounts included in contract liabilities at the beginning of the year amounted to ₱1.08 billion and ₱1.23 billion, respectively.

Cost to Obtain a Contract
The balances below pertain to the cost to obtain contracts included in 'Prepayments and other current assets' (see Note 7):

	2020	2019
Balance at beginning of year	**₱186**	₱236
Additions during the year	**359**	1,239
Amortization	**(443)**	(1,289)
Balance at end of year	**₱102**	₱186

22. Equity

Capital Stock and Additional Paid-in Capital
As of December 31, 2020 and 2019, the paid-up capital consists of the following (amounts in millions, except for number of shares):

	Shares		Amount	
	2020	2019	**2020**	2019
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;
f. 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;
g. The holders of Voting Preferred Shares shall have no pre-emptive rights to any issue of shares, Common or Preferred;
h. 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 Series B;
k. 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, 2020 and 2019, the total number of shareholders of common stock of the Parent Company is 90 and 85, 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 8.0% 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 8.0% stock dividend equivalent to 15,947,003 common shares were issued and listed in the Philippine Stock Exchange.

The BOD and Shareholders of the Parent Company approved on March 16, 2018 and May 9, 2018, respectively, the declaration of a 3.5% stock dividend in favor of the Parent Company's shareholders of common stock. The record and payment dates were set on July 9, 2018 and August 2, 2018, respectively. On August 2, 2018, the 3.5% stock dividend equivalent to 6,740,899 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 in 2019. In March 2019, ₱16.60 billion out of ₱17.00 billion was reversed.

On December 7, 2017, the BOD of the Parent Company approved the appropriation of retained earnings amounting to ₱19.00 billion to be earmarked for strategic investment in financial services in 2018. Said appropriation was reversed in March 2018 upon completion of the purpose of appropriation.

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				
May 21, 2020	₱0.00377	₱0.66	June 5, 2020	June 19, 2020
March 26, 2019	0.00377	0.66	April 10, 2019	April 25, 2019
March 16, 2018	0.00377	0.66	April 4, 2018	April 13, 2018
Perpetual preferred shares				
Series A				
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
November 26, 2019	11.57475	56.01	January 3, 2020	January 27, 2020
November 26, 2019	11.57475	56.01	April 3, 2020	April 27, 2020
November 26, 2019	11.57475	56.01	July 3, 2020	July 27, 2020
November 26, 2019	11.57475	56.01	October 5, 2020	October 27, 2020
December 6, 2018	11.57475	56.01	January 3, 2019	January 28, 2019
December 6, 2018	11.57475	56.01	April 3, 2019	April 29, 2019
December 6, 2018	11.57475	56.01	July 3, 2019	July 29, 2019
December 6, 2018	11.57475	56.01	October 3, 2019	October 28, 2019
Series B				
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
November 26, 2019	12.73725	91.21	January 3, 2020	January 27, 2020
November 26, 2019	12.73725	91.21	April 3, 2020	April 27, 2020
November 26, 2019	12.73725	91.21	July 3, 2020	July 27, 2020
November 26, 2019	12.73725	91.21	October 5, 2020	October 27, 2020
December 6, 2018	12.73725	91.21	January 3, 2019	January 28, 2019
December 6, 2018	12.73725	91.21	April 3, 2019	April 29, 2019
December 6, 2018	12.73725	91.21	July 3, 2019	July 29, 2019
December 6, 2018	12.73725	91.21	October 3, 2019	October 28, 2019

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
May 21, 2020	₱6.00	₱1,291.71	June 5, 2020	June 19, 2020
March 26, 2019	3.00	598.01	April 10, 2019	April 25, 2019
March 16, 2018	3.00	577.79	April 4, 2018	April 13, 2018

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, 2020 and 2019.

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 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
	December 16, 2019	Preferred Shares-A	240.00	December 16, 2019	February 28, 2020
	December 16, 2019	Preferred Shares-B	272.58	December 16, 2019	February 28, 2020
	February 18, 2019	Common	100.00	December 31, 2018	February 28, 2019
	December 28, 2018	Preferred Shares-A	240.00	December 28, 2018	February 28, 2019
	December 28, 2018	Preferred Shares-B	272.58	December 28, 2018	February 28, 2019
	February 26, 2018	Common	100.00	April 24, 2017	February 28, 2018
Toyota	June 26, 2020	Common	9,059.67	December 31, 2019	November 27, 2020
	May 14, 2019	Common	8,392.89	December 31, 2018	May 2019
	May 22, 2018	Common	12,482.39	December 31, 2017	May 2018
TMBC	December 5, 2018	Common	115.00	December 31, 2017	January 28, 2019
PCFI	February 28, 2018	Preferred Shares-A	1,145.00	June 30, 2017	November 2019

Other comprehensive income
Other comprehensive income consists of the following, net of applicable income taxes:

	2020	2019
Fair value reserves on financial assets at FVOCI (Note 10)	**₱1,357**	₱999
Net unrealized loss on remeasurement of retirement plan	**(448)**	(290)
Cash flow hedge reserve (Note 16)	**(51)**	(53)
Cumulative translation adjustments	**(10)**	(2)
Equity in other comprehensive income of associates and joint ventures:		
Equity in cumulative translation adjustments	**(3,466)**	(3,225)
Equity in net unrealized loss on remeasurement of retirement plan	**(1,745)**	(1,457)
Equity in fair value reserves on financial assets at FVOCI	**4,145**	2,186
Equity in remeasurement on life insurance reserves	**(346)**	18
Equity in cash flow hedge reserves	**(316)**	(201)
Equity in other equity adjustments of associates	**27**	6
	(₱853)	(₱2,019)

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:

	2020	2019	2018
Balance at beginning of year	**₱11,851**	₱24,687	₱26,866
Share of non-controlling interest shareholders on:			
Net income	**1,791**	4,803	4,455
Other comprehensive income (loss)	**(166)**	(281)	245
Cash dividends paid to non-controlling interest shareholders	**(4,611)**	(4,259)	(6,925)
Acquisition of additional interests in a subsidiary	**20**	148	–
Effect of deconsolidation (Note 12)	**–**	(13,247)	
Adjustment on NCI on subsidiary	**–**	–	45
Additional stock issuance of a subsidiary	**–**	–	1
Balance at end of year	**₱8,885**	₱11,851	₱24,687

<u>Financial Information of Subsidiaries</u>
The financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interests held by non-controlling interests

		Direct Ownership		Effective Ownership	
		2020	2019	**2020**	2019
TMPC	Motor	**49.00%**	49.00%	**49.00%**	49.00%

Carrying value of material non-controlling interests

	2020	2019
TMPC	**₱7,320**	10,288

Net income for the period allocated to material non-controlling interests

	2020	2019	2018
TMPC	**₱1,788**	₱4,598	₱4,024
PCFI	**–**	–	407

The following table presents the financial information of subsidiaries with material NCI as of and for the years ended December 31, 2020 and 2019:

	2020	2019
	TMPC	TMPC
Statement of Financial Position		
Current assets	**₱34,010**	₱26,690
Non-current assets	**11,048**	12,061
Current liabilities	**32,712**	21,051
Non-current liabilities	**2,847**	2,091
Dividends paid to non-controlling interests	**4,599**	4,259
Statement of Comprehensive Income		
Revenues	**100,648**	169,664
Expenses	**95,659**	156,409
Net income	**3,434**	9,255
Total comprehensive income	**3,110**	8,910
Statement of Cash Flows		
Net cash provided by operating activities	**1,212**	10,267
Net cash used in investing activities	**(468)**	(2,438)
Net cash provided by (used in) financing activities	**206**	(9,367)

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 2020 and 2019.

The Parent Company considers total equity as its capital amounting to ₱121.13 billion and ₱117.02 billion as of December 31, 2020 and 2019, 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:

	2020	2019	2018
Interest income on:			
Installment contracts receivable (Note 5)	**₱1,826**	₱1,862	₱1,209
Cash and cash equivalents (Note 4)	**189**	193	398
Receivables	**5**	–	–
Short-term investments (Note 4)	**–**	–	25
Others	**3**	250	36
	₱2,023	₱2,305	₱1,668

Interest income on installment contracts receivable consist of accretion of unamortized discount of and interest income from collections of Federal Land. Accretion of unamortized discount amounted to ₱1.21 billion, ₱1.23 billion and ₱0.77 billion in 2020, 2019 and 2018, respectively. Interest income from collections amounted to ₱0.62 billion, ₱0.63 billion and ₱0.44 billion in 2020, 2019 and 2018, respectively.

Other Income
This account consists of:

	2020	2019	2018
Ancillary income	**₱647**	₱903	₱710
Dividend income	**332**	335	152
Real estate forfeitures, charges and penalties	**326**	343	281
Management fee (Note 27)	**231**	278	206
Foreign exchange gain	**163**	137	–
Realized and unrealized gain on financial assets at FVTPL	**113**	135	59
Subscription income	**64**	184	166
Gain on disposal of property and equipment (Note 11)	**7**	15	23
Others (Note 5)	**240**	199	527
	₱2,123	₱2,529	₱2,124

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.

Management fee includes services rendered by Federal Land and PCFI in the administration of different projects related to the joint venture (Note 27).

24. Cost of Goods and Services Sold

Cost of goods and services sold consists of:

	2020	2019	2018
Beginning inventory			
Automotive	**₱7,784**	₱5,646	₱4,734
Gasoline, retail and petroleum products	**11**	10	10
Food	**8**	6	7
	7,803	5,662	4,751
Add: Net purchases	**79,085**	135,476	130,815
Total inventories available for sale	**86,888**	141,138	135,566
Less: Ending inventory (Note 6)			
Automotive	**11,023**	7,784	5,646
Gasoline, retail and petroleum products	**7**	11	10
Food	**5**	8	6
Subtotal (Note 6)	**75,853**	133,335	129,904
Cost adjustments and intercompany elimination	**164**	(224)	(574)
Internal and other transfers	**(30)**	97	(200)
Direct labor	**369**	618	523
Overhead (Note 30)	**123**	117	196
	₱76,479	₱133,943	₱129,849

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:

	2020	2019	2018
Raw materials, beginning	**₱1,169**	₱1,371	₱1,423
Purchases	**20,265**	32,199	28,745
Total materials available for production	**21,434**	33,570	30,168
Less: Raw materials, end	**1,342**	1,169	1,371
Raw materials placed in process	**20,092**	32,401	28,797
Direct labor	**320**	405	357
Manufacturing overhead	**3,142**	4,113	3,797
Total cost of goods placed in process	**23,554**	36,919	32,951
Work-in-process, beginning	**27**	33	12
Total Cost of goods in process	**23,581**	36,952	32,963
Less: Work-in-process, ending	**16**	27	33
Total cost of goods manufactured	**23,565**	36,925	32,930
Finished goods, beginning	**861**	978	19
Total goods available for sale/transfer	**24,426**	37,903	32,949
Less: Finished goods, ending	**752**	861	978
Other transfers	**120**	223	162
	₱23,554	₱36,819	₱31,809

26. General and Administrative Expenses

This account consists of:

	2020	2019	2018
Salaries, wages and employee benefits (Notes 27 and 28)	**₱2,718**	₱2,985	₱2,800
Advertising and promotions	**2,434**	2,573	1,434
Taxes and licenses	**1,907**	1,834	1,836
Commissions	**924**	1,251	1,090
Delivery and handling	**839**	801	768
Depreciation and amortization (Note 11)	**796**	842	632
Light, water and other utilities	**510**	555	499
Unallocated overhead costs	**479**	–	–
Office supplies	**373**	309	198
Rent (Note 30)	**313**	251	156
Repairs and maintenance	**238**	272	231
Provision for (recoveries from) credit losses (Note 5)	**237**	(98)	2
Warranty	**220**	213	85
Outside services	**198**	233	213
Professional fees	**191**	167	134
Administrative and management fees	**138**	153	19
Communications	**69**	70	67
Insurance	**67**	60	46
Transportation and travel	**58**	137	124
Donation	**32**	1	1
Entertainment, amusement and recreation	**21**	39	39
Royalty and service fees	**9**	14	12
Provision for other expenses	**–**	297	–
Provision for inventory losses	**–**	17	5
Unrealized foreign exchange loss	**–**	–	146
Others	**261**	619	130
	₱13,032	₱13,595	₱10,667

Unallocated overhead costs pertain to the fixed labor and overhead costs incurred during the pandemic when the automotive segment has no production operation. This includes depreciation and amortization amounting to ₱214.48 million.

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. Outstanding balances at year end are unsecured and settlement occurs generally in cash, except otherwise indicated. 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, 2020		
Category	**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
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
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**	
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 on 2021 to 2022
Rent income	**114**	**–**	Interest income at prevailing market rate
Interest income	**6**	**–**	Rent income
Commission income	**1**	**–**	Commission income

(Forward)

Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
			December 31, 2020
Joint ventures			
Rent receivables	**₱–**	**₱ 25**	Non-interest bearing; due and demandable; Unsecured
Interest receivables	**–**	**35**	
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 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

Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
			December 31, 2019
Significant investor			
Consultancy fees	₱3	₱–	Consultancy fee for the year
Subsidiaries			
Accounts receivable - trade (Current)	1,266	–	Receivables from real estate sales
Dividends receivable	651	513	Dividends declared in 2019
Right-of-use asset	10	–	Lease of office space
Investments in subsidiaries	100	41,718	Additional investments during the year
Accounts payable	2	–	Utilities expense
Lease liabilities	10	–	Lease of office space
Dividend income	4,893	–	Dividend income from subsidiaries
Real estate sales	1,131	–	Revenue from sale of lots
Cost of real estate sales	1,026	–	Cost of lots sold
Repairs and maintenance	1	–	Maintenance dues and service requests

(Forward)

	December 31, 2019		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Associates			
Cash and cash equivalents	₱128	₱6,737	Interest bearing at prevailing market rate; due and demandable; Unsecured
Short-term investments	–	135	Interest bearing at prevailing market rate; due and demandable; Unsecured
Long-term cash investments	1	–	More than three (3) years, interest-bearing
Interest receivable	22	2	Accrued interest
Commission receivable	–	9	Non-interest bearing; due and demandable; Unsecured
Rent receivable	–	59	Non-interest bearing; due and demandable; Unsecured
Receivable from sharing of expenses	–	41	Non-interest bearing; due and demandable; Unsecured
Nontrade receivables	8	–	Non-interest bearing; due and demandable; Unsecured
Other receivables	–	11	Non-interest bearing; due and demandable; Unsecured
Due from related parties	–	66	Non-interest bearing; due and demandable; Unsecured
Accounts and other payables	7	1	Within one (1) year, non-interest-bearing
Due to related parties	–	16	Non-interest bearing; due and demandable; Unsecured
Short-term debt	75	2,050	With interest 3%-6% due in 2019; Unsecured
Long-term loans payable	–	9,000	With interest ranging from 2.90% to 4.75%; Payable on 2021-2022; Unsecured
Commission income	3	–	Non-interest bearing; due and demandable; Unsecured
Interest income	93	1	Interest income at prevailing market rate
Rent income	160	–	Rent income
Interest expense/capitalized	659	30	With interest ranging from 2.90% to 4.75%; With interest 3%-6% due in 2019; Payable on 2021-2022; Unsecured
Joint ventures			
Commission receivable	–	95	Non-interest bearing; due and demandable; Unsecured
Rent receivable	–	2	Non-interest bearing; due and demandable; Unsecured
Management fee receivable	–	16	Non-interest bearing; due and demandable; Unsecured
Nontrade receivables	1	–	Within one (1) year, non-interest-bearing
Other receivables	–	1	Non-interest bearing; due and demandable; Unsecured
Due from related parties	–	88	Non-interest bearing; due and demandable; Unsecured
Due to related parties	–	15	Non-interest bearing; due and demandable; Unsecured
Commission income	249	–	Non-interest bearing; due and demandable; Unsecured
Management fee income	63	–	Non-interest bearing; due and demandable; Unsecured
Rent income	95	–	Non-interest bearing; due and demandable; Unsecured
Others			
Cash and cash equivalents	13	332	Within one (1) year, interest-bearing
Dividends receivable	1,463	–	Dividends declared in 2019
Trade receivables	1,287	44	1-15 days, non-interest bearing, unsecured, no impairment
Interest receivable	95	26	With interest of 3.15%; Payable in 2022; Unsecured
Receivable from sharing of expenses	–	20	Non-interest bearing; due and demandable; Unsecured
Nontrade receivables	57	1	Within one (1) year, non-interest bearing, unsecured
Other receivables	–	36	Non-interest bearing; due and demandable; Unsecured
Due from related parties	–	55	Non-interest bearing; due and demandable; Unsecured
Long-term loans receivable	–	661	With interest of 3.15%; Payable in 2022; Unsecured
Investment in shares of stock	837	837	Additional investments
Accounts and other payables	133,861	7,459	Within one (1) year, non-interest-bearing; 25th day of the succeeding month; 30 days

	December 31, 2019		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Royalty and technical assistance fees	**₱**67	**₱**10	25th day of the second month after the end of the quarter, non-interest-bearing
Insurance payable	172	172	Insurance payable
Loans payable	3	79	5 years, interest bearing
Liabilities on purchased properties	–	1,493	With 3% interest; payable annually until 2026; Unsecured
Due to related parties	–	173	Non-interest bearing; due and demandable; Unsecured
Interest income	149	–	With interest of 3.15%; Payable in 2022; Unsecured
Management fee income	22	–	Non-interest bearing; due and demandable; Unsecured
Gain on disposal of investments in UITF	50	–	Realized gain on UITF investments
Unrealized gain on investment in UITF	85	–	MTM gain on UITF investments
Administration expense	129	–	Advisory fee on certain transactions
Agency fee - Trust and escrow	5		Fee for escrow and trust services

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, 2020 and 2019, the Parent Company's investment in UITF amounted to ₱3.71 billion and ₱4.70 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.

Long-term loans receivable
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 interest rate of 3.15% and 4.81%, respectively. The outstanding balance of long-term loans receivable as of December 31, 2020, 2019 and 2018 amounted to ₱687.36 million, ₱665.63 million and ₱641.88 million, respectively (Note 5).

Affiliated bank loans
The Group's loans payable to an affiliated commercial bank bears interest rates ranging from 2.50% to 6.25%, from 4.50% to 6.25% and from 2.50% to 6.00% per annum in 2020, 2019 and 2018, respectively (Note 16).

Management fee
Management fee amounting to ₱60.16 million and ₱85.52 million in 2020 and 2019, 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 ₱215.55 million, ₱309.26 million and ₱326.75 million in 2020, 2019 and 2018, respectively (Note 30).

Compensation of key management personnel for the years ended December 31, 2020, 2019 and 2018 follow:

	2020	2019	2018
Short-term employee benefits	**₱707**	₱681	₱713
Post-employment benefits	**106**	118	87
	₱813	₱799	₱800

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, 2020 and 2019 amounted to ₱2.71 billion and ₱2.68 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, 2020 and 2019 (in absolute amounts):

	December 31, 2020		
Category	**Amount/ Volume**	**Outstanding Balances**	**Terms and Conditions/Nature**
Parent			
Investment in equity securities		**₱6,172,920**	Unsecured with no impairment
Dividend income	**₱63,012**		Cash dividends
Associate			
Savings deposit		**4,195,910**	Savings account with annual interest of 1%, 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		**13,557,420**	Unsecured with no impairment
Investment in UITF		**20,331,436**	Unsecured with no impairment
Investment in other security and debt instruments		**41,815,274**	Unsecured with no impairment
Interest income	**383,175**		Income earned from savings and time deposit
Dividend income	**305,100**		Cash dividends
Gain on sale of UITF	**(877,679)**		Income from sale of UITF

	December 31, 2019		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Parent			
Investment in equity securities		₱8,895,194	Unsecured with no impairment
Dividend income	₱27,786		Cash dividends
Associate			
Savings deposit		13,418	Savings account with annual interest of 1%, unsecured and no impairment;
Time deposit		35,722,000	With annual interest of 3.88%, 1 - 3 months maturity; unsecured and no impairment
Investment in equity securities		20,228,130	Unsecured with no impairment
Investment in UITF		4,484,955	Unsecured with no impairment
Investment in other security and debt instruments		41,645,784	Unsecured with no impairment
Interest income	2,724,392		Income earned from savings and time deposit
Dividend income	245,000		Cash dividends
Gain on sale of UITF	522,702		Income from 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, whom 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:

		2020		
		Actuarial Assumptions		
	Date of Actuarial Valuation	**Expected Return on Plan Assets**	**Salary Rate Increase**	**Discount Rate**
Real estate	**December 31, 2020**	**4.96%**	**8.00%**	**3.80%**
Automotive	**-do-**	**4.11% to 6.82%**	**5.00% to 7.00%**	**3.77% to 3.84%**
Financial	**-do-**	**3.50%**	**8.00%**	**3.91 %**

		2019		
		Actuarial Assumptions		
	Date of Actuarial Valuation	Expected Return on Plan Assets	Salary Rate Increase	Discount Rate
Real estate	December 31, 2019	5.00%	8.00%	5.00%
Automotive	-do-	3.00% to 5.00%	5.00% to 8.00%	4.83% to 4.99%
Financial	-do-	N/A	8.00%	5.00%

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 statement of financial position follow:

	2020	2019
Retirement asset (Note 14)	**(₱9)**	(₱7)
Retirement liability	**1,934**	1,222
Net retirement liability	**₱1,925**	₱1,215

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, 2020	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, 2020
Present value of defined benefit obligation	₱3,899	₱275	₱181	₱–	₱456	(₱246)	₱–	₱58	₱90	₱377	₱525	₱–	₱4,634
Fair value of plan assets	(2,684)	–	(132)	₱–	(132)	224	(64)	–	–	–	(64)	(53)	(2,709)
Net defined benefit liability	₱1,215	₱275	₱49	₱–	₱324	(₱22)	(₱64)	₱58	₱90	₱377	₱461	(₱53)	₱1,925

			Net benefit cost					Remeasurements in other comprehensive income						
	January 1, 2019	Effect of deconsolidation (Note 12)	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, 2019
Present value of defined benefit obligation	₱3,277	(₱227)	₱204	₱214	₱6	₱424	(₱129)	₱–	(₱70)	₱1	₱623	₱554	₱–	₱3,899
Fair value of plan assets	(2,427)	45	–	(180)	–	(180)	136	(143)	–	–	–	(143)	(115)	(2,684)
Net defined benefit liability	₱850	(₱182)	₱204	₱34	₱6	₱244	₱7	(₱143)	(₱70)	₱1	₱623	₱411	(₱115)	₱1,215

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:

	2020	2019
Cash and cash equivalents	**₱11**	₱36
Investment in government securities	**2,028**	2,002
Investment in equity securities	**430**	447
Investment in debt and other securities	**211**	209
Receivables	**27**	28
Investment in mutual funds	**7**	2
Liabilities	**(5)**	(40)
	₱2,709	₱2,684

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:

		2020	2019
	Possible Fluctuations	**Increase (Decrease)**	Increase (Decrease)
Discount rates	**+1%**	**(₱375)**	(₱312)
	-1%	**398**	291
Future salary increase rate	**+1%**	**403**	300
	-1%	**(388)**	(326)

The Group expects to contribute ₱435.00 million to its defined benefit pension plan in 2021.

The average duration of the defined benefit retirement liability at the end of the reporting period is 16.51 years for the Group.

Shown below is the maturity analysis of the undiscounted benefit payments:

Less than 1 year	₱313
More than 1 year to 5 years	1,785
More than 5 years to 10 years	2,397
More than 10 years to 15 years	1,531
More than 15 years to 20 years	2,332
More than 20 years	6,871

The Group does not currently have any asset-liability matching study.

29. Income Taxes

Provision for income tax account consists of:

	2020	2019	2018
Current	**₱1,753**	₱4,797	₱4,117
Deferred	**182**	170	(314)
Final	**51**	90	83
	₱1,986	₱5,057	₱3,886

The components of the Group's deferred taxes as of December 31, 2020 and 2019 are as follows:

Net deferred tax asset:

	2020	2019
Deferred tax asset on:		
Retirement benefit obligation	**₱672**	₱487
Deferred intercompany gain	**304**	315
Allowance for impairment losses	**144**	59
Warranties payable and other provisions	**87**	65
Deferred gross profit	**62**	53
Accrued expenses	**61**	94
Allowance for inventory obsolescence	**43**	31
NOLCO	**43**	–
MCIT carryover	**26**	–
Unamortized past service cost from pension obligation	**25**	27
Unrealized foreign exchange gain	**2**	55
Others	**15**	15
	1,484	1,201
Deferred tax liability on:		
Capitalized custom duties	**44**	42
Unearned gross profit on ending inventories	**10**	(9)
Others	**28**	27
	82	60
Net deferred tax asset	**₱1,402**	₱1,141

Net deferred tax liability:

	2020	2019
Deferred tax asset on:		
NOLCO	**₱626**	₱–
Unrealized gain on sale of land	**607**	685
Excess of cost over fair value of investment property	**103**	97
Unearned income	**57**	54
Prepaid commission	**51**	48
Retirement benefit obligation	**47**	44
Unearned gross profit on ending inventories	**31**	40
Provision for impairment losses on receivables	**29**	28
Interest expense on Day 1 loss	**13**	13
Allowance for impairment loss on inventories	**5**	5
Others	**6**	–
	1,575	1,014
Deferred tax liability on:		
Fair value adjustment on acquisition by Parent Company	**2,325**	2,401
Capitalized borrowing cost and guarantee fees	**1,120**	1,062
Unrealized gross profit on sale of land	**626**	–
Excess of book basis over tax basis of deferred gross profit	**449**	426
Fair value adjustment on acquisition by subsidiaries	**146**	144
Unamortized discount on long-term payable	**60**	57
Deferred financing costs – bonds	**40**	8
Lease differential	**28**	17
Retirement asset	**3**	2
Others	**3**	35
	4,800	4,152
Net deferred tax liability	**₱3,225**	₱3,138

NOLCO

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.

As of December 31, 2020, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Years	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2017	2018-2020	₱2,838	₱–	₱2,838	₱–	₱–
2018	2019-2021	3,983	–	–	–	3,983
		₱6,821	₱–	₱2,838	₱–	₱3,983

As of December 31, 2020, the Group has incurred NOLCO in taxable year 2020 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, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Years	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2020	2021-2025	₱4,386	₱–	₱–	₱–	₱4,386

MCIT
Details of the Group's MCIT follow:

Year Incurred	Amount	Expired/Applied	Balance	Expiry Date
2020	₱38	₱–	₱38	2023
2019	114	–	114	2022
2018	3	–	3	2021
	₱155	₱–	₱155	

The Group has deductible temporary differences for which deferred tax asset has not been recognized since management believes that it is not probable that sufficient taxable income will be available against which the said deductible temporary differences can be utilized.

The Group's unrecognized deductible temporary differences pertain to its NOLCO and MCIT, as follows:

	2020	2019
NOLCO	**₱4,584**	₱6,821
MCIT	**130**	117

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:

	2020	2019	2018
Provision for income tax computed at statutory rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Nontaxable income	**(14.10)**	(8.05)	(15.75)
Change in unrecognized deferred tax assets	**4.07**	(0.95)	4.68
Operating income within ITH	**(1.52)**	(0.82)	(2.70)
Nondeductible interest and other expenses	**0.91**	0.57	2.16
Income subjected to final tax	**(0.26)**	(0.19)	(0.22)
Income subjected to lower tax rate	**0.09**	0.42	(0.07)
Others	**0.05**	(1.79)	0.59
Effective income tax rates	**19.24%**	19.19%	18.69%

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 April 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 subject to achievement of production volume and localization of body shells and large plastic parts.

"Corporate Recovery and Tax Incentives for Enterprises" or "CREATE" Bill
On February 1, 2021, the Bicameral Conference Committee, under the 18th Congress of the Philippines, approved the reconciled version of the House Bill No. 4157 and Senate Bill No. 1357 (the CREATE bill). The general features of the CREATE bill include the following:

- Reduction in current income tax rate effective July 1, 2020;
- Increased threshold on sale of real estate properties that is exempt from VAT;
- Effective July 1, 2020 until June 30,2023, the MCIT rate shall be one percent 1%.

As of February 24, 2021, the final version of the CREATE bill as passed by the Bicameral Conference Committee has been transmitted to the Office of the President for signing or approval into law.

30. Lease Commitment

The 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, 2020 and 2019, the Group recognized interest expense on lease liabilities (included in 'Interest expense' in the consolidated statement of income) amounting to ₱49.93 million and ₱25.69 million in 2020 and 2019, respectively. Rent expense from short-term leases and leases of low-value assets amounting to ₱312.99 million and ₱250.79 million in 2020 and 2019, respectively. Prior to PFRS 16 adoption, rent expense included under 'General and administrative expenses' amounted to ₱156.27 million in 2018 (Note 26). Rental incurred on the lease of land for its mall and gasoline stations are presented as 'Overhead' and included in the 'Cost of goods and services sold' account, amounting to ₱22.89 million in 2018 (Note 24).

As of December 31, 2020 and 2019, the carrying amounts of lease liabilities are as follows:

	2020	2019
Beginning balance	**₱311**	₱392
Additions	**124**	–
Accretion of interest	**18**	26
Payments	**(99)**	(107)
Adjustments	**(330)**	–
	₱24	₱311

As of December 31, 2020 and 2019, the future minimum rental payments are as follows:

	2020	2019
Within one year	**₱52**	₱84
After one year but not more than five years	**73**	308
More than five years	**7**	–
	₱132	₱392

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 ₱1.75 billion, ₱1.53 billion and ₱1.18 billion in 2020, 2019 and 2018, respectively (Note 9). The cost of rental services amounting ₱588.76 million, ₱434.66 million and ₱476.37 million in 2020, 2019 and 2018, respectively, includes maintenance fee, depreciation, repairs and maintenance, and taxes and licenses (Note 11).

As of December 31, 2020 and 2019, the future minimum rental receipts from these lease commitments are as follows:

	2020	2019
Within one year	**₱942**	₱778
After one year but not more than five years	**1,929**	1,597
More than five years	**714**	643
	₱3,585	₱3,018

31. Business Combinations

Acquisition of TSRLI
On December 29, 2020, GTCAD 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 GTCAD and TCSPHI. 60% of the sale shares equivalent to 3,000,000 shares will be sold and transferred to GTCAD and the remaining 40% or 2,000,000 shares will be sold and transferred to TCSPHI. The said agreement shall enter into force and 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% and 8% to 12% as of December 31, 2020 and 2019, respectively. 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, 2020 and 2019.

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 0.09% to 7.35% for the year ended December 31, 2020 and 2019.

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% interest 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.

	2020				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value:					
Financial Assets					
Financial assets at FVTPL	**₱3,709**	**₱–**	**₱3,709**	**₱–**	**₱3,709**
Financial assets at FVOCI					
Quoted equity securities	**12,499**	**12,499**	**–**	**–**	**12,499**
	₱16,208	**₱12,499**	**₱3,709**	**–**	**₱16,208**
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	**₱347**	**₱–**	**₱–**	**₱351**	**₱351**
Loans receivables	**7,219**	**–**	**–**	**7,876**	**7,876**
Non-financial Assets					
Investment in listed associates	**163,730**	**102,915**	**–**	**–**	**102,915**
Investment properties	**16,253**	**–**	**–**	**34,837**	**34,837**
	₱187,549	**₱102,915**	**₱–**	**₱43,064**	**₱145,979**
Liabilities measured at fair value:					
Financial Liabilities					
Other noncurrent liabilities					
Derivative liabilities	**₱51**	**₱–**	**₱51**	**₱–**	**₱51**
	₱51	**₱–**	**₱51**	**₱–**	**₱51**
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	**₱3,255**	**₱–**	**₱–**	**₱5,581**	**₱5,581**
Lease liabilities	**24**	**–**	**–**	**24**	**24**
Loans payable	**128,448**	**–**	**–**	**136,116**	**136,116**
Bonds payable	**15,060**	**15,465**	**–**	**–**	**15,465**
	₱146,787	**₱15,465**	**₱–**	**₱141,721**	**₱157,186**

	2019				
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial Assets					
Financial assets at FVTPL	₱4,698	₱–	₱4,698	₱–	₱4,698
Financial assets at FVOCI					
Quoted equity securities	12,160	12,160	–	–	12,160
	₱16,858	₱12,160	₱4,698	₱–	₱16,858
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	₱289	₱–	₱–	₱293	₱293
Loans receivables	3,421	–	–	1,243	1,243
Non-financial Assets					
Investment in listed associates	157,619	126,216	–	–	126,216
Investment properties	15,347	–	–	26,606	26,606
	₱176,676	₱126,216	₱–	₱28,142	₱154,358
Liabilities measured at fair value:					
Financial Liabilities					
Other noncurrent liabilities					
Derivative liabilities	₱53	₱–	₱53	₱–	₱53
	₱53	₱–	₱53	₱–	₱53
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	₱3,784	₱–	₱–	₱2,591	₱2,591
Lease liabilities	311	–	–	311	311
Loans payable	105,013	–	–	100,622	100,622
Bonds payable	18,939	19,120	–	–	19,120
	₱128,047	₱19,120	₱–	₱103,524	₱122,644

As of December 31, 2020 and 2019, 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:

<u>Valuation Techniques</u>	
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.
<u>Significant Unobservable Inputs</u>	
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.
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 liabilities.

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.

Credit Risk
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, 2020 and 2019, 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, 2020						
	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)	₱17,091	₱–	₱–	₱17,091	₱–	₱–	₱17,091
Short-term investments (Note 4)	–	–	–	–	–	–	–
Receivables (Note 5)							
Trade receivables	12,530	257	11	12,798	2,543	4	15,345
Loans receivable	7,219	–	–	7,219	–	–	7,219
Accrued rent and commission income	1,299	–	–	1,299	4	3	1,306
Nontrade receivables	765	87	–	852	387	50	1,289
Installment contracts receivable	106	–	–	106	241	–	347
Management fee receivables	126	–	–	126	–	–	126
Accrued interest receivable	157	–	–	157	–	28	185
Others	280	–	–	280	89	116	485
Due from related parties (Note 27)	202	–	–	202	–	–	202
	₱39,775	₱344	₱11	₱40,130	₱3,264	₱201	₱43,595

**Excludes cash on hand amounting to ₱23.46 million*

	December 31, 2019						
	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)	₱12,068	₱–	₱–	₱12,068	₱–	₱–	₱12,068
Short-term investments (Note 4)	–	–	–	–	–	–	–
Receivables (Note 5)							
Trade receivables	7,616	–	–	7,616	3,590	4	11,210
Loans receivable	3,421	–	–	3,421	–	–	3,421
Nontrade receivables	514	61	–	575	455	13	1,043
Accrued rent and commission income	423	–	–	423	4	18	445
Installment contracts receivable	87	–	–	87	201	1	289
Accrued interest receivable	67	–	–	67	–	30	97
Management fee receivables	64	–	–	64	–	–	64
Others	300	–	–	300	46	72	418
Due from related parties (Note 27)	155	–	–	155	–	54	209
	₱24,715	₱61	₱–	₱24,776	₱4,296	₱192	₱29,264

Excludes cash on hand amounting to ₱64.95 million

As of December 31, 2020 and 2019, the aging analysis of past due but not individually impaired financial assets presented per class, is as follows:

	December 31, 2020								
		Past Due but not Individually Impaired							
	Neither Past Due nor Individually Impaired	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**>120 days**	**Total**	**Individually Impaired**	**Total**
Cash and cash equivalents* (Note 4)	**₱17,091**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱17,091**
Short-term investments (Note 4)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Receivables (Note 5)									
Trade receivable	**12,798**	**1,203**	**592**	**282**	**185**	**281**	**2,543**	**4**	**15,345**
Loans receivable	**7,219**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,219**
Accrued rent and commission income	**1,299**	**1**	**1**	**1**	**1**	**–**	**4**	**3**	**1,306**
Non-trade receivable	**852**	**28**	**29**	**23**	**7**	**300**	**387**	**50**	**1,289**
Installment contracts receivable	**106**	**78**	**47**	**80**	**–**	**36**	**241**	**–**	**347**
Accrued interest receivable	**157**	**–**	**–**	**–**	**–**	**–**	**–**	**28**	**185**
Management fee receivables	**126**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**126**
Others	**280**	**10**	**5**	**–**	**–**	**74**	**89**	**116**	**485**
Due from related parties (Note 27)	**202**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**202**
	₱40,130	**₱1,320**	**₱674**	**₱386**	**₱193**	**₱691**	**₱3,264**	**₱201**	**₱43,595**

Excludes cash on hand amounting to ₱23.46 million

	December 31, 2019								
	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)	₱12,068	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱12,068
Short-term investments (Note 4)	–	–	–	–	–	–	–	–	–
Receivables (Note 5)									
Trade receivable	7,616	1,155	1,246	309	235	645	3,590	4	11,210
Loans receivable	3,421	–	–	–	–	–	–	–	3,421
Non-trade receivable	575	154	20	18	14	249	455	13	1,043
Accrued rent and commission income	423	1	1	1	1	–	4	18	445
Installment contracts receivable	87	64	40	67	–	30	201	1	289
Accrued interest receivable	67	–	–	–	–	–	–	30	97
Management fee receivables	64	–	–	–	–	–	–	–	64
Others	300	1	–	–	–	45	46	72	418
Due from related parties (Note 27)	155	–	–	–	–	–	–	54	209
	₱24,776	₱1,375	₱1,307	₱395	₱250	₱969	₱4,296	₱192	₱29,264

Excludes cash on hand amounting to ₱64.95 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, 2020			
	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents* (Note 4)	₱17,092	₱–	₱–	₱17,092
Receivables (Note 5)				
Trade receivables	12,267	3,139	–	15,406
Loans receivable	4,120	3,295	–	7,415
Nontrade receivable	1,289	–	–	1,289
Accrued rent and commissions income	1,306	–	–	1,306
Installment contracts receivables	347	–	–	347
Accrued interest receivable	185	–	–	185
Management fee receivable	126	–	–	126
Others	485	–	–	485
Due from related parties (Note 27)	202	–	–	202
Financial assets at FVTPL (Note 10)				
Investments in UITF	3,709	–	–	3,709
Financial assets at FVOCI (Note 10)				
Equity securities				
Quoted	–	–	12,499	12,499
Unquoted	–	–	241	241
Total undiscounted financial assets	₱41,128	₱6,434	₱12,740	₱60,302
Other financial liabilities				
Accounts and other payables (Note 15)				
Trade payables	₱13,498	₱–	₱–	₱13,498
Accrued expenses	5,545	–	–	5,545
Telegraphic transfers and drafts and acceptances payable	3,006	–	–	3,006
Retentions payable	95	1,140	–	1,235
Accrued interest payable	768	–	–	768
Accrued commissions	927	–	–	927
Nontrade payables	417	–	–	417
Others	1,602	–	–	1,602
Dividends payable	589	–	–	589
Loans payable (Note 16)	37,908	52,688	72,000	162,596
Bonds payable (Note 17)	5,692	11,046	–	16,738
Due to related parties (Note 27)	515	–	–	515
Liabilities on purchased properties (Note 20)	598	1,169	3,718	5,485
Derivative liabilities (Note 20)	–	51	–	51
Total undiscounted financial liabilities	₱71,160	₱66,094	₱75,718	₱212,972
Liquidity Gap	(₱30,032)	(₱59,660)	(₱62,978)	(₱152,670)

**Excludes cash on hand amounting to ₱23.46 million.*

	December 31, 2019			
	< 1 year	> 1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents* (Note 4)	₱12,068	₱–	₱–	₱12,068
Receivables (Note 5)				
Trade receivables	11,210	–	–	11,210
Loans receivable	274	3,586	–	3,860
Nontrade receivable	1,043	–	–	1,043
Accrued rent and commissions income	445	–	–	445
Installment contracts receivables	289	–	–	289
Accrued interest receivable	97	–	–	97
Management fee receivable	64	–	–	64
Others	418	–	–	418
Due from related parties (Note 27)	209	–	–	209
Financial assets at FVTPL (Note 10)				
Investments in UITF	4,698	–	–	4,698
Financial assets at FVOCI (Note 10)				
Equity securities				
Quoted	–	–	12,160	12,160
Unquoted	–	–	213	213
Total undiscounted financial assets	₱30,815	₱3,586	₱12,373	₱46,774
Other financial liabilities				
Accounts and other payables (Note 15)				
Trade payables	₱12,337	₱–	₱–	₱12,337
Accrued expenses	4,534	–	–	4,534
Telegraphic transfers and drafts and acceptances payable	1,840	–	–	1,840
Retentions payable	9	1,263	–	1,272
Accrued interest payable	896	–	–	896
Accrued commissions	777	–	–	777
Nontrade payables	602	–	–	602
Royalty payable	288	–	–	288
Others	993	–	–	993
Dividends payable	589	–	–	589
Loans payable (Note 16)	22,199	37,051	79,391	138,641
Bonds payable (Note 17)	4,725	16,738	–	21,463
Due to related parties (Note 27)	204	–	–	204
Liabilities on purchased properties (Note 20)	432	2,630	1,805	4,867
Derivative liabilities (Note 20)	–	–	53	53
Total undiscounted financial liabilities	₱50,425	₱57,682	₱138,931	₱189,356
Liquidity Gap	(₱19,610)	(₱54,096)	(₱126,558)	(₱142,582)

**Excludes cash on hand amounting to ₱64.95 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$48.53 million and JP¥2.19 billion as of December 31, 2020 and US$42.29 million and JP¥1.80 billion as of December 31, 2019 and US$34.75 million and JP¥1.28 billion as of December 31, 2018. Short-term investments denominated in foreign currency amounted to JP¥130.00 million as of December 31, 2018. Receivables denominated in foreign currency amounted to US$1.09 million, US$0.09 million, and US$0.16 million as of December 31, 2020, 2019 and 2018, respectively. Accounts and other payables denominated in foreign currency amounted to US$158.68 million and JP¥19.80 million as of December 31, 2020 and US$139.57 million and JP¥39.34 million as of December 31,2019. Loans payables denominated in foreign currency amounted to JP¥23.31 billion as of December 31, 2020, 2019 and 2018.

In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the exchange rates used were ₱48.04 to US$1.00 the Philippine peso-U.S. dollar exchange rates, and ₱0.46 to JP¥1.00 as at December 31, 2020, ₱50.74 to US$1.00 the Philippine peso-U.S. dollar exchange rates, and ₱0.46 to JP¥1.00 as at December 31, 2019 and ₱52.72 to US$1.00, the Philippine peso-U.S. dollar exchange rates, ₱0.48 to JP¥1.00 as at December 31, 2018.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-US dollar and 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, 2020, 2019 and 2018. 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
2020	**US$**	**(₱0.63)**	**₱45**
		0.63	**(45)**
	JP¥	**0.0003**	**4**
		(0.0003)	**(4)**
2019	US$	0.31	(21)
		(0.31)	21
	JP¥	0.0002	(3)
		(0.0002)	3
2018	US$	1.85	(32)
		(1.85)	32
	JP¥	0.0002	(4)
		(0.0002)	4

The Group determined the reasonably possible change in foreign exchange rate by using the absolute average change in peso-U.S. dollar and peso-JPY 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, 2020 and 2019.

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. Consistent with the hedge ratio per the Parent Company's risk management policy, 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.

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.

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.

As of December 31, 2020 and 2019, the Group has no financial instruments subject to floating interest rates.

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 Japanese Yen ICE LIBOR (3m JPY LIBOR). The hedged risk is variability in interest cash flows of the Loan attributable to changes in the 3m JPY LIBOR (interest rate risk). The hedged item is the interest cash flows on the Loan which is based on 3m JPY LIBOR + 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% per annum and receive variable interest based on 3m JPY LIBOR. The terms of the hedging relationships will end in July 2024. The effectiveness of hedging relationship is tested prospectively. The designated hedging relationship was sufficiently effective as December 31, 2020 and 2019.

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 ICE LIBOR (floored at 0%) + 0.65%, settled quarterly. The hedging instrument creates an exact offset of this exposure with a consequence of paying a fixed interest payment of 0.852% 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. Consistent with the hedge ratio per the Parent Company's risk management policy, 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, 2020 and 2019:

	Maturity					
	Less than 3 months	**3 to 6 months**	**6 to 12 months**	**1 to 2 years**	**More than 2 years**	**Total**
As at 31 December 2020						
Interest rate swap						
Fixed interest rate (%)	0.852%	0.852%	0.852%	0.852%	0.852%	0.852%

	Maturity					
	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	More than 2 years	Total
As at 31 December 2019						
Interest rate swap						
Fixed interest rate (%)	0.852%	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, 2020 and 2019:

	December 31, 2020			
	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**
Floating rate loans				
Interest rate swap				
Derivative liabilities	**₱51**	**₱51**	**₱51**	**₱–**

	December 31, 2019			
	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
Floating rate loans				
Interest rate swap				
Derivative liabilities	₱53	₱53	₱53	₱–

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:

	2020	2019
Balance at beginning of year	**₱53**	₱190
Effect of deconsolidation (Note 12)	**–**	(252)
Net unrealized gain (loss) on cash flow hedge	**(2)**	9
Balance at end of year (gross of tax)	**(51)**	(53)
Deferred tax	**–**	–
Balance at end of year (net of tax)	**(₱51)**	(₱53)

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
2020	**Increase by 95.36%**	**₱871**
	Decrease by 95.36%	**(871)**
2019	Increase by 12.78%	₱117
	Decrease by 12.78%	(117)

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
2020	**Increase by 4.84%**	**₱552**
	Decrease by 4.84%	**(552)**
2019	Increase by 15.21%	₱1,683
	Decrease by 15.21%	(1,683)

34. Basic/Diluted Earnings Per Share

The basic/diluted earnings per share from continuing operations attributable to equity holders of the Parent Company for the years ended December 31, 2020, 2019 and 2018 were computed as follows (amounts in million, except earnings per share):

		2020	2019	2018
a.)	Net income attributable to equity holders of the Parent Company from continuing operations	**₱6,546**	₱16,586	₱12,795
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 from continuing operations	**5,957**	15,997	12,206
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)	**₱27.67**	₱74.31	₱56.70

The basic/diluted earnings per share from discontinued operations attributable to equity holders of the Parent Company for the years ended December 31, 2020, 2019 and 2018 were computed as follows:

		2020	2019	2018
a.)	Net income attributable to equity holders of the Parent Company from disposal group	**₱–**	₱3,723	₱361
b.)	Weighted average number of outstanding common shares of the Parent Company (Note 22)	**215**	215	215
c.)	Basic/diluted earnings per share (a / b)	**₱–**	₱17.29	1.68

The basic/diluted earnings per share attributable to equity holders of the Parent Company for the years ended December 31, 2020, 2019 and 2018 were computed as follows:

		2020	2019	2018
a.)	Net income attributable to equity holders of the Parent Company	**₱6,546**	₱20,309	₱13,156
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	**5,957**	19,720	12,567
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)	**₱27.67**	₱91.60	₱58.38

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) 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, 2020, 2019 and 2018, 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, 2020, 2019 and 2018:

	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 from continuing operations	823	5,826	3,441	829	(2,582)	8,337
Net income from discontinued operations	–	–	–	–	–	–
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

	December 31, 2019					
	Real Estate	Financial Institution	Automotive Operations	Infrastructure	Others	Total
Revenue	₱7,982	₱–	₱192,966	₱–	₱–	₱200,948
Other income	3,299	–	1,337	–	473	5,109
Equity in net income of associates and joint venture	2	10,948	–	3,628	–	14,578
	11,283	10,948	194,303	3,628	473	220,635
Cost of goods and services sold	657	–	133,286	–	–	133,943
Cost of goods manufactured and sold	–	–	36,819	–	–	36,819
Cost of rental	435	–	–	–	–	435
Cost of real estate sales	5,340	–	–	–	–	5,340
General and administrative expenses	2,977	–	10,216	–	402	13,595
	9,409	–	180,321	–	402	190,132
Earnings before interest and taxes	1,874	10,948	13,982	3,628	71	30,503
Depreciation and amortization	459	–	1,950	–	8	2,417
EBITDA	2,333	10,948	15,932	3,628	79	32,920
Interest income	1,870	–	222	–	213	2,305
Interest expense	(1,319)	–	(704)	–	(4,430)	(6,453)
Depreciation and amortization	(459)	–	(1,950)	–	(8)	(2,417)
Pretax income	2,425	10,948	13,500	3,628	(4,146)	26,355
Provision for income tax	(813)	(3)	(4,076)	–	(165)	(5,057)
Net income from continuing operations	1,612	10,945	9,424	3,628	(4,311)	21,298
Net income from discontinued operations	3,814	–	–	–	–	3,814
Net income	₱5,426	₱10,945	₱9,424	₱3,628	(₱4,311)	₱25,112
Segment assets	₱90,315	₱128,712	₱60,085	₱36,951	₱41,591	₱357,654
Segment liabilities	₱54,006	₱–	₱31,009	₱–	₱83,319	₱168,334

	December 31, 2018					
	Real Estate	Financial Institution	Automotive Operations	Infrastructure	Others	Total
Revenue	₱9,342	₱–	₱179,117	₱–	₱–	₱188,459
Other income	2,936	–	1,053	–	202	4,191
Equity in net income of associates and joint venture	(119)	9,506	–	2,126	–	11,513
	12,159	9,506	180,170	2,126	202	204,163
Cost of goods and services sold	673	–	129,176	–	–	129,849
Cost of goods manufactured and sold	–	–	31,809	–	–	31,809
Cost of rental	476	–	–	–	–	476
Cost of real estate sales	6,839	–	–	–	–	6,839
General and administrative expenses	2,366	–	8,074	–	227	10,667
	10,354	–	169,059	–	227	179,640
Earnings before interest and taxes	1,805	9,506	11,111	2,126	(25)	24,523
Depreciation and amortization	392	–	1,547	–	7	1,946
EBITDA	2,197	9,506	12,658	2,126	(18)	26,469
Interest income	1,215	–	332	–	121	1,668
Interest expense	(1,164)	–	(285)	–	(3,952)	(5,401)
Depreciation and amortization	(392)	–	(1,547)	–	(7)	(1,946)
Pretax income	1,856	9,506	11,158	2,126	(3,856)	20,790
Provision for income tax	(930)	–	(2,932)	–	(24)	(3,886)
Net income from continuing operations	926	9,506	8,226	2,126	(3,880)	16,904
Net income from discontinued operations	707	–	–	–	–	707
Net income	₱1,633	₱9,506	₱8,226	₱2,126	(₱3,880)	17,611
Segment assets	₱131,788	₱118,157	₱56,430	₱33,850	₱17,441	₱357,666
Segment liabilities	₱65,413	₱–	₱27,865	₱–	₱83,560	₱176,838

Geographical Information
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:

	2020	2019	2018
Domestic	**₱128,346**	₱215,907	₱197,616
Foreign	**6,074**	7,033	8,215
	₱134,420	₱222,940	₱205,831

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 Housing and Land Use Regulatory Board for a total guarantee amount of ₱3.45 billion, ₱3.83 billion and ₱3.45 billion as of December 31, 2020, 2019 and 2018, respectively.

37. Events after the Reporting Date

On January 1, 2021, GTCAD acquired 60% ownership over TSRLI for a total purchase price of ₱516 million in cash. This resulted in GTCAD's acquisition of control over TSRLI effective January 1, 2021.

On January 27, 2021, 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 4, 2021.

On January 27, 2021, 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 c series B stockholders as of record date January 4, 2021.

On March 22, 2021, the BOD of the Parent Company approved the declaration of a regular cash dividend amounting to ₱645.85 million, or ₱3.00 per share in favor of GT Capital's common stockholders of record as of April 7, 2021, payable on April 21, 2021.

On March 22, 2021, the BOD of the Parent Company approved the declaration of a regular cash dividend in favor of its voting preferred stockholders at a dividend rate of 3.77%, with record date on April 7, 2021 and payment date on April 21, 2021.

38. Consolidated Statements of Cash Flows

Below are the noncash operating, investing and financing transactions of the Group:

	2020	2019	2018
Transfers between investment property and inventories (Note 6)	**₱1,216**	₱–	₱533
Borrowing cost capitalized to inventories (Note 6)	**642**	1,131	1,622
Net assets deconsolidated due to sale of subsidiary (Note 12):			
<u>Assets</u>			
Cash and cash equivalents	**–**	–	–
Short-term investments	**–**	1	–
Receivables	**–**	5,482	–
Contract assets	**–**	2,688	
Inventories	**–**	29,642	–
Prepayments and other current assets	**–**	3,251	–
Financial assets at FVOCI	**–**	3	–
Property and equipment	**–**	752	–
Investment properties	**–**	3,241	
Goodwill and intangible assets	**–**	2,862	–
Deferred tax assets	**–**	64	–
Other noncurrent assets	**–**	634	–
<u>Liabilities</u>			
Accounts and other payables	**–**	3,643	–
Contract liabilities	**–**	3,180	
Customer's deposits	**–**	5	–
Dividends payable	**–**	1,145	
Income tax payable	**–**	72	–
Other current liabilities	**–**	274	–
Pension liabilities	**–**	182	–
Long-term debt	**–**	8,057	–
Deferred tax liabilities	**–**	2,417	–
Other noncurrent liabilities	**–**	161	–

The following are the changes in liabilities in 2020 and 2019 arising from financing activities including both cash and non-cash changes:

	January 1, 2020	**Availment**	**Payment**	**Forex movement**	**Amortization of day 1 loss**	**Amortization of deferred financing cost**	**Others***	**December 31, 2020**
Short-term debt (Note 16)	**₱12,890**	**₱53,890**	**(₱38,761)**	**(₱12)**	**₱–**	**₱–**	**₱–**	**₱28,007**
Current portion of long-term debt (Note 16)	**4,974**	**–**	**(4,988)**	**–**	**–**	**14**	**5,012**	**5,012**
Long-term debt – net of current portion (Note 16)	**87,149**	**13,910**	**(681)**	**–**	**–**	**63**	**(5,012)**	**95,429**
Current portion of bonds payable	**3,899**	**–**	**(3,900)**	**–**	**–**	**(4)**	**5,000**	**4,995**
Bonds payable (Note 17)	**15,040**	**–**	**–**	**–**	**–**	**25**	**(5,000)**	**10,065**
Current portion of liabilities on purchased properties (Notes 20 and 27)	**432**	**–**	**(432)**	**–**	**–**	**–**	**598**	**598**
Liabilities on purchased properties - net of current portion (Notes 20 and 27)	**3,352**	**–**	**(166)**	**–**	**69**	**–**	**(598)**	**2,657**
	₱127,736	**₱67,800**	**(₱48,928)**	**(₱12)**	**₱69**	**₱98**	**₱–**	**₱146,763**

** Others include reclassification from noncurrent to current portion.*

	January 1, 2019	Effect of deconsolidation (Note 12)	Availment	Payment	Forex movement	Amortization of day 1 loss	Amortization of deferred financing cost	Others*	December 31, 2019
Short-term debt (Note 16)	₱10,500	(₱3,194)	₱38,215	(₱32,631)	₱–	₱–	₱–	₱–	₱12,890
Current portion of long-term debt (Note 16)	820	(1,707)	1,155	(3,480)	–	–	12	8,174	4,974
Long-term debt – net of current portion (Note 16)	94,349	(3,156)	4,614	(41)	(390)	–	(53)	(8,174)	87,149
Current portion of bonds payable	2,994	–	–	(2,994)	–	–	–	3,899	3,899
Bonds payable (Note 17)	18,913	–	–	–	–	–	26	(3,899)	15,040
Current portion of liabilities on purchased properties (Notes 20 and 27)	416	–	–	(416)	–	–	–	432	432
Liabilities on purchased properties - net of current portion (Notes 20 and 27)	2,877	–	852	–	–	55	–	(432)	3,352
	₱130,869	(₱8,057)	₱44,836	(₱39,562)	(₱390)	₱55	(₱15)	₱–	₱127,736

**Others include reclassification from noncurrent to current portion.*

39. Approval for the Release of the Financial Statements

The accompanying financial statements of the Group were approved and authorized for issue by the Parent Company's BOD on March 22, 2021.

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