STRENGTH IN ADAPTABILITY

2021 ANNUAL REPORT

STRENGTH IN ADAPTABILITY

2021 ANNUAL REPORT

Strength in Adaptability

Given these times of uncertainty in a rapidly evolving global business environment, GT Capital Holdings, Inc. continues to adapt to new market opportunities as it constantly develops innovative solutions to best serve its customers and other stakeholders. Learning from its past experiences, GT Capital has implemented the necessary protocols and strategies to ensure that its businesses continue to operate effectively in the new and better normal environment. GT Capital's component companies have utilized virtual platforms and introduced new products and services to align with the constantly shifting demands and behaviors of its customers. GT Capital 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's proven strength in adaptability has enabled it to endure and excel even during economic downturns. With the support of its best-in-class global strategic partners, GT Capital continues to recover and rebuild, along with the nation.

37.15%
GT Capital -Owned

Php22.2Bn
2021 Net Income

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

51%
GT Capital -Owned

Php6.0Bn
2021 Net Income

TOYOTA
Incorporated on August 3, 1988, Toyota Motor Philippines Corporation (TMP) is the leading and largest automotive company in the Philippines. Established through a joint venture between GT Capital and Toyota Motor Corporation (TMC), TMP is engaged in the assembly, importation, and wholesale distribution of Toyota and Lexus motor vehicles in the Philippines. TMP operates a facility located at the Toyota Special Economic Zone in Santa Rosa, Laguna, where it currently assembles its top-selling Vios and Innova models. Through its wide array of vehicle models and robust sales distribution and service network, TMP achieved its 20th consecutive Triple Crown in 2021, topping the industry in passenger car, commercial vehicle, and overall vehicle sales.

100%
GT Capital -Owned

Php1.0Bn
2021 Net Income

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

25.33%
GT Capital -Owned

Php2.3Bn
2021 Net Income

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

16.30%
GT Capital -Owned

Php12.3Bn
2021 Core Net Income

METRO PACIFIC
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.

2021 Milestones

April

1. The Seasons Residences of Federal Land was recognized as the Best Residential High-Rise Development in the Philippines by the International Property Awards.

June

2. Toyota Motor Philippines opens its 72nd dealership in Dipolog City, Zamboanga Del Norte.

July

3. GT Capital and Metrobank Group commence their Employee Vaccination Program.
4. GT Capital is awarded the Best Investor Relations Team in the Philippines by The Global Economics.

August

5. Toyota Motor Philippines launches the myToyota e-commerce mobile app.
6. AXA is recognized as the International General Insurer of the Year in the Philippines, as well as having the Mobile App of the Year, in the Insurance Asia Awards.

September

7. Metrobank is recognized as the Best Domestic Bank in the Philippines during the Asiamoney Best Bank Awards.
8. GT Capital is awarded the Best Investor Relations Team in the Philippines by World Business Outlook.
9. GT Capital is awarded the Best Investor Relations Team in the Philippines by Global Business Outlook.
10. Toyota Motor Philippines opens its 73rd dealership in Lucena City, Quezon.

11. Premium Warranty Services Philippines, Inc. commences operations.
12. GT Capital donates 3,000 AstraZeneca vaccines to the Makati City local government.

October

13. GT Capital donates 4,000 AstraZeneca vaccines to the General Trias, Cavite local government.
14. GT Capital is recognized as the Grand Winner of the Executive Leadership Award in the Asia CEO Awards.
15. Metrobank is recognized as the Strongest Bank in the Philippines by The Asian Banker.
16. Toyota Financial Services Philippines launches myToyota Wallet payment app.

November

17. JBA Philippines commences operations.
18. Toyota Motor Philippines is awarded the Philippine Quality Award for Performance Excellence by the Department of Trade and Industry.
19. Federal Land is recognized as a Highly Commended Lifestyle Developer in the 9th Property Guru Philippines Awards.

December

20. GT Capital donates 5,000 Moderna vaccines to the Pasay City local government.
21. Toyota Motor Philippines receives its 20th consecutive Triple Crown Award for nationwide dominance in passenger car, commercial vehicle, and overall unit sales.

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-depository credit intermediation such as leasing, installment loans, life insurance, and other related financial services. It is also involved in property development. In the automotive industry, the company is engaged in corporate and personal leasing, rental, car sharing, and used vehicle sales. The company's corporate financial services include lending, building lease, e-commerce, corporate pension, life and accident insurance consulting, and investment banking. ORIX 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

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

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, excellence, respect, and sustainable value creation, we fulfill our mission to ensure long-term value for our stakeholders by creating a synergistic business portfolio contributing to our nation's sustainable development.

Our Purpose

With the support of its best-in-class global strategic partners, GT Capital contributes to nation-building by providing world-class products and services to the Filipino people.

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.

Excellence

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

Respect

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

Sustainable Value Creation

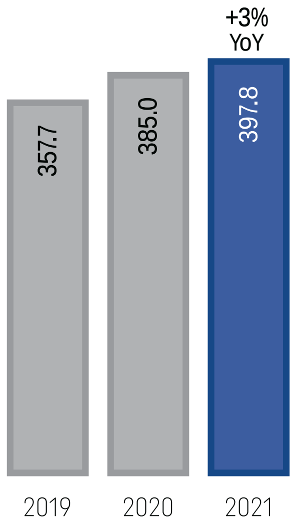
We are committed to planting the seeds today that will result in the creation of sustainable stakeholder value in the future. We believe that taking a long-term and sustainable perspective is essential to contributing to nation's sustainable development.

Contents

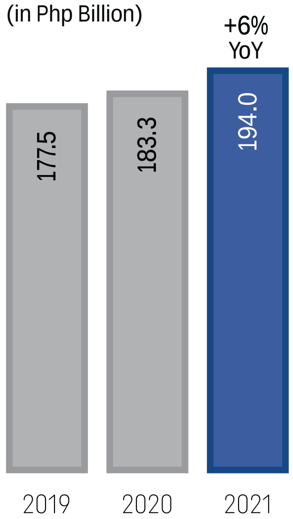
*GT Capital's 2021 Integrated Sustainability Report is printed separately and is also available in the GT Capital website (gtcapital.com.ph).

Consolidated Financial Highlights

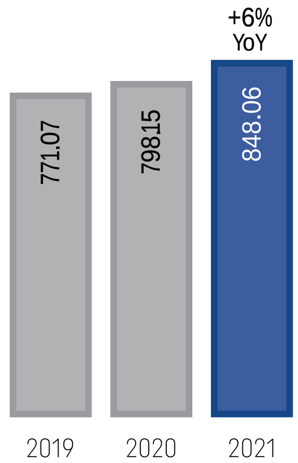
Total Assets
(in Php Billion)



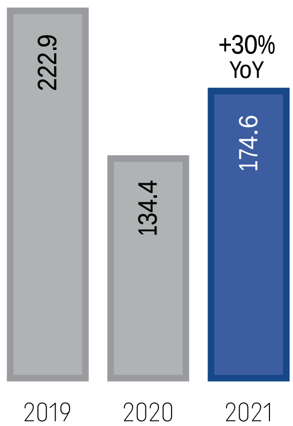
Total Equity Attributable to Equity Shareholders
(in Php Billion)



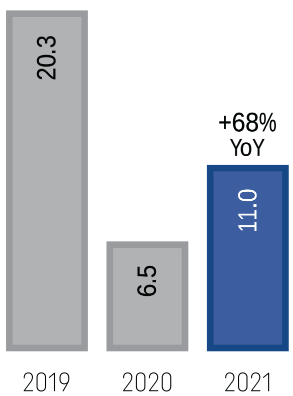
Book Value of Common Shares
(in Php)



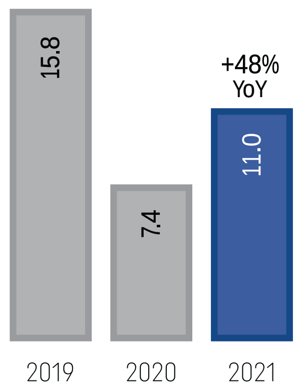
Total Revenues
(in Php Billion)



Consolidated Net Income
(in Php Billion)



Core Net Income
(in Php Billion)



In Php Billion, unless otherwise stated	2021	2020	2019
Consolidated Net Income	**11.0**	6.5	20.3
Core Net Income	**11.0**	7.4	15.8
Total Revenues	**174.6**	134.4	222.9
Earnings Before Interest and Taxes (EBIT)	**20.4**	14.6	34.5
EBITDA	**22.6**	17.1	32.9
EBITDA Margin (in %)	**12.9%**	13.2%	12.8%
Total Assets	**397. 8**	385.0	357.7
Total Liabilities	**192.7**	192.8	168.3
Total Equity	**205.1**	192.2	189.3
Total Equity Attributable to Equity Shareholders	**194.0**	183.3	177.5
Earnings per share (in Php)	**48.28**	27.67	91.60
Book Value of Common Shares (in Php)	**848.06**	798.15	771.07
Current Ratio (x)	**2.37**	1.76	2.13
D/E Ratio (x)	**0.70**	0.76	0.67
Return on Average Assets (ROAA) (in %)	**2.81%**	1.76%	5.68%
Return on Average Equity (ROAE) (in %)	**5.82%**	3.63%	12.18%

Chairman's Message and President's Report

Strength in Adaptability

Dear fellow shareholders,

2021 was a better year than 2020 as quarantine and mobility restrictions were eased and the government's nationwide vaccination program was in full effect. While maintaining health and safety protocols, businesses and public transportation services were allowed to resume and gradually increase capacity as daily infections were controlled and the impact of the pandemic was mitigated. It appeared that the nation, along with the rest of the world, started to shift its stance to "learning to live with the virus", rather than in fear of it.

Given the increased mobility and gradual reopening of the economy, the Philippines registered an encouraging GDP growth of 5.7%, reversing the 9.5% contraction recorded in 2020. This, in fact, exceeded the government's target of 4.0-5.0% for 2021.

Reflecting more stable consumer confidence, household consumption spending increased by 4.2% in 2021. The country's unemployment rate lowered to 6.6% last year from the all-time high of 10.3% reported in 2020. Remittances from overseas Filipino workers remained resilient, growing by 5.1% to USD34.9 billion in 2021. Furthermore, government expenditures rose by 7% in support of the administration's continuous efforts to mitigate the effects of the pandemic, along with the resumption of construction activities of the government's Build-Build-Build infrastructure program.

Full-year average inflation increased to 3.9% in 2021 due to the global supply chain disruptions and the increase in food, oil, and commodity prices throughout the year. Money supply (M3) also grew to Php15.3 trillion, 8% higher than the previous year.

Within this backdrop, our key sectors were able to realize a strong recovery in 2021. The banking sector remained resilient and continued providing essential financial services to Filipinos, including much needed mobile banking services. Deposit growth was sustained at 9% amid ample market liquidity. Loan growth recovered by 5% in 2021 as companies resumed some of their expansion initiatives. Asset quality remained stable as non-performing loans (NPL) were manageable at 3.6% for the year. It appears that NPL levels have already peaked during the height of the pandemic and will likely go down this year. To support the industry, the central bank maintained its accommodative monetary policy throughout the year.

Improved mobility restrictions and consumer confidence in 2021 allowed the automotive industry to return to double-digit volume growth. Furthermore, Toyota Motor Philippines recently achieved a key milestone of two million vehicles sold since starting operations in 1988.

The property development sector likewise recovered with the resumption of construction activities and the launch of new projects in 2021. Notably, the Philippine insurance industry grew by 22% to Php374.7 billion in total premiums in 2021, reflecting the efficiency of the Insurance Commission (IC) and its regulated companies in utilizing digital tools to ensure the resilience of the sector.

ARTHUR V. TY
Chairman

CARMELO MARIA LUZA BAUTISTA
President

Expectedly, the infrastructure and utilities sector also benefited from the economic reopening. Increased traffic on toll roads, higher commercial and industrial demand for power and water, and increased capacity in rail services supported the recovery of the industry.

In 2021, your company, GT Capital Holdings, Inc., reported a significant 68% increase in its consolidated net income to Php11.0 billion from Php6.5 billion the previous year. Eliminating non-recurring gains and losses, the conglomerate's core net income rose 48% to Php11.0 billion last year from Php7.4 billion in 2020. GT Capital's consolidated revenues rose 30% to Php174.6 billion in 2021 from Php134.4 billion in 2020. Stronger auto sales from Toyota Motor Philippines, robust real estate sales from Federal Land, as well as higher contributions from Metrobank and Metro Pacific, all supported GT Capital's impressive performance for the year.

As a testament to our strong performance and commitment to all our stakeholders, our component companies received multiple distinguished awards in 2021. AsiaMoney recognized Metrobank as the Best Domestic Bank in the Philippines, while The Asian Banker cited Metrobank as the Strongest Bank in the country. TMP received the prestigious Philippine Quality Award for Performance Excellence from the Department of Trade and Industry. The company also received its 20th consecutive Triple Crown Award, reaffirming its leadership position in the passenger car, commercial vehicle, and overall auto sales categories. Federal Land's The Seasons Residences, located in Bonifacio Global City, received the Five-Star Award for Best High-Rise Development in the Philippines at the Asia Pacific Property Awards. In addition, Federal Land was cited as a Highly Commended Lifestyle Developer in the Philippine Property Awards. AXA Philippines was cited at the prestigious Insurance Asia Awards 2021 with two distinctions: the International General Insurer of the Year and the Mobile Application of the Year for the Emma by AXA app.

GT Capital was recognized as the Best Investor Relations Company in the Philippines by three international institutions, The Global Economics, World Business Outlook, and Global Business Outlook. In October, your company was also awarded as the Grand Winner of the Executive Leadership Team of the Year category in the Asia CEO Awards.

Responding and Adopting to the Pandemic

Since the pandemic began in the Philippines in 2020, we wasted no time in helping our fellow countrymen as best as we could. Our Group, through GT Foundation and Metrobank Foundation, allocated resources to various initiatives that directly supported the fight against the virus. We donated food, medical supplies, and personal protective equipment to various hospitals and medical institutions. We also funded the construction and operation of several molecular laboratories capable of processing thousands of tests per day.

We extended support to both our regular and agency employees. We ensured that health and safety protocols were strictly implemented in all our offices, branches, showrooms, and dealerships. Furthermore, we allowed our employees to work from home during periods under strict quarantine in 2021. To continue providing quality service to our customers, we developed and utilized sophisticated digital platforms across all our component companies.

In 2021, our primary focus was to fully vaccinate the GT Capital Group employees. In line with this, we ordered a total of 455,000 doses of Covid-19 vaccines and partnered with Manila Doctors Hospital, ActiveOne Health of the Unilab Group, and Zuellig to administer the vaccines in three locations, the Grand Hyatt in BGC, the Toyota plant in Sta. Rosa Laguna, and Le Pavillon in Pasay City. As of end-2021, 100% of employees across the Group have been fully vaccinated.

In line with the government's nationwide vaccination efforts, the GT Capital Group donated a total of 65,120 vaccines to various local government units (LGU) and institutions. A total of 8,020 AstraZeneca vaccines were donated to the Philippine Red Cross and the Makati and General Trias LGUs, while another 57,100 Moderna vaccines were donated to the Pasay, Marikina, Cavite, Roxas, Biñan, Sta. Rosa, Cebu, Bulacan, Rizal, and Ilocos Norte LGUs. As espoused by our late Group Chairman and Founder, Dr. George Ty Siao Kian, we take pride in being a force for social good and will continue to do so moving forward.

The Road Toward 2022 and Beyond

Our strong performance in 2021 reflects GT Capital's efficiency and swift response in utilizing digital tools and other measures to ensure the resilience of our various businesses amid the Covid-19 pandemic. We have certainly proven capable of withstanding the disruptions and downturns caused by the recession in 2020. Our strength in adaptability has allowed us to thrive under various economic conditions and emerge stronger every time.

In 2022, we celebrate our 10th listing anniversary in the Philippine Stock Exchange. Back in 2012, GT Capital's primary objective was to serve as the investment holding vehicle of the diversified businesses within the Group. We are pleased to say that we have accomplished this and much more. We have expanded our existing businesses, created synergies between our various component companies, and ventured into new growth sectors. Over the years, our component companies have claimed and maintained top tier positions in their respective industries. Rooted in our core values of Integrity, Excellence, Respect, and Sustainable Value Creation, we remain committed to continue this growth momentum. Despite the ten years of solid growth and steady value creation, there are still many opportunities that lie ahead for the Philippines, for GT Capital, and for the sectors in which we are invested.

With the continued support of our global strategic partners, we plan on vigorously pursuing the growth strategies that were put on hold during the pandemic. These strategies will be focused around the core businesses of the Group where there are still numerous business opportunities to be unlocked. Our core strengths in banking, mobility, property, insurance, and infrastructure are fundamental to the country's growth.

Due to its prudent risk management, Metrobank is now in a better position to support clients' expansion plans as the economy continues to reopen. We expect loan growth, a recovery in net interest margins, and digital initiatives to drive the Bank's profitability. We expect the automotive sector to return to motorization. In line with Toyota Motor Corporation's global electrification strategy, Toyota Motor Philippines is expected to launch new and exciting hybrid vehicle offerings as we move forward.

We continue to see great potential in our property development businesses through Federal Land, and expect this to become the next high growth engine of GT Capital. Through Federal Land's strategic alliance with Nomura Real Estate, under Federal Land NRE Global, we intend to unlock the value of our sizeable land bank by developing mixed-use, master-planned communities and estates, throughout the country.

The local insurance industry remains underpenetrated, and we expect AXA Philippines to continue introducing new innovative products that cater to the constantly evolving needs of Filipinos. The Group continues to see value in the essential infrastructure projects of Metro Pacific as a prime contributor to nation-building. Furthermore, the GT Capital Group continues to enhance its ESG practices and we continue to explore areas to align and synergize best practices across the Group towards sustainable growth.

Notwithstanding the recent geopolitical conflict between Russia and Ukraine and the rise in oil and commodity prices, we look forward to 2022 with reasonable optimism as we take on new growth opportunities. We will maintain our strategic direction towards establishing synergies across our component companies, exploring new growth sectors, and expanding our value chain in the existing segments where we are currently invested. As we anchor ourselves on the strong foundation that we have built together, we will continue to strive for consistent growth and value creation.

We thank our dedicated employees, management, officers, partners, and you, our valued shareholders, for your continued trust in GT Capital. As we move forward, we will continue to rely on our strength in adaptability to adjust to the ever-changing conditions presented to us. With the support of our best-in-class global strategic partners, we remain committed to fulfilling our mission of being a key contributor to nation-building and a world-class conglomerate, providing the best products and services to the Filipino.

Sincerely yours,

Arthur V. Ty
Chairman

Carmelo Maria Luza Bautista
President

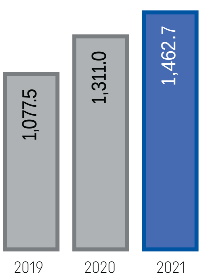
Banking in a Digital World

Through its prudent risk management strategy and sustained digitalization initiatives, Metropolitan Bank & Trust Company (Metrobank) performed notably well in 2021 despite the continued disruption caused by the ongoing pandemic. Metrobank monitored economic conditions closely, while implementing the necessary strategies to adapt to the market and continuing to provide essential banking services to its clients.

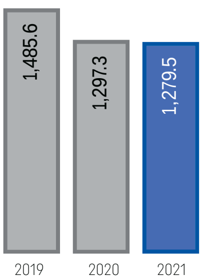
ARTHUR V. TY
Chairman
Metropolitan Bank & Trust Company

FABIAN S. DEE
President
Metropolitan Bank & Trust Company

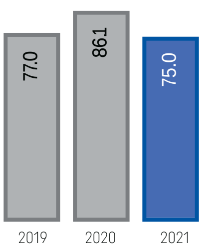
CASA Deposits
(in Php Billion)



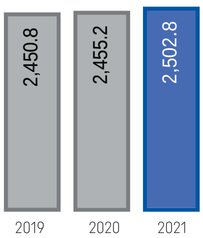
Gross Loan Portfolio
(in Php Billion)



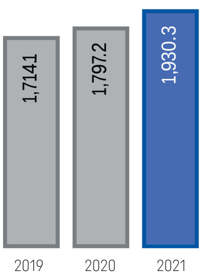
Net Interest Income
(in Php Billion)



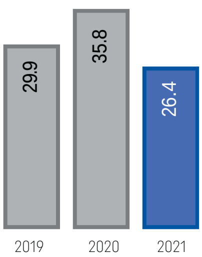
Total Assets
(in Php Billion)



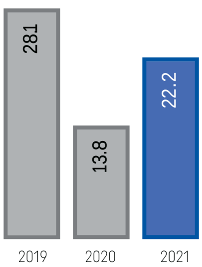
Total Deposits
(in Php Billion)



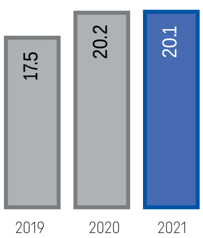
Non-Interest Income
(in Php Billion)



Consolidated Net Income
(in Php Billion)



Capital Adequacy Ratio
(in %)



Banking

The Bank reported a substantial 60% growth in its consolidated net income, from Php13.8 billion in 2020 to Php22.2 billion in 2021. This was largely driven by the reduction in provisions for credit and impairment losses for the year, which amounted to Php11.8 billion, significantly lower than the Php40.8 billion recorded in 2020.

Retaining its position as one of the largest banks in the country, Metrobank's total resources grew by 2% to Php2.5 trillion in 2021. Total deposits grew to Php1.9 trillion, while low-cost current and savings account (CASA) deposits increased by 12% to Php1.5 trillion. As a result, the Bank's CASA ratio improved to 76% from 73% the previous year.

Metrobank's loan portfolio remained healthy at Php1.3 trillion. Commercial accounts accounted for 79% of the Bank's loan portfolio, while consumer loans comprised the 21% balance.

Net interest income declined by 13% to Php75.0 billion from Php86.1 billion the previous year, due to the credit card rate cap effective last November 2020, lower industry lending rates, and shorter duration of investment securities. Metrobank recorded a net interest margin of 3.4% in 2021.

Non-interest income amounted to Php26.4 billion in 2021, driven by asset management and trust fees, which rose 15% to Php15.1 billion.

In 2021, the Bank effectively managed its operating expenses, which declined by 1% to Php59.5 billion.

Metrobank's asset quality remained manageable as its non-performing loans (NPL) ratio improved to 2.2% in 2021 from 2.4% the previous year. This was significantly lower than the industry's NPL ratio of 4.0%. The Bank's NPL cover remained sufficient at 175%, from the previous year's 163%.

With the Bank's solid capital base and better profitability, the Board of Directors approved a new dividend policy of increasing the regular cash dividends from Php1.00 to Php1.60 per share for the year, payable on a semi-annual basis at Php0.80 per share. In addition, a special cash dividend of Php1.40 per share was also declared for a total of Php3.00 per share for the year.

Continuing Pandemic Response

The pandemic clearly tested the local banking industry's resilience and readiness to adapt to uncertainty. As such, Metrobank ensured that its customers continued to have access to all its essential banking services by implementing its Business Continuity Plan (BCP) protocols, specifically designed to minimize and mitigate any potential disruption to its operations.

At the onset of the pandemic, Metrobank activated its Emergency and Disaster Response Plan for Infectious Disease, which heightened precautionary measures and sanitation practices in all its branches and offices. This initiative included intensified efforts to improve hygiene at the workplace, through regular disinfection of common areas, distribution of alcohol, and other safety measures. Metrobank also implemented mask mandates and social distancing, in accordance with the best practices guidelines from the Department of Health (DOH) and the World Health Organization (WHO). The Bank also put in place alternative communication channels that allow employees to work remotely when necessary.

The Bank's electronic channels, or e-channels, which include its mobile app, online platforms, ATMs, and POS, remained available during the pandemic and enabled convenient, contactless transactions for its clients. During the year, usage of the Metrobank Mobile App and the new Metrobank Online website increased substantially. These platforms allow clients to check their account balance, pay bills, transfer money, and even invest.

As of end-2021, 26% of Metrobank's retail clients were enrolled in its e-channels. Furthermore, 88% of the Bank's retail financial transactions were done through these online channels.

In line with the government's efforts to achieve herd immunity, Metrobank, together with GT Capital, carried out its vaccination program throughout the year. As of end-2021, 98% of Metrobank employees have been inoculated.

Awards

As a testament to the Bank's strong performance and unwavering commitment to its customers and stakeholders, Metrobank received several notable awards in 2021.

The Asian Banker cited Metrobank as the Strongest Bank in the Philippines in 2021. The award is part of The Asian Banker's pioneering annual ranking analysis of all major banks in the Asia Pacific Region, based on their balance sheet performance.

The Asian Banker Strongest Banks ranking is based on six key areas of balance sheet performance: scalability, balance sheet growth, risk profile, profitability, asset quality, and liquidity. While Metrobank performed well across these metrics, the Bank was specifically recognized for its exceptional asset quality and continued liquidity amid the pandemic, which were the key factors that bolstered its financial strength.

The Asiamoney Best Bank Awards 2021, in turn, recognized Metrobank's fortitude during the pandemic and hailed the company as the Best Domestic Bank in the Philippines. According to Asiamoney, what stood out with Metrobank was its sheer resilience during the pandemic. The Asiamoney Best Bank Awards 2021 is an annual ceremony that recognizes banks in that excel across a range of categories.

The 2021 Asset Benchmark Research Awards also recognized Metrobank as the Philippines' leading fixed income house in its Asian Local Currency Bonds category. The Bank was ranked first among the "Top sell-side firms in the Secondary Market," both in corporate and government bonds. In the "Top Arranger - Investor's Choice for Primary Issues" category, Metrobank ranked first and third for government and corporate bonds, respectively. Both rankings were generated based on investors' responses to questionnaires in the Asian Local Currency Bond Benchmark Review.

Metrobank was also given several prestigious awards by the Philippine Dealing System Holdings Corporation (PDS Group) at the PDS Annual Awards, including the highly sought-after Cesar E.A. Virata Award for Best Securities House in the Banking category. This was the eighth consecutive year that Metrobank received this distinction.

The PDS Annual Awards give recognition to industry leaders and market movers whose performance and leadership further the sustainable growth and development of Philippine financial markets.

In recognition of its exemplary data privacy initiatives and practices, Metrobank was named as one of the Outstanding Personal Information Controllers of 2021 in the Private Sector category. This award is given to institutions, whose data privacy practices incorporate a customer-centric approach, thus promoting visibility and transparency in all their platforms.

Awards

- The Asian Banker, Strongest Bank in the Philippines
- Asiamoney, Best Domestic Bank in the Philippines
- 2021 Annual Philippine Dealing System Awards
    - Cesar EA Virata Award for Best Securities House (Bank Category)
    - Top Dealing Participant for Corporate Securities
    - Top Brokering Participant - Retail Transactions
    - Top Fixed Income Dealing Participant
- The Asset Benchmark Research Awards 2021 – Asian Local Currency Bond
    - Top sellside firm in the secondary market, Government bonds, Php (Rank 1)
    - Top sellside firm in the secondary market, Corporate bonds, Php (Rank 1)
    - Top arranger - Investors' Choice for primary issues, Government bonds, Php (Rank 1)
    - Top arranger - Investors' Choice for primary issues, Corporate bonds, Php (Rank 3)
- The Asset Best Local Currency Bond Individuals
    - Best Local Currency Bond Individuals #1 in Trading
    - Best Local Currency Bond Individuals #2 & #3 in Sales
    - Best Local Currency Bond Individuals #4 in Research
- The Bureau of Treasury, Top GSED-Market Maker
- 2021 Fund Managers Association of the Philippines Bankers and Brokers Awards
    - Best Fixed Income Trader (Local)
    - Best Fixed Income Trader (Foreign) (Rank 2)
    - Best Fixed Income Sales (Rank 2)
    - Best Fixed Income Strategist (Rank 3)
- 2021 Global Retail Banking Innovation Awards Best New Product Launch of the Year for Payments
- LinkedIn Talent Awards, Best Talent Acquisition Team (above 1000 employees) Finalist,
- LinkedIn 8th Best Workplace to Grow Your Career – Philippines
- Bronze Stevie® Award in the Corporate & Community-Customer Engagement Event category, 18th Annual International Business Awards
- League of Corporate Foundations Outstanding CSR Collaboration Project, CSR Guild Awards
- Outstanding Personal Information Controllers, Privacy Awareness Week Awards of the National Privacy Commission (NPC)

Automotive Assembly, Importation, & Distribution

TOYOTA

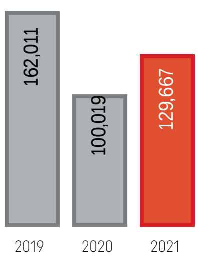
Driven to Perform

Coming out of a globally challenging year in 2020, the Philippine automotive industry improved significantly in 2021 as mobility restrictions were eased, the country's economy rebounded, and the government's vaccination program was rolled out. Under those conditions and as in previous years, Toyota Motor Philippines Corporation (TMP) remained the most dominant automotive assembler and distributor, with the widest vehicle line-up, along with an extensive dealership network nationwide.

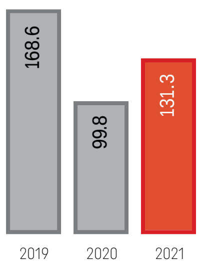
ALFRED V. TY
Chairman
Toyota Motor Philippines

ATSUSHIRO OKAMOTO
President
Toyota Motor Philippines

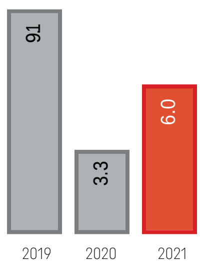
Retail Vehicle Sales
(in units)



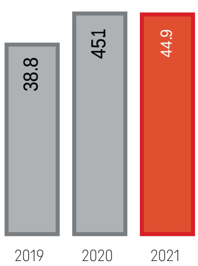
Revenues
(in Php Billion)



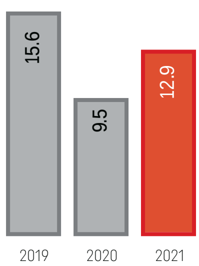
Net Income ATP
(in Php Billion)



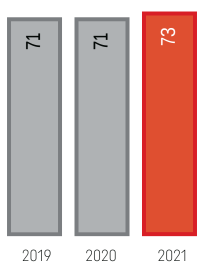
Total Assets
(in Php Billion)



Total Equity
(in Php Billion)



Number of
Dealerships



Automotive Assembly, Importation, & Distribution

Although performing better in 2021, the automotive industry still dealt with the continuing Covid-19 pandemic, global supply chain disruptions, and the imposition of provisional safeguard duties on imported vehicles at the start of the year, which were subsequently lifted by the Department of Trade and Industry. TMP reduced the impact of the aforementioned external uncertainties through prudent risk and supply chain management.

TMP booked consolidated revenues of Php131.3 billion in 2021, from Php99.8 billion in the previous year, representing a 32% growth. The company's consolidated net income reached Php6.2 billion during the period, from Php3.4 billion in 2020, registering a hefty 82% growth.

Sustained Market Leadership

As a result of the economic rebound and higher mobility, auto industry sales grew in 2021 by 16% to 280,338 units from 241,924 units in the previous year.

TMP significantly outpaced that growth momentum of the industry with retail vehicle sales of 129,667 units, 30% higher than the 100,019 units recorded in the previous year and was 80% of pre-Covid 2019 sales levels. As a result, TMP achieved its 20th consecutive Triple Crown Award with an all-time high market share of 46.3% for full-year 2021, thus reaffirming its dominance in the passenger car, commercial vehicle, and overall market segments.

In addition, TMP's luxury auto brand, Lexus, was ranked second among Philippine luxury vehicle companies in 2021.

Furthermore, TMP received the prestigious Philippine Quality Award for Performance Excellence (Level 4) from the Department of Trade and Industry, the first company to receive level 4 on its first try and the second to have received the same since the award's inception in 1997.

New Model Launches

In 2021, TMP continued to expand its model line-up with seven new product launches, including four all-new GR-Sport (GR-S) variants, the Hybrid Electric Camry, the Land Cruiser (300 series), and the minor change Innova.

The Innova is the best-selling multi-purpose vehicle of Toyota. Assembled in TMP's plant in Sta. Rosa, Laguna, the new Innova comes in six diesel engine variants and features a more sporty design with enhanced convenience and safety features.

In March, TMP launched the Vios GR-S, the first GR-S variant introduced in the Philippines. The GR-S badge symbolizes the development of the vehicle guided by Gazoo Racing (GR), Toyota's global motorsports division focused on specialized research and production of cars built for racing.

In July, TMP launched the new GR Yaris, a model built by combining motorsports technology and design. Its unique four-wheel drive system makes the GR Yaris competitive and rally-ready in any condition.

After its world premiere in June 2021, the All-New Toyota Land Cruiser (300 series) was brought into the country by TMP in September.

In October, TMP launched the Fortuner GR-S and Hilux GR-S, further expanding its GR-S lineup.

In December, TMP launched the new Toyota Camry, the latest addition to its growing Hybrid Electric Vehicle (HEV) lineup. The new Camry runs on Toyota's revolutionary HEV technology and carries the innovative concepts also present in the Prius, Corolla Altis Hybrid, and Corolla Cross Hybrid. The new Camry's hybrid system dynamically and seamlessly switches from gasoline engine to hybrid battery based on speed, acceleration, and driving conditions. The introduction of the new Camry to the Philippine market is part of TMP's strategic focus, in which the company is pivoting towards new mobility initiatives and expanding its Toyota and Lexus hybrid model lineup.

Strategic Initiatives in 2021

TMP's growth in 2021 was driven by its wide and diverse product line-up, its strong brand value, and its nationwide dealership network, complemented by its ability to provide access to financing through its captive auto financing arm, Toyota Financial Services (TFS). These factors allowed TMP to overcome the challenges of an automotive industry disrupted by the continuing pandemic and helped the company enhance its market leadership.

Automotive Assembly, Importation, & Distribution

As part of its strategic initiatives in 2021, TMP expanded its line of products and services to tap into new markets that open new opportunities. In line with this, the company launched its automated shuttle booking system, called myToyota Shuttle PH. TMP also introduced the Fleet Connected Service, a GPS-based system designed specifically for Toyota vehicles. The system assists business owners and operators in managing vehicle assets and optimizing productivity.

Toyota took another step forward by launching the Fleet Management Service (FMS) in July. The FMS can manage the complete life cycle of a company's fleet, from vehicle purchase to disposal. This, in turn, allows the client to focus on its core business and lets Toyota's FMS efficiently manage its day-to-day fleet operations.

TMP also released an upgraded version of its myToyota mobile application that allows users to explore the company's vehicle line-up, browse the latest car deals, book service appointments, purchase vehicle upgrades and packages, and get access to other services, such as roadside assistance. The myToyota app provides customers with a unified platform that enables them to access all information and services they need from vehicle purchase to after-sales and maintenance.

One of the highlights of the year, particularly for motorsports enthusiasts, was the return of TMP's premier motorsports program in July. Now called the Toyota Gazoo Racing Vios Cup, the exciting event made a historic comeback after a one year hiatus with new and familiar names battling it out for podium finishes and awards.

The season was kicked off with the debut of the GR Yaris. Some 24 autocross racers and 30 circuit racers across three classes competed in the program, which was held at the Clark International Speedway in Pampanga.

TMP continued to expand its dealership network in 2021, with the launch of two new dealerships in Dipolog City, Zamboanga del Norte in June and in Lucena City, Quezon in September. This brought the total number of Toyota dealerships in the Philippines to 73.

TMP has continued its commitment to local assembly through its participation 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. In October 2021, TMP surpassed the 100,000 unit production and sales level for its Vios model enrolled in the CARS program, making the company eligible for the Production Volume Incentive (PVI) under the program. In addition, TMP already received Php958.0 million under the Fixed Investment Support (FIS) component of the CARS program.

In September, TMP inaugurated its Batangas Vehicle Center (BVC), a Php4.7 billion logistics hub approximately six kilometers away from the Batangas port. The facility can store up to 4,500 imported units at a time, freeing up space in its plant in Sta. Rosa, Laguna to store locally assembled units. The 32-hectare facility, which uses RFID-tagging technology for real-time vehicle tracking, has an annual capacity of 160,000 units. This pre-delivery inspection and installation facility streamlines TMP's logistics operations and further improves efficiencies.

Continuing Covid-19 measures

Along with the rest of the GT Capital Group, TMP was able to vaccinate 100% of its employees, effectively creating herd immunity within the TMP community. While mobility restrictions were loosened considerably during the year, TMP continued to implement health protocols to ensure that employees and customers are safe inside TMP properties and showrooms.

Physical distancing, disinfection, and the mandatory use of face masks and face shields continued to be strictly implemented. TMP encouraged its customers to use the virtual showroom to promote contactless engagement between customers and employees. The virtual showroom is accessed through the TMP website and allows customers to experience a 360º interior and exterior view of the various Toyota model offerings.

TMP continues to dominate the Philippine automotive industry through its production of the best quality cars, offer of the best quality ownership experience, and unwavering pursuit of number one customer satisfaction. The company renews its commitment towards nation-building and greater mobility in the Philippines.


20TH
CONSECUTIVE TRIPLE CROWN
THE NEW
myTOYOTA APP
LIFE WITH TOYOTA,
MADE HAPPIER IN A TAP
App Store
Google Play
VIOS
my TOYOTA
wallet

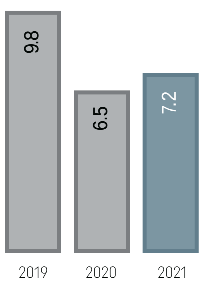
Keeping You In Mind

The easing of pandemic-related restrictions, along with increased mobility and improving consumer confidence in 2021 contributed to the restarting of general business activities in the Philippines. In line with this, the local property sector experienced a slight yet encouraging rebound as construction, sales, and marketing activities picked up.

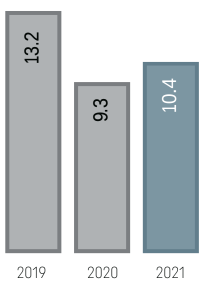
ALFRED V. TY
Chairman
Federal Land, Inc.

WILLIAM THOMAS F. MIRASOL
President
Federal Land, Inc.

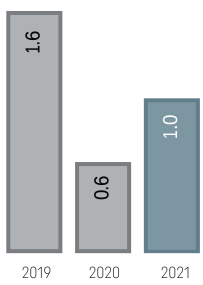
Real Estate Sales
(in Php Billion)



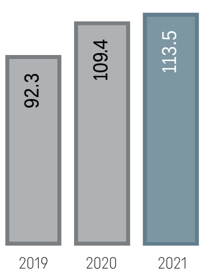
Revenues
(in Php Billion)



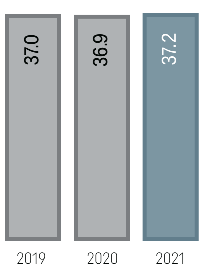
Net Income
(in Php Billion)



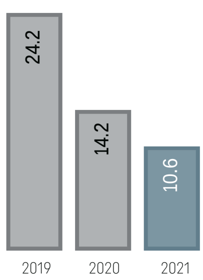
Total Assets
(in Php Billion)



Total Equity Attributable to Equity Holders
(in Php Billion)



Reservation Sales
(in Php Billion)



Property Development

Federal Land continued to operate effectively by focusing on its digital sales and marketing initiatives that ensured the safety of both customers and employees. The company thus continued to conduct and enhance its 360º virtual tours and events, digital client presentations and engagements, and online reservation and payment services to further promote convenience to its customers.

As a result of successfully adapting to existing market conditions, Federal Land recorded total revenues of Php10.4 billion in 2021, a 12% increase from Php9.3 billion in the previous year. The company also reported a consolidated net income of Php1.0 billion in 2021, a hefty 57% growth from Php0.6 billion in 2020. This was driven by sustained construction activity, higher workforce deployment, and increased booked sales.

Expectedly, reservation sales improved during months of less stringent quarantine restrictions and higher mobility. In 2021, reservation sales reached Php10.6 billion from Php14.2 billion in the previous year. Federal Land's enhanced digital sales infrastructure also supported the company's reservation sales during the period.

Federal Land maintained health and safety protocols that were established during the height of the pandemic in 2020, given that these measures successfully mitigated the spread of Covid-19 infections. Regular cleaning and disinfection, the use of hand sanitizers, temperature checks, face mask mandates, and social distancing were strictly implemented in all Federal Land properties and showrooms.

To ensure that its employees complied with the established health protocols, Federal Land formed its Corporate Safety and Health Committee, which was tasked with making sure that infection-mitigation policies and practices were sustained throughout the pandemic and that employees were well-informed of their responsibilities in this regard. In line with this, the committee issued regular health bulletins and reminders.

Furthermore, Federal Land continued offering virtual tours of its projects with the safety of property buyers and agents in mind. The virtual tours were made available for 14 Federal Land projects, including Grand Hyatt Manila Residences, The Seasons Residences, The Grand Midori Ortigas, and Palm Beach West, among others.

With face-to-face interaction limited by government restrictions, Federal Land found other ways to engage its stakeholders while sustaining its marketing initiatives. In 2021, the company started its "Federal Land Conversations" initiative, a seven-part webinar series conducted by thought leaders and experts in various fields. It tackled highly diverse topics such as luxury living and lifestyle, property valuation and legal requirements, interior design for modern living, and most notably, the Filipino-Japanese architecture forum with renowned architect Paul Tange, which was attended by interior design and architecture students.

More webinars are lined up for Federal Land Conversations beyond 2021 and will cover masterclasses on Japanese culture, food and fashion, contemporary art and design, the latest design trends and hacks, personal and career growth, and creating live-work spaces at home to balance one's personal and professional life.

2021 provided the opportunity to build Federal Land as a brand by redefining and standardizing its branding and deliverables across all product segments. Each brand, such as Federal Land, Horizon Land, and other joint ventures, were assigned strategic differentiation and product standardization that add value to the organization and serve specific target markets. Federal Land also conducted a brand health assessment to evaluate its product offerings on how well they hold up amid the changing times.

In line with this, Federal Land improved its services through personnel training, campaign materials, and digital infrastructure, among others, to improve its operational efficiency and the customer buying experience. The company also identified areas for improvement and streamlined its operations to ensure projects are launched on time, development designs are planned based on customer needs, and product pricing is based on market acceptance.

To further provide agile and responsive product offerings relevant to shifting market preferences, Federal Land empowered its senior management team to lead the company with a fresh perspective. This organizational restructuring revitalized the company as it streamlined existing processes and led to significant improvements in its operations.

Reflecting the company's solid track record of quality and reliability, Federal Land garnered several awards in 2021. Federal Land's The Seasons Residences, located in Bonifacio Global City, received the 5-Star Award for the "Best in High-Rise Residential Building in the Philippines" category at The International Property Awards for Residential High-Rise Development in the Philippines. The four-tower integrated-use development is a joint venture between Federal Land, Nomura Real Estate, and Isetan Mitsukoshi of Japan. The development features Japanese innovations such as earthquake-resistant technology, sunken slab or below-floor drainage system for easy maintenance and repairs, air-washing tiles that minimizes excess humidity and odor, and sophisticated toilet systems. This signature development sets a new global standard in the Philippine real estate industry. The International Property Awards program celebrates the highest levels of achievement by companies operating in all sectors of the property and real estate industry. An International Property Award is seen as a world-renowned mark of excellence.


Siena Towers, Marikina

BCI Asia recognized Federal Land as one of the "Top 10 Developers in the Philippines" in 2021. The BCI Asia Awards is given annually to the top ten developers and architects with the greatest aggregate value of projects under construction during the covered year. Federal Land was also cited as a "Highly Commended Lifestyle Developer" and its project Mi Casa received the "Highly Commended Best High-End Development" in the 9th Property Guru Philippines Awards.

Given the easing of quarantine restrictions, higher mobility, economic reopening, and improved market conditions, Federal Land expects to launch new projects in 2022 and utilize its sizeable land bank in key growth areas in the Philippines, particularly in Metro Manila and Cavite. The company remains committed to developing dynamic, sustainable communities for all Filipinos to enjoy.

Life and General Insurance

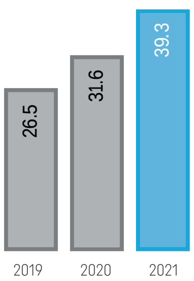
Live the Life You Choose

Given the country's economic recovery and the government's commitment to better Covid-19 protection for all Filipinos, the Philippine insurance industry grew by 22% to Php374.7 billion in total premiums in 2021 from Php308.3 billion the previous year. The noteworthy growth of the insurance industry in 2021 reflects the efficiency and swift action of the Insurance Commission (IC) and Philippine insurance companies in utilizing digital tools and other measures to ensure the resilience of the sector amid the Covid-19 pandemic.

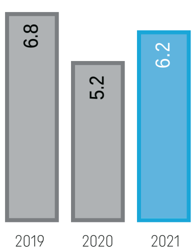
SOLOMON S. CUA
Chairman
AXA Philippines

RAHUL HORA
President
AXA Philippines

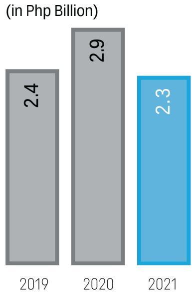
Life Premium Income
(in Php Billion)



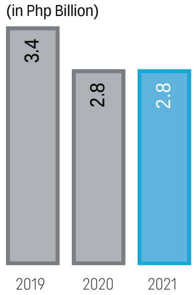
Annualized Premium Equivalent
(in Php Billion)



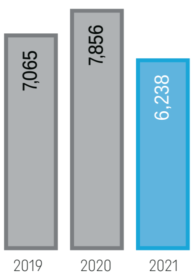
Consolidated Net Income
(in Php Billion)



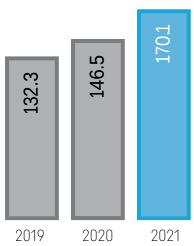
Net Income (Life Insurance)
(in Php Billion)



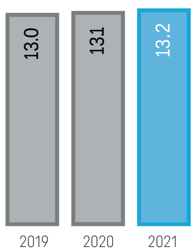
Exclusive Financial Advisors



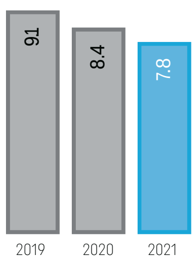
Total Assets (Life Insurance)
(in Php Billion)



Total Equity (Life Insurance)
(in Php Billion)



Premium Margin
(in Php Billion)



LIfe and General Insurance

Mirroring the industry's better-than-expected performance, AXA Philippines achieved consolidated life and general insurance gross premiums of Php43.2 billion in 2021, an increase of 19% from the previous year's Php36.3 billion. This was driven by the life segment, which realized a 25% year-on-year growth in premium income to Php39.3 billion in 2021 from Php31.6 billion in 2020.

The company's new business from life insurance, expressed as Annualized Premium Equivalent (APE), reached Php6.2 billion for the year, from Php5.2 billion in 2020, on the back of a substantial increase in single premium unit-linked product sales, which grew by a hefty 50% from the previous year. AXA Philippines recorded a consolidated net income of Php2.3 billion in 2021 from Php2.9 billion in the previous year.

Covid-19-Related Initiatives

During the onset of the pandemic in 2020, AXA Philippines expanded the coverage of its Global Health Access and other policies to include conditions related to Covid-19. In addition, the company further enhanced its coverage to include Covid-19 vaccinations. Given this, AXA's Global Health Access policyholders were eligible to reimburse their vaccine expenses for up to Php5,000 on top of other qualified home care expenses.

Although 2021 showed promising developments in recovering from the pandemic, AXA Philippines remained vigilant in protecting its customers, employees, and other stakeholders. The company allowed its employees to continue working from home as an ongoing safety

measure against infections. To ensure that sales operations were sustained while employees and agents worked from home, the company continued to utilize the AXA Virtual Assistant (AVA), which allowed agents to safely communicate with customers and provide them with clear guidelines to conduct online transactions.

Continued Strategic Initiatives in 2021

AXA Philippines' immediate adoption of innovative digital initiatives allowed the company to provide efficient services to its customers despite the disruption caused by the pandemic.

The company encouraged its policyholders and other stakeholders to download and use the Emma by AXA app, a one-stop shop app for all insurance needs. During the pandemic, AXA Philippines enhanced the app with new functions and features that addressed the needs of the market, particularly in light of strict mobility restrictions.

Emma by AXA provided users easy access to the company's products and services in the safety of their homes. App users can purchase AXA insurance products online and get free access to emergency services, including ambulance, fire, and policy assistance. Furthermore, users can access the Health Hub, which offers AXA's wide range of health content and solutions. AXA Philippines also initiated an internal campaign that encouraged its employees to utilize the app.

While the pandemic persisted in 2021, medical costs continued to increase. With this in mind, AXA Philippines introduced Health Care Access as a way for Filipino individuals and families to protect themselves from unexpected health expenses.

AXA Health Care Access offers a comprehensive and affordable health care solution for hospitalization and medical needs through a modest monthly or annual premium. The program comes in two plans: Health Care Access Prime and Health Care Access Lite.

Aside from this, AXA Philippines offers Health Start, a health insurance plan that provides coverage for the top three critical illnesses - cancer, heart attack, and stroke, including some of their early-stage conditions. The plan has a variant with built-in coverage for the child of the insured against some critical conditions for minors.

Aside from the pandemic, climate change continues to be a main area of concern for AXA Philippines, especially given the recent destructive weather disturbances and other calamities related to global warming. Acknowledging this, AXA Philippines partnered with Plastic Credit Exchange (PCEx), a non-profit organization that seeks environmentally-sound solutions to lessen plastic waste. With this partnership, AXA Philippines has committed to remove 100 tons of plastic in identified communities.

AXA and PCEx will work together in a waste-to-cash program that provides women with work, while enabling them to make a positive impact on the environment. AXA Philippines will also be setting up plastic waste collection points to reach their goal of removing 100 tons of plastic.

Awards and Recognitions in 2021

For the 13th consecutive year, the global AXA brand was hailed by Interbrand as one of the world's Top 50 Best Global Brands. AXA was also cited as among the Top 5 fastest-growing financial services brands globally.

Interbrand has been the world's leading brand consultancy for over 40 years, pioneering iconic work and forging many of the brand building tools that are now common practice. The Best Global Brands list ranks the world's most valuable brands, determined by brand performance and social relevance.

In the local front, AXA Philippines was recognized at the prestigious 18th Philippine Quill Awards. The company won a Quill award under the Communication Skills category, for its Recruitment Online Serviced by AXA (ROSA), an online platform that provides a single-view of relevant hiring documents and application status needs. This platform can manage the hiring process through all recruitment stages, including the licensing of all AXA distributors.

With ROSA, AXA Philippines became the first company in the local insurance industry to have a seamless end-to-end recruitment management tool that specifically caters to the sales and distribution recruitment experience for both recruiters and applicants. One of ROSA's main features is the automation and digitalization of all four stages of recruitment: attraction, application, training, and licensing.

AXA Philippines and Charter Ping An Insurance Corporation (CPAIC), the general insurer owned and operated by AXA Philippines, were also recognized for good corporate governance in the 2021 Golden Arrow Awards at the ASEAN Corporate Governance Scorecard (ACGS) recognition ceremony. The ACGS Golden Arrow Awards are given out by the Institute of Corporate Directors, a non-stock, not-for-profit organization dedicated to the professionalization of Philippine corporate directorship.

In August, AXA Philippines was cited at the prestigious Insurance Asia Awards 2021 with two distinctions: the International General Insurer of the Year (Philippines) and the Mobile App of the Year for the Emma by AXA app. The company was lauded for its ability to ramp up its services amid the challenges brought on by the pandemic, and for serving its customers in a new environment via new and innovative distribution channels.

The Emma by AXA mobile app, in turn, was recognized as an innovative digital insurance and wellness partner for AXA's customers. In response to the challenges brought about by the pandemic, AXA Philippines added new functionalities to the app in the past year to make customer claims faster and more convenient.

AXA Philippines' prudent decision-making, along with its ability to provide innovative solutions to its customers and other stakeholders, has allowed the company to perform notably well in 2021. As the economy recovers, AXA Philippines is well-prepared to continue protecting the lives and investments of Filipinos through relevant product offerings and convenient services.

Infrastructure and Utilities

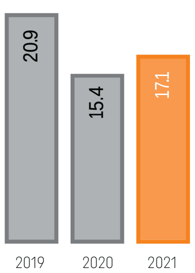
METRO PACIFIC INVESTMENTS

Our Progress is Yours

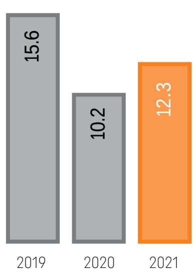
The relaxation of quarantine and mobility restrictions in 2021 resulted in significantly higher business activity and demand for essential infrastructure and utilities services in the country. Given the reopening of the Philippine economy, Metro Pacific Investments Corporation (MPIC) delivered stronger results during the period.

MANUEL V. PANGILINAN
Chairman and President
Metro Pacific Investments Corporation

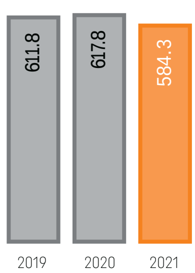
Share of Operating Income
(in Php Billion)



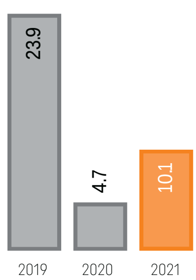
Core Net Income
(in Php Billion)



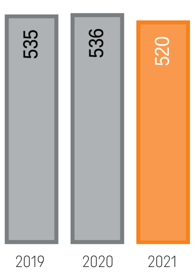
Total Assets
(in Php Billion)



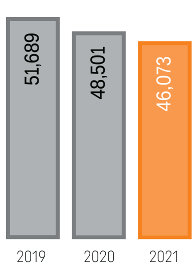
Reported Net Income
(in Php Billion)



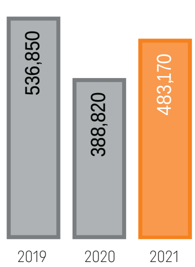
Water - Billed Volume
(in millions of cubic meters per day)



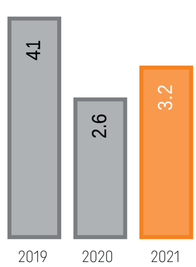
Power - Energy Sales
(in gigawatt hours)



Toll Roads - Average Daily Vehicle Entries
(Philippines)



Hospitals - Number of Patients Served
(in Millions)



Infrastructure and Utilities

MPIC was able to reverse the previous year's contraction with a consolidated core net income of Php12.3 billion in 2021, up by a noteworthy 20% from Php10.2 billion in 2020. This substantial growth was driven by improved traffic on its toll roads and higher volume of electricity sold by Manila Electric Company (Meralco). The impact of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law, which lowered corporate income tax rates from 30% to 25%, also supported the company's recovery.

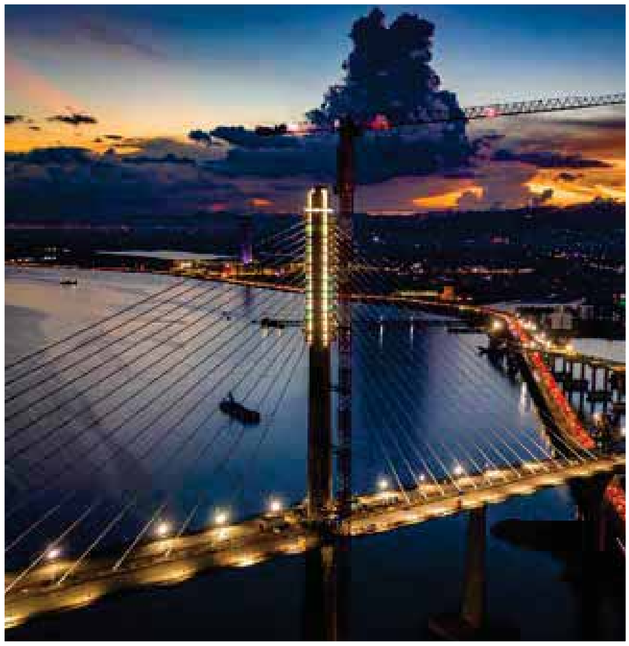
Reported net income attributable to equity holders more than doubled from Php4.7 billion in 2020 to Php10.1 billion in 2021, largely due to the gain on sale of Global Business Power Corporation at Php4.6 billion and Don Muang Tollways at Php1.1 billion.

The contribution of the power business, through Meralco, to MPIC's core net income for the year was Php11.2 billion, a 6% increase from Php10.5 billion in 2020. Residential energy sales grew 3% to 16,913 GWh as a result of continued work-from-home and remote learning arrangements during the period. Commercial energy sales also grew 3% to 15,234 GWh driven by the reopening of business establishments, along with higher foot traffic. Industrial energy sales grew 13% to 13,782 GWh as manufacturing and construction-related activities picked up, while plant capacities increased.

With the loosening of mobility restrictions, Metro Pacific Tollways Corporation (MPTC) saw the average daily vehicle entries on its tollways increase by 25% on the North Luzon Expressway (NLEX), 26% on the Subic-Clark-Tarlac Expressway (SCTEX), 16% on the Cavite Expressway (Cavitex), and 123% on the Cavite-Laguna Expressway (CALAX). Given this, MPTC's contribution to MPIC's core net income for the year increased by 58% to Php3.9 billion in 2021 from Php2.4 billion in 2020.

Another positive development for MPTC in 2021 was the significant progress made on its expansion projects. The construction of the eight-kilometer NLEX-SLEX Connector Road was in full swing, with the first section from C3, Caloocan to España in Manila already 68% completed.

Moreover, the central span of the Cebu-Cordova Link Expressway (CCLEX) was connected in October 2021, linking Cebu City with the Municipality of Cordova. Spanning 8.9



kilometers, this Php32.8 billion project will be the longest and tallest bridge in the Philippines. As of end-2021, construction progress was at 92%. The project is expected to be completed by 2022.

In line with modernizing Cebu's infrastructure and transportation, MPTC is adopting the use of an electronic toll collection system that utilizes radio-frequency identification (RFID) technology for the CCLEX.

The CALAX Subsection 5, which connects Silang East to the Sta. Rosa-Tagaytay Road Interchange, was inaugurated in August 2021. This extends the expressway's operating section from 7.4 to 14.6 kilometers.

In order to accelerate the development of its toll road projects, MPTC sold its entire 29.45% indirect stake in Don Muang Public Company Ltd. in Thailand for Php7.2 billion in February 2021. Proceeds from this sale will be used to fund MPTC's toll road expansion projects.

Maynilad Water Services, Inc. (Maynilad), MPIC's water distribution business, saw a decline in its contribution to MPIC's core net income from Php3.1 billion in 2020 to Php2.8 billion in 2021, as consumption volume remained low throughout the year. However, billed water volume for the industrial sector rose slightly by 2% to 24.5 MCM.

In 2021, Maynilad completed the installation of its Php77 million Julian Modular Treatment Plant, which will produce four million liters of water per day (MLD) once it becomes operational by the second quarter of 2022. This project will improve water availability and pressure for about 19,000 customers.

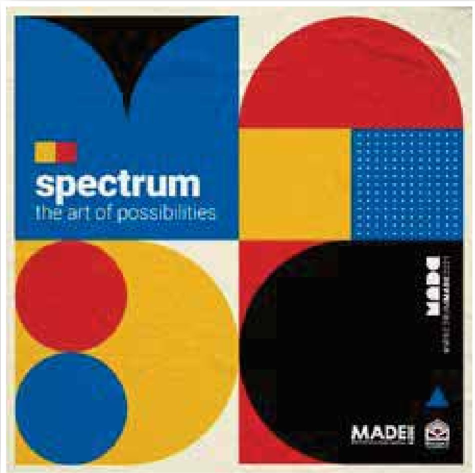
Further investments in additional supply augmentation projects are ongoing, of which 43 MLD will be made available by mid-2022 in anticipation of water supply constraints, particularly during the dry season.

Metro Pacific Hospital Holdings, Inc. (MPHHI) operates the largest private hospital network in the Philippines with 19 hospitals, six provincial cancer radiotherapy centers, two healthcare colleges and one central laboratory nationwide.

With the increase in Covid-19 admissions and testing in 2021, revenues of Metro Pacific's hospitals business rose by 37% to Php20.3 billion for the year. In-patient admissions declined by 11% to 94,957, while out-patient visits grew by 24% to 3,109,785 in 2021. The reduction in admissions was offset by higher revenues per patient due to more complex engagements from Covid-19. MPHHI recorded a consolidated core net income of Php1.5 billion in 2021, up 565% from the previous year.

In 2021, GT Capital's stake in the country's premier infrastructure conglomerate increased to 16.30% from 15.98%. As a vital contributor to nation-building and with the support of GT Capital, Metro Pacific is well-positioned to build on new post-pandemic opportunities in the coming years and will continue providing essential infrastructure and utilities services to all Filipinos.

Metrobank Foundation
Excel. Engage. Empower.



Rekindling Hope

Metrobank Foundation, Inc. (MBFI) is the corporate philanthropic arm of the Metropolitan Bank & Trust Company (Metrobank). The foundation endeavors to continue its advocacy of social development and nation-building, as espoused by the late GT Capital and Metrobank Group Chairman and Founder, Dr. George Ty Siao Kian. MBFI 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.

ARTHUR V. TY
Chairman
Metrobank Foundation, Inc.

ANICETO M. SOBREPEÑA
President
Metrobank Foundation, Inc.

2021 ACCOMPLISHMENTS IN NUMBERS

10 Metrobank Foundation Outstanding Filipinos awarded (4 teachers, 3 soldiers, 3 police officers)

18,357 registered participants in 7 MMC SOLVE webinars

451 scholars supported in 2021 50 elementary students, 150 secondary students, 131 tech-voc students, 120 college students

190,719 individuals assisted under the Health, Education, Arts, and Livelihood (HEAL) thrusts of its grants program. Health 142,830 Education 46,592 Livelihood 1,297

328,116 individuals for its grants program 192,330 health 48,659 education 1,297 livelihood 85,830 calamity assistance

P7.5M total amount of donation for disaster response

72 participating companies and organizations in celebration of the 2021 National Teachers' Month

8 visual artists as 2021 Metrobank Art & Design Excellence (MADE) awardees

More than **P42.9M** worth of grants donated to 32 social development partners in 2021

127, 830 individuals supported through feeding programs, food distributions, and community pantries

85,830 individuals affected by typhoons assisted

In 2021, MBFI utilized a sum of Php121.5 million to carry out various corporate social responsibility programs that benefitted close to a million individuals, ranging from pandemic and disaster response efforts, excellence recognition programs for public servants and visual artists, advocacies to empower learners and educators, and development assistance to reach out to marginalized and underserved communities.

MBFI also remained one of the country's key partners in providing financial and logistical assistance to those most affected by calamities and natural disasters. MBFI worked closely with GT Foundation, Inc. (GTFI) to fund and support various initiatives that address crucial public health issues and other social matters, serving those most in need through various interventions.

Metrobank Foundation Outstanding Filipinos

The year 2021 marks Metrobank's 59th founding anniversary. One of the highlights held last September 2 was a special virtual conferment ceremony for the 2021 Metrobank Foundation Outstanding Filipinos.

This highly prestigious award was given to four teachers, three soldiers, and three police officers, each receiving Php1 million in cash, a gold medallion, and 'The Flame' trophy.

The recipients of the 2021 Metrobank Foundation Outstanding Filipino Award for Teachers were: Lou Sabrina S. Ongkiko, Master Teacher I, Culiat Elementary School in Quezon City; Jason B. Albaro, Teacher III, Muntinlupa National High School Main in Muntinlupa City; Maria Minerva P. Calimag, M.D., M.Sc., Ph. D., Professor 5, College of Medicine, University of Santo Tomas in Manila; and Iris Thiele Isip-Tan, M.D., M.Sc., Professor 10, College of Medicine, University of the Philippines-Manila.

Those who received the 2021 Metrobank Foundation Outstanding Filipino Award for Soldiers were: Technical Sergeant Jake P. Belino, PAF, Non Commissioned Officer in Charge, Civil Military Operations Tactical Operations Group 1, Tactical Operations Wing Northern Luzon, Baguio City; Lieutenant Colonel Elmer M. Boongaling, PA, Executive Officer, Office of the Assistant Chief of Staff for Plans, G5, Philippine Army, Fort Bonifacio in Taguig City; and Colonel Augusto N. Padua, PAF, Executive Officer, Office of the Assistant Chief of Air Staff for Operations, A-3, Philippine Air Force, Villamor Airbase in Pasay City.

The recipients of the 2021 Metrobank Foundation Outstanding Filipino Police Officers were: Police Senior Master Sergeant Mary Joy B. Ylanan, Police Community Relations PNCO, Bogo City Police Station, Cebu; Police Lieutenant Colonel Gerard Ace J. Pelare, Chief of Police, Talisay City Police Station, Cebu; and Police Lieutenant

Colonel Jonathan P. Pablito, Assistant Chief, Regional Police Strategy Management Unit, Police Regional Office 6 Camp General Martin Delgado, Fort San Pedro in Iloilo City.

The awardees were chosen and interviewed by a multi-sectoral Final Board of Judges chaired by Senator Nancy Binay-Angeles and co-chaired by Supreme Court of the Philippines Associate Justice Rosmari Carandang. The other judges were 1st District of Quirino Representative, Junie E. Cua; Civil Service Commission Chairperson, Alicia Dela Rosa-Bala; City of Manila Mayor, Francisco "Isko Moreno" Domagoso; Alliance Global, Inc. Chief Executive Officer, Kevin Andrew Tan; and United Print Media Group President, Barbie Atienza.

In lieu of the traditional courtesy calls, both the Senate and the House of Representatives passed in hybrid sessions Resolutions No. 838 and 2192, respectively, to commend the 10 awardees for their contributions to society. Top government officials and department secretaries, as well as key personalities from the private or business sector, extended their commendations to the awardees as well.

Since 1985, 685 Metrobank Foundation Outstanding Filipinos have been awarded in partnership with the Department of Education (DepEd), the Commission on Higher Education (CHED), the Armed Forces of the Philippines (AFP), the Philippine National Police (PNP), PSBank, the Rotary Club of Makati Metro (RCMM), and the Rotary Club of New Manila East (RCNME).

Metrobank Art and Design Excellence

In 2021, MBFI sustained its mission to foster Filipino artistry and creativity through its annual excellence recognition program for the visual arts—the Metrobank Art & Design Excellence (MADE).

In its 37th year, MADE adopted the theme "Spectrum: The Art of Possibilities," inviting Filipino artists to tap into the expansive realm of creativity and transpose their spectrum of ideas into works that mirror the human experience and reshape the world anew.

Given the restrictions of holding on-ground events, MADE shifted to digital media through #SpectrumMADE2021, a year-long social media campaign, which aimed to bring art experience and education to its stakeholders.

A series of online activities were held throughout the year, including webinars and artist talks, to inspire the new generation of visual artists, provide opportunities for the exposure of their works, and give updates about the 2021 edition of MADE.

Rekindling Hope

It is worthy to note that MADE received the highest number of entries in 2021 over the last ten years, with a record-breaking 701 entries — 564 entries for the Oil/ Acrylic on Canvas Category; 77 entries for the Water Media on Paper Category; and 60 entries for the Sculpture Recognition Program.

With mobility and event restrictions still in place during the time, MBFI recognized the year's MADE awardees through a virtual awarding ceremony and exhibit opening held on September 16. Eight Filipino painters and sculptors emerged as this year's batch of MADE awardees.

Two Grand Awardees for the Painting Recognition Program and one Grand Awardee for the Sculpture Recognition Program received a prize of Php500,000 each, while three artists for the Painting Recognition Program and two for the Sculpture Recognition Program were conferred with the Special Citation, and each given a prize of Php100,000. All of them received the "Mula" glass trophy by Noel El Farol. They joined the ranks of more than 400 visual artists awarded since 1985.

A microsite was launched to bring the experience of a physical exhibit and awarding ceremonies to the digital realm. The platform enabled putting up a digital space even without a physical gallery.

Grants and Social Development Partnerships

As the pandemic and other humanitarian crisis continue to demand more financial aid, grant funding and philanthropic giving become more relevant than ever.

In 2021, a sum of Php42.9 million grant by MBFI supported the programs and projects of 32 socio-civic organizations. Aligned with the attainment of selected United Nations Sustainable Development Goals (SDGs), specific initiatives included: construction of water, sanitation, and hygiene (WASh) facilities to instill hand hygiene culture in public schools; collaborative feeding programs, meals distribution, and supplemental aid to community pantries to curb hunger; provision of equipment for remote learning and capacity-building opportunities for educators; training and financial assistance for livelihood projects; and special interventions to cushion the impact of the pandemic. Altogether, these aided close to 200,000 individuals nationwide.

It has been an annual tradition that during its anniversary celebration, Metrobank holds donation turnover rites as a way of giving back to the communities it serves. In 2021, and yet another highlight of Metrobank's 59th anniversary, Php15 million worth of grants was turned over to 12 social development partners during the virtual "George S.K. Ty Grants Turnover" event.

The annual ceremony was renamed the "George S.K. Ty Grants Turnover" to honor and perpetuate the legacy of the founding chairman of Metrobank and MBFI. This grants turnover is one venue where MBFI can continue to carry on his values through programs and projects of social development partners.

Support and Community Pantries

As quarantine restrictions throughout the year hampered businesses and limited work opportunities, getting food and other essential goods became more difficult, especially for low income families. To address this, community pantries were established in many different areas across the country. These pantries were sources of free food and other essential items for families whose livelihoods were most affected by the pandemic.

MBFI and GTFI extended their support to ten identified community pantries in Metro Manila. Their objective was to provide supplemental aid, so that the pantries could continue their operations and benefit more underprivileged families.

Rekindling Hope

Assisted community pantries provided food assistance to 13, 926 indigent families during a four-week period, from May 22-June 12 in Manila, Quezon City, Makati City, Mandaluyong City, Marikina City, and Taguig City. By working with the Society of Jesuit-run Tanging Yaman Foundation, Inc., other affected sectors like local farmers and displaced jeepney drivers were also assisted. Working with the Tanging Yaman Foundation enabled MBFI to source vegetables and dried fish directly from the source—various farmers from Northern Luzon and fishermen from Visayas, following a "farm-to-community pantry" framework.

Food Support for the Hungry

MBFI is one with different organizations across various sectors in helping feed those who continue to live hand-to-mouth. In addition to supporting livelihood projects that will help beneficiaries earn a living, it has also teamed up with several groups over the years to provide food packs to the hungry, and 2021 was no different.

For one, the Foundation joined the Task Force Zero Hunger's Pilipinas Kontra Gutom (PKG), an initiative that seeks to end massive hunger in the country by 2030. A donation of Php2.5 million to Ronald McDonald's House Charities (RMHC) Philippines' 'Kindness Kitchen' Program was translated to 100,000 meals distributed to 50 cities and municipalities in the National Capital Region, Regions I, II, III, IV-A, V, VI, VIII, XI, and XII, including the Bangsamoro Autonomous Region in Muslim Mindanao.

A separate initiative also took place, this time in the province of Iloilo benefitting an additional 10,000 individuals when it was under lockdown. In Quezon City, another partnership was formed with the Ateneo Center For Educational Development (ACED) for its 10-month feeding program by providing vegetable packs to 100 indigent students from Bagong Silangan High School.

Possessing a strong spirit of giving, Metrobank employees themselves pooled funds together to kick off the distribution of rice and vegetable packs to families in need. Donating their meal allowance for the company's 59th anniversary to the cause, more than 1,200 employees of Metrobank raised Php1.5 million, which Metrobank Foundation boosted with another Php1 million. With this amount and with the help of Tanging Yaman Foundation, 6,500 indigent families in Metro Manila, Nueva Ecija, Cavite, Laguna, Cebu, Iloilo, Leyte, Bohol, Cagayan de Oro, Bukidnon, Iligan, and Basilan received rice and vegetables.

Food assistance continued until the holiday season through a partnership with the Uygongco Foundation Inc. and the Department of Social Welfare and Development (DSWD). Under DSWD's "Pamasko sa Banaue" program, 500 indigent families received food packs filled with the usual ingredients for a modest holiday celebration.

Finally, another collaboration was born with Kids International Ministry Philippines, an organization that has long been providing nutritious hot meals to several

communities. In support of sustainable longer-term initiatives, a grant amount of Php670,800 will help feed 15,000 people from Mindoro, Antipolo, and Tondo.

Safer Schools through Water, Sanitation, and Hygiene

In its initiative to protect the health, safety, and well-being of students, teachers, and school personnel, especially during a public health crisis, MBFI partnered the World Vision Development Foundation to construct water, sanitation, and hygiene (WaSH) facilities in Denuyan Elementary School, Dumpilas Elementary School, Paranglumba Elementary School, and Tulohon Elementary School in Siayan, Zamboanga Del Norte.

Education Programs

The various scholarship programs of MBFI to support underprivileged and academically outstanding student have assisted more than 1000 college scholars since 1995. In 2021, 120 college scholars were enrolled in 10 partner academic institutions. Scholarship support was also extended to 50 elementary, 150 secondary, and 131 technical-vocational students.

With the deferment of the annual Metrobank-MTAP-DepEd Math Challenge (MMC) in the last 2 years, MBFI launched an alternative program called "MMC Learn@Home" in 2020 and continued the following year. The digital education

program aims to share supplementary contents on math through the program's Facebook page. Math drills as well as tips and techniques in solving math problems are shared in the page including webinars called SOLVE (Session On Learning Various MMC questions with Experts) to cater to teachers and coaches. The 2nd season of SOLVE series commenced on September 25, with 6 webinars held. Since the start of "MMCLearn@Home," 12 webinars were held catering to more than 12 thousand teachers and math enthusiasts.

Rekindling Hope

The National Teachers' Month (NTM) celebration, on the other hand, rallied with the nation to pay tribute to educators from September 5 to October 5. On its 13th year, the campaign sustained the theme "I teach for a better future" as a nod to the dedication of teachers, mentors, and coaches to bridge gaps and push for the continuity of quality instruction.

At the helm of this annual tradition are MBFI, the Department of Education (DepEd), and a consortium of organizations from the government, business, academe, media, civil society, and other industries, which are collectively called the NTM Coordinating Council. The campaign has seen growth in numbers and support over the years, thereby becoming the nationwide movement that engages even those outside the education sector.

The NTM Coordinating Council contributed to Brigada Pagbasa–a national movement to promote literacy led by World Vision and DepEd—in a bid to improve the teaching capability of teachers in reading and comprehension, which in turn will improve reading proficiency of Filipino learners. In collaboration with World Vision Development Foundation, MBFI donated risograph machines to selected schools, and led in encouraging the private sector to provide support for teacher training programs.

The month of appreciation was made special by NTM's network of committed partners and participating organizations that organized their own events and offered treats exclusively for teachers. Forgoing physical events, a number of participating organizations and companies hosted webinars and virtual workshops, and donated learning tools to promote personal and professional development. Specialized initiatives such as tribute events, contests, and prayer for teachers were also organized. Meanwhile, several partners offered special treats and discounts.

The NTM culminating celebration was held on October 5 which coincided with the observance of National Teachers' Day. DepEd Region VII led the event, with the theme "Gurong Filipino: Katuwang sa Hamon, Kasama sa Pagbango," which was streamed live on DepEd Philippines' official Facebook page.

2021 Bags of Blessing

Bags of Blessing (BoB) is the annual gift-giving program of MBFI and GTFI. The two foundations have long been working together to distribute Bags of Blessing to beneficiaries across the country, in time for the celebration of the Chinese New Year. This corporate social responsibility program was initiated by the late Dr. George Ty Siao Kian to allow underprivileged and marginalized Filipinos to share in the blessings of the Chinese New Year and participate in the festivities.

For its 9th year, in celebration of the year of the Metal Ox, 18,000 families across 33 sites in NCR, Luzon, Visayas, and Mindanao, and three (3) sectoral supports received Php1,000 worth of grocery items.

The priority beneficiaries chosen for 2021 were families whose source of living and income were affected by the ongoing pandemic, survivors of recent calamities, members of Indigenous Peoples (IPs) tribes, and select teachers, soldiers, and police officers.

A virtual kick-off ceremony held last February 11, 2021, which signaled the start of the program's implementation. The virtual event was attended by the two foundations' partners, executive committee members, board officers, and other representatives from GT Capital and Metrobank. To date, the BoB program has assisted a total of 98,000 families or approximately 500,000 individuals in 182 sites nationwide.

Rekindling Hope

'Helping Hands' Disaster Response

MBFI and GTFI have been long-time partners in lending a helping hand to victims of natural disasters through their aptly named program, "Helping Hands." In 2021, MBFI and GTFI, through Helping Hands, partnered with the Metrobank Purple Hearts Club (PHC), Radio Mindanao Network Foundation, and Alagang Kapatid Foundation to distribute relief packs worth Php1.5 million to 3,000 families in Ilocos Sur, Cagayan, and Benguet, areas highly affected by severe tropical storm Maring last October.

Through Metrobank branches, namely Candon, Tagudin, Vigan, and Vigan-Market, and the local PHC chapters, relief packs were given to 1,000 families residing at the municipality of Sta. Maria, Ilocos Sur. Each relief pack included rice, assorted canned goods, coffee, and six gallons of water.

Following the extent of damage caused by Typhoon Odette before the year ended, both MBFI and GTFI extended immediate assistance to 70,000 beneficiaries from Palawan, Bohol, Cebu, Negros Occidental, Negros Oriental, Southern Leyte, Dinagat Islands, and Surigao del Norte. Shelter kits were also distributed to assist 830 typhoon survivors in Catigbian, Bohol in the efforts to rebuild their damaged homes. With a donation amounting to Php6 million, several assistance tracks coursed through PHC, Caritas Philippines, Caritas Manila, Federation of Filipino Chinese Chambers of Commerce and Industry, Inc., and the Philippine Star's Operation Damayan were employed.

Furthermore, through the Helping Hands program, MBFI turned over a donation amounting to Php1 million to Philippine General Hospital (PGH) Medical Foundation, Inc. The donation would aid in the rehabilitation of the hospital's Operating Room Sterilization Area (OSRA), which was damaged by a fire in May.

Manila Doctors Hospital, MBFI's healthcare affiliate, has a long history of partnership and collaboration with PGH, particularly in extending medical assistance to indigents and other medical interventions. The donation will fund the re-equipping of damaged facilities after reconstruction, which includes the purchase of autoclave machines or steam sterilizers, computers, and the setting up of a fire protection system.

Metrobank Foundation Professorial Chair

MBFI and the Philippine Judicial Academy (PhilJA) conferred this year's Metrobank Foundation Professorial Chair in Law to Court of Appeals Associate Justice Maria Filomena D. Singh during the 17th Metrobank Foundation Professorial Chair event held in March at the Supreme Court En Banc Session Hall, City of Manila.

Associate Justice Singh is the first-ever female chair-holder in the program's 19-year history. She presented a paper entitled "Wielding the Sword: The Role of Judicial Education in the Administration of Justice." She highlighted in her lecture the crucial role of judicial education and training in the swift and efficient delivery of justice.

Awards and Recognition

MBFI took home its third Grand Anvil at the 57th Anvil Awards, specifically for its program that provided supplemental aid to 10 community pantries in Metro Manila.

Organized by the Public Relations Society of the Philippines (PRSP), the Grand Anvil is given to a public relations program which stands out among the Gold Anvil winners. Considered as the Oscars of the 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 Gabi ng Parangal was held virtually on February 24, 2022.

With the disrupted food supply chains and inadequate livelihood opportunities due to restrictions, the most vulnerable struggled to find means to nourish their families and put food on the table. What emerged from this need was the Filipinos' display of ingenuity and compassion. Soon enough, community pantries started to open in various cities, bringing together people to provide food aid.

Together with GT Foundation, Inc. (GTFI), the project was able to bring people together to a shared cause, show solidarity and provide hope and inspiration to Filipinos whose lives and livelihoods were severely affected the pandemic.

Another recipient of the Gold Anvil is the "2021 Metrobank Foundation Outstanding Filipinos." Also nominated for the Grand Anvil, this public relations program is considered as the most prestigious career-service award in the Philippines, recognizing exemplary teachers, soldiers, and police officers. The program was deferred last 2020 due to the restrictions imposed by the COVID-19 pandemic. By transitioning to a fully virtual program in 2021, MBFI demonstrates its sustained commitment to honoring these public servants for their unwavering commitment to good governance especially during a national crisis.

These accolades made way for MBFI's nomination to the most coveted "Company of the Year," a recognition given to an organization which garnered the greatest number of accumulated points based on the trophies it received.

On the other hand, GTFI received a Silver Anvil for the 2021 Bags of Blessing (BOB). Implemented every Chinese New Year, the program unites employees of the Metrobank Group of Companies and institutional partners to participate in the legacy to sustain a culture of "paying it forward." In 2021, BOB has distributed 18,000 bags of food items worth Php1,000 to 18,000 indigent families in 33 sites nationwide.

GT Foundation Inc.

Strategic Development Programs that Empower Communities

GT Foundation, Inc. (GTFI) was incorporated on October 7, 2009, as the family foundation of the late GT Capital and Metrobank Group Chairman, Dr. George Ty Siao Kian. The Ty family believes 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, livelihood, environment, and technology, and innovation. Coming out of a highly disruptive year in 2020, GTFI remained committed to making a positive impact on people's lives. Amid the ongoing global health crisis, GTFI continued implementing its programs to support those in need.

2021 Bags of Blessing

The Bags of Blessing (BoB) program is an annual gift-giving initiative of GTFI in partnership with Metrobank Foundation, Inc. (MBFI). Since 2011, GTFI and MBFI, together with volunteers from the GT Capital and Metrobank Group, assist in distributing Bags of Blessing to beneficiaries across the country. The late Dr. George Ty Siao Kian initiated this program to allow the underprivileged and marginalized Filipinos to share in the blessings of the Chinese New Year and participate in the festivities.

For its 9th year, in celebration of the year of the Metal Ox, 18,000 families across 33 sites in NCR, Luzon, Visayas, and Mindanao, and three (3) sectoral supports received Php1,000 worth of grocery items.

The priority beneficiaries chosen for 2021 were families whose source of living and income were affected by the ongoing pandemic, survivors of recent calamities, members of Indigenous Peoples (IPs) tribes, and select teachers, soldiers, and police officers.

Given the mobility restrictions earlier in the year, GTFI implemented a voucher system to ensure the safe

distribution of the bags in line with the health and safety protocols of the government. GTFI also held distributions in select Robinsons Supermarket branches nationwide for the convenience of its beneficiaries.

In addition, a virtual kick-off ceremony held last February 11, 2021, signaled the start of the implementation. The virtual event was attended by the two foundations' partners, executive committees, board officers, and other representatives from GT Capital and Metrobank. To date, the BoB program has assisted a total of 98,000 families or approximately 500,000 individuals in 182 sites nationwide.

Lastly, the 2021 BoB program received a Silver Anvil during the 56th Anvil Awards in 2021 and the Award of Excellence during the 18th Philippine Quill Awards.

GTFI Youth for Excellence and Service (GTFI-YES) and Scholarship for Technical-Vocation Education Program (STEP)

In 2021, GTFI continued to uphold its commitment to providing Filipino students nationwide with access to quality education through its scholarship programs for both the formal education and technical vocational (techvoc) track.

Despite the ongoing pandemic, GTFI ensured that its scholars continued to pursue their education. In 2021, GTFU supported 131 TechVoc scholars and 173 formal education scholars.

Completion of Classroom Projects in Partnership with Global Business Power (GBP)

Under the thrust of education, GTFI completed the construction of two (2) one-storey classroom buildings, one in La Paz, Iloilo City, and another in Toledo City, Cebu. Accordingly, GTFI completed this project in partnership with Panay Energy Development Corporation and Cebu Energy Development Corporation.

These one-storey, two-classroom buildings are in NJ Ingore Elementary School in Brgy. Ingore, La Paz, Iloilo City, and North City Central Elementary School in Brgy. Poblacion, Toledo City.

Both will benefit almost 200 students once face-to-face classes resume. For now, the assigned teachers are currently using the classrooms as workstations to prepare their modules and lesson materials for online learning.

Community Health Program

Community health has always been one of the advocacies of GTFI. A major part of GTFI's community health advocacy is its continuous assistance to the corporate social responsibility office of Manila Doctors Hospital (MDH).

In 2021, GTFI donated Php10.8 million for MDH's CSR programs. The assistance helped serve 347 indigent patients, of which 253 were in-patients and 94 were in-house surgical patients. The surgeries conducted ranged from gallstone removal and vision correction to surgical intervention for ovarian and uterine tumors.
GTFI also supported indigent families needing medical assistance for their children with disabilities through its partnership with Cure Philippines. Cure Philippines is a non-profit charity hospital offering free surgeries for children with treatable disabilities. In 2021, GTFI donated Php4.3 million to support the surgical and rehabilitation of 90 children with repairable disabilities.

Pagtitipon Program

In honor of the 3rd death anniversary of the GT Capital and Metrobank Group Founder, Dr. George Ty Siao Kian, GTFI introduced a new program called "Pagtitipon," a food augmentation program aimed at paying tribute to and pursuing the legacy of Dr. George Ty Siao Kian and his various advocacies.

"Pagtitipon" in English is defined as "a gathering of people." As such, this program is a reminder of how Dr. Ty, in his lifetime, was able to gather people together to help and assist those in need. In partnership with Tanging Yaman Foundation, 10,000 families received a food pack consisting of fresh vegetables, dried fish, and rice suitable for 2-3 days of consumption for a family with 4-5 members.

With all their completed projects and programs for 2021, GTFI reported a 97% program utilization rate for 2021.

Corporate Social Responsibility

GT CAPITAL HOLDINGS, INC.

PURPLE HEARTS CLUB

Despite the improved economic conditions and higher vaccination rate in the Philippines in 2021, the impact of the ongoing Covid-19 pandemic is still being felt by many Filipinos to this day. Given this, GT Capital continued to pursue and implement its core corporate social responsibility (CSR) programs to provide support and relief to those most in need. As espoused by the late GT Capital Group Chairman, Dr. George Ty Siao Kian, the company takes pride in being a force for social good. GT Capital Purple Hearts Club, the parent company's employee-driven CSR volunteer movement, kept its programs focused on three key areas: nutrition, education, and mitigating the effects of the Covid-19 pandemic.

Community Pantry

In July, Purple Hearts Club volunteers participated in GT Capital's community pantry initiative in Our Lady Queen of Peace Parish (OLQPP) in Bacoor, Cavite. The company provided canned goods, vegetables, and rice to over 170 beneficiaries of the parish community. In line with health and safety protocols, the goods were pre-packed and social distancing was observed during the program.

Nourishment Program and Donations to Parish

At the core of the Purple Hearts Club's CSR initiatives is GT Capital's commitment to augment the nutritional needs of children at the OLQPP. Since 2017, GT Capital employees have been visiting and making quarterly contributions to OLQPP. The initiative culminates with an annual Christmas party for the children of the parish.

In 2021, the Purple Hearts Club, with the help of the beneficiary community, continued this tradition despite the challenges caused by the pandemic. Parish volunteers, mostly mothers of the children who were beneficiaries of the pre-pandemic feeding program, packed lunch meals every Saturday. These meals were delivered weekly to over 150 families in the villages surrounding the church. A total of 230 children were fed for the entire year.

GT Capital's support for OLQPP for the year was capped with a noche buena package project in December. In this initiative, Purple Hearts Club volunteers distributed noche buena packs to 175 families in the community on December 23. To complement this, GT Capital employees also donated pre-loved items such as clothes, shoes, books, bags, appliances, and other goods to OLQPP's Queen's Row community on the same day.

Covid-19 Vaccine Donations

In line with the government's nationwide vaccination efforts, GT Capital donated a total of 65,120 vaccines to various local government units (LGU) and institutions. A total of 8,020 AstraZeneca vaccines were donated to the Philippine Red Cross and the Makati and General Trias LGUs, while another 57,100 Moderna vaccines were donated to the Pasay, Marikina, Cavite, Roxas, Biñan, Sta. Rosa, Cebu, Bulacan, Rizal, and Ilocos Norte LGUs. These vaccine donations helped mitigate the effects of the pandemic in these particular communities.

TOYOTA

TOYOTA MOTOR PHILIPPINES FOUNDATION

Toyota Motor Philippines (TMP) pursues its CSR projects through the Toyota Motor Philippines Foundation (TMPF). Its initiatives manifest the unwavering commitment of TMP to support the communities in which it operates.

As mobility restrictions were eased in 2021, TMPF continued its various social and humanitarian projects focused on education, health, the environment, and community service.

Community Donations

In 2021, TMP continued to support the local government of Santa Rosa, Laguna in the latter's Covid-19 response, through various CSR initiatives that address the city's basic needs, including health, safety, education and mobility.

TMP, through TMPF, donated sacks of rice and grocery packages to indigent families, whose livelihoods were disrupted by the pandemic. The beneficiaries of the donation were 225 resident families of Barangay Pulong Santa Cruz, 108 faculty members and personnel of Pulong Santa Cruz Elementary School, 158 families in the Toyota-City of Santa Rosa-Gawad Kalinga Village, and frontliners of the PNP Santa Rosa Substation. For the year, TMPF turned over 69 sacks of rice and 158 grocery bags to families and individuals in the community.

Sustained Support for Pulong Santa Cruz Elementary School

Even during the height of the pandemic, TMPF remained committed to assist its adopted school, the Pulong Santa Cruz Elementary School (PSCES) in Santa Rosa, Laguna.

To keep track of the overall health status of individuals from PSCES, TMPF sponsored the school's annual physical examination (APE). TMPF provided laboratory tests, such as complete blood count (CBC), urinalysis, fasting blood sugar (FBS), uric acid tests, visual acuity, and ECG for members of the school's faculty and staff.

TMPF also helped the school maintain its operations throughout the health crisis, by providing laptop computers for the teachers to use during remote classes. Furthermore, TMPF donated learning modules for the students and sanitation materials for the school's facilities.

TMPF also recognized the school's top five graduates in an event aimed to inspire and motivate the students to uphold academic excellence.

Protecting the Environment

TMP continued its environmental conservation campaign in 2021, as it conducted mangrove planting and coastal clean-up activities in its adopted 10-hectare National Greening Program Plantation in Lian, Batangas.

Over 70 volunteers from TMP, Community Environment and Natural Resources (CENRO)-Calaca, Municipal Environment and Natural Resources (MENRO)-Lian, the local government unit of Lian, and Lian Fisherfolk Association, Inc. planted a total of 20,000 mangrove propagules and collected 50 kilograms of garbage from the coastline.

The mangrove-planting and coastal-clean-up activities were part of the All-Toyota Green Wave Project, a global environmental initiative that started in 2015. Through this project, Toyota aims to plant 11 million trees worldwide to help preserve the environment for future generations. This is in line with the Toyota Environmental Challenge 2050, specifically Challenge #6: Establishing a Future Society in Harmony with Nature.

TMP acknowledges that mangroves are essential because they improve biodiversity, serve as a barrier against storms, provide livelihood for the locals, and, most importantly, capture ten times more carbon dioxide than terrestrial trees. The shoreline of Lian is part of the Verde Island Passage, which is the Center of Marine Shorefish Biodiversity in the World.

TMP has planted a total of 36,900 propagules in both coastal and upland areas since the project started.

Corporate Social Responsibility

FEDERAL LAND
GT Capital Holdings
KEEPING YOU IN MIND

FEDERAL LAND, INC.

Partnership with Gawad Kalinga to build homes

Federal Land, together with Gawad Kalinga Community Development Foundation, Inc. (GK), turned over 20 new homes to families in Horizon Land GK Village at Governor's Drive, Dasmariñas, Cavite in April 2021.

Federal Land previously turned over hundreds of homes in several GK villages in Cavite, Iloilo, Capiz, Maguindanao, Tarlac, Laguna, and Zambales since its partnership with GK in 2013. For this project, Federal Land donated Php4 million to Gawad Kalinga to provide permanent home addresses to poor families in Dasmariñas, Cavite. The beneficiaries also received grocery gift bags from Federal Land to help them get started in their new homes.

For 50 years, Federal Land's commitment to create dynamic communities for generations to enjoy remains the same. It continues to invest heavily not only in developing its master-planned communities that elevate the living standards of its customers, but also in socio-civic programs that build a more resilient and sustainable future for all.

Covid-19 Vaccine Donations

In line with GT Capital's Group-wide vaccination program, Federal Land provided free vaccines to all its employees and construction workforce. Furthermore, in partnership with GT Capital, Federal Land donated a total of 12,000 Covid-19 vaccines to several local government units in the Greater Manila Area in 2021. The company donated 2,500 Moderna vaccines each to the Marikina and Cebu LGUs, 5,000 vaccines to the Pasay LGU, and 2,000 AstraZeneca vaccines to the General Trias, Cavite LGU. The initiative forms part of Federal Land's commitment to support the government's vaccination program.

Support for the At-Risk Youth during Christmas

With its commitment towards community development and nation-building, Federal Land joined the Metrobank Foundation and GT Capital Foundation in their drive to help at-risk youth and their families during Christmas through the Virlanie Foundation.

Federal Land employees gifted Virlanie Foundation with a wide array of goods with a total tally of 210 boxes of face masks, 44 gallons of alcohol, four packs of diapers, 30 bottles of shampoo, bins of children's clothing, and various toys.

Established in 1992, Virlanie Foundation is a private, non-profit and non-sectarian organization reaching out to marginalized children and communities in the Philippines. It works to reunite children and youth with their families or shepherd their integration into society. Metrobank Foundation and GT Capital Foundation have been a partner of the Virlanie Foundation for many years as one of the first companies to pool their resources for at-risk youth.

Support for Indigent Patients from Occidental Mindanao

Federal Land extended a helping hand to Manila Doctors Hospital's (MDH) mission to bring indigent patients from Occidental Mindoro to Manila for much needed surgeries. In support of the initiative, Federal Land donated Php50,000 for the transportation of patients and their companions to and from Manila, pre-operation laboratories and medicine, as well as daily food expenses.

This activity is part of MDH's in-house surgical program that provides free cataract removal surgery, total thyroidectomy, cheiloplasty, and other vital surgeries for indigent patients. Patients were identified from the successful medical mission conducted previously in Occidental Mindoro.

Corporate Social Responsibility

AXA PHILIPPINES

AXA Philippines sustained its CSR activities in 2021 in line with its mission to support communities, especially those most affected by the ongoing health crisis. The company partnered with various institutions and private companies to pursue and execute its CSR initiatives for the year.

Support for UNICEF

AXA Philippines continued to support UNICEF in 2021 by donating Php3.8 million for children affected by the ongoing health crisis. With the help of AXA, UNICEF and its partners delivered much needed supplies, such as water, hygiene kits, personal protective equipment, tents, and handwashing stations. UNICEF also provided training programs on infection prevention and control, social mobilization and community engagement, caring for children with disabilities, and psychological first aid.

Habitat for Humanity: Education, Health, and Social Inclusion

AXA Philippines also partnered with Habitat for Humanity Philippines to provide holistic community intervention to families in Humanityville Site 2 in Calauan, Laguna.

The two-year partnership program is focused on three social initiatives: education through financial literacy, health through the company's nutrition awareness campaign via the AXA Hearts in Action volunteer program, and social inclusion through AXA's access to livelihood and health care programs.

Towards a Plastic-free Community

Aiming to help address climate change by reducing plastic waste and becoming a plastic-neutral company, AXA Philippines has partnered with Plastic Credit Exchange (PCEx), a non-profit organization that seeks the most environmentally sound solutions to lessen plastic waste. Through this partnership, AXA commits to remove 100 tons of plastic from the community.

AXA and PCEx will work together for the "Aling Tindera" program, which is a waste-to-cash program that provides women with work, while enabling them to make a positive impact on the environment. AXA Philippines will also be setting up plastic waste collection points to reach its goal of removing 100 tons of plastic. The stations for plastic waste collection are located in six of the largest malls in the Philippines.

AXA Week for Good

One of the highlights of the company's year-long corporate social responsibility activities is the AXA Week for Good, a volunteer program that celebrates the ability of AXA employees to take positive action by offering their time and skills to support the company's two sustainability pillars: climate change and biodiversity, as well as inclusive protection.

The aforementioned AXA partnership with PCEx was part of the week-long initiative. Aside from this, AXA Philippines also struck a partnership with GreenSpace, a food waste composting company that helps divert food waste away from landfills and into urban areas, where healthy soil is produced and local food production is supported.

More than 80 employees attended a composting workshop conducted by GreenSpacePilipinas, where they learned how to aid in the natural process of decomposition and recycling of organic material into a humus rich soil amendment. 20 communities and 20 farmers received a provision of composting materials and compost fertilizers after the program.

During that week, MakeSense, a global community that engages citizens, entrepreneurs, and organizations to build an inclusive and sustainable society, collaborated with over 90 AXA employee-volunteers to translate student modules and story books, so that over 1,000 marginalized Filipino public school students can have access to learning materials.

AXA also encouraged its employees to do a digital clean-up by deleting files and software no longer being used in their work laptops. During the initiative, employees were educated about the amount of waste in the digital world, where each year the internet and its supporting systems produce 900 million tons of carbon dioxide.

The International Energy Agency, estimated that in a decade, the internet will consume 20% of the world's total energy. By deleting unnecessary files, applications, photos, and videos, people could lessen the amount of carbon dioxide being released into the atmosphere, while extending the life of their gadgets.

AXA Philippines also encouraged its employees to practice "plogging" sessions in their neighborhoods. Plogging is a portmanteau of Swedish terms "plockaupp," which means to "pick up" and "jog". In this activity, participants are encouraged to pick up litter while jogging, combining exercise with environmental care.

METRO PACIFIC INVESTMENTS FOUNDATION

METRO PACIFIC INVESTMENTS FOUNDATION, INC.

Metro Pacific Investments Corporation (MPIC) pursues its CSR efforts through the Metro Pacific Investments Foundation (MPIF). Its main mission is to enhance the lives of the communities it serves through meaningful, long-term engagements. Despite the disruption caused by the ongoing health crisis, MPIF continued to conduct its CSR activities in 2021.

The Cordova Mangrove Center

MPIF started the year with the grand opening of the Mangrove Propagation and Information Center in Barangay Day-as, Cordova, Cebu. This project was done in partnership with the Cebu-Cordova Link Expressway Corporation (CCLEC), and the local government of Cordova.

The Mangrove Propagation and Information Center is the first mangrove center of its kind in the Visayas region and the third in the entire country. The center aims to support Cordova's booming ecotourism.

The two-story facility will serve as the center for the protection and propagation of mangrove trees in the coastal areas, including the rehabilitation of degraded mangroves in the whole Municipality of Cordova. It will also provide information for locals and visitors to appreciate the importance and benefits of mangroves in the ecosystem. The second floor serves as a viewing deck for bird-watching.

During the inauguration of the mangrove center, MPIF also held the induction of the mangrove eco-guides, where four individuals nominated by the local government handle the daily operations and maintenance of the mangrove center. The eco-guides will provide the necessary orientations and tours for visitorsof the mangrove center and the mangrove park. These individuals underwent a rigorous training program, where they learned efficient tour guiding, extensive information about mangroves, and basic first aid and rescue.

Marine Guards Program

MPIF also strengthened its partnership with the Municipality of Medina, Misamis Oriental during the year through a sustainability assessment of its three-year-long Marine Protection, Inspection, and Conservation (MPIC) Guardians program.

In the MPIC Guardians program, 27 local fishermen were deputized and given the essential training, equipment, and monthly allowances, to serve as stewards of marine protection in the municipality. They were given the

responsibility to conduct foot and seaborne patrol, implement a monthly coastal clean-up in all coastal barangays, monitor the fish catch, and enforce strict implementation of no-fishing in Medina waters for non-residents and hook and line fishing only at the fish aggregate device.

The Foundation allocated a five-year budget of Php6.8 million for this program, which includes funds for capacity-building, uniforms, equipment, and salaries.

The program not only resulted in the increase and improvement in the quality of the fish catch of Medina fishermen, but also paved the way for the voluntary surrender of illegal fishermen. This alternative livelihood opened economic opportunities to tourist boat operators, who contribute approximately Php1.7 million to the barangay's annual income.

The social impact of the program included better awareness of the benefits of coastal and marine protection.

Bike for Livelihood

MPIF, along with the MVP Group of Companies, launched its partnership with celebrity athlete and sportscaster Gretchen Ho's "Donate A Bike, Save A Job" (DABSAJ) program in 2021. The "Bike for Livelihood" program with MPIF, First Pacific Co. Ltd., One Meralco Foundation, PLDT-Smart Foundation, and Maynilad, distributed more than 500 bicycles to beneficiaries across the country, most of whom lost their livelihoods during the pandemic.

The 500 bicycles were distributed to different cities within Metro Manila such as Pasig, Manila, Quezon City, Malabon, and Caloocan.

MPIF focused its allocation to its "Shore It Up!" partner sites in Marinduque, Alaminos, Pangasinan, Del Carmen, Siargao, Batangas, and Puerto Galera, Oriental Mindoro. These areas are primary tourist areas where many lost their jobs due to the lockdowns and their subsequent effect on tourist foot traffic. The bicycles, which come with pocket Wi-Fis, will be used for alternative livelihood programs that aim to augment the people's income.

Puhunang Pangkabuhayan

In June, MPIF launched the first and second legs of its "Puhunang Pangkabuhayan" Project in coastal community partner sites in Batangas and Puerto Galera. Through this project, MPIF donated bicycles, pocket Wi-Fi devices, and sewing machines for the establishment of alternative livelihood programs amid the Covid-19 pandemic. These tools aimed to help displaced or out-of-work individuals by augmenting their source of income.

Most of MPIF's coastal community partners rely on tourism as their main source of income. The heightened mobility restrictions and lockdowns forced many employees to search for other means to provide for their families.

Corporate Social Responsibility

The Puhunang Pangkabuhayan Project enabled and supported alternative livelihood programs for those whose jobs were compromised by the pandemic, such as fishermen, construction workers, and resort staff. This project gave them the necessary means to recuperate and get back on their feet.

In August, MPIF took the Puhunang Pangkabuhayan Project to its coastal community partner in Del Carmen, Surigao del Norte, donating bicycles, pocket Wi-Fi devices, sewing and edging machines, and smart retailer kits for the establishment of alternative livelihood programs.

The beneficiaries of this particular donation included fishermen, salespersons, and construction workers. The Del Carmen Women's Association was the sole beneficiary of the sewing machines, while the bicycles were allocated for Del Carmen's Mangrove Walk.

In October, MPIF took the fourth leg of the program to its coastal community partner in Alaminos, Pangasinan, donating supplies and equipment for the same purpose of establishing alternative livelihood programs for the members of the community.

Donation to the Tanging Yaman Foundation

MPIF, along with One Meralco Foundation and PLDT-Smart Foundation, donated Php1 million each in financial support to Tanging Yaman Foundation's Gulayan Para sa Community Pantries program.

The program distributed eight tons of vegetables to the poorest communities of the five dioceses in Metro Manila, and augmented the income of the farmers from Benguet, Isabela, Nueva Ecija, Bulacan, Pampanga, and Tarlac.

Outreach Programs

MPIF provided relief packs to 300 households in Batangas that were placed under strict lockdown. The food packs contained canned goods, noodles, vegetables, and rice. This MPIF initiative was done in partnership with One Meralco Foundation (OMF) and Alagang Kapatid Foundation, Inc. (AKFI).

Moreover, throughout the year, MPIF provided donations to various communities in need, especially those who were affected by the successive typhoons and continuous lockdowns –including beneficiaries in Kasiglahan Village, Cavite, and Batangas.

MPIF also donated grocery packs to 200 households in Kasiglahan Village, Rodriguez, Rizal. In partnership with the One Meralco Foundation, MPIC donated grocery packs and relief assistance to several families in GMA, Cavite. MPIF also donated community pantry support to 150 vendors and jeepney drivers in UP Diliman; and 50 rice packs each to Unang Tangke through Christ King of the Universe Parish and barangays in Paranaque.

Tuloy Pa Rin ang Pasko

MPIF kicked off the holiday season with the turnover of customized livelihood tools to various recipients, as well as the distribution of noche buena packs to waiters and kitchen staff, the mangrove eco-guides, caretakers, and LGU point persons in Alaminos, Pangasinan.

During the entire month of December, MPIF distributed noche buena packs to its SIU Partner communities, including the MPIC Guardians, as well as to tourism workers in Batangas, and street dwellers in the Metro Manila area.

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.

2021 Awards and Recognitions

Best Investor Relations Team in the Philippines
by The Global Economics

Best Investor Relations Team in the Philippines
by Global Business Outlook

Best Investor Relations Team in the Philippines
by World Business Outlook

Grand Winner of the Executive Leadership Award
in the Asia CEO Awards

As part of its ongoing improvement in corporate governance, GT Capital undertook the following best practices in 2021:

1. Virtual conduct of the 2021 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 independent director;

4. Release of 2020 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. 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;

7. Conduct of integrated reporting training for directors and employees;

8. Conduct of Risk and Sustainability Culture building activities

9. Codification of the oversight of the Corporation's sustainability program under the scope of the Risk Oversight Committee; and

10. Meeting of Non-Executive Directors without any executives present.

2021 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.

<u>Code of Discipline of Employees and Anti-corruption Programs</u>

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.

<u>Whistleblowing Policy</u>

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. The CRO's primary responsibility is to own, develop, implement, and continuously improve the ERM process. The CRO is assisted by a full time risk management officer.

The Risk Steering Committee members are the risk owners, and are responsible for the identification, assessment, and monitoring of key risks, and the establishment of countermeasures.

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 2021, regular discussions with various stakeholders were conducted to assess the risk exposures of the group. The updated Enterprise Risk Dashboard contains 1) the external risk drivers 2) the top risks and countermeasures 3) the key risk indicators in support of the analysis and risk mitigation strategy. The risk assessments were performed on a per risk basis modified based on relevance and significance of the risk type to the component company. These assessments form the overall risk score of the component company and the risk heat map of the group. All identified risks were monitored and reported to the Board of Directors, through the Risk Oversight Committee, on a quarterly basis to ensure risks were effectively managed. Key risks for GT Capital and its component companies include profitability risk, credit risk, market risk, liquidity risk, operational risk, regulatory compliance risk, reputational risk, portfolio management risk and environmental and social risk.

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

Credit Risk

A significant portion of GT Capital's portfolio includes the financial sector engaged in banking and financial lending activities. These component companies are exposed to credit risk which is prudently managed through cautious lending strategies in the origination, restructuring and disposal process. Sufficient provisions are also in place to mitigate any potential write-offs.

Market Risk

GT Capital's component companies are exposed to risks to market prices based on their unique operations. The component companies may be adversely affected by market factors such as moving interest rates, foreign exchange rates, equity prices, commodity prices and derivatives valuations. These may result in fluctuating lending or funding rates, increases in importation costs, movements in the cost of construction materials among others. These risks are mitigated through appropriate monitoring and hedging transactions.

Liquidity Risk

GT Capital and its component companies are exposed to liquidity risk in their day-to-day operations and is evident through the long-term investments and capital expenditures of the group. Liquidity risk is also unique to the component companies' business model specifically in the banking sector which manages deposits, the insurance sector which manages claims and the real estate sector which entails long-term development. This risk is mitigated through conscious financial planning and monitoring of future obligations and balance sheet funding requirements. Sufficient credit facilities are in place to support any liquidity requirements.

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.

Reputational Risk

GT Capital's component companies are exposed to reputational risk. This may lead to negative public perception resulting to the loss of investors, capital providers, employees, and customers. Reputational risk is managed through active engagement with investors and capital fund providers, initiating customer feedback or surveys and performing public sentiment checks. Appropriate communication plans are in place to mitigate potential negative publicity if any.

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 standard risks discussed above, other material risks which were identified by GT Capital

Management are discussed comprehensively in the "Risk and Opportunities" section as part of the adoption of Integrated Sustainability Reporting in alignment with the <IR> framework.

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 2021, 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 with one (1) female Independent Director. In addition to having all the qualifications and none of the disqualifications as embodied in relevant SEC regulations and in the By-laws of the Corporation, an Independent Director is a person who, apart from his fees and shareholdings, is independent of management and substantial shareholders, and free from any business or other relationship which could, or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

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

The roles of the Chairman and the President are separate to ensure an appropriate balance of power, increase accountability, and improve the Board of Directors' capacity for making decisions separately and independently from Management. Among others, the Chairman ensures that meetings of the Board of Directors are in accordance with the By-laws, listens and addresses governance-related issues that may be raised by non-executive or Independent Directors, and ensures that the Board of Directors exercises strong oversight over the Corporation and its Management. On the other hand, the President, among other responsibilities, plans, develops, and implements the Corporation's policies and goals, interfaces with the Chairman to revise objectives and plans in accordance with current conditions, and communicates clearly and directly with employees concerning performance expectations, productivity, and accountability. Mr. 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 2021, 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%)
Wilfredo A. Paras	Independent Director	6/6 100%)
Rene J. Buenaventura	Independent Director	6/6 (100%)
Pascual M. Garcia III*	Independent Director	4/4 (100%)
Consuelo D. Garcia*	Independent Director	4/4 (100%)
David T. Go	Director	6/6 (100%)

*Elected May 17, 2021

Director, Board, and Committee Self-Assessment

The Board, Committee, and Individual Director's Self-Assessment forms were adopted as a tool for the Corporation to evaluate the performance of its Board, Committees, and individual directors and to assess the efficiency of its processes. These enable the Board of Directors and Management to identify areas for improvement and determine the value and contribution of the Board of Directors and each director towards the growth and improvement of the Corporation. The Self-Assessment forms are distributed to the members of the Board and tabulated by the Board Secretariat so that results may be reported to and acted upon by the Board of Directors, Management, and/or appropriate committee, as necessary.

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

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

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

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

Performance Assessment of President by the Board

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

Board Committees

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

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)	37/37
Alfred Vy Ty	Vice-Chairman (Non-executive Director)	35/37
Francisco C. Sebastian	Member (Non-executive Director)	36/37
Carmelo Maria Luza Bautista	Member (Executive Director)	37/37
Mary Vy Ty	Adviser (Non-executive)	36/37
Solomon S. Cua	Adviser (Non-executive)	37/37

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
Renato C. Valencia	Chairman (Lead Independent Director)
Rene J. Buenaventura	Member (Independent Director)
Alfred Vy Ty	Member (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)	3/3
Wilfredo A. Paras	Member (Independent Director)	3/3
Rene J. Buenaventura	Member (Independent Director)	3/3
Carmelo Maria Luza Bautista	Adviser (Executive Director)	3/3

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)	5/5
Renato C. Valencia	Member (Independent Director)	4/5
Rene J. Buenaventura	Member (Independent Director)	5/5
Regis V. Puno	Member (Non-executive Director)	5/5

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)	5/5
Renato C. Valencia	Member (Lead Independent Director)	5/5
Wilfredo A. Paras	Member (Independent Director)	5/5
David T. Go	Member (Non-executive Director)	5/5
Consuelo D. Garcia*	Member (Independent Director)	3/4

*Elected May 17, 2021

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)	5/5
Wilfredo A. Paras	Member (Independent Director)	5/5
Rene J. Buenaventura*	Member (Independent Director)	3/3
Anjanette Ty Dy Buncio	Adviser	5/5

*Appointed on May 17, 2021

In 2021, 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 2021, GT Capital directors received aggregate remuneration as follows:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
Per Diem Allowance	Php 1.50 million	Php 11.20 million	Php 5.50 million
Bonuses	PhP 0.85 million	Php 5.85 million	Php 3.40 million
Transportation	-	Php 0.55 million	Php 1.47 million

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

The aggregate remuneration paid to the five most highly compensated members of GT Capital's Senior Management in 2021 is as follows:

Remuneration Item	Amount
(a) Salary	Php 59.60 million
(b) Bonuses	Php 27.21 million
Total	Php 86.81 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 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	Institute of Corporate Directors	March 5, 2021
Renato C. Valencia	Annual Corporate Governance Training	Institute of Corporate Directors	March 12, 2021
Wilfredo A. Paras	Annual Corporate Governance Training	Institute of Corporate Directors	March 5, 2021
Rene J. Buenaventura	Annual Corporate Governance Training	Institute of Corporate Directors	March 5, 2021
Consuelo D. Garcia	Annual Corporate Governance Training	Institute of Corporate Directors	October 5, 2021
David T. Go	Annual Corporate Governance Training	Institute of Corporate Directors	March 5, 2021
Pascual M. Garcia III	ICD Masterclass	Institute of Corporate Directors	November 26, 2021 & December 10, 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 2021. GT Capital is compliant with SRC Rule 68, Paragraph 3 (b) (ix) (Rotation of External Auditors), which states that the independent auditors, or in the case of an audit firm, the signing partner, shall be rotated after every five (5) years of engagement, with a two-year cooling off period to be observed in the re-engagement of the same signing partner or individual auditor. The following SGV & Co. partners were engaged by GT Capital since its listing in 2012.

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

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, 2020 and 2021:

	2020	2021
Audit and Audit-Related Services	2.48	2.61
Non-Audit Services	0.06	0.40
Total	2.54	3.01

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 2021, 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 2021.

Ownership Structure

Stockholders holding more than 5% of outstanding shares

As of December 31, 2021, 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)	47,287,036	21.964 %
PCD Nominee Corp. (Filipino)	46,706, 420	21.6952%

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 2021 are as follows:

Name	Nature of Relationship to GT Capital	Number of Shares Directly Owned (As of January 1, 2021)	Number of Shares Indirectly Owned (As of January 1, 2021)	Number of Shares Directly Owned (As of December 31, 2021)	Number of Shares Indirectly Owned (As of December 31, 2021)
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%)	132, 144 (0.061%)	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	/Assistant Treasurer	0 (0.0000%)	21,794 (0.010%)	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)
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%)
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%)	2,000 (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%)
Jocelyn Y. Kho	Assistant Corporate Secretary	0 (0.0000%)	6,080 (0.003%)	0 (0.0000%)	6,080 (0.003%)

Name	Nature of Relationship to GT Capital	Number of Shares Directly Owned (As of January 1, 2021)	Number of Shares Indirectly Owned (As of January 1, 2021)	Number of Shares Directly Owned (As of December 31, 2021)	Number of Shares Indirectly Owned (As of December 31, 2021)
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	First Vice President and Chief Risk Officer	0 (0.0000%)	0 (0.0000%)	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%)
Don David C. Asuncion	Vice President	0 (0.0000%)	0 (0.0000%)	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 2021:

Activity	Employees
Emergency grab bags	52
Human Capital Development Initiatives	52
Covid-19 Vaccination	40
Virtual Christmas Party	52
Flu Vaccination	12
Conqueror's Fitness Challenge	7
Cooking Lesson	6
Mental Health in the Workplace workshop	26
WFH Arrangement	52
Shuttle Arrangement	25
Mindfulness Workshop (Yoga)	20

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 2021, the following training programs were attended by GT Capital's Senior Management and other employees:

Senior Management Training

Name	Date	Program
Francisco H. Suarez, Jr.	January 11, 2021	MKE Philippines Virtual Corporate Day
	January 13, 2021	Macquarie Philippines' Owners Day
	January 14, 2021	First Metro Annual Economic & Capital Markets Briefing
	January 25, 2021	COVID-19 Vaccination Webinar
	January 28, 2021	J.P. Morgan's Philippine Conference 2021
	January 29, 2021	J.P. Morgan's Philippine Conference 2021
	February 4-5, 2021	Performance Management Workshop
	March 2, 2021	UBS Philippines CEO/CFO Conference 2021
	March 5, 2021	Metrobank's Advanced Corporate Governance Training
	March 19, 2021	MDH Webinar: Covid19 vaccine
	April 13, 2021	Regis CEO Roundtable with CMLB
	May 26, 2021	ICD Crafting Your Own Roadmap: Personal Governance Workshop
	June 1, 2021	Nomura Investment Forum Asia
	June 9, 2021	SGV Financial Strategic Transfer Act Webinar
	June 16, 2021	UBS OneASEAN Virtual Conference 2021
	July 2, 2021	Macquarie Group Call feat. Mr. Toto Tansingco of Metrobank
	July 13, 2021	AXA Virtual Health Forum
	July 14, 2021	FMIC Economic Briefing
	July 29, 2021	BPI Restoring and Recovery in the next 12 months Conference
	August 16, 2021	Maybank Investment Asean 2021
	September 2, 2021	BlackRock ASEAN Virtual Tour
	September 8, 2021	MBTC Awards Forum
	September 10, 2021	Jefferies Asia Forum 2021
	September 13, 2021	28th Annual CITIC CLSA Flagship Investors' Forum
	September 14, 2021	28th Annual CITIC CLSA Flagship Investors' Forum
	September 15, 2021	SGV FSO Webinar Sustainable Finance

Name	Date	Program
	September 20-30, 2021	Risk Culture Building
	September 23, 2021	Leading Extraordinary Times with Lance Gokongwei
	October 4-7, 2021	Risk Culture Building
	October 12-13, 2021	Jefferies & Regis Partners Philippines Corporate Access Days
	November 2, 2021	Regis Reverse Roadshow: GT Capital with First State Investment
	November 10, 2021	GT Capital Economic Briefing 2021
	December 8, 2021	2022 Asia Outlook - Equities, Economics, Rates & FX BPI
	December 15, 2021	HSBC Economic Briefing by Joseph Incalcaterra
Vicente Jose S. Socco	March 5, 2021	Metrobank's Advanced Corporate Governance Training
	November 10, 2021	GT Capital Economic Briefing 2021
Jose B. Crisol, Jr.	January 11, 2021	MKE Philippines Virtual Corporate Day
	January 13, 2021	Macquarie Philippines' Owners Day
	January 25, 2021	COVID-19 Vaccination Webinar
	January 28, 2021	J.P. Morgan's Philippine Conference 2021
	January 29, 2021	J.P. Morgan's Philippine Conference 2021
	February 4-5, 2021	Performance Management Wokshop
	March 2, 2021	UBS Philippines CEO/CFO Conference 2021
	March 12, 2021	Metrobank's Advanced Corporate Governance Training
	March 19, 2021	MDH Webinar: Covid19 vaccine
	April 13, 2021	Regis CEO Roundtable with CMLB
	May 26, 2021	ICD: Crafting Your Own Roadmap, A Personal Governance Workshop
	May 28, 2021	MPIC Annual Shareholders' Meeting
	June 1, 2021	Nomura Investment Forum Asia
	June 16, 2021	UBS OneASEAN Virtual Conference 2021
	July 2, 2021	Macquarie Group Call feat. Mr. Toto Tansingco of Metrobank
	July 13, 2021	AXA Virtual Health Forum
	July 14, 2021	FMIC Economic Briefing
	September 2, 2021	BlackRock ASEAN Virtual Tour
	September 8, 2021	MBTC Awards Forum
	September 10, 2021	Jefferies Asia Forum 2021
	September 13, 2021	28th Annual CITIC CLSA Flagship Investors' Forum
	September 14, 2021	28th Annual CITIC CLSA Flagship Investors' Forum
	October 12-13, 2021	Jefferies & Regis Partners Philippines Corporate Access Days
	November 2, 2021	Regis Reverse Roadshow: GT Capital with First State Investment
	November 10, 2021	GT Capital Economic Briefing 2021
Stephen John S. Comia	November 10, 2021	GT Capital Economic Briefing 2021
Joyce B. De Leon	January 21, 2021	Economic Briefing 2021: Prioritizing for Recovery
	January 21, 2021	AGSB-CCE Economic Briefing 2021: Prioritizing for Recovery
	January 21, 2021	Metrobank Outlook 2021: Get the Balance Right
	January 26 - February 18, 2021	UA&P Applied Sustainability Management in Asia & Pacific (Cohort 6)
	February 4-5, 2021	Performance Management Worrkshop
	March 5, 2021	Metrobank's Advanced Corporate Governance Training
	March 5, 2021	Metrobank Group Annual CG Training 2021
	March 16, 2021	HSBC Economic Briefing by Noelan Arbis
	March 27, 2021	Recreate Leadership Branding (for women empowerment) organized by Ginny Villegas
	May 26, 2021	ICD: Crafting Your Own Roadmap, A Personal Governance Workshop

Name	Date	Program
	Aug 17 & 19, 2021	Developing Business Continuity Strategy
	Sep 21 & 23, 2021	Crisis Management
	October 22, 2021	Mental Health in the Workplace: Selected Mental Health Concerns during the Pandemic
	November 10, 2021	GT Capital Economic Briefing 2021
	November 11, 2021	Mental Health in the Workplace: Identifying Workplace Challenges
	November 18, 2021	Mental Health in the Workplace: Work Life Balance
	November 27, 2021	Mental Health in the Workplace: Cultivating Positivity in the Workplace
Reyna Rose P. Manon-Og	January 21, 2021	Economic Briefing 2021: Prioritizing for Recovery
	January 6, 2021	Navigating through the Recovery Webinar
	January 14, 2021	Annual Economic and Capital Markets Briefing
	February 4-5, 2021	Performance Management Workshop
	March 5, 2021	Metrobank's Advanced Corporate Governance Training
	April 5-8, 2021	Advanced Balanced Scorecard
	May 26, 2021	ICD: Crafting Your Own Roadmap, A Personal Governance Workshop
	June 9, 2021	Webinar on Financial Institution Strategic Transfer (FIST) Act
	July 14, 2021	Midyear Economic Briefing
	July 30, 2021	Midyear Economic Report
	August 10, 2021	The Rise of Digital Technology
	September 3, 2021	Third Dialogue with the Icons
	September 16, 2021	Survival of the Fittest
	September 20, 2021	Transfer Pricing Webinar: Guidance on Prevalent Errors Committed in Complying with the Transfer Pricing Regulations in the Philippines
	October 21-22, 2021	GRI-SM ASEAN Sustainability E-Summit
	October 22, 2021	Mental Health in the Workplace: Selected Mental Health Concerns during the Pandemic
	October 27, 28 and 29, 2021	UA&P Integrated Reporting Training
	November 10, 2021	GT Capital Economic Briefing 2021
	November 11, 2021	Mental Health in the Workplace: Identifying Workplace Challenges
	November 18, 2021	Mental Health in the Workplace: Work Life Balance
Susan E. Cornelio	January 19-20, 2021	Balanced Scorecard Basics
	January 21, 2021	Economic Briefing 2021: Prioritizing for Recovery
	February 4-5, 2021	Performance Management Workshop
	March 12, 2021	Metrobank's Advanced Corporate Governance Training
	April 5-8, 2021	Advanced Balanced Scorecard
	July 28-30, 2021	PMAP Conference
	October 22, 2021	Mental Health in the Workplace: Selected Mental Health Concerns during the Pandemic
	November 6, 2021	Mental Health in the Workplace: Dealing with All these Challenges
	November 10, 2021	GT Capital Economic Briefing 2021
	November 11, 2021	Mental Health in the Workplace: Identifying Workplace Challenges
	November 18, 2021	Mental Health in the Workplace: Work Life Balance
Leo Paul C. Maagma	February 4-5, 2021	Performance Management Workshop
	March 5, 2021	Metrobank's Advanced Corporate Governance Training
	November 10, 2021	GT Capital Economic Briefing 2021
Renee Lynn M. Atienza	February 4-5, 2021	Performance Management Workshop
	February 18, 2021	Digitisation, Disruption and The Legal Department of the Future
	February 19, 2021	SEC Guidelines Promoting Beneficial Ownership Transparency

Name	Date	Program
	March 12, 2021	Metrobank's Advanced Corporate Governance Training
	March 26, 2021	SEC CAN! How to file Annual Report using the SEC Online Submission (OST)
	August 16, 2021	Technology Governance for Directors
	October 22, 2021	Mental Health in the Workplace: Selected Mental Health Concerns during the Pandemic
	November 10, 2021	GT Capital Economic Briefing 2021
	November 11, 2021	Mental Health in the Workplace: Identifying Workplace Challenges
	November 18, 2021	Mental Health in the Workplace: Work Life Balance
	December 15-17, 2021 December 20-22 and 24, 2021 December 27-28 and 31, 2021	Mandatory Continuing Legal Education
Don David C. Asuncion	February 4-5, 2021	Performance Management Workshop
	March 12, 2021	Metrobank's Advanced Corporate Governance Training
	November 10, 2021	GT Capital Economic Briefing 2021
Farrah Lyra Q. De Ala	February 4-5, 2021	Performance Management Workshop
	April 20, 2021	Thrive Amidst a BIR Audit: A Survival Guide (SGV webinar)
	May 26, 2021	An In-Depth Guide to the CREATE Act (SGV)
	October 22, 2021	Mental Health in the Workplace: Selected Mental Health Concerns during the Pandemic
	November 6, 2021	Mental Health in the Workplace: Dealing with All these Challenges
	November 10, 2021	GT Capital Economic Briefing 2021
	November 11, 2021	Mental Health in the Workplace: Identifying Workplace Challenges
	November 18, 2021	Mental Health in the Workplace: Work Life Balance
	November 27, 2021	Mental Health in the Workplace: Cultivating Positivity in the Workplace

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 2021, GT Capital employees attended the following training programs:

MKE Philippines Virtual Corporate Day
Macquarie Philippines' Owners Day
First Metro Annual Economic & Capital Markets Briefing
COVID-19 Vaccination Webinar
J.P. Morgan's Philippine Conference 2021
Performance Management Workshop
UBS Philippines CEO/CFO Conference 2021
Metrobank's Advanced Corporate Governance Training
MDH Webinar: Covid19 vaccine
Regis CEO Roundtable with CMLB
ICD Crafting Your Own Roadmap: Personal Governance Workshop
Nomura Investment Forum Asia
SGV Financial Strategic Transfer Act Webinar
UBS OneASEAN Virtual Conference 2021
Macquarie Group Call feat. Mr. Toto Tansingco of Metrobank
AXA Virtual Health Forum
FMIC Economic Briefing
BPI Restoring and Recovery in the next 12 months Conference

Maybank Investment Asean 2021
BlackRock ASEAN Virtual Tour
MBTC Awards Forum
Jefferies Asia Forum 2021
28th Annual CITIC CLSA Flagship Investors' Forum
SGV FSO Webinar Sustainable Finance
Leading Extraordinary Times with Lance Gokongwei
Risk Culture Building
Jefferies & Regis Partners Philippines Corporate Access Days
MUFG Economic Briefing
Regis Reverse Roadshow: GT Capital with First State Investment
2022 Asia Outlook - Equities, Economics, Rates & FX BPI
HSBC Economic Briefing by Joseph Incalcaterra
AGSB-CCE Economic Briefing 2021: Prioritizing for Recovery
Metrobank Outlook 2021: Get the Balance Right
UA&P Applied Sustainability Management in Asia & Pacific (Cohort 6)
HSBC Economic Briefing by Noelan Arbis

Recreate Leadership Branding (for women empowerment) organized by Ginny Villegas
Developing Business Continuity Strategy
Crisis Management
Navigating through the Recovery Webinar
Webinar on Financial Institution Strategic Transfer (FIST) Act
It's okay to be not okay
The Rise of Digital Technology
Third Dialogue with the Icons
Survival of the Fittest
Transfer Pricing Webinar: Guidance on Prevalent Errors Committed in Complying with the Transfer Pricing Regulations in the Philippines
GRI-SM ASEAN Sustainability E-Summit
UA&P Integrated Reporting Training
Balanced Scorecard Basics
Mental Health in the Workplace: Selected Mental Health Concerns during the Pandemic
Mental Health in the Workplace: Identifying Workplace Challenges
Mental Health in the Workplace: Work Life Balance
Mental Health in the Workplace: Cultivating Positivity in the Workplace
PMAP Conference
Digitisation, Disruption and The Legal Department of the Future
SEC Guidelines Promoting Beneficial Ownership Transparency
SEC CAN! How to file Annual Report using the SEC Online Submission (OST)
Technology Governance for Directors
Mandatory Continuing Legal Education
Thrive Amidst a BIR Audit: A Survival Guide (SGV webinar)
An In-Depth Guide to the CREATE Act (SGV)

Succession Planning

In line with GT Capital's initiative to strengthen succession planning, officers, and employees were given developmental interventions in 2021 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 2021. 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 2021, GT Capital released its Sustainability Report with information for the reporting period January 1 to December 31, 2020, adopting the Global Reporting Initiative ("GRI") Standards, an internationally recognized framework for sustainability.

The Sustainability Report covers the thirteen (16) material topics under the GRI Standards:

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

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 2021, activities implemented by TMP were the following:

Challenge 1: New Vehicle Zero Carbon Dioxide (CO2) Emissions: 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. One hybrid model was added in the Toyota line-up (Camry) while there are four in the Lexus line-up (LSh, ESh, NXh, NXh Premiere).

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 71 dealerships as of end-2021. 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;

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

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;

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 25,500 trees were planted in 2021. Locations include the shoreline of Lian, Batangas, adopted 40-hectare forest area in Maragondon, Cavite, and at the green areas of the newly inaugurated TMP Batangas Vehicle Center in Batangas City.

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. In 2021, TMP highlighted Challenge 5: Establishing a Recycling-Based Society by promoting Zero Single-Use Plastics among Team Members and service concessionaires.

Toyota Manila Bay Corporation

Toyota Manila Bay Corporation, an automotive dealer engaged in sales and maintenance of Toyota vehicles, is committed to protect and conserve the environment while balancing the welfare of its business, its employees and the community where it belongs.

Despite the COVID-19 pandemic, climate change and other major problems that impact communities worldwide, Toyota Manila Bay Corporation continues to hold socially and environmentally responsible value chains initiatives in high regard.

These initiatives are fulfilled through the following:

- ISO 14001:2015 Certification of all branches
  Maintained the Environmental Management System and demonstrated continual improvement of the organization.
- Periodic audit and accreditation of hazardous and non-hazardous waste transport, treatment and recycling facilities to ensure that our partners uphold the same standards of business ethics and adhere to all applicable laws and regulations as TMBC.
- Safety Seal Certification of all branches
  Secured voluntary certification as affirmation of compliance with minimum public health standards set by the government
- Intensified COVID-19 controls and preventive measures
- Community-assisted mangrove tree planting
- Community pantry
- Financial assistance provided to the following governmental and non-governmental organizations:
  - Bureau of Fire Protection- Quezon City Fire District
  - Philippine Red Cross for the victims of Typhoon Odette
  - Haven for the Elderly (Home For The Aged)

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. Federal Land had trained its personnel on Data Privacy and reviewed and improved its processes to ensure are compliance to the protection of collected personal information. It also religiously conducts fire and earthquake drills in coordination with BFP and other LGU agencies to train its personnel.

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.

Federal Land makes it a point that all its employees are involved in ensuring the quality and timely service to its customers, thus, it invests on employee training and continuous coaching.

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;
- 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; and
- Beautification and safety programs in partnership with Makati LGU and private enterprises like the underpass in Ayala.

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 2021.

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. It has done this through several outreach and charitable programs in coordination with Metrobank Group.

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, Metrobank Foundation, Inc. ("MBFI") and GT Foundation, Inc. ("GTFI"). MBFI 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 MBFI 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 2021, it undertook the following endeavors:

1. Funded weekly feeding program at Our Lady Queen of Peace Parish in Bacoor, Cavite;
2. Distributed Noche Buena bags for the families of Our Lady Queen of Peace Parish in Bacoor, Cavite;
3. Donated pre-loved items to Pateros and Imus local government units;
4. Supported MBFI's National Teachers Month through a community pantry for bond paper reams to elementary schools;
5. Donation of Covid-19 Vaccines to Imus, General Trias and Makati LGUs; and
6. Adoption and Partnership with Annunciation Parish in General Trias Cavite.

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 (Php3.00) 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)
2021	3.00	645.90
2020	6.00	1,291.71
2019	3.00	598.01
2018	3.00	577.79
2017	5.00	5.00
2016	6.00	871.50
2015	3.00	1,045.80
2014	3.00	522.90
2013	3.00	522.90
2012	3.00	522.90

Other Stakeholders and Investor Relations

GT Capital recognizes and values its fiduciary duty towards its investors. Crucial to the establishment and maintenance of the trust and confidence of its investors is transparency in systems and communications. GT Capital's Investor Relations, Strategic Planning, and Corporate Communication ("IRSPCC") Department aims to impart a thorough understanding of GT Capital's strategies in creating shareholder value.

The IRSPCC Department compiles and reports relevant documents and requirements to meet the needs of the investing public, shareholders, and other stakeholders of GT Capital, fully disclosing these to the local stock exchange, as well as through quarterly media and analysts briefings, one-on-one investor meetings, the ASM, road shows, investor conferences, e-mail correspondences or telephone queries, teleconferences, its annual and quarterly reports, and GT Capital's website. All shareholders, including institutional investors, are encouraged to attend stockholders' meetings and other events held for their benefit.

E-mail inquiries from the investing public and shareholders are received by GT Capital's IRSPCC Department through IR@gtcapital.com.ph. Correspondence may also be addressed to:

JOSE B. CRISOL, JR.
Senior Vice President
Head, Investor Relations, Strategic Planning, and Corporate Communications
T: (+632) 8836 4500
E: jose.crisol@gtcapital.com.ph

BRUCE RICARDO O. LOPEZ
Investor Relations and Strategic Planning Officer
T: (+632) 8836 4500
E: bruce.lopez@gtcapital.com.ph

JOAQUIN JUAN PAOLO V. MABANTA
Investor Relations Officer
T: (+632) 8836 4500
E: joaquin.mabanta@gtcapital.com.ph

SHERMAINE N. CHAVEZ
Investor Relations Officer
T: (+632) 8836 4500
E: shermaine.chavez@gtcapital.com.ph

Other stakeholder concerns may be sent to:
governance@gtcapital.com.ph.

The following is GT Capital's 2021 Investor Relations Calendar of Events:

Date	Event	Venue
January 11	MKE Philippines Virtual Corporate Day	Digital Platform
January 13	Macquarie Philippines' Owners Access Day	Digital Platform
January 28 - 29	J.P. Morgan's Philippine Conference 2021	Digital Platform
March 2	UBS Philippines CEO/CFO Conference 2021	Digital Platform
March 29	GT Capital Full Year 2020 Financial and Operating Results Briefing	Digital Platform
April 13	Regis CEO Roundtable	Digital Platform
May 17	GT Capital 2021 Annual Stockholders' Meeting	Digital Platform
May 20	GT Capital First Quarter 2021 Financial and Operating Results Briefing	Digital Platform
June 1	Nomura Investment Forum Asia	Digital Platform
June 16	UBS OneASEAN Virtual Conference 2021	Digital Platform
August 17	GT Capital First Half 2021 Financial and Operating Results Briefing	Digital Platform
September 2	BlackRock ASEAN Virtual Tour	Digital Platform
September 10	Jefferies Asia Forum 2021	Digital Platform
September 13-14	28th Annual CITIC CLSA Flagship Investor's Forum	Digital Platform
September 30	Vaccine Donation to Makati LGU	Digital Platform
October 12-13	Jefferies & Regis Partners Philippines Corporate Access Days	Digital Platform
November 2	Regis Reverse Roadshow: GT Capital with First State Investment	Digital Platform
November 10	GT Capital Economic Briefing 2021	Digital Platform
November 15	GT Capital January to September 2021 Financial and Operating Results Briefing	Digital Platform
November 18-26	GT Capital Strategic Planning Week	Digital Platform
November 26	GT Capital Strategic Planning Plenary	Digital Platform
December 9	Vaccine Donation to Pasay LGU	Pasay City, Philippines
January 1 – December 31	22 One-on-one meetings with investors and research analysts	Digital Platforms
January 1 – December 31	10 Conference calls / digital meetings with investors and research analysts	Digital Platforms


13 January 2021
Macquarie Owners' Access Day
GT Capital Vice Chairman
Alfred V. Ty
GT CAPITAL
Partners for Good
Carmelo Maria Luza Bautista, President
Vince S. Socco, Chairman, GT Capital Auto Dealership Holdings, Inc.
Francisco H. Suarez, Jr., EVP/Chief Finance Officer
Jose B. Crisol, Jr., SVP/Head of Investor Relations, Strategic Planning, and Corporate Communication
For more information, Visit gtcapital.com.ph/investor-relations or contact IR@gtcapital.com.ph


GT CAPITAL
Resilience Amidst Adversity
First Quarter 2021
Financial and Operating Results Briefing
Thursday, 20 May 2021
2:30PM


GT CAPITAL
Resilience Amidst Adversity
Thank You!
First Half 2021
Financial and Operating Results Briefing


GT CAPITAL
Resilience Amidst Adversity
Nine Months 2021
Financial and Operating Results Briefing
via Zoom
Monday, 15 November 2021
2:30PM
For more information,
Visit gtcapital.com.ph/investor-relations
or contact IR@gtcapital.com.ph


GT CAPITAL
Resilience Amidst Adversity
2021 Strategic Planning
Virtual Plenary Conference
Investor Relations, Strategic Planning, and Corporate Communication (IRSPCC) Department
November 26, 2021

Corporate Objectives and Non-Financial Indicators

Banking

Corporate Objectives

- Maintain stronghold in commercial banking and expand consumer lending
- Safeguard asset quality
- Ensure balance sheet strength, customer protection, and employee safety

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
- Expand dealership network

Non-Financial Indicators

- 129,667 unit sales
- 73 dealers in 2021
- New model launches in 2021: Innova, Vios GR-Sport, GR Yaris, Hilux GR-Sport, Fortuner GR-Sport, Camry (+ new hybrid variant)
- Number 1 market share (46.3%) in passenger car, commercial vehicle, and overall retail unit sales

Property Development

Corporate Objectives

- Rationalize costs
- Build the brand
- Develop the organization
- Strengthen strategic partnerships

Non-Financial Indicators

- Rationalized project launches
- Strategic brand differentiation and brand health assessment
- Customer service enhancements
- Organizational transformation and culture development

Insurance

Non-Financial Indicators

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

Non-life Insurance
- 21 branches
- Over 4,000 agents
- Present in over 900 Metrobank and PSBank branches

Infrastructure and Utilities

Corporate Objectives

Power:
- Develop up to 1,500 MW of renewable energy generation capacity across multiple technologies in the next 5-7 years
- Secure 1,500 MW of renewable energy in the next five years in line with the Department of Energy's (DOE) Renewable Portfolio Standards

Toll Roads
- Build over 70 kilometers of new toll roads by 2024

Light Rail
- Complete Phase 1 of LRT-1 South Extension Project by 2025

Non-Financial Indicators

- 46,073 gigawatt-hours of power sold
- 483,169 average daily vehicle toll road entries in the Philippines
- 520 million cubic meters of billed water volume
- 3.2 million hospital patients served

Board of Directors

ARTHUR V. TY
Chairman

FRANCISCO C. SEBASTIAN
Co-Vice Chairman

ALFRED V. TY
Co-Vice Chairman

MARY V. TY
Adviser to the Board

CARMELO MARIA LUZA BAUTISTA
Director / President

RENATO C. VALENCIA
Lead Independent Director

Board of Directors

CONSUELO D. GARCIA
Independent Director

RENE J. BUENAVENTURA
Independent Director

ATTY. REGIS V. PUNO
Director

DR. DAVID T. GO
Director

PASCUAL M. GARCIA III
Director

JAIME MIGUEL G. BELMONTE
Adviser to the Board

WILFREDO A. PARAS
Independent Director

GUILLERMO CO CHOA
Adviser to the Board

Board of Directors

Arthur V. Ty, 55 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, 67 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, 54 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, 81 years old, Filipino, was appointed as Board Adviser of GT Capital in June 2014. Prior to this, she served as the Corporation's Treasurer since its incorporation in 2007. Mrs. Ty has more than 50 years of experience in banking and general business. She currently holds the following positions: Board Adviser, Metropolitan Bank & Trust Company (Metrobank); Adviser, Metrobank Foundation, Inc. and Federal Land, Inc.; Adviser, Manila Medical Services, Inc.; Adviser, Horizon Land Development Corporation; Chairperson, Horizon Royale Holdings, Inc.; Director, Grand Titan Capital Holdings, Inc.; Chairperson, Ausan Resources Corporation; Chairperson, Grand Estate Property Corporation; Chairperson, Inter-Par Philippines Resources Corporation; and Chairperson of Philippine Securities Corporation, Tytana Corporation, and Federal Homes, Inc. Previously, Mrs. Ty held the position of Director for First Metro Investment Corporation. She earned her collegiate degree from the University of Santo Tomas.

Carmelo Maria Luza Bautista, 65 years old, Filipino, assumed the role of President and Director of GT Capital in 2011. Prior to his election, Mr. Bautista joined First Metro Investment Corporation (FMIC) in April of 2008 as Executive Director and was appointed as Chairman of the Risk Management Committee. He later assumed the position of Head of FMIC's Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for 44 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups at Citibank-Manila; Vice President-Real Estate Finance Group, Citibank N.A.-Singapore Branch; Vice President-Structured Finance at Citibank N.A.-Singapore Regional Office; Country Manager of ABN AMRO Bank-Philippines; and President and CEO of Philippine Bank of Communications (PBCOM). Mr. Bautista has a Master's degree in Business Management from the Asian Institute of Management, where he graduated in the Dean's Citation List. He also has a Bachelor's degree, Major in Economics, from the Ateneo de Manila University. Mr. Bautista currently serves as Chairman of Toyota Financial Services Philippines Corporation (TFSPH), as well as Director of Federal Land, Inc., Toyota Motor Philippines Corporation (TMP), AXA Philippines, GT Capital Auto and Mobility Holdings, Inc. (GTCAM), Toyota Subic, Inc., GT Mobility Ventures, Inc., and Toyota Manila Bay Corporation (TMBC). He is also an Adviser to the Board of Trustees of GT Foundation, Inc. and an Independent Director of Vivant Corporation, a listed company.

Renato C. Valencia, 80 years old, Filipino, is the Chairman of Omnipay, Inc., Lead Independent Director of GT Capital and iPeople Inc., and Independent Director of EEI Corporation. His past positions include: President/CEO, Social Security System (SSS); Chairman/CEO, Union Bank of the Philippines; President/CEO, Roxas Holdings, Inc.; Vice Chairman/Director, San Miguel Corporation (SMC); Chairman, Philippine Savings Bank (PSBank); Independent Director, Metropolitan Bank & Trust Company (Metrobank); Advisory Board Member, Philippines Coca-Cola System Council, and Director: Philippine Long Distance Telephone Company (PLDT), Manila Electric Company (Meralco), Philex Mining Corporation, Far East Bank and Trust Company, Roxas and Company, Inc., Bases Conversion Development Academy (BCDA), Fort Bonifacio Development Corporation, Philippine Veterans Bank, and Makati Stock Exchange. He is a graduate of the Philippine Military Academy, with a Bachelor's degree in General Engineering, and the Asian Institute of Management, with a Master's degree in Business Management.

Consuelo D. Garcia, 67 years old, Filipino, was elected as an Independent Director of GT Capital Holdings, Inc. on May 17, 2021. She is a Senior Consultant for Challengers and Growth Markets in ING Bank, N.V., Manila. She currently holds the following positions: Independent Director of ACEN Corporation, The Philippine Stock Exchange, Inc., Sun Life Investment Management and Trust Corporation, and Far Eastern University, Inc.; Independent Director and Trustee of ING Foundation Philippines, Inc.; Member of the Board of Directors of the Financial Executives Institute of the Philippines (FINEX) and Liaison Director to the Finex Capital Markets Development Committee, and the Information, Communications and Technology Committee and member of the Capital Markets Development Council; ; and a Fellow of the Institute of Corporate Directors. She was formerly the Country Manager and Head of Clients of ING Bank N.V., Manila from September 2008 until November 15, 2017. Ms. Garcia previously worked with SGV in audit and in Bank of Boston, Philippine Branch. Ms. Garcia is a Certified Public Accountant and she graduated Magna Cum Laude for Bachelor of Science in Business Administration, major in Accounting from the University of the East.

Rene J. Buenaventura, 67 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., Independent Director of Lorenzo Shipping Corporation, and Independent Director of DDMP REIT, Inc. He is likewise a Director and Member of the Executive Committee of Maxicare Healthcare Corporation and President of Cliveden Management Corporation. Mr. Buenaventura is a Certified Public Accountant and graduated Summa Cum Laude for Bachelor of Arts, major in Behavioral Sciences and Bachelor of Science in Commerce, major in Accounting at De La Salle University in the Philippines. He also earned his Master in Business Administration from the same university.

Board of Directors

Atty. Regis V. Puno, 63 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.

Dr. David T. Go, 68 years old, Filipino, has been a Director of GT Capital since May 2014. He garnered his Doctor of Philosophy degree in International Relations from New York University in 1982. He currently serves as Vice Chairman and Treasurer of Toyota Motor Philippines Corporation (TMPC). He is also the Vice Chairman of Toyota Aisin Philippines, Inc.; Director and Treasurer of Toyota Financial Services Philippines Corporation (TFSPH); President of Toyota Motor Philippines Foundation, Inc. and Toyota Motor Philippines School of Technology, Inc.; Chairman of Toyota San Fernando, Inc., Toyota Manila Bay Corporation (TMBC), and TMP Logistics, Inc. Dr. Go has no directorship in other listed companies aside from GT Capital.

Pascual M. Garcia III, 68 years old, Filipino, is a Director of GT Capital Holdings, Inc. He held several positions in other companies, among which are: Vice Chairman, Cathay International Resources Corporation; Chairman, Omni-Orient Management Corporation; Chairman, Metpark Commercial Estate Association, Inc.; Chairman, Central Realty & Development Corporation; Chairman, Crown Central Properties; Chairman, Alveo-Federal Land Communities, Inc.; Chairman, Topsphere Realty Development Co. Inc.; Chairman, Fed South Dragon Corporation; Chairman, Federal Retail Holdings Inc.; Chairman, Magnificat Resources Corporation; Co-Vice Chairman, Sunshine Fort North Bonifacio Commercial Management Corporation; President, Bonifacio Landmark Realty & Development Corporation; President, North Bonifacio Landmark Realty and Development Inc.; President, Federal Land-Orix Corporation; President, ST 6747 Resources Corporation; Director, Horizon Land Resources Development Corporation and Director, Sunshine Fort North Bonifacio Realty and Development Corporation. He is also the former President of Federal Land, Inc. Prior to joining Federal Land, he was the President and Director of Philippine Savings Bank (PSBank) from 2001 to 2013; Co-Vice Chairman of Property Company of Friends, Inc. from 2016 to 2019; Director of Toyota Financial Services Philippines Inc. from 2007 to 2017 and Director of Sumisho Motor Finance Corporation from 2009 to 2016. Mr. Garcia earned his Bachelor's degree in Commerce, major in Management, from the Ateneo de Zamboanga University.

Jaime Miguel G. Belmonte, 58 years old, Filipino, is a Board Adviser of GT Capital. Prior to this, he was an Independent Director of GT Capital from 2012 until 2020. He is also the President and Chief Executive Officer of The Philippine Star (since 1998); President and Chief Executive Officer of BusinessWorld (since 2015); President and Publisher of Pilipino Star Ngayon (since 1994) and PM Pang-Masa (since 2003); President of Pilipino Star Printing Company (since 1994); President of Nation Broadcasting Corporation of the Philippines (since 2016); and President of Hastings Holdings Inc. Mr. Belmonte is also the President of Cebu-based The Freeman and Banat News (since 2004); Vice Chairman of People Asia magazine; 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, 75 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); Independent Director of RL Commercial REIT, Inc. (2021-present); Member of the Board of Trustees and Treasurer of Dualtech Training Center (2012-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 has a certificate on Leading with Finance from the Harvard Business School Online. He is also a Teaching Fellow of the Institute of Corporate Directors.

Guillermo Co Choa, 62 years old, Filipino, was appointed as Board Adviser of GT Capital in June 2016. He is currently the Chairman of the Property Company of Friends, Inc. Mr. Choa earned his Bachelor's Degree in Commerce, Major in Marketing, from De La Salle University and his Master's degree in Business Economics from the University of Asia and the Pacific.

Senior Management

ALESANDRA T. TY
Assistant Treasurer

CARMELO MARIA LUZA BAUTISTA
President

ANJANETTE TY DY BUNCIO
Treasurer

ANTONIO VIRAY
Corporate Secretary

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

FRANCISCO H. SUAREZ, JR.
EVP/Chief Finance Officer

JOSE B. CRISOL, JR.
SVP/Head of Investor Relations, Strategic Planning, and Corporate Communication

Senior Management

JOCELYN Y. KHO
Assistant Corporate Secretary

STEPHEN JOHN SAN JUAN COMIA
FVP/ Head of Property Management

JOYCE B. DE LEON
FVP/Chief Risk Officer

SUSAN E. CORNELIO
VP/Head of Human Resources and Administration

REYNA ROSE PANER-MANON-OG
FVP/Controller and Head of Accounting and Financial Control

ATTY. RENEE LYNN MICIANO-ATIENZA
VP/Head of Legal and Compliance

LEO PAUL C. MAAGMA
VP/Chief Audit Executive

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

Senior Management

Alesandra T. Ty, 41 years old, Filipino, was appointed Assistant Treasurer of GT Capital on February 14, 2012. She was appointed as a Director of GT Capital in 2020. She graduated from the Ateneo de Manila University with a Bachelor of Science degree in Legal Management. She then earned her Master's in Business Administration from the China Europe International Business School in Shanghai, China. She is currently Director and Corporate Treasurer of AXA Philippines; Corporate Secretary and Corporate Treasurer of First Metro Investment Corporation; Corporate Secretary of GT Foundation, Inc.; Senior Vice President and Treasurer of Federal Homes, Inc.; and Executive Vice President of Grand Titan Capital Holdings, Inc.

Carmelo Maria Luza Bautista, 65 years old, Filipino, assumed the role of President and Director of GT Capital in 2011. Prior to his election, Mr. Bautista joined First Metro Investment Corporation (FMIC) in April of 2008 as Executive Director and was appointed as Chairman of the Risk Management Committee. He later assumed the position of Head of FMIC's Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for 44 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups at Citibank-Manila; Vice President-Real Estate Finance Group, Citibank N.A.-Singapore Branch; Vice President-Structured Finance at Citibank N.A.-Singapore Regional Office; Country Manager of ABN AMRO Bank-Philippines; and President and CEO of Philippine Bank of Communications (PBCOM). Mr. Bautista has a Master's degree in Business Management from the Asian Institute of Management, where he graduated in the Dean's Citation List. He also has a Bachelor's degree, Major in Economics, from the Ateneo de Manila University. Mr. Bautista currently serves as Chairman of Toyota Financial Services Philippines Corporation (TFSPH), as well as Director of Federal Land, Inc., Toyota Motor Philippines Corporation (TMP), AXA Philippines, GT Capital Auto and Mobility Holdings, Inc. (GTCAM), Toyota Subic, Inc., GT Mobility Ventures, Inc., and Toyota Manila Bay Corporation (TMBC). He is also an Adviser to the Board of Trustees of GT Foundation, Inc. and an Independent Director of Vivant Corporation, a listed company.

Anjanette Ty Dy Buncio, 53 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, 82 years old, Filipino, has served as Corporate Secretary of GT Capital since 2009. His legal profession started as a litigation lawyer of the Feria Law Office (then Feria Manglapus & Associates). He then embarked on a banking career with the Philippine Savings Bank (PSBank) holding the positions of Senior Vice-President for Loans, Legal, Administrative, Branch Operations and Corporate Secretary. When PSBank was acquired by Metropolitan Bank & Trust Company (Metrobank), he was recruited as General Counsel (then Special Counsel) of Metrobank, later becoming Senior Vice President, Corporate Secretary, and Director. He is currently Corporate Secretary of Grand Titan Capital Holdings, Inc., Chief Legal Adviser of the Bankers Institute of the Philippines (BAIPhil) and Of Counsel of Feria Tantoco Daos Law Firm. His foundations as a respected corporate lawyer and secretary were provided by Colegio de San Juan de Letran (Letran College), where he graduated Valedictorian of his Associate in Arts, the University of Santo Tomas, where he finished his Bachelor of Laws as Valedictorian and Magna Cum Laude; and Northwestern University School of Law in Chicago, Illinois, U.S.A., where he obtained his Master of Laws (emphasis on Corporation Law) degree through a Ford Foundation Fellowship Grant. He placed 19 th in the 1961 BAR exams. He was principal counsel in the joint ventures of the Metrobank Group with Toyota Motors Corporation, AXA Insurance and ANZ Bank (for Metrobankcard). As Of Counsel of Feria Law Office, he helped oversee some joint ventures of the Federal Land Group.

Vicente Saniel Socco, 62 years old, is the Chairman of GT Capital Auto and Mobility Holdings, Inc. (GTCAM). GTCAM is a wholly-owned subsidiary of GT Capital and is the vehicle for the management of the Group's mobility initiatives and automotive dealerships. He brings forty-one years of expertise in the automotive sector. Mr. Socco began his career with Toyota in the Philippines as a member of its marketing team. He was then appointed General Affairs Manager of Toyota's Manila Representative Office in 1984, until Toyota Motor Philippines Corporation (TMP) opened in 1988, where he rose through the ranks to become Senior Vice President (SVP) for Marketing and After-Sales. In 2001, Mr. Socco joined the regional headquarters of Toyota in Singapore. Mr. Socco was appointed SVP of Lexus Asia in 2007, concurrent with his roles as the Executive-in-Charge for country operations at Toyota Motor Asia Pacific (TMAP). In 2012, he assumed the role of Executive Vice President and acting Chief Operating Officer for the region. Then, in 2014, he was assigned to Toyota's global headquarters as Project General Manager for TMAP in Japan. He then returned to Singapore in 2017 as EVP for Lexus Asia until his retirement in July 2019. Mr. Socco garnered his Bachelor of Science in Economics at the University of the Philippines in Diliman and completed the Executive Development Program of the Wharton School of the University of Pennsylvania.

Francisco H. Suarez, Jr., 62 years old, Filipino, serves as GT Capital's Executive Vice President and Chief Financial Officer (CFO). He was appointed to the position on February 16, 2012. He is also a Director and the Treasurer of GT Capital Auto and Mobility Holdings, Inc., 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 Philippines Corporation. Over his tenure, he successfully supervised the launch of the Corporation's initial public offering, a top-up private placement, two retail bond issuances, several bilateral fixed-rate term loans and two series of perpetual preferred shares. Mr. Suarez brings to GT Capital over 40 years of solid and extensive experience in investment banking and financial management. Prior to joining GT Capital, he was the CFO of three subsidiaries of the ATR 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.

Jose B. Crisol, Jr., 55 years old, Filipino, serves as Senior Vice President and Head of the Investor Relations, Strategic Planning, and Corporate Communication Department of GT Capital. He was appointed to the position on July 26, 2012. He also serves as a Director of Toyota Sta. Rosa, Inc. and serves as its Audit Committee Head. 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.

Jocelyn Y. Kho, 67 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; Director and Treasurer, Global Business Holdings, Inc., Circa 2000 Homes, Inc., Nove Ferum

Senior Management

Holdings, Inc. and Horizon Royale Holdings, Inc.; Director, Senior Vice President and Corporate Secretary, Federal Homes, Inc.; Director, Treasurer and Corporate Secretary of Crown Central Properties Corporation; Director of Cathay International Resources, Inc. and Magnificat Resources Corporation; Corporate Secretary, Federal Land, Inc.; and Norberto & Tytana Ty Foundation, Inc.; Assistant Treasurer, Horizon Land Property Dev't Corp.; Chairman, Multi Fortune Holdings, Inc.; Chairman and President, MBTC Management Consultancy, Inc., Granview Realty and Development Corporation, Cellini 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.

Stephen John San Juan Comia, 44 years old, Filipino, serves as First Vice President and Head of the Property Management Department of GT Capital. He is also the Project Director of the Group for Cavite Projects. He brings to GT Capital more than 16 years of experience in the property sector having worked for Ayala Land, Inc. from 2005 until 2021 where he served as the Estate Development Head. Mr. Comia handled land acquisition and overall master-planning, development, sales, marketing, and property management of various estate developments. The estates that he handled include Nuvali in Sta. Rosa and Calamba, Laguna, Arca South in Taguig, The Junction Place in Novaliches, and Vermosa in Imus and Dasmariñas, Cavite. Mr. Comia holds a Master in Business Administration degree from the Asian Institute of Management and a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University.

Joyce B. De Leon, 47 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 16 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.

Susan E. Cornelio, 50 years old, Filipino, joined GT Capital on July 4, 2012 as its Head of Human Resources and Administration. Prior to this, she served as Vice President and Head of Compensation and Benefits of Sterling Bank of Asia and as Assistant Vice President and Head of Compensation and Benefits of United Coconut Planters Bank. She has had other HR stints from the following institutions: Metrobank, ABN AMRO Offshore Banking, Solidbank, and Citytrust. She holds a Bachelor of Science in Commerce major in Accounting from Sta. Isabel College 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.

Reyna Rose Paner-Manon-og, 40 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 completed the Strategic Business Economics Program of the University of Asia and the Pacific.

Atty. Renee Lynn Miciano-Atienza, 39 years old, Filipino, is Vice President and Head of the Legal & Compliance Department of GT Capital. She was appointed to her position on May 11, 2016 and has been with GT Capital since August 2012. She concurrently holds the following positions: Director, GT Capital Auto and Mobility Holdings, Inc.; Director, Toyota Subic, Inc. Prior to joining the Corporation, she was the Head of the Investigation and Enforcement Department of the Capital Markets Integrity Corporation (CMIC). Before joining CMIC, she was the Officer-in-Charge of the Prosecution and Enforcement Department of the PSE. She was also Legal Counsel of the Office of Senator Miguel Zubiri, and prior to entering law school, a trader for United Coconut Planters Bank. She earned her Bachelor of Science degree in Management from the Ateneo de Manila University and finished her Juris Doctor degree in the same university. In 2019, she completed the Strategic Business Economics Program of the University of Asia and the Pacific.

Leo Paul C. Maagma, 51 years old, Filipino, was appointed the Chief Audit Executive of GT Capital Holdings, Inc. in April 2018. With over 28 years of extensive work experience—more than 23 years in audit and five years in accounting, accounts receivables, treasury, and payroll—Mr. Maagma began his career in an external auditing firm, then spent five years in a food manufacturing company, and nearly 15 years in a business engaged in the distribution of health care products. He spent eight of his more than two decades in audit work at the regional and country head offices of two multinational companies, Zuellig Pharma Corporation (Zuellig) and Unilever Bestfoods (Unilever). Before joining GT Capital, for 14½ years, Mr. Maagma served in various capacities at Zuellig—Internal Audit Manager from 2012 to 2018, Accounts Receivable Manager from 2010 to 2012, Corporate Internal Audit Manager from 2007 to 2010, and Internal Audit Manager from 2003 to 2007. At Zuellig, he was chiefly responsible for the Philippine subsidiary's internal audit function, while assisting in regional risk–based internal audits for the Zuellig Pharma Group across 12 countries in the Asia-Pacific region. Prior to his time at Zuellig, Mr. Maagma held several positions at Unilever from 1998 to 2003: Regional Information Systems Audit Supervisor, Category Accounting Manager, and Treasury Manager. Previously, he performed other supervisory roles in audit in Empire East Land Holdings, Inc. and Ernst and Young International. Mr. Maagma earned his Master's degree in Business Administration (MBA) from the Asian Institute of Management (AIM). Aside from this, he is a Certified Public Accountant (CPA), Chartered Business Administrator (CBA), and a certified Information Security Management Systems (ISMS) Internal Auditor. He graduated from the University of Santo Tomas with a Bachelor of Science degree in Commerce, major in Accountancy.

Don David C. Asuncion, 42 years old, Filipino, is the Vice President of GT Capital Auto and Mobility Holdings, Inc. (GTCAM), the conglomerate's wholly-owned subsidiary for the Group's automotive holdings. He brings to GT Capital more than 20 years of expertise in the automotive sector. Mr. Asuncion began his career with Toyota Motor Philippines in 2002 handling franchise 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 GTCAM. 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.

RAHUL HORA
President
AXA Philippines

MANUEL V. PANGILINAN
Chairman and President
Metro Pacific Investments Corporation

ANICETO M. SOBREPEÑA
President
Metrobank Foundation, Inc.

Fabian S. Dee, 59 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 37 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, 53 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, 57 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, 48 years old, Indian, is the President and Chief Executive Officer of AXA Philippines. His accomplished work experience spans 24 years, including four years in the FMCG industry and more than 20 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 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.

Manuel V. Pangilinan, 76, sits at the helm of Metro Pacific Investments Corporation as its Chairman and President. In 1981, he founded First Pacific in the Philippines—from which MPIC traces its roots—and currently serves as its Managing Director and Chief Executive Officer. Mr. Pangilinan holds the following positions within the MVP Group: President and CEO of Philippine Long Distance Telephone Company and Smart Communications Incorporated. He also serves as Chairman, Vice Chairman, or Board Director at: Manila Electric Company, Maynilad Water Services Corporation, Mediaquest Incorporated, Associated Broadcasting Corporation, Philex Mining Corporation, Philex Petroleum Corporation, Manila North Tollways Corporation, Landco Pacific Corporation, Medical Doctors Incorporated, Colinas Verdes Hospital Managers Corporation, Davao Doctors Incorporated, Riverside Medical Center Incorporated in Bacolod, East Manila Hospital Managers Corporation, Asian Hospital Incorporated, Central Luzon Doctors' Hospital in Tarlac, De Los Santos Medical Center, Metro Pacific Zamboanga Hospital Corporation, and The Megaclinic Incorporated. In 2012, he was appointed as Vice Chairman of Roxas Holdings Incorporated which owns and operates the largest sugar milling operations in the Philippines. He is the incumbent Chairman of the Board of Trustees of San Beda College. He is also the Chairman of the Philippine Disaster Resiliency Foundation, Incorporated (PDRF) and the Philippine Business for Social Progress (PBSP). He Co-Chairs the US-Philippines Business Society as well. Being a sports patron, he was named Chairman Emeritus of the Samahang Basketbol ng Pilipinas and Chairman of the Amateur Boxing Association of the Philippines. Mr. Pangilinan finished his Bachelor of Arts in Economics from Ateneo de Manila University where he graduated cum laude. He pursued his Master of Business Administration in the Wharton School of Finance and Commerce as a Procter & Gamble Fellow.

Aniceto M. Sobrepeña, 69 years old, Filipino, is the President of Metrobank Foundation, Inc. (MBFI) and Executive Vice President of Metropolitan Bank & Trust Company (Metrobank). 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.

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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, 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 fee from material misstatement, whether due to fraud or error.

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

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

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

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

(Original signed)
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 MAR 2 8 2022 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

Doc. No. 83
Page No. 17
Book No. 14
Series of 2022

Notary Public for Makati [illegible] June 30, 2022
Roll No. 41639 / [illegible] No. M-120
IBP 034764 / PTR No. [illegible]
45/F GT Tower International, Ayala Avenue
Corner H.V. Dela Costa, Makati City

Independent Auditor's Report

The Stockholders and the Board of Directors
GT Capital Holdings, Inc.
43rd Floor, GT Tower International
Ayala Avenue corner H.V. Dela Costa Street
Makati City

Opinion

We have audited the consolidated financial statements of GT Capital Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, 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, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) as described in Note 2 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs as issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs, which are applicable to the Group's Real Estate Segment, specifically under Federal Land Group, on the 2021 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Impairment Testing of Goodwill and Customer Relationship

Under PFRSs, the Group is required to annually test the amount of goodwill and intangible assets with indefinite useful life. As of December 31, 2021, the Group has goodwill attributable to the acquisition of various businesses and intangible asset with indefinite useful life relating to customer relationship with carrying values of ₱5.93 billion and ₱3.88 billion, respectively, which are significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions that have been impacted by the COVID-19 pandemic, specifically the forecasts of future cash flows, expected gross margins, discount rates, long-term growth rates, attrition rates, and earnings before interest and taxes (EBIT) margin on key customers.

The disclosures in relation to the significant assumptions and carrying values of goodwill and customer relationship are included in Note 13 to the consolidated financial statements.

Audit Response

We involved our internal specialist to evaluate the assumptions and methodologies used. These assumptions include forecasts of future cash flows, expected gross margins, discount rates, long-term growth rates, attrition rates, and EBIT margin on key customers. We compared the key assumptions used, such as discount rates and growth rates against the historical performance of the cash-generating unit (CGU), industry/market outlook and other relevant external data, taking into consideration the impact associated with the COVID-19 pandemic. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and customer relationship.

Real Estate Revenue Recognition

The Group's real estate revenue recognition process, policies and procedures are significant to our audit because these involve the application of significant judgment and estimation in the following areas:
(a) assessment of the probability that the entity will collect the total consideration from the buyer;
(b) application of the output method as the measure of progress in determining real estate revenue;
(c) determination of the actual costs incurred as cost of sales; and (d) recognition of cost to obtain a contract.

In evaluating whether 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 (buyer's equity). Collectability is also assessed by considering factors such as past history with the buyer, and age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the COVID-19 pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers). This is based on the monthly project accomplishment report prepared by the project engineers as approved by the construction manager, which integrates the surveys of performance to date of both the sub-contracted construction activities and those that are fulfilled by the Group itself.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as the cost to obtain the contract. For contracts 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 COVID-19 pandemic to the level of cancellations during the year. We traced the analysis to supporting documents.

For the application of the output method, in determining real estate revenue, we obtained an understanding of the Group's processes for determining the POC, and performed tests of the relevant controls. We obtained the certified POC reports prepared by the project engineers and assessed their competence, capabilities, and objectivity by reference to their qualifications, experience, and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries, including inquiries on how the COVID-19 pandemic affected the POC during the period, and obtained the supporting details of POC reports showing the completion of the major activities in project construction.

For the cost of sales, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. For selected projects, we traced costs accumulated, including 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 (i.e., net contract price) against the related contract to sell, and (c) the POC used in calculating the sales commission against the POC used in recognizing the related revenue from real estate sales.

Accounting for Investments in Significant Associates

The Group has investments in Metropolitan Bank & Trust Company (MBTC) and Metro Pacific Investments Corporation (MPIC) that are both accounted for under the equity method. The application of the equity method of accounting over these investments, particularly the determination of the Group's share in net income of these associates and the assessment for impairment of these investments, is a key audit matter because the Group's equity in the net earnings of these associates contributed ₱10.06 billion, or 62.55% of the Group's consolidated net income in 2021, and the Group's investments in these associates accounted for 63.52% and 41.14% of the consolidated total noncurrent assets and total assets, respectively, of the Group as of December 31, 2021.

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 recognition of deferred tax assets.

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 COVID-19 pandemic; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset, expected recoveries from defaulted accounts and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information, including the impact of the COVID-19 pandemic, in calculating ECL. Meanwhile, the recognition of deferred tax assets is significant to our audit because it requires significant judgment and is based on assumptions such as availability of sufficient taxable income in the future and the timing of the reversal of the temporary differences that are affected by expected future market or economic conditions and the expected performance of MBTC. The estimation uncertainty on MBTC's expected performance has increased as a result of the uncertainties brought about by the COVID-19 pandemic.

The Group's share in MPIC's net income is significantly affected by the recoverability of goodwill, service concession assets (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 MWSS on the provisions of Maynilad Water Services, Inc. (Maynilad)'s Concession Agreement identified for renegotiation and amendment, which is an impairment indicator and thus requires an assessment of the recoverability of MPIC's SCA related to Maynilad. This matter is important to our audit because the impairment assessment of goodwill and SCAs not available for use involves significant management judgment and estimates. Moreover, the SCAs related to the toll roads and water concession agreements of MPIC are being amortized using the UOP method. The UOP amortization method involves significant management judgment and estimates, particularly in determining the total expected traffic volume and the total estimated volume of billable water over the remaining periods of the concession agreements. In addition, because of the COVID-19 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, 2021, the fair values of the Group's investments in MBTC and MPIC have declined compared to their carrying values, which is an impairment indicator. The assessment of the recoverable amount of the investments in MBTC and MPIC requires significant judgment and involves estimation and assumptions about the revenue growth rate, terminal growth rate, discount rate, as well as the market price, the applicable discount and net asset values of component businesses. In addition, because of the COVID-19 pandemic, there is a heightened level of uncertainty on the future economic outlook and market forecast.

The relevant disclosures related to the Group's investments in associates are provided in Note 8 to the consolidated financial statements.

Audit Response

For MBTC's application of the ECL model, we obtained an understanding of the Board-approved methodologies and models used for the different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments,* to reflect an unbiased and probability-weighted outcome, and to consider the time value of money and the best available forward-looking information.

We (a) assessed MBTC's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place, and management's assessment of the impact of the COVID-19 pandemic on the counterparties; (c) tested MBTC's application of internal credit risk rating system, including the impact of the COVID-19 pandemic on the borrowers, by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in MBTC's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of MBTC's lending portfolios and broader industry knowledge, including the impact of the COVID-19 pandemic; and (h) tested the effective interest rate used in discounting the expected loss.

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

We recalculated impairment provisions on a sample basis. We involved our internal specialist in the performance of the above procedures.

For MBTC's recognition of deferred tax assets, we involved our internal specialist in interpreting the tax regulations, testing the temporary differences identified by MBTC and the applicable tax rate. We also re-performed the calculation of the deferred tax assets. We evaluated the management's assessment on the availability of sufficient taxable income in the future in reference to financial forecast and tax strategies. We evaluated management's forecast by comparing the loan portfolio and deposit growth rates to the historical performance of MBTC and the industry, including future market circumstances and taking into consideration the impact associated with the COVID-19 pandemic.

For MPIC's impairment testing of goodwill and SCAs, we involved our internal specialist in evaluating the methodologies and the assumptions used in the determination of the recoverable amounts of the CGUs. These assumptions include the expected volume of traffic for the toll roads and ridership for the rail, billed water volume for the water concession, growth rates and discount rates. For the West Zone Concession, assumptions include the concession period, forecasted cashflows under probability-weighted scenarios, and the discount rate considering the risks surrounding the Concession Agreement. We compared the forecasted revenue growth against the historical data of the CGUs, taking into consideration the impact associated with the COVID-19 pandemic, and inquired of management and operations personnel about the plans to support the forecasted revenues. We also compared the key assumptions such as traffic volume, rail ridership and water volume against historical data and against available studies by independent parties that were commissioned by the respective subsidiaries of MPIC. In cases where volume was determined by management specialists, we reviewed the reports of the management specialists and gained an understanding of the methodology and the basis of computing the forecasted volume. We tested the weighted average cost of capital (WACC) used in the impairment test by comparing it with WACC of other comparable companies in the region. For the West Zone Concession, we discussed with management and its legal counsel the status of the review of the Concession Agreement and inquired of any correspondences with MWSS during the year; and reviewed the bases of the cashflow scenarios including the probability weight assigned to each of the scenarios.

For MPIC's amortization of SCAs using the UOP method, we reviewed the report of 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 COVID-19 pandemic. We evaluated the competence, capabilities, and objectivity of management's specialists who estimated the forecasted volumes by considering their qualifications, experience and reporting responsibilities. Furthermore, we compared the billable water volume and traffic volume during the year against the data generated from the billing system for water and from the toll collection system for tollways. We recalculated the amortization expense for the year and the SCAs as of year-end based on the established traffic volume and billable water volume.

For MPIC's revenue on water and sewerage services from the MWSS West Service Area, we obtained an understanding of the water and sewerage service revenue process, which includes maintaining the customer database, capturing billable water consumption, uploading captured billable water consumption to the billing system, calculating billable amounts based on MWSS-approved rates, and uploading data from the billing system to the financial reporting system. We also evaluated the design of and tested the relevant controls over this process. In addition, on a sample basis, we performed 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 COVID-19 pandemic. We also tested whether the discount rate used represents current market assessment of risks associated with the investment. For the investment in MPIC, we reviewed management's calculation of the recoverable amount using the sum-of-the-parts approach, taking into consideration the market price, the applicable discount and net asset values of MPIC's component businesses.

Independent Auditor's Report

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, 2021, 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, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

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

Management is responsible for the preparation of the consolidated financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Vicky Lee Salas.

SYCIP GORRES VELAYO & CO.

Vicky Lee Salas

Vicky Lee Salas
Partner
CPA Certificate No. 86838
Tax Identification No. 129-434-735
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 86838-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-053-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8854312, January 3, 2022, Makati City

Consolidated Statements of Financial Position

(In Millions)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱17,404	₱17,114
Financial assets at fair value through profit or loss (FVTPL) (Note 10)	8,712	3,709
Receivables (Note 5)	15,852	18,833
Contract assets (Note 21)	6,157	6,183
Inventories (Note 6)	78,817	74,735
Due from related parties (Note 27)	155	202
Prepayments and other current assets (Note 7)	14,070	12,380
Total Current Assets	141,167	133,156
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Note 10)	16,311	12,740
Receivables - net of current portion (Note 5)	3,766	7,048
Contract assets - net of current portion (Note 21)	7,114	6,852
Investment properties (Note 9)	15,646	16,253
Investments and advances (Note 8)	186,187	184,757
Property and equipment (Note 11)	14,918	11,612
Goodwill and intangible assets (Note 13)	9,938	9,965
Deferred tax assets - net (Note 29)	1,174	1,402
Other noncurrent assets (Note 14)	1,573	1,195
Total Noncurrent Assets	256,627	251,824
	₱397,794	₱384,980
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 15)	34,203	29,998
Contract liabilities (Note 21)	3,384	4,006
Short-term debt (Note 16)	9,127	28,007
Current portion of long-term debt (Note 16)	9,423	5,012
Current portion of liabilities on purchased properties (Notes 20 and 27)	304	598
Current portion of bonds payable (Note 17)	–	4,995
Customers' deposits (Note 18)	910	506
Dividends payable (Note 22)	590	589
Due to related parties (Note 27)	193	515
Income tax payable	161	472
Other current liabilities (Note 19)	1,316	843
Total Current Liabilities	59,611	75,541

(Forward)

	December 31	
	2021	2020
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 16)	₱112,755	₱95,429
Bonds payable (Note 17)	10,077	10,065
Liabilities on purchased properties - net of current portion (Notes 20 and 27)	1,658	2,657
Pension liability (Note 28)	1,629	1,934
Deferred tax liabilities - net (Note 29)	3,232	3,225
Other noncurrent liabilities (Note 20)	3,753	3,944
Total Noncurrent Liabilities	133,104	117,254
Total Liabilities	192,715	192,795
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)	88,982	79,234
Retained earnings - appropriated (Note 22)	400	400
Other comprehensive income (loss) (Note 22)	143	(853)
Other equity adjustments (Note 22)	2,322	2,322
	194,044	183,300
Non-controlling interests (Note 22)	11,035	8,885
Total Equity	205,079	192,185
	₱397,794	₱384,980

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Financial Position

(In Millions, Except Earnings Per Share)

	Years Ended December 31		
	2021	2020	2019
CONTINUING OPERATIONS			
REVENUE			
Automotive operations (Note 35)	₱150,964	₱113,975	₱192,966
Equity in net income of associates and joint ventures (Note 8)	11,065	6,355	14,578
Real estate sales (Note 35)	5,617	7,629	7,982
Interest income (Note 23)	1,899	2,023	2,305
Rent income (Notes 9 and 30)	1,046	1,751	1,526
Sale of goods and services	589	457	802
Commission income	288	107	252
Other income (Note 23)	3,175	2,123	2,529
	174,643	134,420	222,940
COSTS AND EXPENSES			
Cost of goods and services sold (Notes 6 and 24)	102,959	76,479	133,943
Cost of goods manufactured and sold (Notes 6 and 25)	32,111	23,554	36,819
General and administrative expenses (Note 26)	13,455	13,032	13,595
Interest expense (Notes 16 and 17)	6,270	6,323	6,453
Cost of real estate sales (Note 6)	3,123	4,120	5,340
Cost of rental (Note 30)	655	589	435
	158,573	124,097	196,585
INCOME BEFORE INCOME TAX	16,070	10,323	26,355
PROVISION FOR INCOME TAX (Note 29)	1,821	1,986	5,057
NET INCOME FROM CONTINUING OPERATIONS	14,249	8,337	21,298
NET INCOME FROM DISCONTINUED OPERATIONS (Note 12)	–	–	3,814
NET INCOME	₱14,249	₱8,337	₱25,112
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company			
Net income for the year from continuing operations	₱10,983	₱6,546	₱16,586
Net income for the year from discontinued operations	–	–	3,723
	10,983	6,546	20,309
Non-controlling interests			
Net income for the year from continuing operations	3,266	1,791	4,712
Net income for the year from discontinued operations	–	–	91
	3,266	1,791	4,803
	₱14,249	₱8,337	₱25,112
Basic/Diluted Earnings Per Share from Continuing Operations Attributable to Equity Holders of the Parent Company (Note 34)	₱48.28	₱27.67	₱74.31
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 34)	₱48.28	₱27.67	₱91.60

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(In Millions)

	Years Ended December 31		
	2021	2020	2019
NET INCOME FROM CONTINUING OPERATIONS	₱14,249	₱8,337	₱21,298
NET INCOME FROM DISCONTINUED OPERATIONS (Note 12)	–	–	3,814
NET INCOME	14,249	8,337	25,112
OTHER COMPREHENSIVE INCOME (LOSS)			
CONTINUING OPERATIONS			
Items that may be reclassified to profit or loss in subsequent periods:			
Changes in cumulative translation adjustments	26	(15)	(4)
Changes in cash flow hedge reserves (Note 16)	19	2	10
Equity in other comprehensive income (loss) of associates and joint ventures (Note 8):			
Cash flow hedge reserve	149	(115)	(307)
Remeasurement on life insurance reserves	236	(364)	(167)
Translation adjustments	720	(241)	(551)
Other equity adjustments	(21)	21	–
	1,129	(712)	(1,019)
Items that may not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at FVOCI (Note 10)	3,661	368	1,699
Equity in changes in fair value of financial assets at FVOCI of associates (Note 8)	(4,486)	1,959	2,517
Remeasurement of defined benefit plans (Note 28)	538	(466)	(435)
Equity in remeasurement of defined benefit plans of associates (Note 8)	750	(412)	(1,066)
Income tax effect	(322)	263	450
	141	1,712	3,165
OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS	1,270	1,000	2,146
OTHER COMPREHENSIVE LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	–	–	(220)
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	1,270	1,000	1,926
TOTAL COMPREHENSIVE INCOME, NET OF TAX	₱15,519	₱9,337	₱27,038
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company			
Total comprehensive income for the year from continuing operations	₱11,979	₱7,712	₱19,137
Total comprehensive income for the year from discontinued operations	–	–	3,379
	11,979	7,712	22,516
Non-controlling interests			
Total comprehensive income for the year from continuing operations	3,540	1,625	4,539
Total comprehensive loss for the year from discontinued operations	–	–	(17)
	3,540	1,625	4,522
	₱15,519	₱9,337	₱27,038

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)	Retained Earnings - Unappropriated (Note 22)	Retained Earnings - Appropriated (Note 22)
Balance at January 1, 2021	**₱3,370**	**₱98,827**	**₱79,234**	**₱400**
Cash dividends declared (Note 22)	–	–	**(1,235)**	–
NCI share on stock issuance of a subsidiary	–	–	–	–
Total comprehensive income	–	–	10,983	–
Balance at December 31, 2021	**₱3,370**	**₱98,827**	**₱88,982**	**₱400**
Balance at January 1, 2020	₱3,370	₱98,827	₱74,569	₱400
Cash dividends declared (Note 22)	–	–	(1,881)	–
NCI share on additional stock issuance of a subsidiary	–	–	–	–
Total comprehensive income	–	–	6,546	–
Balance at December 31, 2020	₱3,370	₱98,827	₱79,234	₱400
Balance at January 1, 2019	₱3,211	₱85,592	₱52,223	₱17,000
Cash dividends declared (Note 22)	–	–	(1,187)	–
Stock dividend declared (Note 22)	159	13,235	(13,395)	–
Reversal of appropriation upon completion of expansion and acquisition (Note 22)	–	–	16,600	(16,600)
NCI on acquisition of subsidiaries	–	–	–	–
Effect of deconsolidation (Note 12)	–	–	19	–
Total comprehensive income	–	–	20,309	–
Balance at December 31, 2019	₱3,370	₱98,827	₱74,569	₱400

See accompanying Notes to Consolidated Financial Statements.

Attributable to Equity Holders of the Parent Company				
Other Comprehensive Income (Loss) (Note 22)	Other Equity Adjustments (Note 22)	Total	Attributable to Non-controlling Interests (Note 22)	Total Equity
(₱853)	₱2,322	₱183,300	₱8,885	₱192,185
–		(1,235)	(1,755)	(2,990)
–		–	365	365
996		11,979	3,540	15,519
143	2,322	194,044	11,035	205,079
(₱2,019)	₱2,322	₱177,469	₱11,851	₱189,320
–	–	(1,881)	(4,611)	(6,492)
–	–	–	20	20
1,166	–	7,712	1,625	9,337
(₱853)	₱2,322	₱183,300	₱8,885	₱192,185
(₱4,207)	₱2,322	₱156,141	₱24,687	₱180,828
–	–	(1,187)	(4,259)	(5,446)
–	–	(1)	–	(1)
–	–	–	–	–
–	–	–	148	148
(19)	–	–	(13,247)	(13,247)
2,207	–	22,516	4,522	27,038
(₱2,019)	₱2,322	₱177,469	₱11,851	₱189,320

Consolidated Statements of Cash Flows

(In Millions)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	₱16,070	₱10,323	₱26,355
Income before income tax from discontinued operations (Note 12)	–	–	2,597
Income before income tax	16,070	10,323	28,952
Adjustments for:			
Equity in net income of associates and joint ventures (Note 8)	(11,065)	(6,355)	(14,578)
Interest expense (Notes 12, 16 and 17)	6,270	6,323	6,453
Depreciation and amortization (Note 11)	2,188	2,517	2,417
Pension expense (Note 28)	408	324	244
Provisions (Note 26)	367	237	213
Interest income (Notes 12 and 23)	(1,899)	(2,023)	(2,305)
Dividend income (Note 23)	(356)	(333)	(335)
Unrealized foreign exchange losses (gains) (Notes 23 and 26)	78	(163)	(137)
Realized and unrealized gain on financial assets at FVTPL (Note 23)	(89)	(113)	(135)
Gain on disposal of property and equipment (Notes 11 and 23)	(34)	(7)	(15)
Gain on disposal of direct ownership in subsidiaries (Note 12)	–	–	(2,341)
Operating income before changes in working capital	11,938	10,730	18,433
Decrease (increase) in:			
Short-term investments	–	–	64
Financial assets at FVTPL	(4,908)	1,109	(1,375)
Receivables	6,148	(9,234)	(6,318)
Contract assets	(237)	(2,383)	1,876
Inventories	(3,876)	(3,413)	(6,784)
Due from related parties	47	7	457
Prepayments and other current assets	(1,689)	(1,964)	(3,878)
Increase (decrease) in:			
Accounts and other payables	4,464	4,873	3,202
Contract liabilities	(622)	(546)	(1,054)
Customers' deposits	404	(54)	2
Due to related parties	(322)	311	–
Other current liabilities	420	(519)	787
Cash generated from (used in) operations	11,767	(1,083)	5,412
Dividends paid (Note 22)	(2,990)	(6,492)	(4,910)
Interest paid	(5,996)	(6,330)	(6,126)
Income tax paid	(2,315)	(2,207)	(4,612)
Interest received	1,650	1,935	2,418
Dividends received (Notes 8, 10 and 12)	8,214	3,097	3,742
Contributions to pension plan assets and benefits paid (Note 28)	(103)	(75)	(108)
Net cash provided by (used in) operating activities	10,227	(11,155)	(4,184)

(Forward)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of:			
Property and equipment (Note 11)	₱240	₱27	₱60
Financial assets at FVOCI	–	–	3
Additions to:			
Investments in associates and joint ventures (Note 8)	**(1,009)**	(2,097)	(1,043)
Property and equipment (Note 11)	**(5,158)**	(874)	(1,822)
Investment properties (Note 9)	**(101)**	(91)	(1,095)
Intangible assets (Note 13)	**(76)**	(29)	(55)
Financial assets at FVOCI	**(388)**	–	–
Impact of business consolidation	–	–	149
Impact of deconsolidation of a subsidiary (Note 12)	–	–	(1,421)
Increase (decrease) in other noncurrent assets	**(130)**	(973)	1,742
Net cash used in investing activities	**(6,622)**	(4,037)	(3,482)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan availments (Notes 16 and 38)	57,647	67,800	43,984
Payments of loans payable (Note 38)	**(54,377)**	(44,430)	(36,152)
Payments of bonds payable (Note 38)	**(5,000)**	(3,900)	(2,994)
Payment of principal portion of lease liabilities (Note 30)	**(37)**	(99)	(107)
DST on stock dividend issuance	–	–	(2)
Increase (decrease) in:			
Liabilities on purchased properties	**(1,293)**	(529)	491
Other noncurrent liabilities	**(542)**	1,159	(59)
Acquisition of noncontrolling interests	365	20	148
Net cash provided by (used in) financing activities	**(3,237)**	20,021	5,309
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(78)**	152	137
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	290	4,981	(2,220)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	17,114	12,133	14,353
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱17,404	₱17,114	₱12,133

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 and Mobility Holdings, Inc. (GTCAM) and Subsidiaries (GTCAM Group) are collectively referred herein as the "Group". The Parent Company, which is the ultimate parent of the Group, is the holding company of the Federal Land Group (real estate business), Toyota Group (automotive business), TMBC Group (automotive business) and GTCAM Group (automotive and mobility business), and is engaged in investing, purchasing and holding shares of stock, notes and other securities and obligations, as well as buying, selling, and leasing of real estate properties.

The principal business interests of the Federal Land Group are real estate development and leasing and selling properties and acting as a marketing agent for and in behalf of any real estate development company or companies. The Federal Land Group is also engaged in the business of trading of goods such as petroleum, non-fuel products on wholesale or retail basis, maintaining a petroleum service station and food and restaurant service.

Toyota Group is engaged in the assembly, manufacture, importation, sale and distribution of all kinds of motor vehicles including vehicle parts, accessories and instruments.

TMBC Group is engaged in purchasing, trading, exchanging, distributing, marketing, repairing and servicing automobiles, trucks and all kinds of motor vehicles and automobile products of every kind and description, motor vehicle parts, accessories, tools and supplies and equipment items.

GTCAM was formerly known as GT Capital Auto Dealership Holdings, Inc. (GTCAD). GTCAM's BOD and the SEC approved the change in name from GTCAD to GTCAM on September 13, 2021 and November 29, 2021, respectively. The principal business interests of GTCAM Group are to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop, or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any auto dealership or other corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned. Its secondary purpose is to invest in, purchase, or otherwise acquire own shares of companies engaged in mobility-related services, including those that support the used car market which include auction services, auto portal, used car retail sales operations, inspection, warranty, financing, and parts and service.

The Parent Company also has significant shareholdings in Metropolitan Bank & Trust Company (MBTC or Metrobank), Metro Pacific Investments Corporation (MPIC), Philippine AXA Life Insurance Corporation (AXA Philippines or Phil AXA), Toyota Financial Services Philippines Corporation (TFSPC) and Sumisho Motor Finance Corporation (SMFC).

The registered office address of the Parent Company is at the 43rd Floor, GT Tower International, Ayala Avenue corner H.V. Dela Costa Street, 1227 Makati City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared using the historical cost basis except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), and derivative financial instruments that have been measured at fair value. The Group's consolidated financial statements are presented in Philippine Peso (), the Group's functional currency. All values are rounded to the nearest million peso unless otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting relief on the accounting for significant financing component as issued and approved by the SEC in response to the COVID-19 pandemic.

The Group has availed of the relief granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of PIC Q&A 2018-12-D, *Assessing if the transaction price includes a significant financing component* until December 31, 2023. This reporting relief is applicable to the Group's Real Estate Segment, specifically under the Federal Land Group. The details and impact of the adoption of the financial reporting relief are discussed in the section below under "Standards Issued But Not Yet Effective".

SEC MC No. 4-2020 deferring the adoption of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under Philippine Accounting Standard (PAS) 23, *Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) is not applicable to the Group as it has adopted the IFRIC Agenda Decision retrospectively, effective January 1, 2019. The impact of full retrospective application is presented in the Group's 2019 consolidated financial statements.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation
The consolidated financial statements of the Group comprise the financial statements of the Parent Company and the following wholly and majority-owned domestic subsidiaries:

	Country of Incorporation	Direct and Effective Percentages of Ownership December 31 2021	2020
Federal Land Group	Philippines	**100.00**	100.00
Toyota Group	-do-	**51.00**	51.00
TMBC Group	-do-	**58.10**	58.10
GTCAM Group	-do-	**100.00**	100.00

Federal Land's Subsidiaries

	Percentages of Ownership 2021	2020
Horizon Land Property and Development Corp. (HLPDC)	**100.00**	100.00
Federal Property Management Corp. (FPMC)	**100.00**	100.00
Federal Land Orix Corporation (FLOC)	**100.00**	100.00
Topsphere Realty Development Company Inc. (TRDCI)	**100.00**	100.00
Bonifacio Landmark Hotel Management Corporation (BLHMC)	**100.00**	100.00
Fed South Dragon Corporation (FSDC)	**100.00**	100.00
Federal Retail Holdings, Inc. (FRHI)	**100.00**	100.00
Magnificat Resources Corp. (MRC)	**100.00**	100.00
Central Realty and Development Corp. (CRDC)	**75.80**	75.80
Federal Brent Retail, Inc. (FBRI)	**51.66**	51.66

Toyota's Subsidiaries

	Percentages of Ownership 2021	2020
Toyota Makati, Inc. (TMI)	**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
Toyota Sta. Rosa Laguna, Inc. (TSRLI)	**–**	100.00

On December 29, 2020, GTCAM 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 the aggregate 100% of the total issued and outstanding voting shares of TSRLI, to GTCAM and TCSPHI. 60% of the sale shares equivalent to 3,000,000 shares were sold and transferred to GTCAM and the remaining 40% or 2,000,000 shares were sold and transferred to TCSPHI. The said agreement took effect on January 1, 2021.

TMBC's Subsidiaries

	Percentages of Ownership	
	2021	2020
Oxfordshire Holdings, Inc. (OHI)	**100.00**	100.00
TMBC Insurance Agency Corporation (TIAC)	**100.00**	100.00

GTCAM's Subsidiaries

	Percentages of Ownership	
	2021	2020
Toyota Sta. Rosa Laguna, Inc. (TSRLI)*	**60.00**	–
GT Mobility Ventures, Inc. (GTMV)	**66.67**	66.67
Toyota Subic, Inc. (TSI)	**55.00**	55.00

** Refer to the narratives on Toyota's Subsidiaries above.*

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of subsidiaries ceases when control is transferred out of the Parent Company.

Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

i. the contractual arrangement with the other vote holders of the investee
ii. rights arising from other contractual arrangements
iii. the Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intragroup transactions, balances, income and expenses resulting from intragroup transactions and dividends are eliminated in full on consolidation.

Non-controlling Interests
Non-controlling interests (NCI) represent the portion of profit or loss and net assets in a subsidiary not attributed, directly or indirectly, to the Parent Company. The interest of non-controlling shareholders may be initially measured at fair value or share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, NCI consists of the amount attributed to such interests at initial recognition and the NCI's share of changes in equity since the date of combination.

NCI are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separately from the Parent Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the NCI, even if that results in the NCI having a deficit balance.

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any NCI and the cumulative translation differences, recorded in equity;
- recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss; and
- reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Business Combinations Involving Entities Under Common Control

A business combination involving entities under common control is accounted for using the uniting of interest method, except when the acquisition is deemed to have commercial substance for the Group, in which case the business combination is accounted for under the acquisition method. The combined entities accounted for by the uniting of interests method reports the results of operations for the period in which the combination occurs as though the entities had been combined as of the beginning of the period. Financial statements of the separate entities presented for prior years are also restated on a combined basis to provide comparative information. The effects of intercompany transactions on assets, liabilities, revenues, and expenses for the periods presented, and on retained earnings at the beginning of the periods presented are eliminated to the extent possible.

Under the uniting of interest method, the acquirer accounts for the combination as follows:

- the assets and liabilities of the acquiree are consolidated using the existing carrying values instead of fair values;
- intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the acquiree in accordance with applicable PFRSs;
- no amount is recognized as goodwill;
- any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities; and
- comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

The excess of the cost of business combinations over the net carrying amounts of the assets and liabilities of the acquired companies is recognized within the equity section of the consolidated statements of financial position.

When evaluating whether an acquisition has commercial substance, the Group considers the following factors, among others:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as NCI or other third parties; and
- whether or not the transaction is conducted at fair value.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer elects whether to measure the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the date of acquisition. Acquisition-related costs are expensed and included in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and liabilities of the acquiree for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. The Group also assesses whether assets or liabilities of the acquiree that are previously unrecognized in the books of the acquiree will require separate recognition in the consolidated financial statements of the Group at the acquisition date.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in the consolidated statements of income. Any recognized changes in the value of its equity interest in the acquiree previously recognized in other comprehensive income are recognized by the Group in profit or loss, as if the previously held equity interest are disposed of.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized either in the consolidated statements of income or as changes to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that if known, would have affected the amounts recognized as at that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one (1) year.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount recognized for any NCI in the acquiree and the fair value of the acquirer's previously held interest, if any, over the fair value of the net assets acquired.

If after reassessment, the fair value of the net assets acquired exceeds the consideration transferred, the amount recognized for any NCI in the acquiree and the fair value of the acquirer's previously held interest, if any, the difference is recognized immediately in the consolidated statements of income as 'Gain on bargain purchase'.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any impairment loss is recognized immediately in the consolidated statements of income and is not subsequently reversed. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination from the acquisition date irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is not amortized but is reviewed for impairment at least annually. Any impairment losses are recognized immediately in profit of loss and is not subsequently reversed.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Change in Ownership without Loss of Control
Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and NCI are adjusted by the Group to reflect the changes in 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 are consistent with those of the previous financial year, except for the adoption of new standards effective in 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond June 30, 2021*
  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19-related rent concession in the same way it would account for a change that is not a lease modification, that is, as a variable lease payment.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

The Group adopted the amendment beginning April 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 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; and
  - 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 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 Group adopted the amendments beginning January 1, 2021. The details and impact of the adoption are discussed in Note 16.

- PIC Q&A 2018-14, *Accounting for Cancellation of Real Estate Sales* (as amended by PIC Q&A 2020-05)
  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. The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted Approach 3 in its accounting for sales cancellation which records repossessed inventory at cost.

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 installment contract receivables, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

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. Foreign exchange revaluations are recognized in OCI. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group's financial assets at FVOCI includes investments in quoted and unquoted equity instruments.

Financial assets at FVTPL
Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

This category includes investment in UITF as held for trading and classified these as FVTPL.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets
The Group recognizes an allowance for ECLs for all debt instruments not held at FVTPL.
ECL represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For trade receivables, installment contracts receivable and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such as nontrade receivable, loans receivable, due from related parties and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk (SICR) since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

The 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.

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

c. *Offsetting financial instruments*
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

d. *Derivative financial instruments and hedge accounting Initial Recognition and Subsequent Measurement*
The Group uses derivative financial instruments such as interest rate swaps to hedge the risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or,
- Cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

Hedges are accounted for as fair value hedges or cash flow hedges.

Fair value hedge
The change in the fair value of a hedge instrument is recognized in the consolidated statement of income. The change in the fair value attributable to the risk hedged is recorded as part of the carrying value of the hedge instrument and is also recognized in the consolidated statement of income as other expense.

For fair value hedges carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization is initiated when an adjustment exists and no later than when the hedged instrument ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

In case of derecognition, the unamortized fair value of the hedged instrument is recognized immediately in profit or loss.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI, while any ineffective portion is recognized immediately in the consolidated statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged instrument.

The amounts accumulated in OCI are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which hedged cash flows affect profit or loss.

If hedge accounting is discontinued, the amount accumulated in OCI shall remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount shall be reclassified to profit or loss as a reclassification adjustment. When the hedged cash flow occurs, any amount remaining in accumulated OCI shall be accounted for depending on the nature of the underlying transaction.

Inventories

Real estate inventories

Property acquired that are being developed or constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory. Real estate inventories consist of land and improvements, condominium units held for sale and residential units.

Land and land improvements are carried at the lower of cost or net realizable value (NRV).

Cost includes:

- Acquisition cost of subdivision land;
- Amounts paid to contractors for construction and development of subdivision land, residential houses and lots and condominium units;
- Planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Borrowing costs capitalized prior to start of pre-selling activities for the real estate project.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

Construction in progress (CIP) includes development or construction costs incurred for real estate projects that have not yet reached the preliminary stage of completion and/or not yet launched. This account also includes owner supplied materials. Upon reaching the preliminary stage of completion, these are transferred to 'Condominium units held for sale'.

Costs of condominium units held for sale includes the carrying amount of the land transferred from 'Land and improvements' at the commencement of its real estate projects and those costs incurred for construction, development and improvement of the properties, including capitalized borrowing costs.

Costs of residential units include land cost, land improvement costs, borrowing costs, amounts paid to contractors for construction and development, planning and design cost, cost of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Gasoline retail, petroleum products and chemicals

Cost is determined using first-in, first-out method. The costs of oil, petroleum products and chemicals include cost incurred for acquisition and freight charges.

Automotive inventories

These are inventories of the Toyota Group which are valued at the lower of cost or NRV. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion, marketing and distribution.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials and spare parts	–	Purchase cost on a weighted average cost
Finished goods and work-in-process	–	Cost of direct material and labor and proportion of fixed and overhead manufacturing costs allocated based on normal operating capacity
Raw materials and spare parts in-transit	–	Cost is determined using the specific identification method

Investments in Associates and Joint Ventures
Investments in associates and joint ventures are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group. A joint venture (JV) is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control.

An investment is accounted for using the equity method from the day it becomes an associate or a joint venture. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is included as income in the determination of the share in the earnings of the investee.

Under the equity method, the investments in and advances to associates and joint ventures are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investees, less any impairment in value.

The consolidated statement of comprehensive income reflects the Group's share in the results of operations of the investee companies and the Group's share on movements in the investee's other comprehensive income (OCI) are recognized directly in OCI in the consolidated financial statements. The Group's share on total comprehensive income of an associate is shown in the consolidated statement of income and consolidated statement of comprehensive income. The aggregate of the Group's equity in net income of associates and joint ventures is shown on the face of the consolidated statement of income as part of operating profit and represents profit or loss after tax and NCI in the subsidiaries of the associate and joint venture.

Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies, and for unrealized losses, to the extent that there is no evidence of impairment of the assets transferred. Dividends received from investee companies are treated as a reduction of the accumulated earnings included under 'Investments and advances' account in the consolidated statements of financial position.

The Group discontinues applying the equity method when its investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associates or joint venture. When the investees subsequently report net income, the Group will resume applying the equity method but only after its equity in the net income equals the equity in net losses of associates and joint ventures not recognized during the period the equity method was suspended.

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

Investment Properties
Investment properties consist of properties that are held to earn rentals and that are not occupied by the companies in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives (EUL) of the properties which is 10 to 40 years.

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

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

CIP is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment properties are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use, including capitalized borrowing costs.

CIP is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and put into operational use.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against operations as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and are calculated on the straight-line basis over the following EUL of the property and equipment as follows:

	Years
Transportation equipment	5
Furniture, fixtures and equipment	3 to 5
Leasehold improvements	2 to 10 or lease term (whichever is shorter)
Machinery, tools and equipment	2 to 10
Building	15 to 40
Buildings and land improvements	9 to 25
Other property and equipment	3 to 5

The assets' residual values, EUL and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Transfers are made from property and equipment, when there is a change in use, evidenced by ending of owner-occupation, and with a view of sale.

Impairment or losses of items of property, plant and equipment, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated assets are still carried in the accounts until they 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 (FVLCTS) and its value-in-use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

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

This accounting policy applies primarily to the Group's property and equipment and investment properties. Additional considerations for other non-financial assets are discussed below.

Investments in associates and joint ventures
After application of the equity method, the Group determines whether it is necessary to recognize goodwill or any additional impairment loss with respect to the Group's net investment in its associates and joint venture. The Group determines at each financial reporting date whether there is any objective evidence that the investments in associates and joint ventures are impaired.

If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the associate and joint ventures and the carrying cost and recognizes the amount in the consolidated statement of income.

Intangible assets
Customer relationship is reviewed for impairment annually, similar with goodwill, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For intangible assets with finite useful lives, the carrying amount is assessed and written down to its recoverable amount when an indication of impairment occurs.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at reporting date.

Value-added Tax (VAT)
Revenue, expenses, and assets are recognized net of the amount of 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.

Discontinued Operations
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.

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.

Sale of goods
Sale of goods is recognized from retail customers at the point of sale in the stores. This is measured at the fair value of the consideration received, excluding (or 'net of,' or 'reduced for') discounts, returns, rebates and sales taxes.

Rendering of services
Marketing fees, management fees from administration and property management are recognized when services are rendered.

Commission income
Commission income is recognized by reference to the percentage of collection of the agreed sales price or depending on the term of the sale as provided under the marketing agreement.

Management fees
Management fees from administrative, property management and other fees are recognized when services are rendered.

Other income
Other income also includes sale of scrap and sludge oil which is recognized when there is delivery of goods to the buyer, and recovery from insurance which is recognized when the right to receive payment is established.

Revenues outside the scope of PFRS 15
Interest income
Interest income is recognized as it accrues using the effective interest method.
Dividend income is recognized when the Group's right to receive the payment is established.

Rent income
Rental income under noncancelable and cancelable leases on investment properties is recognized in the consolidated statement of income on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

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

Other income
Other customer related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract.

Expense Recognition
Cost of goods and services sold
Cost of goods sold for vehicles and spare parts includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location. These costs include the costs of storing and transporting the products. Vendor returns and allowances are generally deducted from cost of goods and services sold.

Other cost of goods sold includes Federal Land's gasoline and food products, and are recognized when goods are delivered which is usually at the point of sale in stores. Cost of services are recognized when services are rendered.

Cost of goods manufactured and sold
Cost of goods manufactured and sold includes the purchase price of the products manufactured, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location.

Commissions
Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the POC method is used, commissions are likewise charged to expense in the period the related revenue is recognized. These are recorded as 'Prepaid expenses' under 'Prepayments and other current assets' account.

General and administrative expenses
General and administrative expenses constitute costs of administering the business and are expensed as incurred.

Cost of real estate sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

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 peso, which is also the Group's functional currency. Each entity within the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions denominated in foreign currency are recorded using the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated using the closing exchange rates prevailing at reporting date. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. All foreign exchange difference are taken to the consolidated statements of income.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 35.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Real estate inventories" and "Investment properties" accounts in the consolidated statement of financial position). Capitalization ceases when pre-selling of real estate inventories under construction commences. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Provisions
Provisions are recognized when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement.

Provision for product warranties
Provision for product warranties are recognized when sale of the related products are consummated. The best estimate of the provision is recorded based on three (3) year warranty coverage provided by the Group as part of the sold product. Reversals are made against provision for the expired portion.

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

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

ROU assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
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.

Earnings Per Share
Basic earnings per share is calculated by dividing the net income for the year attributable to the owners of the Parent Company by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend declaration, if any.

Diluted earnings per share attributable to owners of the Parent Company is calculated in the same manner assuming that, the weighted average number of common shares outstanding is adjusted for potential common shares from the assumed exercise of dilutive instruments.

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

Events After Financial Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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

Effective beginning on or after January 1, 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.

- 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*
  - o 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.

  - o 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.

  - o 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 early adoption permitted.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Income Taxes, Deferred tax related to assets and liabilities arising from a single transaction*
  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods beginning on or after January 1, 2023.

- Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of accounting estimates
  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023, with early adoption permitted.

- Amendments to PAS 1, *Presentation of Financial Statements, and PFRS Practice Statement 2, Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of liabilities as current or non-current*
  The amendments clarify paragraphs 69 to 76 of PAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement;
  - That a right to defer must exist at the end of the reporting period;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (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:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the Financial Reporting Standards Council (FRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission, which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or contribution of assets between an investor and its associate or joint venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the 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.

- Deferral of Certain Provisions of PIC Q&A 2018-12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry* (as amended by PIC Q&As 2020-02 and 2020-04)
  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. The PIC Q&A provisions covered by the SEC deferral that the Group availed in 2021 follows:

	Deferral Period
Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

a. The accounting policies applied.
b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
d. Should any of the deferral options result in a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group availed of the SEC relief on the accounting for significant financing component of PIC Q&A 2018-12-D. Had this provision been adopted, the mismatch between the POC of the real estate projects and the schedule of payments provided for in the contract to sell which constitutes a significant financing component should be accounted for. The accounting guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings.

As of December 31, 2021, the Group is quantifying the impact of the adoption of PIC Q&A No. 2018-12-D.

3. MANAGEMENT'S JUDGMENTS AND USE OF ESTIMATES

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of reporting date. Actual results could differ from such estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Accounting for redemption of shares in Property Company of Friends, Inc. (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, 2021 and 2020, the Group determined that it exercises significant influence over MPIC in which it holds 16.30% and 15.98 % 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 16.30% 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 the equity method of accounting.

Revenue and cost recognition
Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgments based on, among others:

- buyer's initial payments in relation to the total contract price (or buyer's equity); and
- stage of completion of the project.

Existence of a contract
The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

The Group has determined that 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 installment 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).

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation and uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project. The estimation of the total cost of the real estate project requires technical inputs from project development engineers.

The carrying amount of installment contracts receivables is disclosed in Note 5. The Group recognized real estate sales in 2021, 2020 and 2019 amounting to ₱5.62 billion, ₱7.63 billion and ₱7.98 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 and customer relationship are disclosed in Notes 9, 11 and 13, respectively.

Evaluating impairment of non-financial assets
The Group reviews input VAT, investments in associates and joint ventures, investment properties, creditable withholding tax, property and equipment, customer relationship, and other noncurrent assets for impairment. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the FVLCTS and VIU. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect investments in associates and joint ventures, and property and equipment.

The Group considers the significant or prolonged decline in the quoted market price of MBTC and MPIC as an indicator of impairment. Accordingly, the Group conducted an impairment assessment of its investments in MBTC and MPIC. The Group uses the higher of FVLCTS and VIU in determining the recoverable amount. The recoverable amount of the investment in MBTC has been determined based on the discounted cash flow methodology while that of MPIC is determined based on the sum of the parts of the VIU and FVLCTS of the MPIC Group. Based on the Group's impairment testing, the investments in MBTC and MPIC are determined to be not impaired.

The carrying values of input VAT and creditable withholding taxes, investments in associates and joint ventures, investment properties, property and equipment, customer relationship, and other noncurrent assets are disclosed in Notes 7, 8, 9, 11, 13 and 14, respectively.

Impairment of goodwill and intangible assets with indefinite useful life
The Group conducts an annual review for any impairment in the value of goodwill and intangible assets with indefinite useful life (i.e., customer relationship). Goodwill is written down for impairment when the net present value of the forecasted future cash flows from the business is insufficient to support its carrying value. The Group estimates key inputs such as discounted future cash flows forecasts, expected gross margins, discount rates and long-term growth rates. The Group uses the weighted average cost of capital in discounting the expected cash flows from specific CGUs.

Refer to 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 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:

	2021	2020
Cash on hand	₱34	₱23
Cash in banks and other financial institutions (Note 27)	4,469	5,394
Cash equivalents (Note 27)	12,901	11,697
	₱17,404	₱17,114

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 0.05% to 1.25% in 2021, from 0.125% to 3.75% in 2020, and from 0.05% to 6.70% in 2019 (Notes 23 and 27).

5. RECEIVABLES

This account consists of:

	2021	2020
Trade receivables	₱11,132	₱15,345
Loans receivable (Note 27)	5,618	7,219
Accrued rent and commission income (Note 27)	1,230	1,306
Nontrade receivables (Note 27)	1,051	1,289
Accrued interest receivable (Note 27)	434	185
Installment contracts receivables	335	347
Management fee receivable (Note 27)	150	126
Others (Note 27)	447	485
	20,397	26,302
Less: Allowance for credit losses	779	421
	₱19,618	₱25,881

Total receivables shown in the consolidated statements of financial position follow:

	2021	2020
Current portion	₱15,852	₱18,833
Noncurrent portion	3,766	7,048
	₱19,618	₱25,881

Noncurrent portion are as follows:

	2021	2020
Trade receivables	₱2,442	₱3,139
Loans receivable	1,324	3,909
	₱3,766	₱7,048

Trade Receivables
Trade receivables pertain to receivables from sale of vehicles and/or parts and services. These are noninterest-bearing and generally have 30 days to one-year term. These also include sale of lots with terms of 60 days to five years. Interest rates used in discounting the receivables on sale of lots range from 2.85% to 3.67% in 2021 and 2020.

Loans Receivable
Loans receivable from various counterparties are as follows:

	2021	2020
Real estate	₱5,618	₱4,713
Automotive	–	2,506
	₱5,618	₱7,219

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 2021, 2020 and 2019 amounted to ₱6.05 million, ₱10.56 million and ₱10.05 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.

In 2021, Federal Land entered into a loan agreement with CIRC for a total amount of ₱50.00 million with nominal interest rate of 6.00% per annum and maturity date on December 24, 2024.

The outstanding balance of long-term loans receivable from CIRC as of December 31, 2021 and 2020 amounted to ₱743.41 million and ₱687.36 million, respectively (Note 27).

Loans receivable from Multi Fortune Holdings, Inc. (MFHI)
In 2021, Federal Land entered into several loan agreements with MFHI. Federal Land agreed to lend to MFHI a total of ₱299.00 million with nominal interest rates ranging from 4.33% to 5.54% per annum and maturity date on December 15, 2031.

In 2020, Federal Land entered into several loan agreements with MFHI. Federal Land agreed to lend to MFHI an aggregate amount of ₱290.00 million payable in 2025 with nominal interest rates ranging from 5.25% to 5.95% per annum.

In 2019, Federal Land entered into a new loan agreement with MFHI. Federal Land agreed to lend to MFHI a total amount of ₱135.00 million with nominal interest rates ranging from 6.06% to 6.60% annually. The loan will mature on the fifth year anniversary of the execution.

In 2017, Federal Land entered into a loan agreement with MFHI. Federal Land agreed to lend to MFHI a total amount of ₱290.00 million with nominal interest rate of 6.60% annually. The loan will mature on the fifth year anniversary of the execution.

Interest income earned in 2021, 2020, and 2019 amounted to ₱45.72 million, ₱31.66 million, and ₱27.64 million, respectively (Note 23).

The total outstanding balance of long-term loans receivables from MFHI as of December 31, 2021 and 2020 amounted to ₱1.01 billion and ₱0.71 billion, respectively.

Loans receivable from Bonifacio Landmark Realty and Development Corporation (BLRDC)
In 2021, Federal Land entered into several loan agreements with BLRDC to lend BLRDC for a total of ₱550.00 million with nominal interest rate of 5.25% and maturity date on August 25, 2028. Interest income earned in 2021 amounted to ₱10.49 million.

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 amounted to ₱169.56 million and ₱14.04 million in 2021 and 2020, respectively.

Loans receivables of TMPC to local companies
In 2019, TMPC entered into loan agreements with local companies. The loans bear 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. These loans were settled in 2021. The outstanding balance of long-term loans receivable as of December 31, 2021 and 2020 amounted to nil and ₱2.51 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:

	2021	2020
Installment contracts receivables	₱338	₱351
Less: Unearned interest income	3	4
	335	347
Less: Noncurrent portion	–	–
Current portion	₱335	₱347

Installment contracts receivables are collected over a period of one to 10 years. The fair value upon initial recognition for Federal Land is derived using the discounted cash flow methodology using discount rate of 8.00% in 2021 and 2020.

Movements in the unearned interest income in 2021 and 2020 follow:

	2021	2020
Balance at beginning of year	₱4	₱4
Additions	1	1
Accretion (Note 23)	(2)	(1)
Balance at end of year	₱3	₱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, 2021		
	Trade Receivables	Other Receivables	Total
Balance at beginning of year	₱234	₱187	₱421
Provision for (reversal of provision for) credit losses - net (Note 26)	(6)	364	358
Balance at end of year	₱228	₱551	₱779

	December 31, 2020		
	Trade Receivables	Other Receivables	Total
Balance at beginning of year	₱6	₱178	₱184
Provision for credit losses - net (Note 26)	228	9	237
Balance at end of year	₱234	₱187	₱421

6. INVENTORIES

This account consists of:

	2021	2020
At cost		
Real estate		
Land and improvements	₱44,142	₱42,822
Condominium units held for sale	13,738	11,710
Construction in progress	6,926	4,552
Gasoline retail and petroleum products (Note 24)	10	7
Food (Note 24)	5	5
Automotive		
Finished goods	3,046	7,637
Work-in-process	28	16
Raw materials	5,043	4,222
Raw materials in transit	4,785	2,784
	77,723	73,755
At NRV		
Automotive		
Spare parts	1,094	980
	₱78,817	₱74,735

A summary of movements in real estate inventories (excluding gasoline retail and petroleum products, and food) follows:

	2021			
	Land and improvements	Condominium units held for sale	Construction in progress	Total
Balance at beginning of year	₱42,822	₱11,710	₱4,552	₱59,084
Construction and development costs incurred	1,116	4,326	2,307	7,749
Land acquired during the year	114	–	–	114
Borrowing costs capitalized	188	16	508	712
Cost of sales during the year	(98)	(2,890)	(135)	(3,123)
Transfers from construction in progress to condominium units for sale	–	204	(204)	–
Transfers from investment properties (Note 9)	–	372	(102)	270
Balance at end of year	₱44,142	₱13,738	₱6,926	₱64,806

	2020			
	Land and improvements	Condominium units held for sale	Construction in progress	Total
Balance at beginning of year	₱43,115	₱12,940	₱4,744	₱60,799
Construction and development costs incurred	18	790	1,744	2,552
Land acquired during the year	427	–	–	427
Borrowing costs capitalized	315	–	327	642
Cost of sales during the year	(1,053)	(2,931)	(136)	(4,120)
Transfers from construction in progress to condominium units for sale	–	911	(911)	–
Transfers to investment properties (Note 9)	–	–	(1,216)	(1,216)
Balance at end of year	₱42,822	₱11,710	₱4,552	₱59,084

Federal Land's capitalized borrowing costs in its real estate inventories amounted to ₱0.21 billion and ₱0.64 billion in 2021 and 2020, respectively, for loans specifically used to finance Federal Land's project construction with interest rates ranging from 3.25% to 6.71%, from 4.50% to 6.71%, and from 3.00% to 6.71% in 2021, 2020 and 2019, respectively. Also, Federal Land's capitalized borrowing costs in respect of its general borrowing amounted to ₱505.12 million and ₱21.53 million in 2021 and 2020, respectively. The average capitalization rate used to determine the amount of borrowing costs eligible for capitalization ranged from 3.10% to 5.57% and from 5.05% to 6.26% in 2021 and 2020, respectively.

Inventories charged to operations follow:

	2021	2020	2019
Cost of goods and services sold (Note 24)	₱102,959	₱76,479	₱133,943
Cost of goods manufactured and sold (Note 25)	32,111	23,554	36,819
Cost of real estate sales	3,123	4,120	5,340
	₱138,193	₱104,153	₱176,102

The cost of the inventories carried at NRV amounted to ₱1.24 billion and ₱1.12 billion as of December 31, 2021 and 2020, respectively.

Allowance for inventory write-down on automotive spare parts inventories follow:

	2021	2020
Balance at beginning of year	₱141	₱113
Provision for inventory write-down (Note 26)	9	42
Reversal	(2)	–
Write-off of scrap inventories	(5)	(14)
Balance at end of year	₱143	₱141

7. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2021	2020
Input VAT	₱4,308	₱3,947
Safeguard bonds	2,551	–
Creditable withholding taxes (CWT)	2,201	1,572
Advances to contractors and suppliers	1,706	2,627
Assets held for sale (Note 19)	1,127	539
Prepaid expenses (Note 21)	1,003	1,009
Ad-valorem tax	686	1,378
Short-term investments (Note 27)	136	1,248
Advances to officers, employees and agents (Note 27)	56	51
Others	296	9
	₱14,070	₱12,380

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.

Safeguard bonds represent payments made by Toyota to the Bureau of Customs for the provisional safeguard duties on imported vehicles in line with Department Administrative Order No. 20-11 of the Department of Trade and Industry. The imposition of the said provisional duties was dismissed in August 2021 and the above-mentioned amount is pending for refund to Toyota.

CWT is attributable to taxes withheld by third parties arising from service fees, real estate revenue, auto sales and rental income.

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.

On February 24, 2020, Federal Land's BOD approved the plans to transfer The Grand Midori - Ortigas Project (TGMO) to FLOC, a subsidiary of Federal Land. In the last quarter of 2020, Federal Land provided notice to its customers that there will be a change in the developer of TGMO. Accordingly, subject to the approval of relevant government regulatory agencies, the project owner and developer of TGMO will be changed to FLOC. The process of transferring ownership of the property and the issuance of license to sell to FLOC is not yet completed as of December 31, 2021. As a result, all assets and liabilities consisting of installment contracts receivables, real estate inventories, contract liabilities and other payables associated to TGMO were reclassified as assets held for sale and liabilities directly associated with assets held for sale (Note 19).

Prepaid expenses mainly include prepayments for supplies, commission, taxes and licenses, rentals, and insurance.

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.

Advances to officers and employees amounting to ₱46.79 million and ₱42.15 million as of December 31, 2021 and 2020, 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 ₱9.31 million and ₱9.06 million as of December 31, 2021 and 2020, 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.

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).

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:

	2021	2020
Investments in associates	₱166,620	₱166,804
Investments in joint ventures	19,567	17,903
Advances	–	50
	₱186,187	₱184,757

There were no impairment losses for any of these investments in 2021 and 2020.

The movements in the Group's investments in associates follow:

	2021	2020
Cost		
Balance at beginning of year	₱112,319	₱111,072
Acquisitions/additional investments during the year	–	1,247
Balance at end of year	112,319	112,319
Accumulated equity in net income		
Balance at beginning of year	68,589	61,993
Equity in net income for the year	10,430	6,600
Amortization of FV increment on net asset	(200)	(3)
Elimination during the year	–	(1)
Recognition of previously deferred gain*	422	–
Balance at end of year	79,241	68,589
Dividends received		
Balance at beginning of year	(14,360)	(11,631)
Dividends received during the year	(7,849)	(2,729)
Balance at end of year	(22,209)	(14,360)
Accumulated equity in other comprehensive income (loss)		
Balance at beginning of year	(1,429)	(2,513)
Equity in fair value changes on financial assets at FVOCI for the year	(4,486)	1,959
Equity in translation adjustments	720	(241)
Equity in remeasurement on life insurance reserves	236	(364)
Equity in net unrealized gain (loss) on remeasurement of defined benefit plans	564	(291)
Equity in other equity adjustments	(21)	21
Balance at end of year	(4,416)	(1,429)
Effect of elimination of intragroup profit		
Balance at beginning of year	1,685	1,684
Elimination during the year	–	1
Balance at end of year	1,685	1,685
	₱166,620	₱166,804

** Pertains to intercompany sale of lots in 2014 and 2015, which were subsequently sold to third parties in 2021*

The movements in the Group's investments in joint ventures follow:

	2021	2020
Cost		
Balance at beginning of year	₱16,605	₱15,805
Additional investments during the year	1,009	800
Balance at end of year	17,614	16,605
Accumulated equity in net income		
Balance at beginning of year	2,388	2,629
Equity in net income (loss) for the year	413	(241)
Balance at end of year	2,801	2,388
Dividends received		
Balance at beginning of year	(62)	(26)
Dividends received during the year	(8)	(36)
Balance at end of year	(70)	(62)
Accumulated equity in other comprehensive income (loss)		
Balance at beginning of year	(317)	(205)
Equity in net unrealized gain (loss) on remeasurement of defined benefit plans	(2)	3
Equity in cash flow hedge reserve	149	(115)
Balance at end of year	(170)	(317)
Effect of elimination of intragroup profit (loss)		
Balance at beginning of year	(711)	(749)
Recognition of deferred gain	103	38
Balance at end of year	(608)	(711)
	₱19,567	₱17,903

Details regarding the Group's associates and joint ventures follow:

	Nature of Business	Country of Incorporation	2021	2020
Associates:				
MBTC	Banking	Philippines	₱37.15	₱37.15
MPIC	Infrastructure	-do-	16.30	15.98
Phil AXA	Insurance	-do-	25.33	25.33
Crown Central Properties Corporation (CCPC)	Real estate	-do-	48.00	48.00
Joint ventures:				
BLRDC*	Real estate	-do-	70.00	70.00
North Bonifacio Landmark Realty and Development Inc. (NBLRDI)*	-do-	-do-	70.00	70.00
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
Mitsukoshi Federal Retail, Inc. (MFRI)	-do-	-do-	40.00	–
TFSPC	Financing	-do-	40.00	40.00
SMFC	-do-	-do-	20.00	20.00

** Federal Land does not exercise control at more than 51% ownership over these joint ventures (JV) entities, but instead exercises joint control as Federal Land and the JV partners have contractually agreed to share control over the relevant economic activities of the JV entities.*

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
2021					
MBTC	February 17, 2021	₱1.00	₱4,497	March 5, 2021	March 18, 2021
MBTC*	February 17, 2021	3.00	13,492	March 5, 2021	March 18, 2021
MPIC	March 3, 2021	0.0481	1,475	March 18, 2021	March 31, 2021
MPIC*	March 3, 2021	0.0279	856	March 18, 2021	March 31, 2021
SMFC	June 25, 2021	1.93	39	July 12, 2021	July 21, 2021
MPIC	August 4, 2021	0.0345	1,057	August 18, 2021	September 2, 2021
Phil AXA	December 9, 2021	247.00	2,470	November 30, 2021	December 17, 2021

**Special cash dividends*

	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
SMFC	June 26, 2020	8.88	178	June 26, 2020	July 17, 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 23, 2020

Investment in MBTC
In 2020, the Parent Company's ownership interest in Metrobank increased from 36.65% to 37.15% after acquiring an aggregate of 22.11 million common shares of Metrobank for a total consideration of ₱1.25 billion.

Investment in MPIC
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.

Investment in NBLRDI
On June 14, 2018, Federal Land entered into a Joint Venture Agreement with ORPI to incorporate a joint venture company, NBLRDI, in which Federal Land held 70% equity interest. The agreement was entered to develop Grand Hyatt Residences Tower II.

Investment in 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 2021, 2020 and 2018, the Parent Company remitted ₱800.00 million, ₱800.00 million and ₱720.00 million, respectively, to TFSPC in response to the latter's equity call upon its stockholders.

Investment in SMFC
On August 11, 2017, the Parent Company acquired 4.0 million common shares, representing 20% ownership in SMFC for a total consideration of ₱379.92 million from PSBank and PSBank Retirement Fund.

In relation to the acquisition, the Parent Company capitalized documentary stamp taxes amounting to ₱1.50 million as part of the cost of the investment.

Fair Value of Investments in Associates and Joint ventures
Phil AXA and CCPC as well as BLRDC, NBLRDI, Sunshine Fort, SFNBCMC, AFLCI, STRC, PHRDC, TFSPC and SMFC are private companies and there are no quoted market prices available for their shares.

As of December 31, 2021 and 2020, the fair values of the Group's investments in PSE-listed entities follow, which are below their respective carrying values (Note 32):

	2021	2020
MBTC	₱91,048	₱81,943
MPIC	19,110	20,972
	₱110,158	₱102,915

Management considers significant or prolonged decline in the quoted market price of MBTC and MPIC as an indicator of impairment. Accordingly, the Group conducted an impairment assessment of its investments in MBTC and MPIC. The Group uses the higher of FVLCTS and VIU in determining the recoverable amount. Based on the Group's impairment testing, the investments in MBTC and MPIC are determined to be not impaired.

The recoverable amount of the investment in MBTC was based on the VIU of MBTC. The discount rate applied to MBTC cash flow projections is 9.60%. Cash flows beyond the five-year period are extrapolated using a steady growth rate of 3.00%. The calculation of VIU for the MBTC CGU is most sensitive to the assumptions on revenue and terminal growth rates, and discount rate.

The recoverable amount of the investment in MPIC, which is the calculated VIU, was based on the sum-of-the-parts of the VIU and FVLCTS of the MPIC Group. The VIU and FVLCTS calculations for the MPIC CGU are most sensitive to the FVLCTS of its listed associate based on its market price, and the VIU of MPIC's component businesses based on net asset values, cash flow forecasts and applicable discount. Regarding the assessment of the VIU of investments in MBTC and MPIC, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

The following tables present the carrying values of the Group's material associates:

Investments in MBTC

	2021	2020
Consolidated Statements of Comprehensive Income		
Net interest income, other income and share in net income of associates and joint ventures	₱101,448	₱121,900
Expenses and provision for income tax	79,084	107,926
Net income	22,364	13,974
Other comprehensive income (loss)	(9,663)	5,345
Total comprehensive income	12,701	19,319
*Consolidated Statements of Financial Position**		
Total assets	2,502,816	2,455,163
Total liabilities	(2,175,084)	(2,121,988)
Net assets	327,732	333,175
Equity attributable to NCI	(9,227)	(8,971)
Net assets attributable to common shareholders of MBTC	318,505	324,204
GT Capital's ownership interest	37.15%	37.15%
GT Capital's share in net assets	118,325	120,442
Notional goodwill	4,162	4,162
Fair value and other adjustments	2,974	2,660
	₱125,461	₱127,264

**MBTC does not present classified consolidated statements of financial position.*

Investments in MPIC

	2021	2020
Consolidated Statements of Comprehensive Income		
Revenues	₱87,364	₱86,839
Expenses and provision for income tax	75,695	76,592
Net income	11,669	10,247
Other comprehensive income (loss)	4,839	(4,414)
Total comprehensive income	16,508	5,833
Consolidated Statements of Financial Position		
Current assets	72,412	142,878
Noncurrent assets	511,922	474,918
Current liabilities	(58,452)	(115,594)
Noncurrent liabilities	(289,017)	(257,855)
Net assets	236,865	244,347
Equity attributable to NCI	(43,561)	(59,487)
Net assets attributable to common shareholders of MPIC	193,304	184,860
GT Capital's ownership interest	16.30%	15.98%
GT Capital's share in net assets	31,509	29,541
Capitalized transaction cost	277	277
Notional goodwill	2,573	2,727
Fair value and other adjustments	3,835	3,921
	₱38,194	₱36,466

The following table presents the carrying values of the Group's material joint ventures:

	2021			2020		
	BLRDC	**TFSPC***	**Sunshine Fort**	BLRDC	TFSPC*	Sunshine Fort
Selected Financial Information						
Cash and cash equivalents	**₱355**	**₱1,265**	**₱1,566**	₱601	₱1,172	₱625
Current financial liabilities	**8,053**	**–**	**7,692**	7,951	–	3,122
Non-current financial liabilities	**978**	**–**	**3,103**	–	–	3,954
Financial liabilities	**–**	**107,425**	**–**	–	92,634	–
Depreciation and amortization	**310**	**168**	**28**	298	179	–
Interest income	**25**	**9,375**	**437**	20	7,468	225
Interest expenses	**300**	**4,543**	**309**	376	3,911	259
Income tax expense (benefit)	**(105)**	**347**	**159**	(72)	49	8
Statements of Comprehensive Income						
Revenues	**405**	**10,157**	**2,675**	603	7,542	755
Expenses	**1,544**	**9,077**	**2,148**	805	7,363	468
Net income (loss)	**(1,034)**	**733**	**367**	(759)	130	(4)
Other comprehensive income (loss)	**6**	**310**	**–**	–	(218)	–
Total comprehensive income (loss)	**(1,028)**	**1,043**	**367**	(759)	(88)	(4)
Statements of Financial Position						
Current assets	**916**	**–**	**16,375**	1,384	–	13,551
Noncurrent assets	**12,541**	**–**	**2,457**	12,005	–	1,091
Total assets	**13,457**	**122,139**	**18,832**	13,389	104,160	14,642
Current liabilities	**(8,068)**	**–**	**(7,692)**	(7,951)	–	(3,122)
Noncurrent liabilities	**(988)**	**–**	**(3,207)**	–	–	(3,953)
Total liabilities	**(9,056)**	**(107,808)**	**(10,899)**	(7,951)	(92,831)	(7,075)
Net assets	**4,401**	**14,332**	**7,933**	5,438	11,329	7,567
GT Capital's ownership interests	**70.00%**	**40.00%**	**60.00%**	70.00%	40.00%	60.00%
GT Capital's share in net assets	**3,081**	**5,733**	**4,760**	3,807	4,532	4,540
Notional goodwill and other adjustments	**220**	**910**	**(188)**	220	894	(186)
	₱3,301	**₱6,643**	**₱4,572**	₱4,027	₱5,426	₱4,354

**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, 2021 and 2020:

	2021		2020	
	Associates	**Joint ventures**	Associates	Joint ventures
Statements of Financial Position				
Current assets	**₱222**	**₱18,709**	₱185	₱14,751
Non-current assets	**44**	**2,782**	51	5,908
Total assets*	**177,277**	**–**	153,915	–
Current liabilities	**73**	**4,270**	54	6,630
Non-current liabilities	**1**	**5,112**	–	3,815
Total liabilities*	**165,713**	**–**	141,849	–
Statements of Comprehensive Income				
Revenues	**23,165**	**5,344**	18,404	3,451
Expenses	**20,072**	**3,440**	14,283	2,755
Net income	**2,289**	**1,305**	2,917	492
Other comprehensive income (loss)	**(282)**	**114**	(517)	(124)
Total comprehensive income	**₱2,007**	**₱1,419**	₱2,400	₱368

**Phil AXA does not present classified statements of financial position.*

The aggregate carrying values of the other associates and joint ventures amounted to ₱8.02 billion and ₱7.17 billion as of December 31, 2021 and 2020, respectively.

Limitation on dividend declaration of associates and joint venture
Phil AXA
Section 195 of the Insurance Code provides that a domestic insurance company shall declare or distribute dividends on its outstanding stock only from profits remaining on hand after retaining unimpaired:

- the entire paid-up capital stock;
- the margin of solvency required;
- the legal reserve fund required; and
- a sum sufficient to pay all net losses reported or in the course of settlement and all liabilities for expenses and taxes.

MBTC and TFSPC
The Bangko Sentral ng Pilipinas (BSP) requires banks to keep certain levels of regulatory capital and liquid assets, limit their exposures to other parts of the Group and comply with other regulatory ratios.

As of December 31, 2021 and 2020, 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, 2021 and 2020, accumulated equity in net earnings amounting to ₱59.76 billion and ₱56.56 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, 2021 and 2020, the Group has no share in the commitments and contingencies of its associates and joint ventures.

Advances
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 was in the process of incorporation as of December 31, 2020. The advances were settled in 2021.

9. INVESTMENT PROPERTIES

The composition and rollforward analysis of this account follow:

	December 31, 2021			
	Land and Improvements	Building and Improvements	Construction-in-Progress	Total
Cost				
At January 1	₱5,149	₱10,320	₱2,930	₱18,399
Additions	4	97	–	101
Transfers (Note 6)	(270)	13	(13)	(270)
At December 31	4,883	10,430	2,917	18,230
Accumulated Depreciation				
At January 1	24	2,122	–	2,146
Depreciation (Note 11)	4	434	–	438
At December 31	28	2,556	–	2,584
Net Book Value at December 31	₱4,855	₱7,875	₱2,917	₱15,646

	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

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 ₱1.05 billion, ₱1.75 billion and ₱1.53 billion in 2021, 2020 and 2019, 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 2022.

The aggregate fair values of the Group's investment properties amounted to ₱41.85 billion and ₱34.84 billion as of December 31, 2021 and 2020, 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:

	2021	2020
Current:		
Financial assets at FVTPL (Note 27)		
Quoted	₱8,712	₱3,709
Noncurrent:		
Financial assets at FVOCI		
Quoted	15,919	12,499
Unquoted	392	241
	16,311	12,740
	₱25,023	₱16,449

Financial assets at FVTPL

These pertain to the Parent Company and GTCAM's investments in unit investment trust fund (UITF) (Note 32).

Financial assets at FVOCI

Quoted equity securities

This includes foreign currency-denominated equity investments in Toyota Motor Corporation (TMC), a listed company in the Tokyo Stock Exchange, and investments in Vivant Corporation (VVT), a listed company in the PSE. The total of investments in TMC and VVT amounted to ₱15.71 billion and ₱12.33 billion as of December 31, 2021 and 2020, 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 ₱381.41 million and ₱229.64 million as of December 31, 2021 and 2020, 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, 2021 and 2020.

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:

	2021		
	Attributable to Parent Company	Non-controlling Interest	Total
Balance at beginning of year	₱1,357	₱198	₱1,555
Changes in fair values of financial assets at FVOCI	3,570	91	3,661
Balance at end of year	₱4,927	₱289	₱5,216

	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

11. PROPERTY AND EQUIPMENT

The composition and rollforward analysis of this account follow:

	2021									
	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	₱705	₱1,106	₱355	₱2,627	₱3,224	₱4,821	₱6,128	₱187	₱904	₱20,057
Additions	110	91	20	54	3	4,256	365	139	120	5,158
Disposals and reclassifications	(148)	19	(78)	22	(2)	21	–	(132)	(79)	(377)
At December 31	667	1,216	297	2,703	3,225	9,098	6,493	194	945	24,838
Accumulated Depreciation and Amortization										
At January 1	463	717	263	951	123	1,144	4,735	49	–	8,445
Depreciation and amortization	131	126	32	236	19	310	755	37	–	1,646
Disposals and reclassifications	(136)	(1)	–	(1)	–	–	–	(33)	–	(171)
At December 31	458	842	295	1,186	142	1,454	5,490	53	–	9,920
Net Book Value at December 31	₱209	₱374	2	₱1,517	₱3,083	₱7,644	₱1,003	₱141	₱945	₱14,918

	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

Construction-in-progress as of December 31, 2021 pertains to Federal Land and GTCAM's building construction and improvements, and Toyota Group's machineries and building improvements.

Gain on disposal of property and equipment amounted to ₱33.50 million, ₱6.57 million and ₱14.50 million in 2021, 2020 and 2019, respectively (Note 23).

Details of depreciation and amortization follow:

	2021	2020	2019
Continuing operations			
Property and equipment	₱1,646	₱2,009	₱1,983
Investment properties (Note 9)	438	401	333
Intangible assets (Note 13)	104	107	101
	2,188	2,517	2,417
Depreciation and amortization attributable to discontinued operations			
Property and equipment	–	–	151
Investment properties (Note 9)	–	–	11
Intangible assets (Note 13)	–	–	8
	–	–	170
	₱2,188	₱2,517	₱2,587

Breakdown of depreciation and amortization in the consolidated statements of income follows:

	2021	2020	2019
Consolidated Statements of Income			
Cost of goods manufactured	₱990	₱1,098	₱1,246
Cost of rental (Note 30)	434	397	329
Cost of goods and services	–	12	–
General and administrative expenses (Note 26)	764	1,010	842
Attributable to discontinued operations (Note 12)	–	–	170
	₱2,188	₱2,517	₱2,587

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.

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 were presented as 'Net income from discontinued operations'.

The results of operations of PCFI included in the consolidated statements of income are presented below:

	2019
Real estate sales	₱3,275
Rent income	46
Interest income	204
Other income	193
Revenue	3,718
Cost of real estate sales	1,847
General and administrative expenses	1,331
Interest expense	284
Cost and expenses	3,462
Income before income tax	256
Provision for income tax	71
Net income	185
Gain on deconsolidation	2,341
Dividend income from discontinued operations	1,288
Net income from discontinued operations	₱3,814
Attributable to Parent Company	3,723
Attributable to non-controlling interest	91
	₱3,814

Other comprehensive income from discontinued operations consists of the following:

	2019
Changes in fair value of available-for-sale investment	₱–
Changes in cash flow hedge reserve	(226)
Changes in fair value of financial assets at FVOCI	–
Remeasurement of defined benefit plan	6
	(₱220)

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:

	2021	2020
Goodwill	₱5,926	₱5,926
Customer relationship	3,883	3,883
Software costs - net	127	154
Franchise - net	2	2
	₱9,938	₱9,965

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:

	Toyota	TRDCI	TMBC	Total
Balances at beginning and 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 9.52% in 2021 and 9.54% in 2020. Cash flows beyond the three-year period are extrapolated using a steady growth rate of 3.10% in 2021 and 2.90% in 2020. The carrying value of goodwill amounted to ₱5.60 billion as of December 31, 2021 and 2020. 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 11.36% in 2021 and 9.99% in 2020. Cash flows beyond the forecast period are extrapolated using a long-term growth rate of 3.10% in 2021 and 2.90% in 2020. The carrying value of goodwill amounted to ₱241.06 million as of December 31, 2021 and 2020. 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 12.33% and 12.77% in 2021 and 2020, respectively. Cash flows beyond the forecast period are extrapolated using a steady growth rate of 3.10% and 3.06% in 2021 and 2020, respectively. The carrying value of the customer relationship amounted to ₱3.88 billion as of December 31, 2021 and 2020. No impairment loss was recognized for the customer relationship arising from the acquisition of Toyota.

The calculations of VIU for the customer relationship are most sensitive to the following assumptions:

- Attrition rate - Sales to key customers for the four-year period are computed by taking into account a 5.00% attrition rate or 95.00% retention rate;
- Earnings before interest and taxes (EBIT) margin on key customers - A 5.91% EBIT margin was used in projecting the net operating profit on sales to key customers for the three-year period; and
- Pre-tax discount rate - Discount rates reflect management's best estimate of the risks associated with the specific CGU. This is the benchmark rate used by management to measure operating performance.

Regarding the assessment of the VIU of Toyota's customer relationship, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

Software Cost

The Group's software costs pertain to software cost and licenses. The rollforward analysis of the Group's software cost is as follows:

	2021	2020
Cost		
Balance at beginning of year	₱599	₱567
Additions	76	29
Disposals/reclassification	–	3
Balance at end of year	675	599
Accumulated Amortization		
Balance at beginning of year	445	339
Amortization (Note 11)	103	106
Balance at end of year	548	445
Net Book Value	₱127	₱154

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, ₱0.56 million and ₱0.34 million in 2021, 2020 and 2019, 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):

	2021	2020	2019
Software cost	₱103	₱106	₱101
Franchise	1	1	–
Attributable to discontinued operations (Note 12)	–	–	8
	₱104	₱107	₱109

14. OTHER NONCURRENT ASSETS

This account consists of:

	2021	2020
Rental and other deposits	₱1,522	₱1,144
Deferred input VAT	30	24
Retirement asset (Note 28)	8	9
Others	13	18
	₱1,573	₱1,195

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:

	2021	2020
Trade payables	₱15,429	₱13,498
Accrued expenses	5,460	5,245
Telegraphic transfers, drafts and acceptances payable	4,956	3,006
Deferred output tax	3,660	3,480
Accrued commissions	1,056	944
Accrued interest payable	955	768
Deferred income	773	436
Customer advances	682	617
Royalty payable	293	307
Nontrade payables	264	417
Insurance payable	224	219
Retentions payable	95	95
Others	356	966
	₱34,203	₱29,998

The details of trade payables are as follows:

	2021	2020
Automotive	₱12,243	₱11,654
Real estate	3,166	1,826
Others	20	18
	₱15,429	₱13,498

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:

	2021	2020
Dealers' incentives, supports and promotions	₱3,156	₱3,015
Employee benefits	663	527
Utilities and services	424	129
Office supplies	161	64
Outsourced services	156	140
Freight, handling and transportation	130	204
Taxes	101	164
Insurance	59	24
Payable to contractors	53	182
Professional fees	27	18
Rent	19	180
Repairs and maintenance	18	50
Regulatory fees and charges	13	3
Warranty	–	43
Others	480	502
	₱5,460	₱5,245

Accrued expenses are noninterest-bearing and are normally settled within a 15 to 60 day term.

Telegraphic transfers and drafts and acceptance payable pertain to the liabilities of Toyota Group arising from importations of materials, spare parts and/or vehicles. These payables are normally settled after a 30-day term.

Deferred output tax pertains to VAT on the uncollected portion of the contract price of sold units.

Accrued commissions are settled within one (1) year.

Accrued interest payables are normally settled within a 15 to 60 day term.

Customer advances pertain to payments received from buyers for the processing of transfer of units upon turnover.

Royalty payables represent cost of license for the use of technical know-how and information on data. The fees are calculated at 6.00% of the local value-added (LVA) of vehicles under production. The LVA represents the selling price less all costs for the knock-down parts, related taxes such as excise and sales tax and a certain percentage of administrative and selling costs. The fees also include charges from related affiliates and third-party suppliers representing initial costs of testing materials and trial parts and tools, sample molds and jigs that were utilized to test TMPC's present technical feasibility for the commercial production of newer car models.

Retentions payable represent a portion of construction cost withheld by the Federal Land Group and paid to the contractors after an agreed period commencing the completion of the project. Retentions payable due beyond one year are presented as noncurrent payable (Note 20).

Others include refunds from cancelled sales from Federal Land and other government-related payables which are non-interest bearing and are normally settled within one year. These also include other non-interest bearing payables which are all due within one year.

16. SHORT-TERM DEBT, CORPORATE NOTES, AND LONG-TERM DEBT

Short-term Debt

	Interest rate range		Outstanding balance	
	2021	2020	2021	2020
Affiliated (Note 27)				
Federal Land Group	4.50% to 5.50%	4.50% - 6.25%	₱1,750	₱2,550
Toyota Group	2.00% - 2.70%	2.50% - 3.50%	1,460	4,000
TMBC Group	2.50% - 3.75%	2.90% - 3.25%	675	510
GTCAM Group	2.50%	3.25%	90	65
Non-affiliated				
Federal Land Group	4.00% - 5.00%	4.00% - 5.00%	622	12,462
Toyota Group	1.90% - 2.00%	2.30% - 3.00%	4,000	8,025
TMBC Group	2.50%	2.90% - 3.25%	475	375
GTCAM Group	2.50%	2.90%	55	20
			₱9,127	₱28,007

Corporate Notes and Long-term Debt

	Interest rate range	Face amount	Outstanding balance 2021	Outstanding balance 2020	Terms
Corporate Notes					
Federal Land Group	5.57% - 6.27%	5,000	₱960	₱965	5-year unsecured notes; Due on 2021 to 2023; Fixed interest
Long-term Debt - Affiliated (Note 27)					
Federal Land Group	2.55% - 4.25%	8,800	9,930	8,750	5-year unsecured loans; Due from 2021 to 2023; Fixed interest
Long-term Debt - Non-affiliated					
Parent Company Peso loans	4.90% - 7.32%	61,975	61,681	56,711	10 to 13 years unsecured loans; Due from 2025 to 2032; Fixed interest
Parent Company JPY loans	3-month JPY Libor plus 0.65%	10,287	10,260	10,746	JPY23.31 billion loan; Due July 2022 & July 2024; Floating interest
Federal Land Group	5.00% - 6.71%	22,876	38,394	22,161	5 to 10 years unsecured loans; Due from 2021 to 2026; Fixed interest
Toyota Group	2.70% - 4.20%	246	246	246	5 to 10 years unsecured loans; Automatically renewed upon maturity ; Fixed interest
TMBC Group	4.85% - 5.94%	1,500	707	862	10-year secured loans; Due from 2021 to 2023; Fixed interest
Total			122,178	100,441	
Less: Current portion			9,423	5,012	
			₱112,755	₱95,429	

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.

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 ₱32.00 million and ₱51.00 million in 2021 and 2020, respectively. As of December 31, 2021 and 2020 the negative fair value of the interest rate swap amounted ₱32.00 million and ₱51.00 million, respectively under 'Other noncurrent liabilities' (Note 20).

Beginning January 1, 2022, JPY Libor settings across all tenors have ceased publication. The new benchmark reference rate for the Parent Company's JPY-denominated loans and interest rate swap is the Tokyo Overnight Average Rate (TONAR).

As of December 31, 2021 and 2020, the movements in the deferred financing cost follow:

	2021	2020
Parent Company		
Balance at beginning of year	₱308	₱325
Additions	38	30
Amortization	(50)	(47)
Balance at end of year	₱296	₱308
TMBC Group		
Balance at beginning of year	₱2	₱3
Additions	–	
Amortization	(1)	(1)
Balance at end of year	₱1	₱2
Federal Land		
Balance at beginning of year	₱88	₱42
Additions	155	75
Amortization	(40)	(29)
Balance at end of year	₱203	₱88

Total interest expense incurred on the above-mentioned debts in 2021, 2020 and 2019 follows:

	Interest expense charged to operations			Interest expense capitalized		
	2021	2020	2019	2021	2020	2019
Short-term debt	₱482	₱347	₱512	₱71	₱114	₱114
Corporate notes	60	176	123	47	166	334
Long-term debt	4,770	4,711	4,218	621	682	519

Required Financial Ratios
The table below presents a summary of the financial ratios required to be maintained by each entity within the Group under existing loan agreements.

Entity	Financial Ratio	Required Ratio
Corporate notes		
Federal Land	Debt-to-equity ratio	2:1
Long-term loans		
Parent Company	Debt-to-equity ratio	2.3:1
Federal Land (Affiliated)	Debt-to-equity ratio	3:1
Federal Land (Non-affiliated)	Debt-to-equity ratio	2:1
TMBC	Current ratio	1:1
TMBC	Debt-to-equity ratio	3:1
TMBC	Debt service ratio	1.2x

As of December 31, 2021 and 2020, the Group has complied with the foregoing financial ratios.

17. BONDS PAYABLE

Maturity Dates	Interest rate	Par Value 2021	Par Value 2020	Amount 2021	Amount 2020
₱10.0 billion Bonds					
February 27, 2023	5.0937%	₱6,100	₱6,100	₱6,090	₱6,083
₱12.0 billion Bonds					
August 7, 2021	5.1965%	–	5,000	–	4,995
August 7, 2024	5.6250%	4,000	4,000	3,987	3,982
		4,000	9,000	3,987	8,977
		₱10,100	₱15,100	₱10,077	₱15,060

Unamortized debt issuance costs on these bonds amounted to ₱22.53 million and ₱39.93 million as of December 31, 2021 and 2020, respectively.

₱10.00 billion GT Capital bonds due 2020 and 2023
On February 13, 2013, the Parent Company issued ₱10.00 billion 7-year and 10-year unsecured bonds due on February 27, 2020 and February 27, 2023, respectively, with annual interest rate of 4.84% and 5.09%, respectively. Gross and net proceeds amounted to ₱10.00 billion and ₱9.90 billion, respectively, net of deferred financing cost of ₱0.10 billion. The bonds were listed on the Philippine Dealing and Exchange Corporation on February 27, 2013.

The ₱3.90 billion bonds with maturity date of February 27, 2020 were paid. This was refinanced in February 2020 with a long-term loan from a non-affiliated local bank.

₱12.00 billion GT Capital bonds due 2019, 2021 and 2024
On July 24, 2014, the Parent Company issued ₱12.00 billion unsecured bonds with tenors of five years, seven years and ten years due November 7, 2019 (Series A Bonds), August 7, 2021 (Series B Bonds) and August 7, 2024 (Series C Bonds), respectively, with annual interest rates of 4.71%, 5.20% and 5.63% respectively. Gross and net proceeds amounted to ₱12.00 billion and ₱11.88 billion, respectively, net of deferred financing cost incurred of ₱0.12 billion. The bonds were listed on August 7, 2014.

The ₱3.00 billion and ₱5.00 billion bonds with maturity dates of November 7, 2019 and August 7, 2021 were paid upon maturity. These were refinanced in November 2019 and July 2019 with long-term loans from non-affiliated local banks.

As of December 31, 2021 and 2020, the movement in the deferred financing cost is as follows:

	2021	2020
Balance at beginning of year	₱40	₱61
Amortization	(17)	(21)
Balance at end of year	₱23	₱40

Both bonds contain negative covenants, which among others, include provision that the Parent Company should maintain a debt-to-equity ratio of 2.3:1.0. As of December 31, 2021 and 2020, the Parent Company has complied with its bond covenants.

Total interest expense incurred on bonds payable in 2021, 2020 and 2019, amounted to ₱0.71 billion (including amortization of deferred financing cost of ₱17.40 million), ₱0.84 billion (including amortization of deferred financing cost of ₱21.02 million) and ₱1.14 billion (including amortization of deferred financing cost of ₱31.18 million), respectively.

18. CUSTOMERS' DEPOSITS

As of December 31, 2021 and 2020, 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, 2021 and 2020, the balance of this account amounted to ₱0.91 billion and ₱0.51 billion, respectively (Note 27).

19. OTHER CURRENT LIABILITIES

This account consists of:

	2021	2020
VAT payable	₱572	₱391
Withholding taxes payable	452	327
Liabilities held for sale (Note 7)	182	57
Unearned management fee income	37	–
Lease liabilities (Note 30)	9	5
Others	64	63
	₱1,316	₱843

Others pertain to payables on utilities, contracted maintenance and security agencies and regulatory premium or contribution payable of the Group. These are normally payable within one year.

20. LIABILITIES ON PURCHASED PROPERTIES AND OTHER NONCURRENT LIABILITIES

Liabilities on Purchased Properties

Liabilities on purchased properties are payables to various real estate property sellers. Under the terms of the agreements executed by Federal Land covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to Federal Land only upon full payment of the real estate loans.

In 2012, Federal Land acquired certain land and investment properties aggregating ₱3.72 billion, with 20.00% downpayment amounting to ₱743.84 million. The outstanding balance amounting to ₱2.98 billion is payable in 13 years with 3.00% interest per annum. The outstanding balance was discounted at the prevailing market rate of 5.40% and the discounted liability as of December 31, 2021 and 2020, amounted to ₱1.43 billion and ₱1.57 billion, respectively.

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 22.00% 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, 2021 and 2020, amounted to nil and ₱0.99 billion, respectively.

In 2019, Federal Land acquired a land located in Makati City in November 2019. Of the total amount of ₱1.20 billion, ₱288.00 million is paid in 2019 as downpayment, ₱912.00 million is payable in five equal annual installments commencing February 1, 2020 to 2024. The loan bears 3.50% interest per annum and is unsecured. The outstanding balance was discounted at the prevailing market rate of 6.87% and the discounted liability as of December 31, 2021 and 2020 amounted to ₱0.53 billion and ₱0.69 billion, respectively.

Current portion of liabilities on purchased properties amounted to ₱0.30 billion and ₱0.60 billion as of December 31, 2021 and 2020, respectively. Noncurrent portion of liabilities on purchased properties amounted to ₱1.66 billion and ₱2.66 billion as of December 31, 2021 and 2020, respectively (Note 27). Accretion of interest in 2021, 2020 and 2019 amounted to ₱55.47 million, ₱83.34 million and ₱156.48 million, respectively.

Other Noncurrent Liabilities

This account consists of:

	2021	2020
Retentions payable - noncurrent portion	₱1,384	₱1,140
Deferred output VAT	928	1,119
Refundable and other deposits	808	800
Provisions (Note 36)	426	634
Finance lease obligation - net	134	176
Lease liabilities (Note 30)	36	19
Derivative liabilities (Note 16)	32	51
Unearned rent income	5	5
	₱3,753	₱3,944

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:

	2021	2020
Claims and assessments	₱193	₱326
Product warranties	233	308
	₱426	₱634

Provisions for other expenses pertains to liabilities with uncertain amount or timing of actual disbursement. These include regulatory fees, management incentives and other charges which payment is probable and the amount is estimable as of reporting date. The management reassesses their estimates on an annual basis to determine the reasonableness of provision. Disclosure of information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* are not provided because of reasons permitted under paragraph 92 of PAS 37. Accordingly, only general descriptions are provided.

21. CONTRACT BALANCES AND COST TO OBTAIN A CONTRACT

The contract balances of the Group consist of the following:

	2021	2020
Contract Assets		
Current	₱6,157	₱6,183
Noncurrent	7,114	6,852
	₱13,271	₱13,035
Contract Liabilities		
Current	₱3,384	₱4,006

Contract assets are initially recognized for revenue earned from real estate sales as receipt of consideration is conditional on successful completion of installation. Upon completion of performance obligation and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade residential and office development receivables.

Contract liabilities consist of collections from real estate customers which have not reached the 10.00% threshold to qualify for revenue recognition and excess of collections over the recognized receivables and contract assets based on percentage of completion.

The amount of revenue recognized in 2021 and 2020 from amounts included in contract liabilities at the beginning of the year amounted to ₱0.91 billion and ₱1.08 billion, respectively.

<u>Cost to Obtain a Contract</u>
The balances below pertain to the cost to obtain contracts included in 'Prepaid expenses' (Note 7):

	2021	2020
Balance at beginning of year	₱102	₱186
Additions during the year	308	359
Amortization	(368)	(443)
Balance at end of year	₱42	₱102

Performance Obligations
Information about Federal Land Group's performance obligations are summarized below:

Real estate sales
The Federal Land Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit covers condominium units, and Federal Land Group concluded that there isone performance obligation in each of these contracts. Federal Land Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10%-100% of the contract price to be paid over a maximum of 60 months at a monthly payment based on amortization schedule with remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from five (5) to 10 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results in either a contract asset or contract liability.

After the delivery of the completed real estate unit, Federal Land Group provides one-year warranty to repair minor defects on the delivered condominium unit. This is assessed by the Parent Company as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31 as follows:

	2021	2020
Within one year	₱3,032	₱2,775
More than one year	752	1,099
	₱3,784	₱3,874

22. EQUITY

Capital Stock and Additional Paid-in Capital
As of December 31, 2021 and 2020, the paid-up capital consists of the following (amounts in millions, except for number of shares):

	Shares		Amount	
	2021	2020	2021	2020
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, 2021 and 2020, the total number of shareholders of common stock of the Parent Company is 89 and 90, respectively.

Stock Dividends

The BOD and Shareholders of the Parent Company approved on March 26, 2019 and May 8, 2019, respectively, the declaration of an 8.00% stock dividend in favor of the Parent Company's common shareholders. The record and payment dates were set on July 8, 2019 and August 1, 2019, respectively. On August 1, 2019, the 8.00% stock dividend equivalent to 15,947,003 common shares were issued and listed in the Philippine Stock Exchange.

Retained Earnings

On December 6, 2018, the BOD of the Parent Company approved the appropriation of retained earnings amounting to ₱17.00 billion to be earmarked for strategic investment in property development in 2019. In March 2019, ₱16.60 billion out of ₱17.00 billion was reversed. The remaining ₱400.00 million was earmarked for strategic investment in property development expected to be completed in 2022.

Details of the Parent Company's dividend distributions to preferred shareholders out of the Parent Company's retained earnings as approved by the Parent Company's BOD follow:

Date of declaration	Per share	Total amount (in millions)	Record date	Payment date
Voting Preferred Shares				
March 22, 2021	₱0.00377	₱0.66	April 5, 2021	April 27, 2021
May 21, 2020	0.00377	0.66	June 5, 2020	June 19, 2020
March 26, 2019	0.00377	0.66	April 10, 2019	April 25, 2019
Perpetual Preferred Shares				
Series A				
December 17, 2021	11.57475	56.01	January 5, 2022	January 27, 2022
December 17, 2021	11.57475	56.01	April 5, 2022	April 27, 2022
December 17, 2021	11.57475	56.01	July 5, 2022	July 27, 2022
December 17, 2021	11.57475	56.01	October 5, 2022	October 27, 2022
December 15, 2020	11.57475	56.01	January 4, 2021	January 27, 2021
December 15, 2020	11.57475	56.01	April 5, 2021	April 27, 2021
December 15, 2020	11.57475	56.01	July 5, 2021	July 27, 2021
December 15, 2020	11.57475	56.01	October 4, 2021	October 27, 2021
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
Series B				
December 17, 2021	12.73725	91.21	January 5, 2022	January 27, 2022
December 17, 2021	12.73725	91.21	April 5, 2022	April 27, 2022
December 17, 2021	12.73725	91.21	July 5, 2022	July 27, 2022
December 17, 2021	12.73725	91.21	October 5, 2022	October 27, 2022
December 15, 2020	12.73725	91.21	January 4, 2021	January 27, 2021
December 15, 2020	12.73725	91.21	April 5, 2021	April 27, 2021
December 15, 2020	12.73725	91.21	July 5, 2021	July 27, 2021
December 15, 2020	12.73725	91.21	October 4, 2021	October 27, 2021
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

Details of the Parent Company's dividend distributions to common shareholders out of the Parent Company's retained earnings as approved by the Parent Company's BOD follow:

Date of declaration	Per share	Total amount (in millions)	Record date	Payment date
March 22, 2021	₱3.00	₱645.85	April 7, 2021	April 21, 2021
May 21, 2020	6.00	1,291.71	June 5, 2020	June 19, 2020
March 26, 2019	3.00	598.01	April 10, 2019	April 25, 2019

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, 2021 and 2020.

In addition, certain amount of retained earnings is required to be maintained to enable the Group to meet certain financial ratios as stipulated in the loan covenants.

Details of dividend declarations of the Group's subsidiaries follow:

	Date of declaration	Class of stock	Total amount (in millions)	Record date	Payment date
Federal Land	December 20, 2021	Preferred Shares-A	₱320.00	December 31, 2021	February 28, 2022
	December 20, 2021	Preferred Shares-B	332.58	December 31, 2021	February 28, 2022
	December 20, 2021	Common	100.00	December 31, 2021	February 28, 2022
	December 14, 2020	Preferred Shares-A	320.00	December 31, 2020	February 28, 2021
	December 14, 2020	Preferred Shares-B	332.58	December 31, 2020	February 28, 2021
	December 14, 2020	Common	100.00	December 31, 2020	February 28, 2021
	February 24, 2020	Common	100.00	December 31, 2019	February 28, 2020
	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
Toyota	June 29, 2021	Common	3,253.38	December 31, 2020	October 8, 2021
	June 26, 2020	Common	9,059.67	December 31, 2019	November 27, 2020
	May 14, 2019	Common	8,392.89	December 31, 2018	May 15 & 29, 2019

Other comprehensive income

Other comprehensive income consists of the following, net of applicable income taxes:

	2021	2020
Fair value reserves on financial assets at FVOCI (Note 10)	₱4,927	₱1,357
Net unrealized loss on remeasurement of retirement plan	(215)	(448)
Cash flow hedge reserve (Note 16)	(32)	(51)
Cumulative translation adjustments	3	(10)
Equity in other comprehensive income of associates and joint ventures:		
Equity in cumulative translation adjustments	(2,746)	(3,466)
Equity in net unrealized loss on remeasurement of retirement plan	(1,183)	(1,745)
Equity in fair value reserves on financial assets at FVOCI	(340)	4,145
Equity in remeasurement on life insurance reserves	(110)	(346)
Equity in cash flow hedge reserves	(166)	(316)
Equity in other equity adjustments of associates	5	27
	₱143	(₱853)

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:

	2021	2020	2019
Balance at beginning of year	₱8,885	₱11,851	₱24,687
Share of non-controlling interest shareholders on:			
Net income	3,266	1,791	4,803
Other comprehensive income (loss)	274	(166)	(281)
Cash dividends paid to non-controlling interest shareholders	(1,755)	(4,611)	(4,259)
Acquisition of additional interest in a subsidiary	344	20	148
NCI on the acquisition of a new subsidiary	21	–	–
Effect of deconsolidation (Note 12)	–	–	(13,247)
Balance at end of year	₱11,035	₱8,885	₱11,851

Financial Information of Subsidiaries

The financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interests held by non-controlling interests

	Direct and Effective Ownership	
	2021	2020
TMPC	49.00%	49.00%

Carrying value of material non-controlling interests

	2021	2020
TMPC	₱8,998	₱7,320

Net income for the period allocated to material non-controlling interests

	2021	2020	2019
TMPC	₱3,062	₱1,788	₱4,598

The following table presents the financial information of subsidiaries with material NCI as of and for the years ended December 31, 2021 and 2020:

	2021	2020
	TMPC	TMPC
Statement of Financial Position		
Current assets	₱33,446	₱34,010
Non-current assets	11,491	11,048
Current liabilities	29,843	32,712
Non-current liabilities	2,240	2,847
Dividends paid to non-controlling interests	1,755	4,599
Statement of Comprehensive Income		
Revenues	132,854	100,648
Expenses and provision for income tax	126,632	97,214
Net income	6,222	3,434
Total comprehensive income	6,773	3,110
Statement of Cash Flows		
Net cash provided by operating activities	1,668	1,212
Net cash used in investing activities	(4,203)	(468)
Net cash provided by (used in) financing activities	(9,824)	206

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 2021 and 2020. The Parent Company considers total equity as its capital amounting to ₱130.83 billion and ₱121.13 billion as of December 31, 2021 and 2020, respectively.

The Parent Company maintains equity at a level that is compliant with its loan covenants.

23. INTEREST AND OTHER INCOME

<u>Interest Income</u>
This account consists of:

	2021	2020	2019
Interest income on:			
Installment contracts receivable (Note 5)	₱1,652	₱1,826	₱1,862
Receivables	196	5	–
Cash and cash equivalents (Note 4)	23	189	193
Others	28	3	250
	₱1,899	₱2,023	₱2,305

Interest income on installment contracts receivable consist of accretion of unamortized discount of and interest income from collections of the Group. Accretion of unamortized discount amounted to ₱1.16 billion, ₱1.21 billion and ₱1.23 billion in 2021, 2020 and 2019, respectively. Interest income from collections amounted to ₱0.49 billion, ₱0.62 billion and ₱0.63 billion in 2021, 2020 and 2019, respectively.

<u>Other Income</u>
This account consists of:

	2021	2020	2019
Ancillary income	₱715	₱647	₱903
Real estate forfeitures, charges and penalties	540	326	343
CARS incentives	494	–	–
Dividend income	356	333	335
Management fee (Note 27)	241	231	278
Subscription income	110	64	184
Realized and unrealized gain on financial assets at FVTPL	89	113	135
Gain on disposal of property and equipment (Note 11)	34	7	15
Foreign exchange gain	–	163	137
Others (Note 5)	596	239	199
	₱3,175	₱2,123	₱2,529

Ancillary income represents incentives received by Toyota dealers from financing institutions for vehicles sold to financing customers and from insurance companies for policies written for buyers.

Real estate forfeitures, charges and penalties are earned when a buyer is delinquent on his payment or cancels his purchase of condominium units, after deducting any cash surrender value.

In 2021, Toyota availed of the tax incentives under Executive Order No. 182 Series of 2015 or the Comprehensive Automotive Resurgence Strategy (CARS) Program. Tax credits utilized by the Toyota to pay tax dues amounted to ₱493.69 million.

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:

	2021	2020	2019
Beginning inventory			
Automotive	₱11,023	₱7,784	₱5,646
Gasoline, retail, and petroleum products	7	11	10
Food	5	8	6
	11,035	7,803	5,662
Add: Net purchases	98,176	79,085	135,476
Total inventories available for sale	109,211	86,888	141,138
Less: Ending inventory (Note 6)			
Automotive	7,191	11,023	7,784
Gasoline, retail, and petroleum products	10	7	11
Food	5	5	8
Subtotal (Note 6)	102,005	75,853	133,335
Cost adjustments and intercompany elimination	283	164	(224)
Internal and other transfers	(109)	(30)	97
Direct labor	643	369	618
Overhead (Note 30)	137	123	117
	₱102,959	₱76,479	₱133,943

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:

	2021	2020	2019
Raw materials, beginning	₱1,342	₱1,169	₱1,371
Purchases	28,953	20,265	32,199
Total materials available for production	30,295	21,434	33,570
Less: Raw materials, end	2,151	1,342	1,169
Raw materials placed in process	28,144	20,092	32,401
Direct labor	328	320	405
Manufacturing overhead	3,214	3,142	4,113
Total cost of goods placed in process	31,686	23,554	36,919
Work-in-process, beginning	16	27	33
Total Cost of goods in process	31,702	23,581	36,952
Less: Work-in-process, ending	10	16	27
Total cost of goods manufactured	31,692	23,565	36,925
Finished goods, beginning	752	861	978
Total goods available for sale/transfer	32,444	24,426	37,903
Less: Finished goods, ending	382	752	861
Other transfers	(49)	120	223
	₱32,111	₱23,554	₱36,819

26. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

	2021	2020	2019
Salaries, wages, and employee benefits (Notes 27 and 28)	₱2,973	₱2,718	₱2,985
Advertising and promotions	2,888	2,434	2,573
Delivery and handling	1,571	839	801
Taxes and licenses	1,515	1,907	1,834
Commissions	1,180	924	1,251
Depreciation and amortization (Note 11)	724	796	842
Light, water and other utilities	389	510	555
Provision for (recoveries from) credit losses (Note 5)	358	237	(98)
Repairs and maintenance	377	238	272
Professional fees	237	191	167
Outside services	203	198	233
Office supplies	168	373	309
Unallocated overhead costs	110	479	–
Warranty	100	220	213
Administrative and management fees	98	138	153
Communications	81	69	70
Unrealized foreign exchange loss	78	–	–
Insurance	64	67	60
Transportation and travel	58	58	137
Rent (Note 30)	33	313	251
Entertainment, amusement and recreation	20	21	39
Royalty and service fees	12	9	14
Donation	10	32	1
Provision for inventory write-down (Note 6)	9	42	17
Provision for other expenses	–	–	297
Others	199	219	619
	₱13,455	₱13,032	₱13,595

Unallocated overhead costs pertain to the fixed labor and overhead costs incurred during the COVID-19 pandemic when the automotive segment had no production operation. These include depreciation and amortization amounting to ₱39.72 million and ₱214.48 million in 2021 and 2020, respectively.

Other expenses include membership and subscription fees, dealer development, corporate events, and contractual services.

27. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities. These related parties include subsidiaries, associates, joint venture, key management personnel, stockholders and other related parties which include affiliates.

An entity is considered an affiliate if such entity and the Parent Company have common shareholders. In effect, such entity is a sister company of the Parent Company by virtue of ownership and common control. It is neither a subsidiary nor associate of the Group.

The Group, in its regular conduct of its business, has entered into transactions with its associates, joint ventures and other related parties principally consisting of cash advances for reimbursement of expenses, merger and acquisitions and capital infusion, leasing agreements, management agreements and dividends received from associates.

Transactions with related parties are made at normal market prices. Except as otherwise indicated, outstanding balances at year end are unsecured and settlement occurs generally in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties.

This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The following tables show the significant related party transactions included in the consolidated financial statements. Transactions with subsidiaries have been eliminated in the consolidated financial statements.

	December 31, 2021		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Subsidiaries			
Accounts receivable - trade	₱14,021	₱5,290	Receivable from sale of lots; Vehicle swapping; Current - accordingly, no provision for losses is required.
Rent receivable	15	15	Unsecured; Non-interest bearing; due and demandable
Dividends receivable	1,659	753	Dividends declared in 2021
Receivables - others	6	–	Unsecured; Non-interest bearing; due and demandable
Prepayments	2	18	Rental deposits
Right-of-use asset	16	28	Lease of office space
Transportation equipment	4	–	Employee car plan
Accounts payable	647	36	Represent payables arising from sales adjustments, warranty, sales promotions, and reimbursable expenses
Lease payable	18	27	Lease of office space
Dividends payable	753	753	Non-interest bearing; due and demandable; Unsecured
Liabilities on purchased properties	310	4,474	Unsecured; With effective interest rate of 5.80%; payable up to 2035
Dividend income	2,412	–	
Rent income	55	–	Office space rent and maintenance fty 2021; Subject to 5% escalation annually
Miscellaneous income	1	–	Management service income
Amortization expense - ROU	12	–	Amortization of office space lease
Cost of rental	7	–	Janitorial and security services
Service fees	167	–	Property management fees for properties in Cavite
Outside services	12	–	Security services for properties in Cavite
Rent expense	60	–	Office space rent and maintenance; Subject to 5% escalation annually
Repairs and maintenance	3	–	Repairs and maintenance of properties
Associates			
Cash and cash equivalents	6	5,834	Unsecured; Interest bearing at prevailing market rate; due and demandable
Rent receivables	51	9	Unsecured; Non-interest bearing; due and demandable
Commission receivable	1	7	Unsecured; Non-interest bearing; due and demandable
Receivable from sharing of expenses	2	43	Unsecured; Non-interest bearing; due and demandable
Due from related parties	21	45	Unsecured; Non-interest bearing; due and demandable
Other receivables	7	15	Unsecured; Non-interest bearing; due and demandable
Short-term notes payable	1,750	1,750	Unsecured; With interest 3%-6% due in 2022
Short-term debt	4,690	1,460	Interest bearing; Payable within 90 days from the date of the availment
Due to related parties	31	20	Unsecured; Non-interest bearing; due and demandable
Loans payable	1,051	10,000	Unsecured; With interest ranging from 2.75% to 4.25%; Payable on 2021-2022
Other payables	19	–	Insurance payable
Dividend income	7,850	–	Dividend income from associates
Rent income	132	–	Rent income from associates
Interest income	11	–	Prevailing interest rate on regular peso savings deposit account
Interest expense	380	–	Interest expense on loans payable

(Forward)

Category	Amount/ Volume	Outstanding Balances	December 31, 2021 Terms and Conditions/Nature
Joint ventures			
Dividend receivable	₱8	₱–	Dividend receivable from joint venture
Rent receivables	21	4	Unsecured; Non-interest bearing; due and demandable
Interest receivables	152	187	Unsecured; Interest bearing at prevailing market rate; due and demandable
Loans receivables	550	3,861	Unsecured; Interest bearing at prevailing market rate; due and demandable
Commission receivable	96	173	Unsecured; Non-interest bearing; due and demandable
Due from related parties	16	83	Unsecured; Non-interest bearing; due and demandable
Management fee receivables	1	27	Unsecured; Non-interest bearing; due and demandable
Receivable from sharing of expenses	1	1	Unsecured; Non-interest bearing; due and demandable
Other receivables	5	–	Unsecured; Non-interest bearing; due and demandable
Investment in shares of stocks	800	5,180	Additional investments to a joint venture
Other payables	7	4	Unsecured; Non-interest bearing; due and demandable
Dividend income	8	–	Dividend income from joint ventures
Management fee income	23	–	Management service income
Rent income	33	–	Unsecured; Non-interest bearing; due and demandable
Commission income	293	–	Unsecured; Non-interest bearing; due and demandable
Interest income	165	–	Unsecured; Interest bearing at prevailing market rate; due and demandable
Others			
Cash and cash equivalents	1,721	5,690	Unsecured; Interest bearing at prevailing market rate; due and demandable
FVTPL Investments	7,852	8,712	Interest bearing
Commission receivable	1	1	Unsecured; Non-interest bearing; due and demandable
Loan receivable	743	743	Unsecured; With interest of 3.15%; Payable in 2022
Nontrade receivables	12	11	Within one (1) year, non-interest bearing, unsecured, no impairment
Receivable from sharing of expenses	355	355	Unsecured; Non-interest bearing; due and demandable
Other receivables	7	49	Unsecured; Non-interest bearing; due and demandable
Prepaid insurance	3	–	Unsecured; Non-interest bearing; due and demandable
Due from related parties	28	27	Unsecured; Non-interest bearing; due and demandable
Accounts payable	58	14	Insurance expense and agency fees
Due to related parties	224	173	Unsecured; Non-interest bearing; due and demandable
Insurance payable	93	93	Unsecured; Non-interest bearing; due and demandable
Other payables	32	1	Pertains to various credit card transactions
Loans payable	1,433	1,433	Unsecured; With 3% interest; payable annually until 2025
Commission income	1	–	Unsecured; Non-interest bearing; due and demandable
Interest income	58	–	Interest on time deposit placements
Rent income	1	–	Rent income from affiliates
Gain or loss on disposal of investments	52	–	Realized gain on investments in FVTPL
Unrealized gain from investment in UITF	37	–	MTM gain on investments in FVTPL
Advisory fees	59	–	Retainer's fee
Agency fees	3	–	Safekeeping and trust agreement
Insurance expense	3	–	General comprehensive liability insurance; car insurance; D&O liability insurance

Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
	December 31, 2020		
Significant investor			
Consultancy fees	₱4	₱–	Consultancy fee for the year
Subsidiaries			
Accounts receivable - trade	–	5,644	Receivables from sale of lots, with terms of up to 15 years; discounted at current market rate; Secured; Current - accordingly, no provision for losses is required.
Dividends receivable	–	753	Dividends declared in December 2020
Receivables - others	–	1	Test kits advanced by the Parent Company
Right-of-use asset	36	45	Lease of office space
Investments in subsidiaries	565	42,283	Additional investments during the year
Lease payable	36	23	Lease of office space
Security deposits	2	3	Rental deposits for lease of office space
Accounts payable	–	7	Property management; outside services
Real estate sales	4,803	–	Revenue from sale of lots
Dividend income	5,473	–	Dividend income
Cost of real estate sales	3,067	–	Cost of lots sold
Cost of rental	7	–	Janitorial and security services
Service fees	83	–	Property management fee
Outside services	3	–	Security services in land inventories
Repairs and maintenance	2	–	Maintenance fee for office space
Associates			
Cash and cash equivalents	18	13,914	Interest bearing at prevailing market rate; due and demandable
Short-term investments	–	1,248	Time deposit placements with interest rates ranging from 0.05% to 0.63%
Rent receivables	–	60	Non-interest bearing; due and demandable; Unsecured
Commission receivable	–	6	Non-interest bearing; due and demandable; Unsecured
Receivable from sharing of expenses	–	41	Non-interest bearing; due and demandable; Unsecured
Other receivables	–	8	Non-interest bearing; due and demandable; Unsecured
Inventories	245	–	Capitalized interest expense on short-term debt
Due from related parties	–	66	Non-interest bearing; due and demandable; Unsecured
Other current assets	–	49	Cash deposit required for the CARS program
Short-term debt	56	6,150	With interest ranging from 3% to 6% due in 2021
Due to related parties	–	51	Non-interest bearing; due and demandable; Unsecured
Other payables	8	–	Non-interest bearing; due and demandable; Unsecured
Loans payable	–	8,949	With interest ranging from 2.90% to 4.75%; Payable in 2021 to 2022
Rent income	114	–	Rent income
Interest income	6	–	Interest income at prevailing market rate
Commission income	1	–	Commission income
Joint ventures			
Rent receivables	–	25	Non-interest bearing; due and demandable; Unsecured
Interest receivables	–	35	Interest receivables on loans; due and demandable
Loans receivables	–	3,311	Interest bearing at prevailing market rate; due and demandable
Commission receivable	–	77	Non-interest bearing; due and demandable; Unsecured
Due from related parties	–	81	Non-interest bearing; due and demandable; Unsecured
Management fee receivables	–	28	Non-interest bearing; due and demandable; Unsecured
Nontrade receivables	3	1	Non-interest bearing; due and demandable; Unsecured
Due to related parties	–	67	Non-interest bearing; due and demandable; Unsecured
Other payables	14	–	Non-interest bearing; due and demandable; Unsecured
Rent income	71	–	Rent income
Commission income	93	–	Commission income
Interest income	35	–	Interest income at prevailing market rate
Management income	60	–	Management income

(Forward)

	December 31, 2020		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
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

	December 31, 2019		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Significant investor			
Consultancy fees	₱3	₱–	Consultancy fee for the year
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
Associates			
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%; Payable in 2021-2022; Unsecured
Joint ventures			
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			
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, 2021 and 2020, the Group's investment in UITF amounted to ₱8.71 billion and ₱3.71 billion, respectively (Note 10).

Operating advances
Due from and to related parties consist mostly of operating advances which are non-interest bearing and due and demandable.

Loans receivable
In 2012 and 2021, Federal Land entered into loan agreements with CIRC. Federal Land agreed to lend to CIRC a total amount of ₱755.00 million with a nominal and effective interest rates ranging from 3.15% to 6.00%. The outstanding balance of loans receivable as of December 31, 2021 and 2020 amounted to ₱743.41 million and ₱687.36 million, respectively (Note 5).

Affiliated bank loans
The Group's loans payable to an affiliated commercial bank bears interest rates ranging from 1.90% to 5.50%, 2.30% to 6.25% and 4.50% to 6.25% per annum in 2021, 2020 and 2019, respectively (Note 16).

Management fee
Management fee amounting to ₱23.31 million and ₱60.16 million in 2021 and 2020, 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 ₱220.16 million, ₱215.55 million and ₱309.26 million in 2021, 2020 and 2019, respectively (Note 30).

Compensation of key management personnel for the years ended December 31, 2021, 2020 and 2019 follow:

	2021	2020	2019
Short-term employee benefits	₱903	₱707	₱681
Post-employment benefits	122	106	118
	₱1,025	₱813	₱799

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, 2021 and 2020 amounted to ₱2.43 billion and ₱2.71 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 2021 (in absolute amounts):

	December 31, 2021		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Parent Company			
Investment in equity securities	(₱393,840)	₱5,779,080	No impairment
Dividend income	1,165,240	–	Cash dividends
Loss on sale of investments	(590,210)	–	Loss from sale of equity securities
Associate			
Savings deposit	(3,116,567)	1,079,343	Savings account earning regular annual interest; unsecured and no impairment;
Time deposit	(6,000,000)	–	With annual interest of 3.88%, 1 - 3 months maturity; unsecured and no impairment
Investment in equity securities	9,328,039	22,885,459	No impairment
Investment in UITF	30,970,333	51,301,769	No impairment
Investment in other security and debt instruments	(1,479,519)	40,335,755	No impairment
Interest income	32,393	–	Income earned from savings and time deposit
Dividend income	500,177	–	Cash dividends
Gain on sale of investments	80,917	–	Income from sale of UITF

	December 31, 2020		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Parent Company			
Investment in equity securities	(₱2,722,274)	₱6,172,920	No impairment
Dividend income	63,012	–	Cash dividends
Associate			
Savings deposit	4,182,492	4,195,910	Savings account with annual interest of 1%, unsecured and no impairment;
Time deposit	(29,722,000)	6,000,000	With annual interest of 3.88%, 1 - 3 months maturity; unsecured and no impairment
Investment in equity securities	(6,670,710)	13,557,420	No impairment
Investment in UITF	15,846,481	20,331,436	No impairment
Investment in other security and debt instruments	169,490	41,815,274	No impairment
Interest income	383,175	–	Income earned from savings and time deposit
Dividend income	305,100	–	Cash dividends
Loss on sale of UITF	(877,679)	–	Loss on sale of UITF

	December 31, 2019		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Parent Company			
Dividend income	₱27,786	₱–	Cash dividends
Associate			
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:

		2021		
		Actuarial Assumptions		
	Date of Actuarial Valuation	Expected Return on Plan Assets	Salary Rate Increase	Discount Rate
Real estate	December 31, 2021	**3.69%**	**3.00% to 8.00%**	**4.94% to 5.21%**
Automotive	-do-	**4.11% to 5.09%**	**5.00% to 6.00%**	**5.01% to 5.06%**
Financial	-do-	**3.50%**	**8.00%**	**5.11 %**

		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 %

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

Net retirement liability (asset) included in the consolidated statements of financial position follow:

	2021	2020
Retirement asset (Note 14)	(₱8)	(₱9)
Retirement liability	1,629	1,934
Net retirement liability	₱1,621	₱1,925

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, 2021	Current service cost	Net interest	Past service cost	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions paid	December 31, 2021
Present value of defined benefit obligation	₱4,634	₱337	₱169	₱–	₱506	(₱328)	₱–	(₱244)	₱5	(₱518)	(₱757)	₱–	₱4,055
Less: Fair value of plan assets	2,709	–	98	–	98	(315)	(148)	–	–	–	(148)	90	2,434
Net defined benefit liability	₱1,925	₱337	₱71	₱–	₱408	(₱13)	₱148	(₱244)	₱5	(₱518)	(₱609)	(₱90)	₱1,621

		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
Less: 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

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:

	2021	2020
Cash and cash equivalents	6	₱11
Investment in government securities	₱1,710	2,028
Investment in equity securities	545	430
Investment in debt and other securities	124	211
Investment in mutual funds	53	7
Receivables	4	27
Liabilities	(8)	(5)
	₱2,434	₱2,709

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:

		2021	2020
	Possible Fluctuations	Increase (Decrease)	Increase (Decrease)
Discount rates	+1%	(₱277)	(₱375)
	-1%	304	398
Future salary increase rate	+1%	315	403
	-1%	(292)	(388)

The Group expects to contribute ₱403.00 million to its defined benefit pension plan in 2022.

The average duration of the defined benefit retirement liability at the end of the reporting period is 16.10 years for the Group.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2021:

Less than 1 year	₱481
More than 1 year to 5 years	1,689
More than 5 years to 10 years	2,100
More than 10 years to 15 years	1,490
More than 15 years to 20 years	2,240
More than 20 years	5,428

The Group does not currently have any asset-liability matching study.

29. INCOME TAXES

On March 26, 2021, RA No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.00% to 25.00% depending on the criteria set by the law effective July 1, 2020. With the implementation of this Act, interest expense allowed as a deductible expense shall be reduced by 20.00% of the interest income subjected to final tax, compared to the 33.00% reduction prior to the Act.

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

Based on the provisions of RR No. 5-2021 dated April 8, 2021 issued by the BIR, the transitory RCIT and MCIT rates of the Group for the taxable year 2020 are 27.50% and 1.50%, respectively. The reduced amounts were reflected in the Group's 2020 annual income tax returns filed in 2021. However, for financial reporting purposes, the changes were only recognized in the 2021 consolidated financial statements. The deferred tax assets and liabilities as of December 31, 2020 were also remeasured using the lower RCIT rate of 25.00%. These reductions were recognized in the 2021 consolidated financial statements.

Provision for (benefit from) income tax account consists of:

	2021	2020	2019
Current	₱1,935	₱1,753	₱4,797
Deferred	(183)	182	170
Final	69	51	90
	₱1,821	₱1,986	₱5,057

The components of the Group's deferred taxes as of December 31, 2021 and 2020 are as follows:

Net deferred tax assets:

	2021	2020
Deferred tax assets on:		
Retirement benefit obligation	₱474	₱672
Deferred intercompany gain	228	304
Allowance for impairment losses	208	144
Deferred gross profit	82	62
Accrued expenses	73	61
Warranties payable and other provisions	63	87
Excess MCIT over RCIT	52	26
Allowance for inventory obsolescence	37	43
Unamortized past service cost from pension obligation	21	25
NOLCO	20	43
Unrealized foreign exchange gain	–	2
Others	50	15
	1,308	1,484
Deferred tax liabilities on:		
Unrealized foreign exchange loss	58	–
Capitalized customs duties	32	44
Unearned gross profit in ending inventories	17	10
Others	27	28
	134	82
Net deferred tax assets	₱1,174	₱1,402

Net deferred tax liabilities:

	2021	2020
Deferred tax assets on:		
NOLCO	₱381	₱626
Unrealized gain on sale of land	408	607
Excess of cost over fair value of investment property	116	103
Prepaid commission	58	51
Retirement benefit obligation	52	47
Provision for impairment losses on receivables	33	29
Unearned income	25	57
Unearned gross profit in ending inventories	20	31
Interest expense on Day 1 loss	15	13
Allowance for impairment loss on inventories	5	5
Others	6	6
	1,119	1,575
Deferred tax liabilities on:		
Fair value adjustment on acquisition by Parent Company	1,962	2,325
Capitalized borrowing cost and guarantee fees	1,261	1,120
Unrealized gross profit on sale of land	381	626
Excess of book basis over tax basis of deferred gross profit	507	449
Fair value adjustment on acquisition by subsidiaries	138	146
Unamortized discount on long-term payable	68	60
Lease differential	22	28
Deferred financing costs	3	40
Retirement asset	2	3
Others	7	3
	4,351	4,800
Net deferred tax liabilities	₱3,232	₱3,225

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, 2021, 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
2018	2019-2021	₱3,983	₱–	₱3,983	₱–	₱–

As of December 31, 2021, the Group has incurred NOLCO in taxable years 2020 and 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Years	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2021	2021-2026	₱3,990	₱–	₱–	₱–	3,990
2020	2021-2025	4,386	–	–	–	4,386
		₱8,376	₱–	₱–	₱–	8,376

MCIT
Details of the Group's MCIT follow:

Year Incurred	Amount	Expired/Applied	Balance	Expiry Date
2021	₱10	₱–	₱10	2024
2020	38	–	38	2023
2019	114	–	114	2022
2018	3	3	–	2021
	₱165	₱3	₱162	

The Group has NOLCO and excess MCIT over RCIT for which deferred tax assets have not been recognized since management believes that it is not probable that sufficient taxable income will be available against which the carryforward benefit of NOLCO and excess MCIT over RCIT can be utilized prior to their expiration. These NOLCO and excess MCIT over RCIT are as follows:

	2021	2020
NOLCO	₱5,498	₱4,584
Excess MCIT over RCIT	138	130

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:

	2021	2020	2019
Provision for income tax computed at statutory rates	25.00%	30.00%	30.00%
Tax effects of:			
Nontaxable income	(19.73)	(14.10)	(8.05)
Changes in unrecognized deferred tax assets	6.24	4.07	(0.95)
Operating income within income tax holiday (ITH)	–	(1.52)	(0.82)
Nondeductible interest and other expenses	2.09	0.91	0.57
Changes in tax rates	(1.28)	–	–
Income subjected to final tax	(0.25)	(0.26)	(0.19)
Income subjected to lower tax rate	0.05	0.09	0.42
Others	(0.79)	0.05	(1.79)
Effective income tax rates	11.33%	19.24%	19.19%

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.

30. LEASE COMMITMENTS

Group as a lessee

The Group is a party under various lease agreements including the lease of premises occupied by the Parent Company, office space leased for the Group's branches, land leased for Federal Land Group's mall and gasoline station and lease of parking spaces with terms ranging from one (1) to 10 years.

As of December 31, 2021 and 2020, the Group recognized interest expense on lease liabilities (included in 'Interest expense' in the consolidated statement of income) amounting to ₱32.13 million and ₱49.93 million in 2021 and 2020, respectively. Rent expense from short-term leases and leases of low-value assets amounting to ₱33.29 million and ₱312.99 million in 2021 and 2020, respectively.

As of December 31, 2021 and 2020, the carrying amounts of lease liabilities are as follows (Notes 19 and 20):

	2021	2020
Beginning balance	₱24	₱311
Additions	139	124
Accretion of interest	32	18
Payments	(37)	(99)
Adjustments	(113)	(330)
	₱45	₱24

As of December 31, 2021 and 2020, the future minimum rental payments are as follows:

	2021	2020
Within one year	₱69	₱52
After one year but not more than five years	47	73
More than five years	8	7
	₱124	₱132

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 ₱1.05 billion, ₱1.75 billion and ₱1.53 billion in 2021, 2020 and 2019, respectively (Note 9). The cost of rental services amounting to ₱655.26 million, ₱588.76 million and ₱434.66 million in 2021, 2020 and 2019, respectively, includes maintenance fee, depreciation, repairs and maintenance, and taxes and licenses (Note 11).

As of December 31, 2021 and 2020, the future minimum rental receipts from these lease commitments are as follows:

	2021	2020
Within one year	₱1,282	₱942
After one year but not more than five years	2,990	1,929
More than five years	2,690	714
	₱6,962	₱3,585

31. BUSINESS COMBINATION

On December 29, 2020, GTCAM and TCSPHI entered into a Share Sale and Purchase Agreement with TMPC. TMPC agreed to sell and transfer its 5,000,000 shares of TSRLI shares with a par value of ₱100.00 per share, representing in the aggregate 100% of the total issued and outstanding voting shares of TSRLI, to GTCAM and TCSPHI. 60% of the sale shares equivalent to 3,000,000 shares were sold and transferred to GTCAM and the remaining 40% or 2,000,000 shares were sold and transferred to TCSPHI. The said agreement took effect on January 1, 2021.

32. FAIR VALUE MEASUREMENT

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents and short-term cash investments
The fair value of cash and cash equivalents approximate the carrying amounts at initial recognition due to the short-term maturities of these instruments.

Receivables
The fair value of receivables due within one year approximates its carrying amounts. The fair values of installment contracts receivable are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used were 8% as of December 31, 2021 and 2020. 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, 2021 and 2020.

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 0.44% to 6.17% and 0.09% to 7.35% for the years ended December 31, 2021 and 2020, respectively.

Liabilities on purchased properties
Estimated fair value was based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term payables were incurred in 2019, 2017 and 2012 with interest rates ranging from 3.00% to 3.25% per annum.

The following tables summarize the carrying amount and fair values of financial assets and liabilities, as well as nonfinancial assets, analyzed based on the fair value hierarchy (see accounting policy on Fair Value Measurement), except for assets and liabilities where the carrying values as reflected in the consolidated statements of financial position and related notes approximate their respective fair values.

	2021				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value:					
Financial Assets					
Financial assets at FVTPL	₱8,712	₱–	₱8,712	₱–	₱8,712
Financial assets at FVOCI					
Quoted equity securities	15,919	15,919	–	–	15,919
Unquoted equity securities	392	–	392	–	392
	₱25,023	₱15,919	₱9,104	₱–	₱25,023
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	₱335	₱–	₱–	₱338	₱338
Loans receivables	1,324	–	–	1,994	1,994
Non-financial Assets					
Investment in listed associates	163,655	110,158	–	–	110,158
Investment properties	15,646	–	–	41,850	41,850
	₱180,960	₱110,158	₱–	₱44,182	₱154,340
Liabilities measured at fair value:					
Financial Liabilities					
Other noncurrent liabilities					
Derivative liabilities	₱32	₱–	₱32	₱–	₱32
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	1,658	–	–	2,194	2,194
Loans payable	112,755	–	–	113,536	113,536
Bonds payable	10,077	10,448	–	–	10,448
	₱124,490	₱10,448	₱–	₱115,730	₱126,178

	2020				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
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
Unquoted equity securities	241	–	241	–	241
	₱16,449	₱12,499	₱3,950	₱–	₱16,449
Assets for which fair values are disclosed:					
Financial Assets					
Loans and receivables					
Installment contracts receivables	347	–	–	351	351
Loans receivables	3,310	–	–	3,967	3,967
Non-financial Assets					
Investment in listed associates	163,730	102,915	–	–	102,915
Investment properties	16,253	–	–	34,837	34,837
	₱183,640	₱102,915	₱–	₱39,155	₱142,070

(Forward)

	2020				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Liabilities measured at fair value:					
Financial Liabilities					
Other noncurrent liabilities					
Derivative liabilities	₱51	₱–	₱51	₱–	₱51
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Liabilities on purchased properties	2,657	–	–	4,983	4,983
Loans payable	95,429	–	–	103,097	103,097
Bonds payable	10,065	10,470	–	–	10,470
	₱108,151	₱10,470	₱–	₱108,080	₱118,550

As of December 31, 2021 and 2020, no transfers were made among the three levels in the fair value hierarchy.

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

The fair value of the Group's investment properties has been determined based on valuations performed by third-party valuers. The value of the land was estimated by using the Market Data Approach, a valuation approach that considers the sales, listings and other related market data within the vicinity of the subject properties and establishes a value estimate by processes involving comparison.

The table below summarizes the valuation techniques used and the significant unobservable inputs valuation for each type of investment properties held by the Group:

	Valuation Techniques	Significant Unobservable Inputs
Land	Market Data Approach	Price per square meter, size, location, shape, time element and corner influence
Building and Land Improvements	Cost Approach or Market Data Approach	Lineal and square meter, current cost of materials, labor and equipment, contractor's profits, overhead, taxes and fees

Description of the valuation techniques and significant unobservable inputs used in the valuation of the Group's investment properties are as follows:

Valuation Techniques

Market Data Approach	A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.
Cost Approach	A process of determining the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation on physical wear and tear, and obsolescence.

Significant Unobservable Inputs

Reproduction Cost New	The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a Main Road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a Main Road are superior to properties located along a secondary road.

Significant Unobservable Inputs

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, 2021 and 2020, 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, 2021						
	Neither Past Due Nor Individually Impaired				Past Due but not Individually Impaired	Individually Impaired	Total
	High Grade	Medium Grade	Low Grade	Total			
Cash and cash equivalents* (Note 4)	₱17,370	₱–	₱–	₱17,370	₱–	₱–	₱17,370
Receivables (Note 5)							
Trade receivables	7,499	183	31	7,713	3,415	4	11,132
Loans receivable	5,618	–	–	5,618	–	–	5,618
Accrued rent and commission income	881	–	–	881	4	345	1,230
Nontrade receivables	606	67	97	770	231	50	1,051
Accrued interest receivable	397	–	–	397	–	37	434
Installment contracts receivable	103	–	–	103	232	–	335
Management fee receivables	150	–	–	150	–	–	150
Others	308	–	–	308	10	129	447
Due from related parties (Note 27)	155	–	–	155	–	–	155
	₱33,087	₱250	₱128	₱33,465	₱3,892	₱565	₱37,922

Excludes cash on hand amounting to ₱34.02 million

	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
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

As of December 31, 2021 and 2020, the aging analysis of past due but not individually impaired financial assets presented per class, is as follows:

	December 31, 2021								
		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)	₱17,370	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱17,370
Receivables (Note 5)									
Trade receivable	7,713	1,008	1,000	543	251	613	3,415	4	11,132
Loans receivable	5,618	–	–	–	–	–	–	–	5,618
Accrued rent and commission income	881	1	1	1	1	–	4	345	1,230
Non-trade receivable	770	13	79	112	10	17	231	50	1,051
Accrued interest receivable	397	–	–	–	–	–	–	37	434
Installment contracts receivable	103	75	45	77	–	35	232	–	335
Management fee receivables	150	–	–	–	–	–	–	–	150
Others	308	1		–	–	9	10	129	447
Due from related parties (Note 27)	155	–	–	–	–	–	–	–	155
	₱33,465	₱1,098	₱1,125	₱733	262	674	3,892	565	37,922

*Excludes cash on hand amounting to ₱34.02 million

	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
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

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, 2021			
	Up to 1 year	> 1 to 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents* (Note 4)	₱17,371	₱–	₱–	₱17,371
Receivables (Note 5)				
Trade receivables	8,707	2,486	–	11,193
Loans receivable	4,294	1,993	–	6,287
Accrued rent and commission income	1,230	–	–	1,230
Nontrade receivable	1,051	–	–	1,051
Installment contracts receivables	335	–	–	335
Accrued interest receivable	434	–	–	434
Management fee receivable	150	–	–	150
Others	447	–	–	447
Due from related parties (Note 27)	155	–	–	155
Financial assets at FVTPL (Note 10)				
Investments in UITF	8,712	–	–	8,712
Financial assets at FVOCI (Note 10)				
Equity securities				
Quoted	–	–	15,919	15,919
Unquoted	–	–	392	392
Total undiscounted financial assets	₱42,886	₱4,479	₱16,311	₱63,676
Other financial liabilities				
Accounts and other payables (Note 15)				
Trade payables	₱15,429	₱–	₱–	₱15,429
Accrued expenses	5,388	–	–	5,388
Telegraphic transfers and drafts and acceptances payable	4,956	–	–	4,956
Retentions payable	95	1,384	–	1,479
Accrued commissions	1,056	–	–	1,056
Accrued interest payable	955	–	–	955
Royalty payable	293	–	–	293
Nontrade payables	264	–	–	264
Others	1,354	–	–	1,354
Dividends payable	590	–	–	590
Loans payable (Note 16)	24,487	67,980	77,824	170,291
Bonds payable (Note 17)	536	10,510	–	11,046
Due to related parties (Note 27)	193	–	–	193
Liabilities on purchased properties (Note 20)	304	2,057	1,414	3,775
Derivative liabilities (Note 20)	–	32	–	32
Total undiscounted financial liabilities	₱55,900	₱81,963	₱79,238	₱217,101
Liquidity Gap	(₱13,014)	(₱77,484)	(₱62,927)	(₱153,425)

**Excludes cash on hand amounting to ₱34.02 million.*

	December 31, 2020			
	Up to 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	5,221	–	–	5,221
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	944	–	–	944
Nontrade payables	417	–	–	417
Royalty payable	307	–	–	307
Others	1,621	–	–	1,621
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	₱71,179	₱66,094	₱75,718	₱212,991
Liquidity Gap	(₱30,051)	(₱59,660)	(₱62,978)	(₱152,689)

**Excludes cash on hand amounting to ₱23.46 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$55.13 million and JP¥1.76 billion as of December 31, 2021 and US$48.53 million and JP¥2.19 billion as of December 31, 2020 and US$42.29 million and JP¥1.80 billion as of December 31, 2019. Receivables denominated in foreign currency amounted to US$0.82 million, US$1.09 million and US$0.09 million as of December 31, 2021, 2020 and 2019, respectively. Accounts and other payables denominated in foreign currency amounted to US$152.76 million and JP¥23.49 million as of December 31, 2021, 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, 2021, 2020 and 2019.

In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the exchange rates used were ₱50.99 to US$1.00 and ₱0.44 to JP¥1.00 as at December 31, 2021, ₱48.04 to US$1.00 and ₱0.46 to JP¥1.00 as at December 31, 2020 and ₱50.74 to US$1.00 and ₱0.46 to JP¥1.00 as at December 31, 2019.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-US dollar and Philippine peso-JP¥ exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) on December 31, 2021, 2020 and 2019. 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
2021	**US$**	**(₱0.53)**	**₱22**
		0.53	**(22)**
	JP¥	**(0.0113)**	**182**
		0.0113	**(182)**
2020	US$	(₱0.63)	₱45
		0.63	(45)
	JP¥	0.0003	4
		(0.0003)	(4)
2019	US$	₱0.31	(₱21)
		(0.31)	21
	JP¥	0.0002	(3)
		(0.0002)	3

The Group determined the reasonably possible change in foreign exchange rate by using the absolute average change in Philippine peso-US dollar and Philippine peso-JP¥ exchange rates for the past three (3) years.

Fair Value Hedge
The Parent Company's primary risk management strategy is to reduce the Parent Company's exposure to changes in foreign exchange rates. In this regard, the Parent Company designated a layer of its JPY-denominated long-term loan (the "Hedging Instrument") to hedge the variability in the fair value arising from the translation of its investment in Toyota Motor Corporation (TMC) (the "Hedged Item") amounting to ¥22.05 billion due to fluctuations in JPY/PHP foreign exchange (FX) rates. The hedged risk is the variability in the fair value arising from the translation of the investments (the Hedged Items) due to fluctuations in JPY/PHP FX rates (foreign currency risk). The hedged item is the variability in the fair value arising from the translation of the investments (the Hedged Items) due to foreign currency risk. The hedging instrument is the of ¥22.05 billion layer of the principal amount of its long-term loan with various lenders. The terms of the hedging relationships will end in July 2024. The effectiveness of hedging relationship is tested prospectively. All designated hedging relationships were sufficiently effective as of December 31, 2021 and 2020.

Economic relation between the hedged item and the hedging instrument was qualitatively tested by matching their critical terms. The hedged items create a foreign currency risk on the translation of investments amounting to ¥22.05 billion while the hedging instruments create the exact offset of this risk. Since the critical terms of the hedged item and hedging instrument matched, a clear economic relationship was established. The Parent Company's and the counterparty's credit risk were monitored for adverse changes. The Parent Company assessed that the risk associated with them and the counterparty is considered minimal, at inception, and during the year and did not dominate the value changes that result from the economic relationship. The hedge ratio for hedge accounting purposes is 1:1 or 100% since only a layer of the long-term loan which exactly matches the notional amount of the hedged item was designated as hedging instrument.

Interest rate risk
The Group's interest rate exposure management policy centers on reducing the Group's overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and maintaining a debt portfolio mix of both fixed and floating interest rates. The portfolio mix is a function of historical, current trend and outlook of interest rates, volatility of short-term interest rates, the steepness of the yield curve and degree of variability of cash flows.

As of December 31, 2021 and 2020, except for the Parent Company's JPY loans, the Group has no financial instruments subject to floating interest rates. There is no sensitivity to the changes in interest rates on the Group's income before tax through the impact of floating rate borrowings because the risk is effectively hedged by an interest rate swap.

Cash Flow Hedge

Interest rate swap

The Parent Company entered into an interest rate swap (IRS) agreement to hedge the variability in the interest cash flows arising from its floating rate loan with various lenders (the "Loan"), attributable to changes in the three-month 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, 2021 and 2020.

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. 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, 2021 and 2020:

	Maturity					
	Up to 3 months	> 3 to 6 months	> 6 to 12 months	> 1 to 2 years	More than 2 years	Total
As at 31 December						
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, 2021 and 2020:

	December 31, 2021			
	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	**₱32**	**₱32**	**₱32**	**₱–**

	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	₱–

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:

	2021	2020
Balance at beginning of year	**(₱51)**	(₱53)
Net unrealized gain (loss) on cash flow hedge	**19**	2
Balance at end of year (net of tax)	**(₱32)**	(₱51)

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
2021	**Increase by 22.94%**	**₱302**
	Decrease by 22.94%	**(302)**
2020	Increase by 95.36%	₱871
	Decrease by 95.36%	(871)

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
2021	**Increase by 10.40%**	**₱1,497**
	Decrease by 10.40%	**(1,497)**
2020	Increase by 4.84%	₱552
	Decrease by 4.84%	(552)

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, 2021, 2020 and 2019 were computed as follows (amounts in millions, except earnings per share):

		2021	2020	2019
a.)	Net income attributable to equity holders of the Parent Company from continuing operations	₱10,983	₱6,546	₱16,586
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	10,394	5,957	15,997
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)	₱48.28	₱27.67	₱74.31

The basic/diluted earnings per share from discontinued operations attributable to equity holders of the Parent Company for the years ended December 31, 2021, 2020 and 2019 were computed as follows:

		2021	2020	2019
a.)	Net income attributable to equity holders of the Parent Company from disposal group	₱–	₱–	₱3,723
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

The basic/diluted earnings per share attributable to equity holders of the Parent Company for the years ended December 31, 2021, 2020 and 2019 were computed as follows:

		2021	2020	2019
a.)	Net income attributable to equity holders of the Parent Company	₱10,983	₱6,546	₱20,309
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	10,394	5,957	19,720
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)	₱48.28	₱27.67	₱91.60

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, 2021, 2020 and 2019, 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, 2021, 2020 and 2019:

	December 31, 2021					
	Real Estate	Financial Institution	Automotive Operations	Infrastructure	Others	Total
Revenue	₱5,607	₱–	₱150,964	₱–	₱10	₱156,581
Other income	2,828	–	1,894	–	376	5,098
Equity in net income of associates and joint venture	97	9,443	–	1,525	–	11,065
	8,532	9,443	152,858	1,525	386	172,744
Cost of goods and services sold	467	–	102,492	–	–	102,959
Cost of goods manufactured and sold	–	–	32,111	–	–	32,111
Cost of rental	642	–	–	–	13	655
Cost of real estate sales	3,114	–	–	–	9	3,123
General and administrative expenses	3,304	–	9,651	–	500	13,455
	7,527	–	144,254	–	522	152,303
Earnings before interest and taxes	1,005	9,443	8,604	1,525	(136)	20,441
Depreciation and amortization	538	–	1,631	–	19	2,188
EBITDA	1,543	9,443	10,235	1,525	(117)	22,629
Interest income	1,587	–	229	–	83	1,899
Interest expense	(1,509)	–	(249)	–	(4,512)	(6,270)
Depreciation and amortization	(538)	–	(1,631)	–	(19)	(2,188)
Pretax income	1,083	9,443	8,584	1,525	(4,565)	16,070
Provision for income tax	(281)	–	(1,440)	–	(100)	(1,821)
Net income from continuing operations	802	9,443	7,144	1,525	(4,665)	14,249
Net income from discontinued operations	–	–	–	–	–	–
Net income	₱802	₱9,443	₱7,144	₱1,525	(₱4,665)	₱14,249
Segment assets	₱109,973	₱135,453	₱65,406	₱38,194	₱48,768	₱397,794
Segment liabilities	₱70,867	₱–	₱37,748	₱–	₱84,100	₱192,715

	December 31, 2020					
	Real Estate	Financial Institution	Automotive Operations	Infrastructure	Others	Total
Revenue	₱4,646	₱–	₱113,975	₱–	₱2,983	₱121,604
Other income	3,022	–	1,041	–	375	4,438
Equity in net income of associates and joint venture	(300)	5,826	–	829	–	6,355
	7,368	5,826	115,016	829	3,358	132,397
Cost of goods and services sold	358	–	76,121	–	–	76,479
Cost of goods manufactured and sold	–	–	23,554	–	–	23,554
Cost of rental	580	–	–	–	9	589
Cost of real estate sales	3,157	–	–	–	963	4,120
General and administrative expenses	2,534	–	10,043	–	455	13,032
	6,629	–	109,718	–	1,427	117,774
Earnings before interest and taxes	739	5,826	5,298	829	1,931	14,623
Depreciation and amortization	529	–	1,979	–	9	2,517
EBITDA	1,268	5,826	7,277	829	1,940	17,140
Interest income	1,833	–	154	–	36	2,023
Interest expense	(1,379)	–	(447)	–	(4,497)	(6,323)
Depreciation and amortization	(529)	–	(1,979)	–	(9)	(2,517)
Pretax income	1,193	5,826	5,005	829	(2,530)	10,323
Provision for income tax	(370)	–	(1,564)	–	(52)	(1,986)
Net income 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

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:

	2021	2020	2019
Domestic	₱165,662	₱128,346	₱215,907
Foreign	8,981	6,074	7,033
	₱174,643	₱134,420	₱222,940

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 ₱2.81 billion, ₱3.45 billion and ₱3.83 billion as of December 31, 2021, 2020 and 2019, respectively.

37. EVENTS AFTER THE REPORTING DATE

On January 27, 2022, the Parent Company paid the quarterly cash dividends amounting to ₱56.01 million, or ₱11.57475 per share in favor of GT Capital's perpetual preferred series A stockholders as of record date January 5, 2022.

On January 27, 2022, the Parent Company paid the quarterly cash dividends amounting to ₱91.21 million, or ₱12.73725 per share in favor of GT Capital's perpetual preferred series B stockholders as of record date January 5, 2022.

On March 25, 2022, the BOD of the Parent Company approved the declaration of regular cash dividends amounting to 645.85 million, or 3.00 per share in favor of GT Capital's common stockholders of record as of April 8, 2022, payable on April 22, 2022.

On March 25, 2022, the BOD of the Parent Company approved the declaration of regular cash dividends in favor of its voting preferred stockholders at a dividend rate of 3.77%, with record date on April 8, 2022 and payment date on April 22, 2022.

38. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Below are the noncash operating, investing and financing transactions of the Group:

	2021	2020	2019
Transfers between investment property and inventories (Note 6)	₱270	₱1,216	₱–
Borrowing costs capitalized to inventories (Note 6)	712	642	1,131
Impact of business combination (Note 8)	50	–	–

The following are the changes in liabilities in 2021 and 2020 arising from financing activities including both cash and non-cash changes:

	January 1, 2021	Availment	Payment	Forex movement	Amortization of day 1 loss	Amortization of deferred financing cost	Others*	December 31, 2021
Short-term debt (Note 16)	₱28,007	₱30,020	(₱48,900)	₱–	₱–	₱–	₱–	₱9,127
Current portion of long-term debt (Note 16)	5,012	–	(157)	–	–	–	4,568	9,423
Long-term debt - net of current portion (Note 16)	95,429	27,627	(5,320)	(503)	–	90	(4,568)	112,755
Current portion of bonds payable	4,995	–	(5,000)	–	–	5	–	–
Bonds payable (Note 17)	10,065	–	–	–	–	12	–	10,077
Current portion of liabilities on purchased properties (Notes 20 and 27)	598	–	(1,299)	–	35	–	970	304
Liabilities on purchased properties - net of current portion (Notes 20 and 27)	2,657	–	(342)	–	313	–	(970)	1,658
	₱146,763	₱57,647	(₱61,018)	(₱503)	₱348	₱107	₱–	₱143,344

** Others include reclassification from noncurrent to current portion.*

	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.*

39. APPROVAL FOR THE ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Group were approved and authorized for issue by the Parent Company's BOD on March 25, 2022.

Corporate Directory

Metropolitan Bank & Trust Company
Metrobank Plaza
Senator Gil Puyat Avenue,
1200 Makati City, Philippines
(+632) 8898-8000
Fax: (+632) 8817-6355
www.metrobank.com.ph

Toyota Motor Philippines Corporation
Toyota Special Economic Zone
Santa Rosa-Tagaytay Highway
4026 Santa Rosa City, Laguna
Tel: (+632) 8825-8888
Fax: (+632) 8843-5799
Customer Assistance Hotline:
(+632) 8819-2912
www.toyota.com.ph

Federal Land, Inc.
20th Floor, GT Tower International,
6813 Ayala Ave.
corner H.V. Dela Costa St.,
1227 Makati City, Philippines
Tel: (+632) 8883-6888
Fax: (+632) 8856-3847
www.federalland.ph

AXA Philippines
34th Floor, GT Tower International,
6813 Ayala Ave. corner
H.V. Dela Costa St.,
1227 Makati City, Philippines
Office Trunkline: (+632) 8885-0101
Customer Hotline:
(+632) 85815-AXA (292)
www.axa.com.ph

Metro Pacific Investments Corporation
10/F, MGO Building
Legaspi corner Dela Rosa Streets
Makati City, 0721 Philippines
Telephone: (+632) 8888-0888
Fax: (632) 8888-0813
www.mpic.com.ph

Toyota Manila Bay Corporation
Central Business Park,Roxas Blvd.,
Brgy. 076, Pasay City 1308
www.toyotamanilabay.com.ph

Toyota Financial Services Philippines Corporation
32nd floor, GT Tower International,
6813 Ayala Ave. cor. H.V. dela Costa St.,
1227 Makati City, Philippines
Office Trunkline: (+632) 8858-8500
Customer Hotline: (+632) 7757-8500
Fax: (+632) 8815-4150
www.toyotafinancial.ph

Sumisho Motor Finance Corporation
12th Floor, PSBank Center,
777 Paseo de Roxas corner Sedeño Street,
Makati City, Philippines
Tel: (632) 8802-6888
www.sumisho.com.ph

GT Capital Auto and Mobility Holdings, Inc.
43rd Floor, GT Tower International,
6813 Ayala Ave. corner
H.V. Dela Costa St.,
1227 Makati City, Philippines
Tel: (+632) 8836-4500
www.gtcapital.com.ph

JBA Philippines, Inc.
Unit 150-156, Ground Floor, Cluster F,
Blue Bay Walk Metro Park St., Pasay City
www.jbap.com.ph

Premium Warranty Services Philippines Inc.
2nd Floor, Cluster J, Blue Bay Walk
Diosdado Macapagal Boulevard,
cor. EDSA Extension, Barangay 76
Pasay City,
Fourth District, NCR, Philippines
Tel: (632) 8672 3294
www.pwsp.com.ph

Corporate Information

GT CAPITAL HOLDINGS, INC.
43rd Floor, GT Tower International
6813 Ayala Ave. corner H.V. Dela Costa St.
1227 Makati City, Philippines
Tel: (+632) 8836-4500
Fax: (+632) 8836-4159
gtcap@gtcapital.com.ph
www.gtcapital.com.ph

GT Capital welcomes inquiries from analysts, the financial community, and institutional investors. Please write or call:

JOSE B. CRISOL, JR.
Senior Vice President/Head, Investor Relations, Strategic Planning, and Corporate Communications
43rd Floor, GT Tower International
6813 Ayala Ave. corner H.V. Dela Costa St.
1227 Makati City, Philippines
Tel: (+632) 8836-4500
ir@gtcapital.com.ph

www.gtcapital.com.ph/investor-relations

STOCK TRANSFER AGENT
Metropolitan Bank & Trust Company
Metrobank-Trust Banking Group
5th Floor Annex, Metrobank Plaza,
Sen Gil Puyat Ave., Makati City
Tel: (+632) 8857-5299; (+632) 88575695
Email: walter.briones@metrobank.com.ph;
annette.bautista@metrobank.com.ph;
abby.quetua@metrobank.com.ph

GT CAPITAL
HOLDINGS INCORPORATED

43rd Floor, GT Tower International
6813 Ayala Ave. corner H.V. Dela Costa St.
1227 Makati City, Philippines
Tel (+632) 8836-4500
Fax (+632) 8836-4159
gtcap@gtcapital.com.ph
www.gtcapital.com.ph