

30 April 2025

**SECURITIES AND EXCHANGE COMMISSION**

7907 Makati Avenue, Salcedo Village  
Barangay Bel-Air, Makati City

Attention: **ATTY. OLIVER O. LEONARDO**

Director, Markets and Securities Regulation Department

Attention: **ATTY. RACHEL ESTHER J. GUMTANG-REMALANTE**

Director, Corporate Governance and Finance Department

**THE PHILIPPINE STOCK EXCHANGE**

6<sup>th</sup> to 10<sup>th</sup> Floors, PSE Tower 5<sup>th</sup> Avenue corner  
28<sup>th</sup> Street, Bonifacio Global City,  
Taguig City

Attention: **ATTY. JOHANNE DANIEL M. NEGRE**

Officer-in-Charge, Disclosure Department

**PHILIPPINE DEALING & EXCHANGE CORP.**

29/F, BDO Equitable Tower  
8751 Paseo de Roxas, Makati City

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**

Head - Issuer Compliance and Disclosure Department

Re: **SEC Form 17-A Amended (Annual Report) for the year 2024**

**Gentlemen/Ladies:**

Please be advised that we are amending our previous disclosure on the Company's SEC Form 17-A (Annual Report) for the year 2024, to include revised ESG disclosures, which are now 3rd party assured, as evidenced by the attached Limited Assurance Report, Item 14 – Exhibit B.

Very truly yours,

  
**LINDEZA R. ROGERO-GAVINO**  
Corporate Secretary

# COVER SHEET

for

## AUDITED FINANCIAL STATEMENTS

SEC Registration Number

|   |   |   |   |   |  |  |  |  |  |
|---|---|---|---|---|--|--|--|--|--|
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### COMPANY NAME

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| F | I | L | I | N | V | E | S | T |   | D | E | V | E | L | O | P | M | E | N | T |  | C | O | R | P | O | R | A | T |
| I | O | N |   | A | N | D |   | S | U | B | S | I | D | I | A | R | I | E | S |   |  |   |   |   |   |   |   |   |   |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |   |   |   |   |   |   |   |   |
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### PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
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| R |   | 2 | 3 | R | D |   | S | T | R | E | E | T | , |   | B | O | N | I | F | A | C | I | O |   | G | L | O | B | A |
| L |   | C | I | T | Y | , |   | T | A | G | U | I | G |   | C | I | T | Y | , |   | M | E | T | R | O |   | M | A | N |
| I | L | A |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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|---|---|--|--|
| N | A |  |  |
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### COMPANY INFORMATION

|                         |                              |                           |
|-------------------------|------------------------------|---------------------------|
| Company's Email Address | Company's Telephone Number   | Mobile Number             |
| www.filinvestgroup.com  | 7798-3977                    | NONE                      |
| No. of Stockholders     | Annual Meeting (Month / Day) | Fiscal Year (Month / Day) |
| 3,976                   | Last Friday of April         | 12/31                     |

### CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

|                        |                             |                    |               |
|------------------------|-----------------------------|--------------------|---------------|
| Name of Contact Person | Email Address               | Telephone Number/s | Mobile Number |
| Ven Christian S. Guce  | ven.guce@filinvestgroup.com | 7798-3977          | N/A           |

### CONTACT PERSON'S ADDRESS

|                                                                                                       |
|-------------------------------------------------------------------------------------------------------|
| The Beaufort, 5th Avenue Corner 23rd Street, Bonifacio Global City, Taguig City 1634,<br>Metro Manila |
|-------------------------------------------------------------------------------------------------------|

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

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

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE (SRC) AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the calendar year ended **December 31, 2024**
2. Commission identification **Number 51048.** 3. BIR Tax Identification **000-053-167-000.**
4. Exact name of registrant as specified in its charter: **FILINVEST DEVELOPMENT CORPORATION**
5. **Philippines** 6.  **(SEC Use Only)**  
Province, Country or other jurisdiction of incorporation or organization or Industry Classification Code:
7. **The Beaufort, 5th Avenue Corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila 1634**  
Address of principal office Postal Code
8. **02-7798-3977**  
Issuer's telephone number, including area code
9. \_\_\_\_\_  
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA
- | <u>Title of Each Class</u>           | <u>Number of Shares of Common Stock<br/>Outstanding and Amount of Debt Outstanding</u> |
|--------------------------------------|----------------------------------------------------------------------------------------|
| <b>Common stock, ₱1.00 par value</b> | <b>8,648,462,987 shares</b>                                                            |
|                                      | <b>₱137,331.2 million total consolidated debt<br/>(long-term and short-term debt)</b>  |
11. Are any or all of these securities listed in the Philippines Stock Exchange?  
Yes [ X ] No [ ]
12. Check whether the issuer:  
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);  
Yes [ X ] No [ ]  
(b) has been subject to such filing requirements for the past 90 days.  
Yes [ X ] No [ ]
13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

**Shares Held by Non-Affiliates as of  
December 31, 2024**  
928,225,499  
Shares

**Market Value per Share as of  
December 31, 2024**  
₱4.96 per share

**Total Market Value  
as of December 31, 2024**  
₱4.6 Billion

**APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEAR:**

14. Check whether the Issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court of the Commission.

Yes [ ☐ ]

**Not Applicable**

No [ ☐ ]

**DOCUMENTS INCORPORATED BY REFERENCE**

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated
- (a) Any annual report to security holders;
  - (b) Any information statement filed pursuant to SRC Rule 20;
  - (c) Any prospectus filed pursuant to SRC Rule 8.1.

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## **PART I - BUSINESS AND GENERAL INFORMATION**

### **ITEM 1. BUSINESS**

#### **1.1 Corporate Information, History, Developments, Form and Organization**

Filinvest Development Corporation (FDC or the Parent Company) was incorporated in the Philippines on April 27, 1973, and has evolved from businesses established by the Gotianun Family since 1955. Originally engaged in the small-scale financing of second-hand cars, the Gotianun Family later expanded into consumer finance in partnership with foreign institutions, such as Chase Manhattan Bank, Westinghouse Electric Corporation and Ford Philippines. By the early 1980s, the Gotianun Family's Filinvest Credit Corporation became one of the leading consumer finance companies in the Philippines in terms of assets. Over time, the "Filinvest" name became established and well-recognized in the Philippines not only in financing and banking but also in real estate development and other lines of business.

In 1967, the Gotianun Family entered the real estate business through the incorporation of Filinvest Realty Corporation, which was engaged in the development of residential subdivisions. In 1984, the Gotianun Family consolidated their real estate interests in FDC after divesting their shares in Family Bank and Trust Company (Family Bank) and the Insular Bank of Asia and America. By 1990, FDC expanded its product line to include the construction and sale of low-cost and medium-cost housing units. Thereafter, the product line was further expanded to include the development of commercial district, leisure projects such as farm estates and sports clubs, and construction of residential and office condominiums.

Filinvest Land Inc. (FLI) was incorporated on November 24, 1989. It began commercial operations in August 1993 after FDC spun off its real estate operations and transferred all related assets and liabilities to FLI in exchange for shares of FLI. FLI shares were listed on the Philippine Stock Exchange (PSE) on October 25, 1993. FDC remains as FLI's largest shareholder. As of December 31, 2024, FDC beneficially owns 71.4% of FLI's outstanding common shares and all of its issued and outstanding preferred shares.

Filinvest Alabang, Inc. (FAI) was incorporated on August 25, 1993 for the joint development with the Philippine government of Filinvest City in Alabang, Muntinlupa City. The development of Filinvest City started the foray of the Parent Company and its subsidiaries (collectively referred to as the "Filinvest Group" or the "Group") in central business district development and has since successfully ventured into retail, office, high-rise residential and leisure club development. FDC directly owns 80.0% of FAI's issued and outstanding shares, with FLI holding the remaining 20.0%. Thus, FDC's effective interest in FAI is 94.2% as of December 31, 2024.

In 1994, FDC decided to re-enter the banking and financial services business based on the then strengthening fundamentals of the Philippine economy and the Gotianun Family's prior experience in this business in the 1970s and 1980s. FDC incorporated East West Banking Corporation (EW or the Bank) in March 1994. On May 7, 2012, EW was publicly listed on the PSE. As of December 31, 2024, including its 37.9% ownership interest through FDC Ventures, Inc. (formerly FDC Forex Corporation, FVI), FDC effectively owns 77.9% of EW's issued and outstanding shares.

To diversify its business and position, FDC, as the Gotianun Family's primary holding company for its investments, acquired 100.0% of the issued and outstanding shares of Pacific Sugar Holdings Corporation (PSHC) from A.L. Gotianun, Inc. (ALGI) on June 29, 2007. PSHC owns three (3) Mindanao-based sugar companies, Davao Sugar Central Company, Inc. (DSCC), Cotabato Sugar Central Company, Inc. (CSCC) and High Yield Sugar Farms Corporation (HYSFC).

The Group, through FDC Misamis, completed the construction of its 3 x 135 MW CFB clean coal thermal power plant in Mindanao. Currently under operation, the plant has off-take agreements for 373 MW with 29 distribution utilities in Visayas and Mindanao. The plant's 3 units are fully operational with COC

received in October 2016. The Group has also entered into joint ventures with respect to the development of renewable energy and eco-sustainable projects, such as commercial and industrial solar rooftops and ground-mounted solar farms, and the development of a district cooling system.

The Group has been involved in the water supply business since 2012 through its subsidiary Countrywide Water Services, Inc. (CWSI), which provides water and wastewater services. Its water services include the supply and distribution of potable water to domestic, commercial and industrial users while its wastewater services include the treatment of domestic and commercial sewage.

The Group is also involved in the development, operation and management of hotels and resorts that cater to various market segments. In August 2011, FDC formed its wholly owned subsidiary Filinvest Hospitality Corporation (FHC) to serve as the primary developer and owners' representative of Group-owned hotel and resort properties.

Following the award of a provisional gaming license to Mimosa Cityscapes, Inc. (MCI), a wholly owned subsidiary of FHC, by the Philippine Amusement and Gaming Corporation (PAGCOR) in April 2018, the Group intends to extend its hospitality offering to include an integrated resort within the Filinvest Mimosa+ Leisure City development. The Group intends to outsource the operation of the casino to an established third-party gaming operator. MCI has ongoing discussions with a potential operating partner for the integrated resort development.

As part of the Group's continued expansion, in January 2019, as part of the North Luzon Airport Consortium (NLAC), FDC entered into a 25-year concession agreement for the operation and maintenance of the Clark International Airport (CIA) passenger terminal and the fit-out and operation and maintenance of a new terminal building. In February 2019, NLAC formed Luzon International Premiere Airport Development Corp. (LIPAD), which is owned 42.5% by FDC, 33.0% by JG Summit Holdings Inc. (JGSHI), 15.0% by Changi Airports Philippines (I) Pte. Ltd. (CAP) and 9.5% by the Philippine Airport Ground Support Solutions, Inc. (PAGSSI). In August 2019, LIPAD took over the operation and maintenance of the existing CIA terminal. The ceremonial handover of the new terminal to the consortium took place in January 2021. Boasting state-of-the-art facilities including superior accessibility, the CIA New Terminal formally started operations on May 2, 2022, welcoming both domestic and international travellers. Also, with a capacity of 8.0 million passengers annually, the terminal allows airport users to have the space and breathing room to move with ease.

In October 2019, FAI signed a joint venture agreement with Japanese company Mitsubishi Corporation (Mitsubishi) for the development of a P15-billion multi-tower mixed-use complex within Filinvest City. Mitsubishi has a 40% stake in the development of a 1.7-hectare prime lot that is seen to bolster mixed-use gross floor area (GFA) by approximately 200,000 square meters.

The Group also signed a joint venture agreement with Japanese company, Hitachi Aqua-Tech Engineering Pte Ltd. (HAQT), to establish Filinvest-Hitachi Omni Waterworks, Inc. (FLOW) to be able to tap into the latest developments in water technology such as desalination. FDC Water Utilities Inc. (FWUI), a wholly owned subsidiary of FDCUI, was awarded in July 2021, a 25-year 80 million liters per day (MLD) bulk water supply project with Metro Cebu Water District (MCWD) for the provision of desalinated potable water to Cebu City, Lapu-Lapu City and Talisay City. Upon signing of the contract with MCWD, FWUI will immediately commence with the construction of the desalination facilities utilizing seawater to be processed by means of the High Recovery Seawater Desalination Technology of its technical partner, Hitachi Ltd., Japan.

The Parent Company's registered business address is at The Beaufort, 5th Avenue Corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila. FDC common shares were listed on the PSE on December 22, 1982.

ALGI is the ultimate parent company of FDC and its subsidiaries. ALGI's business address is located at 32nd Floor, Parkway Corporate Center, Corporate Avenue, Filinvest City, Alabang, Muntinlupa City, Metro Manila.

## **1.2 Bankruptcy, Receivership or Similar Proceedings**

There was no bankruptcy, receivership or similar proceedings filed by the Company and/or any of its significant subsidiaries during the past 3 years.

## **1.3 Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary) over the past 3 years**

Other than the acquisitions discussed in the preceding section, there were no material reclassifications, mergers, consolidations or purchases or sales of significant amount of assets (not ordinary) by the Company and/or its significant subsidiaries during the past 3 years.

## **1.4 Significant Subsidiaries, Segments and Business Groups**

### **1.4.1 Real Estate Operations**

#### **A. Filinvest Land, Inc. (FLI)**

##### **Overview**

FLI is one of the leading real estate developers in the country, providing a wide range of real estate products to residential and commercial customers. FLI (including its predecessor's operations) has over 50 years of real estate expertise and has developed over 2,500 hectares of land, having provided home/home sites for over 200,000 families.

FLI is one of the largest nationwide residential developers in 55 cities and towns in 22 provinces in the Philippines. It is also one of the largest mid-rise buildings (MRB) developers in the country today and a market leader in the affordable and middle-income residential segments. It currently owns land bank of 1,629.5 hectares and has joint ventures arrangement for another 196.5 hectares, totaling 1,826 hectares under its control and management for sustainable future growth.

FLI and its subsidiaries (collectively referred to as "the FLI Group") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings. The FLI Group also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, Cavite, Dumaguete and Clark Mimosa. Upcoming locations are New Clark City (NCC), Ortigas, Manila, among others in the pipeline.

FLI now operates 38 office buildings totaling 694,077 square meters and 256,830 sq.m. Gross Leasable Area (GLA) in retail portfolio.

With a more diversified portfolio, FLI expects to generate stable recurring revenue from its retail and office investment properties. These recurring revenues can, in turn, be used to provide internally generated funding for other projects. FLI is not and has never been a subject of any bankruptcy, receivership, or similar proceedings.



### 19.2-hectare South Road Properties

In July 2015, FLI, Filinvest REIT Corp. (“FILRT”) and Filinvest Alabang, Inc. (“FAI”) (collectively referred to as “Filinvest Consortium”) won the bidding for a 19.20-hectare lot in Cebu’s South Road Properties (SRP). Thereafter, on August 7, 2015, the Filinvest Consortium entered into a Deed of Sale on Installment (DSI) with the Cebu City Government. In a letter dated January 6, 2017, the Cebu City Mayor questioned the validity of the sale and gave the buyers the option to withdraw from the sale at buyer’s discretion. In a letter to the Cebu City Mayor dated February 7, 2017 (the Letter), Filinvest Consortium expressed its intention to rescind the DSI. Under the DSI, Cebu City undertook to comply with several covenants, undertakings and obligations no later than February 7, 2016 (or 180 days from execution of the DSI). The Letter pointed out that as of February 7, 2017, the said covenants, undertakings and obligations have not been complied with and it does not appear that these will be complied with within a foreseeable reasonable period of time.

The rescission of the DSI shall only take effect upon return by Cebu City of the down payment and installment payments made to Cebu City by Filinvest Consortium, plus interests, within ninety (90) days from receipt of the Letter in accordance with Section 5.7 of the DSI. Pending receipt of such payments, the DSI shall remain valid and subsisting by and among the parties.

As of February 27, 2019, such payment has not been received and no formal and definitive legal proceeding has been undertaken by the parties on this matter. Consequently, as of the said date, the DSI remains valid and Filinvest Consortium has the sole and rightful claim over the property.

The 19.2-hectare property mentioned above is a separate property from the other two (2) properties within the SRP which were acquired from Cebu City: a) the 40-hectare property under a joint venture undertaking with Cebu City; and b) the 10-hectare property which was already paid in full by FLI to Cebu City.

On August 2, 2019, Filinvest Consortium informed Cebu City that the payments will be judicially consigned in accordance with law considering that to date, Cebu City has not yet returned the payments with interest, thus, the conditional rescission has already expired. In response, Cebu City issued a letter dated October 4, 2019 to FLI Consortium and insisted that the latter has no longer any debt to Filinvest Consortium as the DSI was effectively rescinded. Cebu City reiterates its willingness to restitute the Filinvest Consortium of the amount it has already paid prior the rescission.

The Cebu City Government and Filinvest Consortium came to a resolution on January 8, 2020, with the full payment and the signing of the Deed of Absolute Sale. The Filinvest Consortium paid on December 17, 2019, the full amount of the purchase price of the lot plus the accumulated interest for the unpaid installments since 2017. Accordingly, the matter has been resolved.

The carrying value of the property amounted to ₱1.47 billion as of December 31, 2024.

### **Form and Date of Organization**

FLI was incorporated in the Philippines on November 24, 1989, as Citation Homes, Inc. and later changed its name to FLI on July 12, 1993. It started commercial operations in August 1993 after FDC spun off its real estate operations and transferred all related assets and liabilities to FLI in exchange for shares of stock of FLI. FLI was listed on the PSE on October 25, 1993. As at December 31, 2024, FDC owns 71.4% of outstanding common shares and 100% of preferred shares of FLI.

## FLI Subsidiaries

The consolidated financial statements of FLI include the accounts of FLI and its subsidiaries. The nature of business and the corresponding percentages of ownership of FLI over these entities as at December 31, 2024, 2023 and 2022 are summarized below. The voting rights held by the FLI in these subsidiaries are in proportion to its ownership interest.

| Subsidiaries                                          | Nature of Business                             | 2024 | 2023 | 2022 |
|-------------------------------------------------------|------------------------------------------------|------|------|------|
| Filinvest AII Philippines, Inc. (FAPI)                | Real estate developer                          | 100  | 100  | 100  |
| FCGC Corporation (FCGCC)                              | Real estate developer                          | 100  | 100  | 100  |
| Filinvest BCDA Clark, Inc. (FBCI) <sup>1</sup>        | Real estate developer                          | 55   | 55   | 55   |
| Gintong Parisukat Realty and Development Inc. (GPRDI) | Real estate developer                          | 100  | 100  | 100  |
| Homepro Realty Marketing, Inc. (Homepro)              | Real estate developer                          | 100  | 100  | 100  |
| SJR Developers, Inc. (SDI)                            | Real estate developer                          | 100  | 100  | 100  |
| Niyog Property Holdings, Inc. (NPHI) <sup>2</sup>     | Real estate developer                          | 100  | 100  | —    |
| Cajel Realty Corporation (CRC) <sup>2</sup>           | Real estate developer                          | 100  | 100  | —    |
| Crystal Ball Realty & Management Inc. (CBRM)          | Real estate developer                          | 100  | 100  | 100  |
| Cloverleaf Holdings Corporation (CHC)                 | Real estate developer                          | 100  | 100  | 100  |
| Filinvest REIT Corp. (FILRT) <sup>3</sup>             | Leasing                                        | 51   | 63   | 63   |
| Filinvest Asia Corporation (FAC)                      | Leasing                                        | 60   | 60   | 60   |
| Filinvest Cyberparks, Inc. (FCI)                      | Leasing                                        | 100  | 100  | 100  |
| Filinvest Clark Mimosa, Inc. (FCMI)                   | Leasing                                        | 100  | 100  | 100  |
| Festival Supermall, Inc. (FSI)                        | Property management                            | 100  | 100  | 100  |
| Filinvest Lifemalls Corporation (FLC)                 | Property management                            | 100  | 100  | 100  |
| Filinvest Lifemalls Mimosa, Inc. (FLMI)               | Property management                            | 100  | 100  | 100  |
| Filinvest Lifemalls Tagaytay, Inc. (FLTI)             | Property management                            | 100  | 100  | 100  |
| ProOffice Works Services, Inc. (ProOffice)            | Property management                            | 100  | 100  | 100  |
| Property Specialist Resources, Inc. (Prosper)         | Property management                            | 100  | 100  | 100  |
| Co-Living Pro Managers Corp. (CPMC)                   | Property management                            | 100  | 100  | 100  |
| FSM Cinemas, Inc. (FSM Cinemas) <sup>4</sup>          | Theater operator                               | 60   | 60   | 60   |
| Philippine DCS Development Corporation (PDDC)         | District cooling systems, builder and operator | 60   | 60   | 60   |
| Timberland Sports and Nature Club, Inc. (TSNC)        | Recreational Sports and Natures Club           | 98   | 98   | 98   |
| Nature Specialists, Inc. (NSI)                        | Recreational and hospitality business operator | 75   | 75   | 75   |
| Leisurepro, Inc. (Leisurepro)                         | Marketing                                      | 100  | 100  | 100  |
| Proleads Philippines, Inc. (PPI)                      | Marketing                                      | 100  | 100  | 100  |
| Property Leaders International Limited (PLIL)         | Marketing                                      | 100  | 100  | 100  |
| Property Maximizer Professional Corp. (Promax)        | Marketing                                      | 100  | 100  | 100  |
| Realpros Philippines, Inc. (RPI)                      | Marketing                                      | 100  | 100  | 100  |
| FREIT Fund Managers, Inc. (FFMI)                      | Fund Manager                                   | 100  | 100  | 100  |
| OurSpace Solutions, Inc. (OSI) <sup>5</sup>           | Coworking spaces                               | 70   | 70   | 100  |

### Notes:

1. FBCI is owned indirectly through FCGCC.
2. NPHI and CRC were acquired in 2023 (see Note 1).
3. On December 11, 2024, the settlement of the Voluntary Tender Offer of shares owned by FLI in FILRT at an exchange ratio of 0.32 FILRT shares for every 1.00 FLI share resulted to FLI's 51% ownership in FILRT (see Note 1)
4. FSM Cinemas is owned indirectly through FSI.
5. On August 2, 2023, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KMC Community, Inc. (KCI), resulting to FLI's 70% ownership in OSI.

Except PLIL which was incorporated in British Virgin Islands, all of the FLI's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

Detailed discussion of each subsidiary follows:

- FAPI was incorporated on September 25, 2006 to develop the TSNC and Phase 2 of Timberland Heights
- FCGCC was incorporated on February 11, 2016 to undertake the development of the Clark Green City (now New Clark City) Project under the Joint Venture Agreement with Bases Conversion and Development Authority (BCDA). On March 16, 2016, FBCI, a joint venture company with BCDA, was incorporated to handle the aforementioned development. FBCI is 55%-owned by FCGCC and 45%-owned by BCDA. As of December 31, 2024, FCGCC and FBCI had started commercial operations.
- On January 19, 2018, FLI entered into a Share Sale and Purchase Agreement to purchase 100% of the total outstanding shares of GPRDI for a total consideration of ₱1.71 billion. The primary purpose of GPRDI is to hold, purchase, lease, contract otherwise acquire any and all real and personal properties. GPRDI has not started its commercial operations as of December 31, 2024.
- Homepro was incorporated on March 25, 1997 and started commercial operations on January 1, 2004.
- Filinvest REIT Corp. or FILRT (*formerly Cyberzone Properties, Inc. or CPI*)
  - CPI was incorporated on January 14, 2000 and began commercial operations on May 1, 2001. CPI is registered with the Philippine Economic Zone Authority (PEZA) as an Economic Zone Facilities Enterprise, which entitles CPI to certain tax benefits and non-fiscal incentives such as paying a 5% tax on its modified gross income in lieu of national and local taxes. CPI is also entitled to zero percent value-added tax on sales made to other PEZA-registered enterprises. CPI owns and operates the IT buildings in Northgate Cyberzone, located in a 10-hectare parcel of land within Filinvest City owned by the parent Company, FLI. CPI also leases a parcel of land measuring 2,831 sq.m. located in EDSA on which CPI built a 5-storey BPO building with a total GLA of 7,358 sq.m.
  - On January 20, 2021, FLI announced, through a Philippine Stock Exchange (PSE) disclosure, that its BOD has approved the transition of Cyberzone Properties, Inc. (CPI) into a Real Estate Investment Trust (REIT) company. CPI is intended to be listed on the PSE in compliance with the minimum public ownership requirements under Philippine securities regulations and the Real Estate Investment Trust Act of 2009 and its implementing rules and regulations and under such terms and conditions as FLI's BOD may subsequently approve.
  - On June 25, 2021, the shareholders of CPI, approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from "Cyberzone Properties, Inc." to "Filinvest REIT Corp.", (ii) reduction of the par value of its shares, and (iii) increase of the CPI's authorized capital stock. The change in name of CPI, the reduction in the par value of its shares, and the increase in its authorized capital stock were approved by the Philippine SEC on July 2, 2021.
  - On August 12, 2021, Filinvest REIT Corp. ("FILRT") was listed and traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT. As a result of the listing, FLI's interest in FILRT decreased to 63.3%. The transaction was accounted for as an equity transaction since there was no change in control over FILRT. Net proceeds from the public offering amounted to ₱12.13 billion and resulted in additions to retained earnings and noncontrolling interest amounting to ₱10.47 billion and ₱1.66 billion, respectively as of December 31, 2021. As of December 31, 2022, the noncontrolling interest in FILRT represents 36.7%.
  - A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income tax-free entity.

- As of December 31, 2024 and 2023, FILRT met the provisions of the REIT law and complies with the 90% dividend distribution requirement. FILRT has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a “no-tax” regime. Accordingly, the Group has derecognized deferred taxes of FILRT as of December 31, 2022 and did not recognize any deferred taxes in 2024 and 2023.
- FAC was incorporated on January 22, 1997 and as at date of this report is 60%-owned by FLI and 40%-owned by Reco Herrra Pte.Ltd. (RHPL). RHPL is 100% beneficially owned by the Government of Singapore Investment Corporation Pte. Ltd (GIC). FAC owns 50% of the 52-storey PBCom Tower, which is strategically located at the corner of Ayala Avenue and V. A. Rufino Streets in the Makati City Central Business District. FAC owns 35,148 sq. m. of leasable office space. The remaining 50% of PBCom Tower is owned by the Philippine Bank of Communications.
- The PBCom Tower is registered as an information technology building by PEZA. Consequently, tenants occupying space in PBCom Tower are entitled to avail of certain fiscal incentives, such as a 5% tax on modified gross income in lieu of the national and local taxes, income tax holidays and zero-rated vat in certain cases.
- FCI was incorporated on February 4, 2014. Its primary purpose is to acquire by purchase, lease, donate and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, hold for investment and deal with real estate of all kinds.
- FCMI was incorporated on January 23, 2017. Its primary purpose is to acquire by purchase, lease except financial leasing, donation or and hold for investment or otherwise deal in real estate of all kinds, nature, purpose and/or any interest or right therein. FCMI started its commercial operations in May 2018. FCMI is registered with Clark Development Corporation (CDC) as a Clark Freeport Enterprise enjoying incentives similar to PEZA such as zero percent VAT on its revenues and 5% income tax on modified gross income, in lieu of local and national taxes.
- FSI is the property manager of Festival Supermall and other commercial centers of the Group. FSI also owns 60% equity interest in FSM Cinemas, Inc. which is engaged in theater operations. The transaction was accounted for using the pooling of interest method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts.
- FLC, formerly Whiluc Realty & Mgt., Inc., is organized to invest in, purchase, hold, use, develop, lease, sell, assign, transfer mortgage, enjoy or otherwise dispose of, as may be permitted by law, all properties of every kind, nature and description and wherever situated, of any corporation.
- FLMI was incorporated on January 23, 2017. Its primary purpose is to acquire by purchase, lease except financial leasing, donation, or otherwise, and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise deal in real estate of all kinds, nature and purpose and/or any interest or right therein. FLMI has not started its commercial operations as of December 31, 2024.
- FLTI was incorporated on November 20, 2017. Its primary purpose is to acquire by purchase, lease (except financial leasing), donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise deal in real estate of all kinds in order to develop, conduct, operation, lease, and maintenance of retail and commercial space for rent, restaurants, function halls, amusement centers, movie or cinema theaters within the compound to premises of the shopping centers. FLTI started its commercial operations in March 2018.
- ProOffice was incorporated on March 18, 2019 to engage in the business of administration, maintenance and management of real estate developments and projects. ProOffice started commercial operations in August 2019.

- Prosper was incorporated on June 10, 2002 and started commercial operations on January 01, 2004. Prosper is engaged in the purchase, lease and management of hotel and resort properties, and is currently managing the condotel operations of a high-rise condominium (Grand Cenia) and hotel project (Quest Hotel) of the Parent Company. Prior to Prosper's condotel and hotel management business. Prosper was engaged in the business of real estate marketing.
- FSM Cinemas was incorporated on April 23, 1998 to engage in servicing, booking, and arranging of films, programs, shows, plays, and movies of all kinds, types, makes, and colors for movie houses, theaters, or cinemas and to exhibit, lease, rent, run or operate movie houses, theaters, cinemas, as well as, supply equipment, machines and accessories needed in cinemas, theaters or movie houses.
- On April 15, 2015, FLI and Engie Services Philippines (ENGIE) entered into a joint venture agreement to establish PDDC. On July 31, 2015, PDDC was registered with the SEC to engage in the business of building and operating a district cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City. PDDC is 60% owned by FLI and 40% owned by ENGIE.
- On July 18, 2018, the SEC approved TSNC's application on voluntary revocation of its secondary registration which allowed TSNC to proceed with the transition to its new business model. On November 15, 2018, the Board of Directors (BOD) approved the amendment to change the primary purpose of the Club from an exclusive recreational sports club to a for-profit commercial facility. On July 24, 2019, TSNC submitted its Amended Articles of Incorporation to SEC. The amendments include (a) change of the primary purpose of TSNC from that of an exclusive recreational sports club to a real estate development Company; (b) change of TSNC's principal address from No. 173 P. Gomez Street, San Juan, Metro Manila to Timberland Heights, Barangay Malanday, San Mateo Rizal; (c) converting of TSNC's capital stock from no par value club shares to par value shares; (d) removal of provisions which characterizes TSNC as an exclusive nonprofit association; and (e) removal of paragraphs which relate to the operations of an exclusive recreational sports club. On August 1, 2019, the SEC approved TSNC's application for voluntary revocation of its secondary registration. On August 18, 2019, the SEC approved TSNC's Amended Articles of Incorporation.
- Leisurepro was incorporated on April 21, 2004 and started commercial operations on January 1, 2006. The company is inactive since 2010.
- PPI was incorporated on March 29, 2017 to provide management, organizational, and other administrative services and training. PPI started its commercial operations in November 2017.
- PLIL, a company limited by shares, was registered at the territory of the British Virgin Islands on February 7, 2017. PLIL has not started its commercial operations as of December 31, 2022
- Promax was incorporated on October 3, 1997. It is engaged in real estate marketing business and handles the marketing and sale of socialized, affordable, middle income, high-end and farm estate property development projects of FLI.
- RPI was incorporated on August 3, 2017 to provide administrative support services and skills training primarily through the use of information technology, licensed software, and systems. RPI has started its commercial operations in November 2017.
- NSI was incorporated on August 24, 2018 to conduct real estate activities primarily focusing on hotels, inns, resorts, lodging houses and all adjunct accessories thereto, including restaurants, cafes, bars, stores, offices, etc. NSI has opened on March 14, 2021.
- FFMI was incorporated on April 13, 2021 to engage in business of providing fund management services to REIT companies.

- CPMC was incorporated on August 2, 2021 in to engage in business of developing, operating, managing, and maintaining dormitels, lots and buildings whether owned or leased, to make such dormitels available for all clients for temporary stay as well as any and all services and facilities incidental thereto. CPMC has started commercial operations last November 2023.
- OSI was incorporated on May 26, 2022 to engage in developing, operating, managing and maintaining commercial buildings to be used as coworking spaces. On May 22, 2023, OSI issued a resolution authorizing the issuance of additional shares out of its unissued authorized capital stock, pursuant to the provisions of the Joint Venture Agreement entered into by KMC Community, Inc. (KCI) and FLI, for the development and management of flexible workspaces.
- On December 14, 2022, FLI entered into a Deed of Assignment to purchase 100% ownership in SDI. The primary purpose of SDI is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartment and other structures.

### **Business Groups, Product Categories, Target Markets and Revenue Contribution**

As a result of the recent business developments, FLI is now composed of two business segments with corresponding product categories, target markets and revenue contributions as follows:

The two main line of business are the (1) real estate sales and (2) recurring income business which covers the leasing of offices, retail malls, industrial spaces, and dormitel and hotel operations.

### **Real Estate Sales Segment**

FLI's main real estate activity since it started operations has been the development and sale of residential property, primarily housing units and subdivision lots; in certain cases, provision of financing for unit sales.

#### Residential Projects

FLI is able to tap the entire residential market spectrum with the following range of housing units catering to various income segments:

*Socialized housing:* These developments are marketed and sold under FLI's Pabahay brand and consist of projects where lots typically sell for ₱160,000 or less per lot and housing units typically sell for ₱580,000 or less per unit. Buyers for these projects are eligible to obtain financing from the Government-mandated PAGIBIG Fund. Maximum sale prices for FLI's specialized housing products do not exceed the Government-mandated ceiling of ₱580,000 per unit. Any income realized from the development and improvement of socialized housing sites are exempt from taxation. In October 2023, the price limit for socialized housing was increased to ₱850,000.

*Affordable housing:* These developments are marketed and sold under FLI's Futura Homes brand and consist of projects where lots are typically sold at prices ranging from above ₱160,000 to ₱750,000 and housing units from above ₱850,000 to ₱2,500,000. FLI designs and constructs homes in this sector with the capacity and structural strength to give the owner the option to place an additional storey, which can double the available floor area. Affordable housing projects are typically located in provinces bordering Metro Manila, including Bulacan, Laguna, Batangas and Cavite, and in key regional cities and provinces such as Tarlac, Cebu, Davao, Palawan, Bacolod and Koronadal. Construction of a house in this sector is usually completed approximately six months from the completion of the required down payment.

*Middle-income housing:* These developments are marketed and sold under FLI's Aspire brand and consist of projects where lots are typically sold at prices ranging from above ₱750,000 to ₱1,200,000 and housing units from above ₱2,500,000 to ₱4,000,000. Middle-income projects are typically located within Metro Manila, nearby provinces such as Rizal, Cavite, Pampanga and Laguna, and major regional urban centers in Cebu, Davao, and Zamboanga.

*High-end housing:* Marketed under Filinvest Prestige brand, these developments consist of projects where lots are sold at prices above ₱1,200,000 and housing units for above ₱4,000,000. FLI's high-end projects are located both within Metro Manila and in areas immediately outside Metro Manila.

#### Other Real Estate Projects

In order to achieve product and revenue diversification, FLI has added the following projects so as to cater to other market niches:

##### a. Townships

Townships are master-planned communities to include areas reserved for the construction of anchor facilities and amenities. FLI believes that these facilities and amenities will help attract buyers to the project and will serve as the nexus for the township's community. Anchor developments could include schools, hospitals, churches, commercial centers, police stations, health centers and some other government offices.

#### *Filinvest at New Clark City*

This 288-hectare property will be transformed into a vibrant mixed-use master planned metropolis that is in harmony with its natural setting. The BCDA, FLI's partner in the development, has completed the construction of the SCTEX-NCC Road and is now completing the Airport-NCC Road that will directly connect the project to the Clark Freeport Zone. New Clark City will be built around four pillars: world center, multi-gen metropolis, eco-efficient capital, and strategic base – the cohesive foundation of a globally-competitive city. It will be shaped around the existing terrain, with meandering waterways and a Loop Park to connect its various pedestrian-friendly districts. Green path walks, bike lanes, e-transport systems and other innovative features are expected to set the benchmark for this pioneering development in the Philippines. The development will have 100 hectares of industrial park area, over 100 hectares of mixed-use commercial office, retail and residential developments, all interspersed with over 80 hectares of greens and open spaces. Currently, site development is ongoing including construction of ready-built factory buildings.

#### *Filinvest Mimosa+ Leisure City*

As the winning bidder in the privatization of the Mimosa estate in Pampanga, Filinvest is currently developing the 201-hectare property under Filinvest Mimosa, Inc., a new company formed by the consortium of FLI and FDC. FLI will handle the retail, office and residential components through its subsidiary FCMI, while FDC will undertake the hospitality, leisure and gaming segments, through its subsidiary Mimosa Cityscapes, Inc. (MCI). Envisioned to be a top-of-mind, year-round business and leisure destination, the sprawling Filinvest Mimosa+ Leisure City is being transformed into a vibrant and green central township that is home to various industries such as BPO, hospitality, retail, real estate, golf and gaming. Its location in Clark Freeport Zone allows FLI to take advantage of the growing interest of tourists and investors in the progressing Clark City. In addition to the renowned golf course, its components include a lifestyle and retail strip, a pavilion and grounds for events and an office campus called Workplus. This business hub will be composed of eight mid-rise buildings with fiber-optic facilities, podium parking and ground retail area. Also, part of the design is a lovely promenade that will connect all buildings and serve as a place for employees to enjoy the serene outdoor environment of Mimosa. To complement the business and commercial district, the Quest Hotel and Conference Center Clark will be joined by a residential area of mid- to high-rise buildings for investment or end-use and the co-living dormitel component (The Crib). The existing green resort environment will be further enhanced with parks, walking paths and bike trails to encourage wellness through nature and outdoor activities.

#### *Ciudad de Calamba*

Ciudad de Calamba is a 350-hectare development located in Calamba, Laguna. This township project is anchored by the Filinvest Technology Park-Calamba which is a PEZA-registered special economic zone. Ciudad de Calamba provides both industrial-size lots and ready-built factories to domestic and foreign enterprises engaged in light to medium non-polluting industries. FLI also donated to the city government of Calamba a parcel of land located within the Ciudad de Calamba, which will be used for a city health

center and police station. FLI also intends to develop the Ciudad de Calamba Commercial Center as part of this township project.

#### *Havila*

Havila, or formerly, Filinvest East County is a 335-hectare township along the eastern edge of Metro Manila, which traverses the municipalities of Taytay, Antipolo and Angono. It is anchored by two educational institutions: San Beda College – Rizal and the Rosehill School. The master plan for Havila provides for a mix of affordable, middle-income and high-end subdivisions on rolling terrain overlooking Metro Manila at an elevation of 200 meters above sea level.

#### *Timberland Heights*

Timberland Heights is a 677-hectare township project anchored by the Timberland Sports and Nature Club. It is located in the municipality of San Mateo, which is just across the Marikina River from Quezon City, and has been designed to provide residents with leisure facilities and resort amenities while being located near malls, hospitals and educational institutions located in Quezon City.

#### *City di Mare*

Inspired by the world's best-loved coastal cities, City di Mare, or "City by the Sea", spans across 50.6 hectares at Cebu's South Road Properties.

It is a master-planned development composed of different zones catering to a wide array of lifestyles and activities - Il Corso, the 10.6-hectare waterfront lifestyle strip; the 40-hectare residential clusters; and The Piazza, nestled at the heart of the residential enclaves puts lifestyle essentials such as school, church, shops, and restaurants within the neighborhood. City di Mare is envisioned to be a destination in itself, taking full advantage of the coastal ambience featuring seaside shopping, dining, beach, and water sports and more, right by the water's edge.

The 10.6-hectare retail development known as Il Corso shall have a gross leasable area of approximately 32,000 square meters. City di Mare has four resort-themed residential enclaves inspired by world-class resorts, with each 10-hectare development flaunting a distinct architectural character. With over 65% of the property allocated for wide, open areas and landscaped greens, City di Mare provides the generous amenity of breathing space and a refreshing dose of nature throughout the site. Residences are spread out over the sprawling development, maximizing the abundant sunlight and allowing the invigorating sea air to circulate freely.

#### *Wood Estates*

A 94-hectare township located in Trece Martires, Cavite with easy access to schools, shopping centers and transportation hubs.

#### *Iloilo Centrale*

Iloilo Centrale is a 11.4-hectare mixed-use development in Leganes, Iloilo City where the highly anticipated Panay-Guimaras bridge will be located. Blending modern urban living with Iloilo's timeless heritage and charm, Iloilo Centrale will be a vibrant community offering residential, commercial, retail, and recreational spaces, as well as a transport hub.

#### **b. Leisure projects**

FLI's leisure projects consist of its residential farm estate developments and residential resort development.

##### *1. Residential farm estates*

FLI's residential farm estate projects serve as alternative primary homes near Metro Manila to customers, such as retirees and farming enthusiasts. Customers can purchase lots (with a minimum lot size of 750 square meters) on which they are allowed to build a residential unit (using up to 25.0% of the total lot area). The remaining lot area can be used for small-scale farm development, such as fish farming or vegetable



farming. Residential farm estates are sold on a lot-only basis, with buyers being responsible for the construction of residential units on their lots. To help attract buyers, FLI personnel are available on site to provide buyers with technical advice on farming as well as to maintain demonstration farms.

At present, FLI has three residential farm estates:

- *Nusa Dua Farm Estate (“Nusa Dua”)* located in Cavite province just south of Metro Manila. The amenities at the Nusa Dua development include a two-storey clubhouse and a 370 square meter swimming pool.
- *Mandala Residential Farm Estate (“Mandala”)* located in Rizal province as part of the FLI’s Timberland Heights township project. It offers hobby farmers generous lot cuts and Asian-inspired homes that complement the mountain lifestyle.
- *Forest Farms Residential Farm Estate (“Forest Farms”)* located in Rizal province as part of Company’s Havila township project. It is an exclusive mountain retreat and nature park, nestled between the hills of Antipolo and the forested area of Angono.

## 2. Residential resort development

*Kembali Coast* on Samal Island, Davao is a beachfront residential resort development. This 50-hectare Asian-Balinese inspired island getaway offers low-density exclusivity and comes with a 1.8 km beach line that offers unobstructed view of the sea.

*Laeuna de Taal (“Laeuna”)* is located in Talisay Batangas with a view of the Taal lake and a lakeside residential community, about a ten-minute drive from the popular tourist destination of Tagaytay. Laeuna is an Asian Tropical-inspired community which offers three (3) residential enclaves (Arista, Bahia and Orilla) with a range of property choices for every family. Located on the waterfront is the Lake Club, a lakeside amenity designed for wellness, recreation and celebration.

### c. Medium Rise Buildings

Medium Rise Buildings (MRB) projects are five-storey to ten-storey buildings clustered around a central amenity area. The buildings occupy 30% to 35% of the land area, providing a lot of open spaces. FLI currently has the following MRB projects:

| Project Name               | Location                |
|----------------------------|-------------------------|
| <b>Metro Manila/ Luzon</b> |                         |
| Asiana Oasis               | Paranaque City          |
| Bali Oasis                 | Pasig City              |
| Bali Oasis 2               | Pasig City              |
| Capri Oasis                | Pasig City              |
| for a                      | Tagaytay                |
| Fortune Hill               | San Juan City           |
| Futura East                | Cainta, Rizal           |
| Maui Oasis                 | Sta. Mesa, Manila       |
| One Oasis Ortigas          | Pasig City              |
| One Spatial                | Pasig City              |
| Panglao Oasis              | Taguig                  |
| Sorrento Oasis             | Pasig City              |
| The Signature              | Balintawak, Quezon City |
| Verde Spatial              | Quezon City             |
| Alta Spatial               | Valenzuela City         |
| Centro Spatial             | Manila                  |
| Belize Oasis               | Muntinlupa              |
| Futura Monte               | Naga City               |

| Project Name             | Location                       |
|--------------------------|--------------------------------|
| <b>Visayas</b>           |                                |
| Amalfi Oasis             | City di Mare, Cebu             |
| Marina Spatial           | Dumaguete                      |
| One Oasis Cebu           | Mabolo, Cebu City              |
| One Spatial Iloilo       | Iloilo                         |
| San Remo Oasis           | City di Mare, Cebu             |
| Umi Garden               | City di Mare, Cebu             |
| <b>Mindanao</b>          |                                |
| Centro Spatial           | Davao City                     |
| Eight Spatial            | Maa, Davao                     |
| One Oasis Cagayan de Oro | Cagayan de Oro                 |
| One Oasis Davao          | Davao City                     |
| Veranda Resort Condos    | Davao                          |
| Maldives Aspire          | Davao                          |
| Futura Vinta             | Zamboanga                      |
| Futura Bay               | General Santos, South Cotabato |

#### d. High Rise Buildings

FLI develops HRBs in prime areas. HRBs are at least 18 stories, with various floor plans and designs depending upon the demographics of the target market for each building. FLI's policy is to commence construction of an HRB when at least 50% of the units in the building has been sold. From a development perspective, HRBs generally can be constructed in 2 years once all Government approvals have been obtained.

##### *The Linear*

The Linear, a master-planned residential and commercial hub in Makati City. Two-L-shaped towers, each 24-storeys high, comprise this dynamic condominium community that perfectly caters to the needs of young urban professionals.

##### *Studio City*

Studio City is a community composed of five-tower residential condominium complex within the Filinvest City to serve the demand for housing of the growing number of professionals working within Filinvest City and in the nearby Madrigal Business Park.

Since it is located within the Filinvest City, residents will enjoy proximity to Festival Supermall, Westgate Center, Northgate Cyberzone, Asian Hospital and Medical Center, and other commercial, educational and medical institutions. The development consists of 18-storeys per building with commercial units at the ground floor. All residential floors will have 25 studio units per floor.

##### *The Levels*

Located at one of the highest points of Filinvest City at around 23 meters above sea level, The Levels is a one-block, four-tower residential condominium development that features laidback suburban living inside a fast-paced business district. The residential development is set in a tropical landscape, with four towers uniquely designed with terracing levels, giving it a castle-effect look. The high-rise sections will be set in lush greenery, providing residents with views of the gardens. The second tower has just been launched.

##### *Vinia Residences*

Vinia is a 25-storey condominium development located along EDSA in Quezon City, right across TriNoma and just steps away from the MRT-North Avenue station. With its coveted location, it offers a world of ease and convenience to yuppies and families looking for quality homes, as well as budding entrepreneurs who want to start a home-based business at the heart of the city.

##### *Studio Zen*

Studio Zen is a 21-storey condominium development located along Taft Avenue in Metro Manila. Student-oriented amenities, Zen-inspired features, and functional building facilities makes it an ideal residence for students living independently and a great investment opportunity for entrepreneurs who want to take advantage of the ready rental market in the area.

##### *Studio A*

Studio A is a single tower 34-storey hi-rise residential condominium located in Loyola Heights in Quezon City. A community conveniently situated near premier universities, the LRT 2 line and other commercial establishments.

##### *100 West*

100 West is a single tower 38-storey high-rise commercial and residential condominium with office spaces located in Gen. Gil Puyat Avenue corner Washington St. in Makati City. 100 West is in the Makati Business District and accessible to both north and south of Metro Manila.

##### *Studio 7*

Studio 7 is a mixed-use development that will have office and residential towers complemented with retail outlets, located in Quezon City along EDSA very close to the GMA-Kamuning MRT station. Studio 7 will have studios as well as one-bedroom residential units.

### *Activa*

Activa is a mixed-use development with residential, office, retail and hotel components. It is entrenched in the heart of Quezon City's busiest and liveliest district, Cubao. Situated at the crossroads of two of the metro's most vital thoroughfares. Activa connects to the north and south via EDSA, and to the east and west via Aurora Boulevard. It also has direct access to the MRT and LRT lines, and accessible by various modes of transportation like buses and jeepneys.

### *Studio N*

Studio N is a 25-Storey development and is the latest addition to the studio series portfolio of Filinvest. This is located at the main business hub of Filinvest City. This is currently under construction.

## **Analysis of FLI's Real Estate Sales**

The table below shows a comparative breakdown of FLI's journalized real estate sales into various product categories for the years ended December 31, 2024, 2023 and 2022 (amounts in ₱ thousands).

| Category                      | Years ended December 31 |               |             |            |
|-------------------------------|-------------------------|---------------|-------------|------------|
|                               | 2024                    |               | 2023        |            |
|                               | Amount                  | % to total    | Amount      | % to total |
| Medium income                 | <b>₱11,336,019</b>      | <b>73.6%</b>  | ₱9,835,600  | 67.9%      |
| Low affordable and affordable | <b>1,863,213</b>        | <b>12.1%</b>  | 3,367,527   | 23.2%      |
| High-End and Others           | <b>1,524,605</b>        | <b>9.9%</b>   | 855,169     | 5.9%       |
| Socialized                    | <b>668,924</b>          | <b>4.4%</b>   | 428,210     | 3.0%       |
| <b>Total</b>                  | <b>₱115,392,761</b>     | <b>100.0%</b> | ₱14,486,506 | 100.0%     |

## **Analysis of FLI's Cost of Sales**

The table below shows a comparative breakdown of FLI's journalized cost of sales by cost component for the years ended December 31, 2024, 2023, and 2022 (in ₱ thousands):

|                                        | 2024              | 2023       | 2022       |
|----------------------------------------|-------------------|------------|------------|
| Land acquisition cost                  | <b>₱997,010</b>   | ₱1,067,847 | ₱1,058,245 |
| Land development and construction cost | <b>6,357,888</b>  | 7,033,638  | 6,296,444  |
| <b>Total</b>                           | <b>₱7,354,898</b> | ₱8,101,485 | ₱7,354,689 |

## **Recurring Business Segment**

### **Leasing of properties**

FLI's investment properties are mainly categorized as retail and office segments. The Group has also started investments in new leasing formats - dormitels (co-living) and industrial parks.

### **Commercial Retail Leasing Properties**

#### *Festival Mall Alabang*

The landmark project, Festival Supermall, carries on its position as the prime destination for recreation and retail in southern Metro Manila. With more 'firsts' on its offerings and a better shopping ambiance, the mall has elevated the retail experience in the south. It is one of the country's largest shopping malls with more than 1,000 shops.

Major improvements have been undertaken and continue to be undertaken for the existing mall and its facilities. New interiors give the mall a refreshed look and modern ambiance, complementing the recently completed 46,000 sq.m. expansion wing. Decathlon, a French sporting goods retailer, opened a 5,000 sq.m. store in the original mall. New lifestyle and food tenants continue to open in the expansion wing.

The introduction of new and unique food establishments has made Festival a gastronomic destination ushering in new traffic and strengthening its appeal to its core target market. The Water Garden, a new distinctly refreshing outdoor amenity and convergence zone in the expansion wing, continues to be favorite among mall patrons. Uniqlo opened its first ever roadside store in the country in Westgate, Festival's affiliated lifestyle development in Filinvest City.

#### *Fora Mall*

Conveniently located right by Tagaytay Rotunda is Fora Mall, the first regional mall in the area. This prime retail destination provides about 26,000 sq. m of leasable space amidst nature, open spaces, and a beautifully landscaped amphitheater. It primarily serves the local market and Tagaytay bound tourists. A number of local and popular food concepts, along with national brands, have opened in the mall. Super Metro, a 24-hour hypermarket, serves as its anchor. Other notable shops include Ace Hardware, Power Mac and OwnDays. The mall also has four (4) digital cinemas which have become the go to place for Tagaytay City and surrounding towns for recreation.

#### *Main Square*

With a smaller format of over 18,000 sq. m leasable area, Main Square is the first and only mall along Bacoor Blvd, close to Bacoor City Hall and fronting Princeton Heights. Positioned as the reliable one-stop hub for neighboring gated villages of Bacoor, it provides basic shopping, wellness, service and convenience offerings from partner brands such as Anytime Fitness, Watson's, Ace Hardware and Japan Home. The mall's anchor for this development is Robinsons Supermarket, which has become the most convenient essentials shopping option in the area. The City of Bacoor has also opened its satellite offices in Main Square.

#### *Il Corso*

Il Corso is a retail development with an estimated 34,000 sq. m of leasable area in the City di Mare estate development of Filinvest in the South Reclamation Area of Cebu City. Its opened restaurants facing the sea have become destinations in the southern edge of Cebu City. The cinema has also opened. A 10,000 sq.m. portion of the mall is being reconfigured to accommodate Business Process Outsourcing companies.

#### *Marinatown*

Marinatown Dumaguete is a mixed-use development with residential, office and retail components located in the Dumaguete Bay.

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#### *Mimosa Lifestyle Mall*

Located within Clark Mimosa+ Leisure City in Pampanga, this mall is under construction and will include a dining area with tree canopies and retail pavilions this will be F&B focused with outdoor dining areas.

#### **Commercial Office Properties**

As of December 31, 2024, FLI owns commercial office spaces for lease to several BPO and other office locators. Primarily, they are located in Northgate Cyberzone in Filinvest City, Alabang, Muntinlupa. Northgate is an 18-hectare PEZA zone that enjoys developer incentives. Among the Group's portfolio is the PBCom tower where FLI owns 60.0% through FAC, which owns 50.0% of the 52-storey PBCom Tower in the Makati CBD. PBCom Tower is a Grade A-PEZA-registered, IT/office building on Ayala Avenue, Makati City with a GLA of 35,148 sq.m.

FLI also owns several completed office developments, in Bay City, Pasay, at EDSA, Mandaluyong near Ortigas MRT station, at Gil Puyat, Makati City, at Clark Mimosa and at Cyberzone Cebu IT Park. A summary of the GLA is set forth below:

| <b>Location</b>                        | <b>Number of Buildings</b> | <b>GLA (sq. m.)</b> |
|----------------------------------------|----------------------------|---------------------|
| Northgate Cyberzone, Filinvest City    | 20                         | 368,423             |
| Metro Manila outside of Filinvest City | 10                         | 210,396             |
| Outside Metro Manila                   | 8                          | 115,258             |
| <b>Total</b>                           | <b>38</b>                  | <b>694,077</b>      |

Overall occupancy rate of the office developments as of December 31, 2024 is at 58%.

The office buildings of Filinvest are mainly located in business parks or in mixed-used complexes highly accessible to public transport. The Group believes its business park model, wherein the Group builds on areas specifically suited for business and industrial establishments supported, in certain cases, by incentives from the Government, gives it a competitive advantage as business parks are the preferred site of major BPO tenants. Being in a major business park allow the tenants assurance of expansion options within close proximity thereby giving the Group an advantage over stand-alone developments.

- Northgate Cyberzone, an 18.7-hectare, PEZA-registered IT park located in Filinvest City in Alabang. The office buildings of the Company sit within the ten (10) hectare parcel of land in the Northgate district owned by FLI.
- Mimosa Workplus, an office campus type environment that is comprised of eight (8) buildings set amidst the lush natural environment of the Filinvest Mimosa+ Leisure City.
- Cyberzone Cebu and Filinvest IT Park are two (2) distinct developments on two (2) separate BTO arrangements with the Cebu Province having land area of 1.2 hectares and 2.9 hectares respectively. The said properties are in close proximity to the city center located along Salinas Avenue and Banilad, in Cebu City. Together they comprise seven office towers, a mall and a hotel development. The office and mall portions are pre-certified LEED Gold rating.
- Activa is a 1.37-hectare mixed use development at the corner of EDSA and Aurora Boulevard and lies in close proximity to the Cubao LRT and Cubao MRT Stations. The development will have the following: BPO office tower, a traditional office tower, residential tower, retail mall, and lease accommodation or WFH studios for lease. The designs for the BPO office and mall portions are pre-certified with LEED Gold rating.
- Studio 7 is a two (2)-tower mixed-use complex comprising of residential and office buildings on a retail and parking podium. Located along major thoroughfare EDSA in Quezon City, it is strategically located close to the GMA Kamuning Metro Rail Transit 3 Station and is a pre-certified LEED Silver rating.
- Filinvest Cyberzone Bay City is a four (4)-tower office complex in the bustling section of the Bay Area. The complex is also certified LEED Silver rating.
- Filinvest Buendia, a prime office address at the heart of Makati City, is a 14-storey development that complements the vibrant and fast-paced lifestyle of urbanites by offering state-of-the-art leasable office and retail spaces. As of September 30, 2024, it is fully leased out by the Philippine Department of Trade and Industry (DTI).

### *Ongoing Construction*

- Activa is a 1.37-hectare mixed use development at the corner of EDSA and Aurora Boulevard and lies in close proximity to the Cubao LRT and Cubao MRT Stations. The development will have the following: BPO office tower, a traditional office tower, residential tower, hotel and a retail mall. The designs for the BPO office and mall portions are pre-certified with LEED Gold rating.
- Columna located in Manila City

### **New Leasing Formats**

- Co-living units or Dormitels: The Crib Clark located in the Clark Mimosa Leisure estate serves as temporary living accommodations for employees within the Clark Economic Zone. Four buildings have been completed and fully leased out.
- Industrial Parks: Filinvest Innovation Parks in Filinvest New Clark City and Ciudad de Calamba targets industrial locators who will lease land or ready built factory buildings.
- Co-working spaces: Management of co-working spaces in a joint venture with KMC Community which will be located in Filinvest office buildings. One branch is currently operating and another will be launched in 2024.

FLI will continue to carry out an intensive marketing campaign so to maintain high occupancy rates in its investment properties to maximize leasing revenues.

The table below shows a breakdown of FLI's recorded gross leasing related revenues for the years ended December 31, 2024 and 2023 (amounts in Thousands of Pesos, except percentages).

|                    | <b>Years ended December 31</b> |                   |               |                   |
|--------------------|--------------------------------|-------------------|---------------|-------------------|
|                    | <b>2024</b>                    |                   | <b>2023</b>   |                   |
|                    | <b>Amount</b>                  | <b>% to total</b> | <b>Amount</b> | <b>% to total</b> |
| Office             | <b>₱4,809,721</b>              | <b>61.3%</b>      | ₱4,660,427    | 64.7%             |
| Retail/ Commercial | <b>3,038,372</b>               | <b>38.7%</b>      | 2,540,523     | 35.3%             |
| <b>Total</b>       | <b>₱7,848,093</b>              | <b>100.0%</b>     | ₱7,200,950    | 100.0%            |

### **Marketing and Sales**

#### ***Real Estate Segment***

FLI develops customer awareness through marketing and promotion efforts and referrals from satisfied customers. FLI has a real estate marketing team, a network of sales offices located in the Philippines and tie-ups with independent brokers/marketing partners in other countries such as Europe, Hongkong, the Middle East, Japan, and Singapore. FLI's marketing personnel, together with in-house sales agents and accredited agents, gather demographic and market information to help assess the feasibility of new developments and to assist in future marketing efforts for such developments.

FLI conducts advertising and promotional campaigns principally through print and broadcast media, including billboards, fliers, and brochures designed specifically for the target market. Advertising and promotional campaigns are conceptualized and conducted by FLI's marketing personnel and by third-party advertising companies. These campaigns are complemented with additional advertising efforts, including booths at shopping centers, such as Festival Supermall, and other high traffic areas, to promote open houses and other events.

FLI also believes that the OFW population, as well as expatriate Filipinos, constitute a significant portion of the demand for affordable and middle-income housing either directly or indirectly by remitting funds to family members in the Philippines to purchase property. To this end, FLI has appointed and accredited

independent brokers in countries and regions with large concentrations of OFWs and expatriate Filipinos, such as Italy, Japan, Singapore, Hongkong, the United Kingdom and the Middle East. These brokers act as FLI's marketing and promotion agents in these territories to FLI and its products. FLI also sponsors road shows in countries to promote its projects, targeting potential buyers, especially the OFW and Filipino expatriate markets. FLI also markets its properties using the Internet or via Digital marketing platforms.

Sales for FLI's housing and land development projects are made through both in-house sales agents and independent brokers. Both FLI's in-house sales agents and independent brokers are compensated through commissions on sales. In-house sales agents also receive a monthly allowance and are provided administrative support by FLI, including office space and expense allowances.

In addition to in-house sales agents and independent brokers, FLI also employs representatives who staff its sales offices and provide customers with information about FLI's products, including financing and technical development characteristics. FLI also assigns each project a sales and operations coordinator who will provide customers with assistance from the moment they make their sales reservation, during the process of obtaining financing, and through the steps of establishing title on their new home. FLI also has personnel who can advise customers on financing options, collecting necessary documentation and applying for a loan. FLI also helps design down payment plans for its low-cost housing customers that are tailored to each customer's economic situation. Further, once a house is sold and delivered, FLI has customer service personnel who are available to respond to technical questions or problems that may occur after delivery of the property.

#### ***Leasing Segment***

Various professional, multinational commercial real estate leasing agents (including, but not limited to Jones Lang LaSalle, Santos Knight Frank, Colliers, CB Richard Ellis and Leechiu Property Consultants) are accredited to find tenants for its office space. These brokers work on a non-exclusive basis and earn commissions based on the term of the lease except for the Filinvest Cebu Cyberzone buildings located in IT Park Metro Cebu City wherein Santos Knight Frank is the exclusive leasing agent but also earns commission base on the term of the lease.

FLI also maintains, through its subsidiaries, an in-house leasing team to do marketing and administration of its office & commercial spaces.

#### ***Customer Financing for Real Estate Projects***

The ability of customers to obtain financing for purchases of subdivision lots or housing units is a critical element in the success of FLI's housing and land development business. Customer financing is particularly important in relation to sales of FLI's socialized housing projects, where most prospective buyers require financing for up to 100% of the purchase price. FLI therefore assists qualified homebuyers in obtaining mortgage financing from government-sponsored mortgage lenders, particularly for its socialized housing projects, and from commercial banks. FLI also provides a significant amount of in-house financing to qualified buyers.

#### ***In-house financing***

FLI offers in-house financing to buyers who choose not to avail of Government or bank financing. FLI typically finances 80% of the total purchase price, which is secured primarily by a first mortgage over the property sold. The loans are then repaid through equal monthly installments over periods mostly from 5 to 10 years. The interest rates charged by FLI for in-house financing typically range from 11.5% per annum to 19.0% per annum, depending on the term of the loan.

#### ***Pag-IBIG Fund***

A substantial number of buyers of FLI's socialized housing units finance their purchases through the Home Development Mutual Fund, or PAGIBIG Fund. To provide a liquidity mechanism to private developers, the PAGIBIG Fund has instituted a take-out mechanism for conditional sales, installment contract receivables and mortgages and repurchases of receivables from housing loans of its members.

***Mortgage Loans***

Mortgage loans from commercial banks are usually available to individuals who meet the credit risk criteria set by each bank and who are able to comply with each bank's documentary requirements. In addition to taking security over the property, a bank may also seek repayment guarantees from the Philippine Guarantee Corporation (PhilGuarantee). To assist prospective buyers, obtain mortgage financing from commercial banks, FLI also has arrangements with several banks to assist qualified customers to obtain financing for housing unit purchases.

***Deferred Cash Purchases***

In addition to the aforementioned financing arrangements, FLI has offered so-called "deferred cash" purchases, particularly for its high-end and leisure developments. Under this arrangement, the entire purchase price is amortized in equal installments over a fixed period, which is typically 24 months. Title to the property passes to the buyer only when the contract price is paid in full or when the buyer executes a real estate mortgage in favor of FLI which can be annotated on the title to the property.

***Real Estate Development***

FLI's real estate development activities principally include the purchase of undeveloped land or entering into joint venture agreements covering undeveloped land, the development of such land into residential subdivisions or other types of development projects, the sale of lots, the construction and sale of housing units and the provision of financing for some sales. Some projects are also developed through long-term land leases.

FLI plans to continue initiatives to further integrate its operations. FLI has established in 2017 a separate construction company (Dreambuilders Pro, Inc.) to undertake construction of specific projects and products, such as MRBs, to improve its cost competitiveness. Moreover, FLI has embarked on targeted digitalization processes, such as the use of building information modeling for design, as well as the acquisition and implementation of other software for bidding and project management, all in an effort to improve both cost and process efficiencies. Online platforms are continuously being developed and enhanced to ensure efficient touchpoints to its business partners such as customers, contractors, sellers and brokers. FLI also has separate property management teams with digital customer service applications to focus on monitoring and delivering the services to its clients.

Some development and construction work are contracted out to a number of qualified independent contractors on the basis of either competitive bidding or the experience FLI had with a contractor on prior project. FLI weighs each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments.

FLI maintains relationships with over 100 independent contractors and deals with them on an arm's length basis.

FLI does not enter into long-term arrangements with contractors. Construction contracts typically cover the provision of contractor's services in relation to a particular project or phase of a project. Progress payments are made to contractors during the course of a project development upon the accomplishment of pre-determined project performance milestones. Generally, FLI retains 10% of each progress payment in the form of a guarantee bond or cash retention for up to one year from the date the contracted work is completed and accepted by FLI to meet contingency costs.

FLI is not and does not expect to be dependent upon one or a limited number of suppliers or contractors. Its agreements with its contractors are in the nature of supply of labor and materials for the development and/or construction of its various real estate projects.



## B. Filinvest Alabang, Inc. (FAI)

### Overview

FAI is the conglomerate's real estate arm that oversees townships and luxury residential developments. FAI's flagship project is the master-planned development of Filinvest City, a 244-hectare premier satellite city located in Alabang, Muntinlupa City in the southern part of Metro Manila approximately 16 km south of Makati, the central business district in Manila and 10 km from the Ninoy Aquino International Airport. Filinvest City is a fully integrated, self-contained satellite city which serves as a viable urban residential and business alternative to Makati for the southern Metro Manila area and a business centre for the southern Tagalog provinces. The mixed-use development concept incorporates commercial and residential properties in a complementary manner and provides for a balance of recurring rental income from office and retail space as well as trading income from sale of lots and condominium units. Filinvest City is a joint venture development with Government entities, namely the Department of Environment and Natural Resources (DENR) and the Philippine Reclamation Authority (now with Land Management Bureau), in which FAI has a 74.0% interest. Over the past few years, land sale prices in Filinvest City have risen, driven by improved accessibility and economic growth. In particular, the completion of the Skyway extension from Sucat to Alabang in April 2011 has caused land prices in the surrounding area to increase.

The development obligations of FAI in Filinvest City have been substantially completed. Construction of the entry/exit of the Skyway into Filinvest City was completed and opened to the public in May 2011.

### Land Use

The following table shows the estimated mix of office, retail, residential, institutional and leisure properties that Filinvest City is expected to have when the project is fully completed, as well as certain details relating to developments at Filinvest City as of December 31, 2024. The land use and gross floor area estimates below may be adjusted as market trends develop and may not necessarily represent the eventual state of the actual property development.

| <b>Land Use</b>                  | <b>Lot area<br/>allocated<br/>(sqm)</b> | <b>Expected gross<br/>floor area<br/>(sqm)</b> |
|----------------------------------|-----------------------------------------|------------------------------------------------|
| High-rise office and condominium | 711,095                                 | 5,636,136                                      |
| Commercial and mixed-use         | 518,794                                 | 1,499,620                                      |
| Residential subdivision          | 49,182                                  | 49,182                                         |
| Leisure/hospitality              | 91,475                                  | 278,140                                        |
| Institutional/government         | 241,458                                 | 325,012                                        |
| Roads and open space             | 835,539                                 | —                                              |
| <b>Total</b>                     | <b>2,447,543</b>                        | <b>7,788,090</b>                               |

As of December 31, 2024, FAI beneficially owns 76.4 hectares of unsold lots in Filinvest City comprising 28.5 hectares held through joint ventures (in which FAI beneficially owns 21.1 hectares) and 55.3 hectares owned directly by FAI. Of the 55.3 hectares, 21.8 hectares remain unused. 34 hectares are leased out or being used for recurring business.

### Business Groups and Product Categories

#### *Office and Condominium Zone*

The office zone is currently concentrated in two districts of Filinvest City, the Spectrum and Northgate districts. A variety of office centres are owned and operated, or under development, by third parties in these districts. FLI's Northgate Cyberzone, is located at Northgate District. FAI also develops its own buildings in the office zone through office condominiums for sale, and also under the concept of small office-home office (SOHO). SOHO buildings are compact units designed to provide a flexible, efficient workplace and living space. The SOHO units are developed for sale rather than for lease.

### *Commercial and Mixed-Use Zone*

A variety of major retail establishments at Filinvest City are owned and operated by third parties. In addition, FLI owns Festival Mall, which is located at Filinvest City. FAI also develops its own retail leasing projects.

### *Marketing and Management*

The day-to-day operations in the retail zone, including leasing and general mall management, is managed by FSI pursuant to various management contracts entered by FSI with the owners and developers of various retail projects. The contracts are on a continuing basis until terminated with 90-day advance notice by any of the parties.

### *Residential Zone*

Filinvest City provides an urban residential alternative to the surrounding residential subdivisions. FAI is engaged in the development of a number of high-rise residential condominiums within Filinvest City. Each condominium's design varies according to its target market and income segment.

### *Leisure and Hospitality Zone*

Filinvest City includes several hotels and condotels owned and managed by third parties, in addition to CFCM, a hotel that FAI launched in December 2012 within its mixed-use Entrata complex. CFCM has 345 rooms on 27 storeys and is managed by Chroma under the Crimson brand. The hotel had its grand opening in March 2013.

In addition to hotels and condotels, Filinvest City is also the site of leisure projects, including the Palms Country Club. To enhance the value of its high-end residential projects in Filinvest City and to attract buyers to these projects, FAI established its own exclusive sports and leisure club, a 30,000-sq.m. private membership club that hosts banquets, corporate functions, and other events for its members. FAI sells individual and corporate club shares.

### *Institutional and Government Zone*

Filinvest City has institutional establishments, including both the private sector and Government entities. Filinvest City has become a hub for health and medical care and home to Asian Hospital, Ospital ng Muntinlupa, Food and Drug Administration and other Government-run medical facilities.

The table below shows a breakdown of Group's recorded gross leasing revenues for the years ended December 31, 2024 and 2023 (amounts in ₱ millions):

|            | Years ended December 31 |            |        |            |
|------------|-------------------------|------------|--------|------------|
|            | 2024                    |            | 2023   |            |
|            | Amount                  | % to total | Amount | % to total |
|            | Mall and retail         | ₱509.9     | 49.6%  | ₱461.9     |
| Land lease | 517.7                   | 50.4%      | 438.4  | 48.7%      |
| Total      | ₱1,027.6                | 100.0%     | ₱900.3 | 100.0%     |

The following table shows the historical GLA of the Group's commercial properties as of December 31, 2024 and 2023.

|                 | 2024    | 2023    |
|-----------------|---------|---------|
|                 | (sq.m.) |         |
| Mall and retail | 80,457  | 80,457  |
| Land lease      | 287,798 | 287,798 |
| Total           | 368,255 | 368,255 |

### C. Competition

Real estate development and selling are very competitive. FLI believes it is strongly positioned in the affordable to middle-income residential market segments. Success in these market segments depends on acquiring well-located land at attractive prices often in anticipation of the direction of urban growth.

FLI believes that the name and reputation it has built in the Philippine property market contributes to its competitive edge over the other market players. On the basis of publicly available information and its own market knowledge, FLI's management believes that it is among the leading housing and land / project developers in the Philippines. FLI's management also believes that FLI is able to offer competitive commissions and incentives for brokers, and that FLI is able to compete on the basis of the pricing of its products, offering a wider range of product types for different market sectors. Its brand name and its track record of successfully completing quality projects also give credibility to our products.

FLI directly competes with other major real estate companies positioned either as a full range developer or with subsidiary companies focused on a specific market segment and geographic coverage. Its direct competitors include Ayala Land Inc., Vista Land, Robinsons Land, SMPHI and DMCI Homes.

FLI faces significant competition in the Philippine property development market including land acquisition. This is particularly true for land located in Metro Manila and its surrounding areas, as well as in urbanized areas throughout the Philippines.

FLI's continued growth also depends in large part on its ability either to acquire quality land at attractive prices or to enter into joint venture agreements with land-owning partners under terms that can yield reasonable returns. Based on FLI's current development plans, FLI believes that it has sufficient land reserves for property developments for the next several years. If the Philippine economy continues to grow and if demand for residential properties remains relatively strong, FLI expects that competition among developers for land reserves that are suitable for property development (whether through acquisitions or joint venture agreements) will intensify and that land acquisition costs, and its cost of sales, will increase as a result.

#### *Leasing Segment*

With regards to the Group's assets dedicated to office space leasing and shopping mall operations, the Group competes with property companies such as Ayala Land Inc., Robinsons Land Corp. and SM Prime Holdings in retail space leasing. In office space leasing, particularly to call centers and other BPO operators, the Group competes with companies such as Robinsons Land, Inc., Ayala Land, Inc., Eton Corporation, SM Prime, and Megaworld Corporation.

### D. Intellectual Properties

The "Filinvest" trademarks, first of which was registered with the IPO on September 15, 2011, is the brand FLI uses for the names of certain real estate products and for trademarks relating to the "FLI" brand. Below are service marks owned by FLI and registered with the IPO:

| TRADEMARK                               | DATE OF REGISTRATION | TRADEMARK                           | DATE OF REGISTRATION |
|-----------------------------------------|----------------------|-------------------------------------|----------------------|
| One Oasis                               | 10 Dec 2009          | Tierra Vista                        | 29 Dec 2016          |
| One Oasis Ortigas                       | 10 Dec 2009          | Blue Isle                           | 19 Jan 2017          |
| We Build the Filipino Dream<br>(Slogan) | 10 Dec 2009          | Palmridge                           | 19 Jan 2017          |
| The Linear Makati & Design              | 12 Aug 2010          | Cyberzone Properties, Inc.          | 16 Feb 2017          |
| Filinvest (New Logo)                    | 15 Sept 2011         | Spring Heights                      | 27 Apr 2017          |
| Studio A                                | 20 Dec 2012          | The Enclave at Filinvest<br>Heights | 27 Apr 2017          |
| The Signature                           | 17 Apr 2014          | Filinvest International             | 04 May 2017          |
| Fortune Hill                            | 22 May 2014          | The Filinvest IT Zone               | 11 May 2017          |
| Fora Rotunda Tagaytay                   | 14 Aug 2014          | 8 Spatial                           | 22 June 2017         |
| The Leaf                                | 20 Nov 2014          | Ciudad de Calamba                   | 06 July 2017         |

| TRADEMARK                                   | DATE OF REGISTRATION | TRADEMARK                          | DATE OF REGISTRATION |
|---------------------------------------------|----------------------|------------------------------------|----------------------|
| Vinia                                       | 20 Nov 2014          | Verde Spatial                      | 06 July 2017         |
| Citi di Mare                                | 25 Dec 2014          | One Filinvest                      | 14 July 2017         |
| One Binondo                                 | 12 Feb 2015          | Marina Town                        | 30 July 2017         |
| I-Go                                        | 20 Feb 2015          | The Levels                         | 30 July 2017         |
| Bali Oasis                                  | 26 Feb 2015          | Studio City                        | 29 Dec 2019          |
| Bali Oasis 2                                | 26 Feb 2015          | Marina Spatial                     | 10 Aug 2017          |
| Citi di Mare (Logo and Tagline)             | 26 Feb 2015          | Grand Cenia Residences             | 17 Aug 2017          |
| Kembali                                     | 26 Feb 2015          | Sanremo Oasis                      | 17 Aug 2017          |
| One Spatial                                 | 26 Feb 2015          | East Spatial                       | 24 Aug 2017          |
| Serulyan Mactan                             | 26 Feb 2015          | Phuket Oasis                       | 24 Aug 2017          |
| Capri Oasis                                 | 05 Mar 2015          | Sorrento Oasis                     | 24 Aug 2017          |
| Timberland Heights (Horizontal Orientation) | 14 May 2015          | Studio Zen                         | 24 Aug 2017          |
| Timberland Heights (Stacked Orientation)    | 14 May 2015          | Austine Homes                      | 14 Sept 2017         |
| Kembali (Reversed Logo)                     | 25 June 2015         | Eastbay Palawan                    | 07 Mar 2020          |
| The Glades                                  | 09 July 2015         | Palm Estates                       | 14 Sept 2017         |
| 100 West                                    | 23 July 2015         | Filinvest Futura                   | 07 Dec 2017          |
| Activa                                      | 13 Aug 2015          | Filinvest Prestige                 | 07 Dec 2017          |
| The Veranda                                 | 27 Aug 2015          | Futura by Filinvest                | 07 Dec 2017          |
| Studio 7                                    | 12 Nov 2015          | Prestige by Filinvest              | 07 Dec 2017          |
| Umi Garden Suites                           | 11 Feb 2016          | Brentville International Community | 17 Dec 2017          |
| The Enclave Alabang                         | 11 Feb 2016          | New Leaf                           | 04 Jan 2018          |
| Filinvest (Reversed Logo)                   | 24 Mar 2016          | The Wood Estates                   | 18 Jan 2018          |
| Filinvest Premiere                          | 24 Mar 2016          | Asiana Oasis                       | 15 Feb 2018          |
| Futura                                      | 24 Mar 2016          | Ventura Real                       | 29 Mar 2018          |
| The Ranch                                   | 12 May 2016          | Nature Grove                       | 19 Apr 2018          |
| The Prominence                              | 26 May 2016          | Belize Aspire                      | 19 Apr 2018          |
| Aldea Real                                  | 07 July 2016         | Southwind                          | 12 July 2018         |
| Filinvest Technology Park                   | 07 July 2016         | Centro Spatial                     | 02 Sept 2018         |
| La Brisa Townhomes                          | 07 July 2016         | Laeuna de Taal                     | 14 Feb 2019          |
| Montebello                                  | 07 July 2016         | Amalfi                             | 14 Feb 2019          |
| Punta Altezza                               | 07 July 2016         | Futura East                        | 02 Sept 2018         |
| Springfield View                            | 07 July 2016         | Futura Tierra                      | 02 Sept 2018         |
| The Glens                                   | 07 July 2016         | Manna East by Filinvest            | 04 Oct 2018          |
| Vista Hills                                 | 07 July 2016         | Futura Vinta                       | 02 June 2019         |
| Woodville                                   | 07 July 2016         | Belize Oasis                       | 02 June 2019         |
| Panglao Oasis                               | 14 July 2016         | Futura Centro                      | 16 May 2019          |
| Amare Homes                                 | 04 Aug 2016          | venti-lite                         | 08 Feb 2020          |
| Nusa Dua                                    | 04 Aug 2016          | Filinvest Gaia New Clark City      | 13 Oct 2020          |
| Pine View                                   | 04 Aug 2016          | Columna                            | 20 Nov 2020          |
| Santoso Villas                              | 04 Aug 2016          | Studio N                           | 11 Sept 2020         |
| Blue Palm Estate                            | 11 Aug 2016          | Studio N (Tradenname)              | 11 Sept 2020         |
| Bluegrass County                            | 11 Aug 2016          | Futura One Fora Dagupan            | 10 Jan 2021          |
| Pueblo Solana                               | 11 Aug 2016          | Brentville International Community | 28 May 2021          |
| Summerbreeze                                | 11 Aug 2016          | Perth Oasis City Di Mare           | 10 Jan 2021          |
| Savannah Fields                             | 01 Sept 2016         | Sunrise Place                      | 27 Aug 2021          |
| Park Spring                                 | 02 Nov 2017          | Futura Mira                        | 18 Nov 2021          |
| Aspire by Filinvest                         | 07 Dec 2017          | Futura Primo                       | 07 Mar 2022          |
| Filinvest Aspire                            | 07 Dec 2017          | Timberland Heights                 | 26 May 2022          |
| Meridian Place                              | 08 Sept 2016         | Filinvest Innovation Park          | 10 Feb 2022          |
| Alta Spatial                                | 30 Sept 2016         | Futura Monte Naga                  | 01 Sept 2022         |
| Kembali Coast                               | 30 Sept 2016         | Futura Bay General Santos          | 17 Oct 2022          |
| The Tropics                                 | 30 Sept 2016         | Sydney Oasis                       | 06 May 2023          |
| Maui Oasis                                  | 20 Oct 2016          | Stello Centrale                    | 30 Sept 2023         |

| <b>TRADEMARK</b>  | <b>DATE OF REGISTRATION</b> | <b>TRADEMARK</b>        | <b>DATE OF REGISTRATION</b> |
|-------------------|-----------------------------|-------------------------|-----------------------------|
| Ashton Fields     | 03 Nov 2016                 | Futura Shores Dumaguete | 25 Mar 2024                 |
| Sandia Homes      | 24 Nov 2016                 | Strides                 | 15 Feb 2024                 |
| Valle Alegre      | 24 Nov 2016                 | Filinvest Land, Inc.    | 15 June 2024                |
| Valle Dulce       | 24 Nov 2016                 | Filinvest Instahomes    | 19 Aug 2024                 |
| Havila            | 08 Dec 2016                 | Iloilo Centrale         | 05 October 2024             |
| Princeton Heights | 08 Dec 2016                 | Sydney Oasis Bacoar     | 28 Nov 2024                 |
| Asenso Village    | 29 Dec 2016                 | New Leaf 2              | 09 Dec 2024                 |
| Hampton Orchards  | 29 Dec 2016                 | Futura Rise             | 28 Nov 2024                 |

FLI has pending applications with the IPO for the following trademarks:

|                                |
|--------------------------------|
| Iloilo Centrale                |
| Celestia at Timberland Heights |

FLI has likewise filed an application with the World Intellectual Property Office (WIPO) for the international registration of the “Filinvest” trademark under the Madrid Protocol. Accordingly, “Filinvest” is now registered in the following countries:

| <b>COUNTRY</b>           | <b>DATE REGISTERED</b>  |
|--------------------------|-------------------------|
| Malaysia                 | 04 Mar 2015             |
| United States of America | 08 Mar 2016             |
| Qatar                    | 15 May 2016             |
| Kuwait                   | 04 Sept 2016            |
| United Arab Emirates     | 22 Mar 2017             |
| Thailand                 | 22 May 2017             |
| Singapore                | 24 Aug 2017             |
| Japan                    | 22 June 2018            |
| Taiwan                   | 01 July 2018            |
| Cambodia                 | 19 July 2018            |
| Hong Kong                | 24 Aug 2018             |
| China                    | 21 Sept 2018 (Class 37) |
| Korea                    | 19 Nov 2018             |

Statements of Certificate of Protection of the “Filinvest” trademark have also been issued by the following countries:

| <b>COUNTRY</b> | <b>DATE</b>  |
|----------------|--------------|
| United Kingdom | 14 Apr 2015  |
| Australia      | 01 July 2015 |
| Denmark        | 14 Sept 2015 |
| Norway         | 16 Sept 2015 |
| Switzerland    | 11 Dec 2015  |
| Austria        | 16 Aug 2018  |
| Benelux        | 20 Aug 2018  |
| Sweden         | 14 Nov 2018  |

**Filinvest Alabang, Inc.**

| <b>Project</b>                 | <b>Owner / Filer</b> | <b>Registration Date</b> |
|--------------------------------|----------------------|--------------------------|
| Filinvest City                 | FDC                  | 07/23/2015               |
| Filigree                       | FAI                  | 06/22/2017               |
| Botanika Nature Residences     | FDC                  | 10/23/2014               |
| Two Botanika Nature Residences | FDC                  | 10/29/2024               |
| 1001 Parkway Residences        | FAI                  | 11/18/2021               |
| The Crib                       | FAI                  | 06/28/2020               |

**Filinvest Mimosa, Inc.**

| <b>Mark</b>                                   | <b>Application No. / Registration No.</b> | <b>Date Registered</b> |
|-----------------------------------------------|-------------------------------------------|------------------------|
| 1. FILINVEST MIMOSA+ LEISURE CITY (word mark) | 04-2017-00007244                          | 10-Oct-19              |
| 2. MIMOSA+                                    | 04-2017-00007243                          | 14-Sep-17              |
| 3. FILINVEST MIMOSA+ LEISURE CITY (trademark) | 04-2019-00014901                          | 29-Dec-19              |

**Filinvest Clark Mimosa, Inc. (formerly, “Filinvest Cyberzone Mimosa, Inc.”)**

| <b>Mark</b>                  | <b>Application No. / Registration No.</b> | <b>Date Registered</b> |
|------------------------------|-------------------------------------------|------------------------|
| 1. GOLF RIDGE (tradename)    | 04-2019-017968                            | 05-Mar-20              |
| 2. GOLF RIDGE PRIVATE ESTATE | 04-2019-020214                            | 11-Apr-20              |

**Filinvest REIT Corp.**

| <b>Mark</b>                | <b>Application No. / Registration No.</b> | <b>Date Registered</b> |
|----------------------------|-------------------------------------------|------------------------|
| FILREIT                    | 04-2021-512915                            | 01-Aug-21              |
| FILRT                      | 04-2021-512917                            | 01-Aug-21              |
| FILINVEST REIT CORP.       | 04-2021-512912                            | 08-Oct-21              |
| FILINVEST REIT CORPORATION | 04-2021-512913                            | 08-Oct-21              |
| FILINVEST REIT             | 04-2021-512916                            | 12-Nov-21              |

**E. Government Regulations**

The real estate business in the Philippines is subject to significant Government regulations over, among other things, land acquisition, development planning and design, construction and mortgage financing and refinancing.

After the project plan for subdivision is prepared, FLI applies for a development permit with the local government. If the land is designated agricultural land, FLI applies with the Department of Agrarian Reform (DAR) for a Certificate of Conversion or Exemption, as may be proper. A substantial majority of FLI’s existing landbank is subject to the DAR conversion process.

Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer’s financial, technical and administrative capabilities. Approvals must be obtained at both the national and local levels. Evidently, FLI’s results of operations are expected to continue to be affected by the nature and extent of the regulation of its business, including the relative time and cost involved in procuring approvals for each new project, which can vary for each project.

FLI is also subject to the application of the Maceda Law, which gives purchasers of real property on an installment basis certain right regarding cancellations of sales and obtaining refunds from developers.

FLI believes that it has complied with all applicable Philippine environmental laws and regulations. Compliance with such laws, in FLI's opinion, is not expected to have a material effect on FLI's capital expenditures, earning or competitive position.

### *PEZA Regulations*

Republic Act No. 7916 ("R.A. 7916") provided for the creation and management of Special Economic Zones, which are selected areas with highly developed or which have the potential to be developed into agro-industrial, industrial tourist/recreational, commercial, banking, investment, and financial centers.

PEZA is the government agency that is mandated to operate, administer, and manage these designated Ecozones. These Ecozones are generally established by a proclamation issued by the President of the Philippines, upon the recommendation of the PEZA. Enterprises offering IT services (such as call centers, and BPO using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered locators in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area capable of providing infrastructures and other support facilities required by IT enterprises, as well as amenities required by professionals and workers employed in these enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which, provides such infrastructure, facilities, and amenities. PEZA requirements for the registration of an IT Park or IT Building may differ depending on location. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board ("NWRB"), and the DENR.

Prior to becoming a REIT, the Company enjoys a preferential tax rate of 5% on gross income from 16 of its buildings in Northgate Cyberzone, from tenants that are also PEZA registered. Likewise, the BPO/IT companies who lease office space in Northgate or Cebu Cyberzone, which are PEZA-registered enjoy certain tax incentives as follows:

- Exemption from the payment of all national and local taxes, such as gross receipts tax, value-added tax, ad valorem tax, excise tax, income tax, documentary stamp tax, percentage taxes, and all other taxes found in the National Internal Revenue Code.
- Exemption from the payment of all local government impost, fees, licenses, or taxes including local business tax, transfer tax on the sale of real property, real estate taxes (except real estate tax on the land), community tax, mayor's permit fee, sanitary fee, other regulatory fees and other taxes and fees found in the Local Government Code and particularly in the Tax Ordinance of the local government unit where the economic zone is located.
- In lieu of the exemption from national and local taxes, the ECOZONE enterprise shall pay a 5% preferential tax on gross income, which is split between the City Treasurer of Muntinlupa (2/5) and BIR (3/5). For an ECOZONE export enterprise, the following are allowable deductions from net sales/revenues:
  - Direct salaries, wages, or labor expenses
  - Service or production supervision salaries
  - Raw materials
  - Goods in process
  - Finished goods
  - Supplies and fuel used in production
  - Depreciation of machinery, equipment and buildings owned and/or constructed
  - Financing charges associated with fixed assets
  - Rent and utility charges for buildings, equipment, and warehouses, or handling goods
  - Exemption from duties and taxes on imported capital equipment, spare parts, raw materials, and supplies.
  - Exemption from wharfage dues, export tax, import, or fee

- For the first five years of operation, an additional deduction equivalent to one-half of the wages paid corresponding to the increment in the number of direct labors for skilled and unskilled workers

Effective August 12, 2021, as a REIT entity, the Company is entitled to the following: (a) not subject to 2% minimum corporate income tax (MCIT), (b) exemption from value-added tax (VAT) and documentary stamp tax (DST) on the transfer of property in exchange of its shares, (c) deductibility of dividend distribution from its taxable income, and (d) fifty percent (50%) of the standard DST rate of the transfer of real property into the Company, including the sale or transfer of any and all security interest there to, provided they have complied with the requirements under RA No. 9856 and Implementing Rules and Regulations (IRR) of RA No. 9856.

#### *REIT Law*

The REIT Act of 2009 and its IRR (Republic Act No. 9856 or the REIT Law) aims to promote the development of the capital market, democratize wealth by broadening the participation of Filipinos in the ownership of real estate in the Philippines, use the capital market as an instrument to help finance and develop infrastructure projects, and protect the investing public by providing an enabling regulatory framework and environment under which real estate investment trusts, through certain incentives granted.

Investment in the REIT shall be by way of subscription to or purchase of shares of stock of the REIT. A REIT must distribute annually at least ninety percent (90%) of its distributable income as dividends to its shareholders. The dividends shall be payable only from out of the unrestricted retained earnings of the REIT. Distributable income excludes proceeds from the sale of the REIT's assets that are re – invested by the REIT within one (1) year from the date of the sale.

As to taxes, a REIT shall be subject to income tax on its taxable net income. Income payments to a REIT shall be subject to a lower creditable withholding tax of one percent (1%). The sale or transfer of real property to REITs, which includes the sale or transfer of any and all security interest thereto, shall be subject to fifty percent (50%) of the applicable Documentary Stamp Tax (DST) imposed under the tax code. The incentives granted under the law can be availed of by an unlisted REIT, provided it is listed with an Exchange not later than two (2) years from the date of the initial availment of the incentives.

Cash or property dividends paid by a REIT shall be subject to a final tax of ten percent (10%), unless: (a) the dividends are received by a nonresident alien individual or a nonresident foreign corporation entitled to claim a preferential withholding tax rate of less than ten percent (10%) pursuant to an applicable tax treaty; or (b) the dividends are received by a domestic corporation or resident foreign corporation, or an overseas Filipino investor in which case, they are exempt from income tax or any withholding tax: *Provided*, That in the case of overseas Filipino investors, they are exempt from the dividends tax for seven (7) years from the effectivity of the tax regulations implementing the Act.

The Group believes that the real estate business has complied with all applicable Philippine environmental laws and regulations. Compliance with such laws is not expected to have a material effect on FLI's capital expenditures, earning or competitive position.

### **1.4.2 Hospitality**

#### **A. Overview**

The Group is involved in the development, operation and management of hotels and resorts that cater to various market segments through two entities: Filinvest Hospitality Corporation (FHC), which is a hotel asset owner and developer, and Chroma Hospitality, Inc. (CHI), a hotel management company and operator.



## B. Existing and Operational Properties

The Group operates seven hotels with a total of 1,751 keys as of December 31, 2024. The table below shows the Group's hotels and corresponding number of keys:

| PROPERTY                                                | YEAR OPENED | KEYS         |
|---------------------------------------------------------|-------------|--------------|
| Crimson Mactan*                                         | 2010        | 205          |
| Quest Hotel Cebu (including 43 service apartment units) | 2012        | 470          |
| Crimson Filinvest City                                  | 2013        | 345          |
| Quest Plus Clark                                        | 2016        | 304          |
| Crimson Boracay                                         | 2018        | 192          |
| Quest Hotel Tagaytay                                    | 2019        | 164          |
| Timberland                                              | 2021        | 71           |
| <b>Total</b>                                            |             | <b>1,751</b> |

*\*Reduced from 282 due to ongoing room renovations until 2028*

The Group's first operating property is the 5-star Crimson Resort & Spa Mactan (CRSM), owned directly by FDC through MSSSI, which was incorporated on July 17, 2009. Located on the island of Mactan, Cebu, Philippines, CRSM is an award-winning beach resort covering a sprawling 6-hectare property. The resort features 283 guest rooms including 30 villas with private plunge pools, 4 Food and Beverage Outlets, a Gym, a Children's play area and 2 Ballrooms. CRSM officially opened on October 8, 2010. Its flagship Azure Beach Club was launched on October 24, 2014. In 2017, the resort renovated its infinity pool and opened the Spanish-themed Enye restaurant. Additionally, the property introduced the 3,700-sq.m. Crimzone, which features family-oriented facilities, children's play area, dedicated pool, and snack bar. CRSM is currently undergoing rehabilitation and renovation due to the damage caused by super typhoon Odette in December 2021.

In September 2012, the Group opened its second property under the Quest Brand. Quest Hotel and Conference Center, Cebu (QHCC) is a 427-key Condotel in FLI's Grand Cenia Development in Cebu City. The hotel is located in the Cebu Business Park and includes 10 meeting rooms, a 300-seat capacity all-day dining restaurant and a swimming pool. The condotel units are owned by third parties and are locked in a 25-year rental pool agreement.

In March 2013, the Group opened its third property, Crimson Hotel Filinvest City, Manila (CFM) in Alabang, under EHFI, which was incorporated on November 28, 2012. The hotel is part of the Entrata Urban Complex which features 345 keys, extensive meeting facilities, 4 F&B outlets, a gym, a spa and a swimming pool, with plans to enhance rooms, amenity areas, and food outlets.

On January 27, 2016, the Group was given a Notice of Award by the CDC for the lease, development, operation, and management of the former Mimosa Leisure Estate covering 201.6 hectares through a 50-year lease agreement, renewable for another 25 years. The lease agreement between CDC and Filinvest Mimosa, Inc. (an entity owned by FDC (47.5%), FLI (47.5%) and CDC (5%)) was signed on April 22, 2016. The lease agreement requires FMI to invest at least ₱5 billion over a period of 5 years.

The property is located in the Clark Freeport Zone, about 100 km north of Metro Manila. It includes a 303-room hotel and a 36-hole golf course, now operating as Quest Plus Hotel and Conference Center, Clark (QPHC) and Mimosa Golf, Clark. These are managed by MCI, a wholly owned subsidiary of FHC, incorporated on May 13, 2016.

In June 2016, MCI signed a sublease agreement with FMI following the terms of lease of FMI with CDC. Over the lease period, MCI will operate the existing hotel and golf courses of the estate and have the right to develop the leased portion of the estate. During the ASEAN Summit in November 2017, its property QPHC Clark showcased the opening of the Grand Villas, newly refurbished hotel rooms and event facilities.

In November 2018, FHC through its wholly owned subsidiary, Boracay Seascapes, Inc. (“BSI”), commenced soft operations for Crimson Resort and Spa, Boracay (CRSB). The resort is designed by leading resort designers and is located in a secluded cove in Barangay Yapak, on Boracay Island in the Philippines. CRSB features 192 keys, including 23 pool villas, a grand ballroom, four food and beverage outlets, a gym, a spa and a swimming pool. BSI was incorporated on December 28, 2012.

In April 2019, the Group opened Quest Hotel Tagaytay located along General Emilio Aguinaldo Highway, Tagaytay City, which was incorporated on August 24, 2018. The hotel is a 10-storey 164-room hotel of which is strategically located across Fora Mall and is within easy access to all the major Tagaytay attractions.

On December 9, 2020, FHC and BSI signed a contract lease for 25 years with BCDA and John Hay Management Corporation covering a total area of 5,700 sq.m. The agreement was assigned to BMI, effective January 7, 2022. The Group plans to become the hotel of choice in the City of Pines. The 256-key world class hotel will be the first dual property brand under the Grafik Pine House Baguio slated for completion in the 4th quarter of 2025.

On February 28, 2021, the Group opened Timberland Highlands Resort, an existing property owned by FLI. Situated in Timberland Heights, Barangay Guitnang Bayan II, San Mateo, Rizal, this hotel features 71 rooms catering to both leisure and corporate clients. Emphasizing relaxation and sports amenities, the resort is perfect for accommodating various events. The resort is being operated by CHI through Nature Specialists, Inc.

### **C. Pipeline Projects**

The Group is targeting to grow its hotel portfolio by approximately 2,100 keys from 1,800+ as of December 31, 2024, to an estimated total of 3,900+ keys. These projects will be located within Luzon, Visayas and Mindanao. The strategic emphasis remains on expanding and strengthening presence in key Philippine tourism destinations such as Cebu, Boracay Island, Baguio City, and Clark Pampanga, with priority on : Grafik Baguio (250+ keys), and Crimson Clark (300+ keys).

Grafik Baguio redefines travel for multi-generational explorers, offering a sensory-rich journey through culture, flavors, and art.. The property is located in Camp John Hay, Baguio City and is targeted for completion by the end of 2025

Crimson Clark is an expansion of QPCC Clark comprising of 300+ rooms with restaurants and cafes at the ground floor, roof deck bar, and stand-alone spa. The expansion wing will connect to the ballroom area of the property’s existing wing and will provide additional hospitality offerings for Filinvest Mimosa+ Leisure City. Groundbreaking is set for 2025, with completion expected in 2028.

### **D. Competition**

The Group faces significant competition in the Philippine hospitality market. The Group competes with local and foreign hospitality developers, owners, and operators to acquire, lease or enter into joint ventures with respect to appropriate hotel locations in main tourist and business destinations. Its hotel assets also compete for room, food and beverage, and banquet business among the hospitality or hospitality-like products serving the markets where such assets are located. Major competitors include the SM Group, Ayala, Megaworld, Travellers International, Robinsons and Shangri-La hotels.

The Group believes that success in the Philippine hospitality market depends on a mix of external factors and internal capabilities. External factors which can greatly affect the Philippine hospitality market include political and economic stability, pandemics and epidemics, climate change and general security. These external factors affect the attractiveness of the Philippines for both international and domestic leisure and business travelers. In terms of internal capabilities, the Group is confident that, due to its background in real estate development, it is well-positioned to acquire, lease or enter into joint ventures to gain access to suitable properties, and to develop successful hospitality projects.

Despite the relatively short operating history of the Group's hospitality arm, its hotel assets have been able to compete with the incumbent hotel operators as shown by the strong performance of the Group's operating hotel properties. Further, by not only developing hotel projects but also building its hotel management capabilities, Group believes that it is strongly positioned to continue to take advantage of the expected growth in the Philippine tourism market.

## E. Intellectual Properties

Below are the Hospitality Group's trademarks registered with the IPO:

| TRADEMARK                        | DATE OF REGISTRATION | TRADEMARK                        | DATE OF REGISTRATION |
|----------------------------------|----------------------|----------------------------------|----------------------|
| CRIMSON HOTELS & RESORTS         | June 24, 2010        | DIVE TRIBE DIVE CENTER           | April 7, 2023        |
| CRIMSON AND DESIGN               | July 22, 2010        | MIMOSA PLUS GOLF COURSE          | April 23, 2023       |
| SCORE SPORTS BAR                 | November 27, 2014    | CHROMA HOSPITALITY INC.          | November 6, 2023     |
| AUM SPA & WELLNESS CENTER        | March 26, 2015       | MANILA BAR                       | November 6, 2023     |
| SAFFRON CAFÉ                     | April 9, 2015        | ART BANAWA COLORED               | November 6, 2023     |
| CRIMZONE ACTIVE KIDS             | December 3, 2015     | ART BANAWA BLACK AND WHITE       | November 6, 2023     |
| CHROMA DRIVEN HOSPITALITY        | January 21, 2016     | ART CEBU DEVICE                  | November 6, 2023     |
| CHARLEY'S                        | October 27, 2016     | ART MANILA COLORED               | November 6, 2023     |
| MIMOSA AND DEVICE                | November 24, 2016    | ART BANAWA DEVICE                | November 9, 2023     |
| FILINVEST HOSPITALITY            | August 3, 2017       | ART BORACAY BLACK AND WHITE      | November 9, 2023     |
| IN A HEARTBEAT                   | November 9, 2017     | ART CEBU BLACK AND WHITE         | November 9, 2023     |
| MANILA. IN A HEARTBEAT           | February 15, 2018    | ART CEBU COLORED                 | November 9, 2023     |
| MACTAN. IN A HEARTBEAT           | March 8, 2018        | ART MANILA BLACK AND WHITE       | November 9, 2023     |
| CEBU. IN A HEARTBEAT             | May 17, 2018         | ART PALAWAN COLORED              | November 9, 2023     |
| PULSE                            | May 23, 2019         | ART MANILA DEVICE                | November 13, 2023    |
| QUEST PLUS                       | May 23, 2019         | ART PALAWAN BLACK AND WHITE      | November 13, 2023    |
| QUEST PLUS LOGO                  | May 23, 2019         | ART PALAWAN DEVICE               | November 13, 2023    |
| ALITAPTAP                        | November 21, 2019    | ART QUEZON CITY COLORED          | November 13, 2023    |
| CRIMSON RESORT & SPA BORACAY     | September 27, 2020   | ART QUEZON CITY BLACK AND WHITE  | November 13, 2023    |
| CRIMSON RESORT & SPA MACTAN CEBU | September 27, 2020   | ART QUEZON CITY DEVICE           | November 13, 2023    |
| FIREHOUSE PIZZA                  | June 18, 2021        | ART BOHOL COLORED                | November 27, 2023    |
| QUEST                            | June 25, 2021        | ART BOHOL BLACK AND WHITE        | November 27, 2023    |
| QUEST                            | June 25, 2021        | ART BOHOL DEVICE                 | November 27, 2023    |
| QUEST PLUS                       | October 29, 2021     | ART BORACAY COLORED              | November 27, 2023    |
| BAKER J                          | October 31, 2021     | ART BORACAY DEVICE               | November 27, 2023    |
| BAKER J                          | October 31, 2021     | BAKER J BREAKFAST COMPLET        | April 13, 2024       |
| ALIBI (Logo)                     | January 3, 2022      | GRAFIK (word)                    | May 27, 2024         |
| TAKE EAT EASY (Logo)             | February 7, 2022     | RARE BAR & GRILL (LOGO)          | June 22, 2024        |
| CRIMZONE                         | October 20, 2022     | RARE BAR & GRILL (WORD MARK)     | June 29, 2024        |
| GRAFIK NUDE                      | November 28, 2022    | PINE HOUSE CAMP JOHN HAY, BAGUIO | September 9, 2024    |
| BALAI AT DAUIN                   | February 23, 2023    | QUEST (Stylized/Logo)            | September 14, 2024   |
| BALAI AT DAUIN                   | February 23, 2023    | LA LOCA                          | October 10, 2024     |
|                                  |                      | BAY 49 (Logo)                    | October 19, 2024     |
| DIVE TRIBE DIVE CENTER           | April 7, 2023        | MIMOSA PLUS GOLF ACADEMY         | December 8, 2024     |

The Hospitality Group has pending applications with the IPO for the following trademarks:

|                 |
|-----------------|
| BAY 49          |
| M LOGO          |
| ABE'S CLUB      |
| LIVE LOVE LOCAL |

The following trademarks were filed under the Madrid Protocol:

| TRADEMARK                | DESIGNATIONS UNDER THE MADRID PROTOCOL                                                                                    | WITH STATEMENT OF GRANT                                               |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Crimson and Design       | Brunei Darussalam, Cambodia, China, Indonesia, Japan, Lao People's Democratic Republic, Singapore, Thailand, USA, Vietnam | Indonesia, Lao People's Democratic Republic, Singapore, USA           |
| Crimson Hotels & Resorts | Brunei Darussalam, Cambodia, China, Indonesia, Japan, Lao People's Democratic Republic, Singapore, Thailand, USA, Vietnam | Indonesia, Cambodia, Lao People's Democratic Republic, Singapore, USA |

## F. Government Regulations

### *Accreditation Requirements*

The accreditation of hotels, tourist inns, motels, apartels, resorts, pension houses, and other accommodation establishments is governed by rules and regulations pursuant to Executive Order (EO) 120, in relation to RA No. 7160, known as the Local Government Code of 1991. These regulations devolve the Department of Tourism's (DOT) regulatory function over tourist establishments.

The DOT issues accreditation to hotels and resorts, certifying compliance with minimum operational standards to ensure the safety, comfort, and convenience of tourists. In line with industry developments, the DOT issued Memorandum Circular 2024-0002, revising the National Accreditation Standards (NAS) for hotels, resorts, and apartment hotels. These updates reflect current hospitality trends and emphasize Filipinization, digitalization, and sustainable tourism practices. Notably, requirements such as bathtubs and swimming pools are no longer mandatory for higher star ratings, promoting more environmentally friendly hotel operations.

### *Environmental Laws*

Operation and development of resorts managed by the Group require an Environmental Compliance Certificate (ECC) issued by the Department of Environment and Natural Resources (DENR). The ECC certifies that:

- The proposed project will not cause significant negative environmental impacts.
- The project proponent has complied with the Environmental Impact Statement (EIS) System requirements and committed to implementing an approved Environmental Management Plan (EMP).

An ECC includes specific measures and conditions for the project proponent to comply with before, during, and, if applicable, after the project's abandonment phase to mitigate environmental impacts. The EIS, prepared by the project proponent or an Environmental Impact Assessment Consultant, comprehensively studies the project's environmental impact, outlining measures in the EMP to prevent, mitigate, compensate, and monitor impacts.

Projects requiring an ECC are determined based on:

- (a) The project's nature and potential environmental impacts.
- (b) The sensitivity and vulnerability of environmental resources in the project area.

Projects not covered by the EIS System may require a Certificate of Non-Coverage (CNC) from the Environmental Management Bureau (EMB) to commence without an ECC. An ECC must be implemented within five years from issuance, based on the project proponent's submitted work plan. Failure to implement within this period results in ECC expiration, requiring a new application for project continuation.

Abandonment of projects covered by an ECC requires prior EMB approval. Decommissioning plans must be submitted six months before intended abandonment, verified and approved by the EMB.

### **1.4.3 Banking and Financial Services**

#### **A. Overview**

East West Banking Corporation (EW or the Bank or the Parent Company) is a domestic universal bank which was registered with the SEC on March 22, 1994. With the effectivity of Section 11 of Republic Act (RA) No. 1132, otherwise known as the "Revised Corporation Code of the Philippines" on February 23, 2019, corporations existing before its enactment are deemed to have perpetual term. Accordingly, the Parent Company's corporate term is considered perpetual.

EW provides a wide array of products and services catering to the financial needs of consumers, middle market corporates, and the mass affluent. Through its vast network of stores nationwide, it offers a wide range of banking products and services, as well as allied financial services: non-life insurance brokerage, bancassurance, and leasing.

EW was granted authority by the Bangko Sentral ng Pilipinas to operate as a commercial bank under Monetary Board Resolution No. 101 dated July 6, 1994 and commenced operations on July 8, 1994. EastWest was also granted authority by the BSP to operate an expanded foreign currency deposit unit under MB Resolution No. 832 dated August 31, 1994. On July 26, 2012, the Bank received the approval of the BSP to operate as a universal bank under Monetary Board Resolution No. 1696 dated 25 November 2010. EW's ultimate parent company is A.L. Gotianun, Inc. EW's head office is located at The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City. On July 26, 2012, the BSP granted the Bank the authority to operate as a universal bank under Monetary Board Resolution No. 1696 dated November 25, 2010.

EW has been listed on the Philippine Stock Exchange since May 7, 2012. Its market capitalization as of December 31, 2024, was ₱22.2 billion. EW is effectively 77.9% owned by Filinvest Development Corporation (FDC). FDC is the listed holding company of the Filinvest Group. EW is a majority-owned subsidiary of FDC, incorporated on April 27, 1973,

#### **Mergers and Acquisitions**

On August 19, 2011, EastWest entered into a deed of assignment for the purchase of majority of the outstanding shares and control of Green Bank (A Rural Bank), Inc. (GBI). Consequently, GBI became a subsidiary of EastWest. The GBI acquisition enabled EastWest to significantly expand its branch network by adding 46 branches.

On June 15, 2012, the BSP Monetary Board approved the application of EastWest to acquire up to 100.0% of the outstanding shares of Finman Rural Bank, Inc. (FRBI), subject to certain conditions, a rural bank engaged in the business of extending credit to farmers, tenants, and rural enterprises. EW subsequently increased its ownership in FRBI to 100.0% through additional share acquisitions and capital contributions in 2012 and 2013. In May 2013, FRBI changed its name to East West Rural Bank, Inc. (EWRB) and entered into an asset purchase agreement with GBI, effectively consolidating all of the Bank's rural banking business in EWRB.

In May 2013, EWRB and GBI entered into an asset purchase agreement with assumption of liabilities, in which EWRB will acquire selected loan portfolio, licenses for GBI's branches, and various assets necessary for branch business and operations, as well as assume the deposits and other liabilities incidental to the branch business and operations. The transfer of these assets and liabilities took effect on 31 October 2013.

On February 17, 2014, the SEC approved the application of EastWest to change its registration from a Government Securities Eligible Dealer (with Broker/Dealer of securities functions) to an Underwriter of Securities Engaged in Dealing Government Securities (with Broker/Dealer of securities functions), in accordance with the Securities Regulation Code and its implementing rules, as well as, other pertinent laws, rules and regulations applicable.

On March 28 and June 5, 2014, the BSP and the SEC respectively, approved the proposed merger between EW and GBI. On July 31, 2014, the merger between EW and GBI was completed.

On January 29, 2015, the BOD approved the common shares rights offering, subsequently, the BOD approved the application of the bank to list up to 371,574,000 common shares with par value of ₱10 per share to cover its stock rights offering. On May 8, 2015, a total of 371,574,000 common shares were listed at the PSE with ₱10 par value per share. The total proceeds raised by the Bank from the sale of the said shares amounted to P8.0 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱7.9 billion.

On May 18, 2015, the BSP approved EastWest's initial equity investment amounting to ₱30.0 million in East West Brokerage, Inc. (EWIB), a proposed wholly owned insurance Brokerage insurance company of EastWest. EWIB was registered with the SEC on July 6, 2015.

On September 21, 2015, the BSP approved the request of the Bank for initial equity investment amounting to ₱500.0 million in East West Ageas Life Insurance Corporation (EWAL), a proposed joint venture with Ageas Insurance International N.V. The joint venture company, EWAL, shall be primarily engaged in life insurance business. EWAL was registered with the SEC on October 20, 2015.

On May 6, 2016, EW entered into an asset and share transfer agreement with Standard Chartered Bank (SCB) and SCMB Overseas Limited for the acquisition of SCB Philippines' retail banking business (including all of SCB Philippines' three branches) and the transfer of 100.0% ownership of the entities, namely: QMIS and ASIA. The acquisition was approved by the BSP on August 8, 2016. On November 25, 2016, after satisfying all the conditions under the asset and share transfer agreement, the transfer of assets and liabilities was completed.

In 2016, the BSP approved and confirmed the initial equity investment in East West Leasing and Finance Corporation (EWLF) of ₱100.0 million. It was registered with the SEC in October 2016 with secondary license to operate as a financing company in accordance with the Financing Company Act of 1998 and its implementing rules and regulations. The principal place of business of EWLFC is at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

On July 13, 2017, the BOD approved the following: (1) the Bank's increase in authorized capital stock from ₱20.0 billion to ₱50.0 billion and (2) the subsequent declaration of a 50% Stock Dividend or 750,000,000 common shares to cover the minimum required subscription and payment for the said increase in authorized capital stock. On April 16, 2018, a total of 749,991,801 common shares were listed at the PSE.

On June 19, 2019, the Philippine Competition Commission (PCC) approved the Bank's purchase of the dealer-generated auto-lending portfolio held by Philippine Bank of Communications (PBCom).

## B. Securities Issuances

### Equity Issuances

On February 1, 2018, the BSP approved the following amendments to EW's Articles of Incorporation, which were approved and confirmed by EW's BOD at its special meeting on July 13, 2017, to provide flexibility for future capital requirements:

- a. Increase of EW's authorized capital stock from ₱20.00 billion to ₱50.00 billion consisting of 4.50 billion common shares with par value of ₱10.00 per share or a total par value of ₱45.00 billion and ₱0.50 billion preferred shares with par value of ₱10.00 per share or a total par value of ₱5.00 billion.
- b. Declaration of 50.00% stock dividends equivalent to ₱7.50 billion from EW's unrestricted retained earnings as of December 31, 2016 to meet the required subscribed and paid amount of capital stock per Corporation Code after the increase in the authorized capital of EW. The increase in EW's authorized capital stock and stock dividend declaration were subsequently approved by BSP on September 29, 2017 and by SEC on February 28, 2018.

On April 16, 2018, a total of 749,991,801 common shares were listed at the PSE.

### C. Subsidiaries and Joint Venture

The consolidated financial statements of EW include the accounts of EW and its subsidiaries. The nature of business and the corresponding percentages of ownership of EW over these entities as at December 31, 2024, 2023 and 2022 are summarized below. The voting rights held by the EW in these subsidiaries are in proportion to its ownership interest.

| Subsidiaries                                         | Nature of Business              | 2024 | 2023 | 2022 |
|------------------------------------------------------|---------------------------------|------|------|------|
| East West Rural Bank, Inc. (EWRB)                    | Consumer banking                | 100  | 100  | 100  |
|                                                      | Non-life insurance              |      |      |      |
| East West Insurance Brokerage, Inc. (EWIB)           | brokerage                       | 100  | 100  | 100  |
| East West Leasing and Finance Corporation (EWLFC)    | Finance and leasing             | 100  | 100  | 100  |
| Quest Marketing and Integrated Services, Inc. (QMIS) | Sales and marketing             | 100  | 100  | 100  |
| Assurance Solutions Insurance Agency (ASIA)          | General insurance and marketing | 100  | 100  | 100  |

#### *EWRB*

East West Rural Bank, Inc. (formerly Finman Rural Bank, Inc.) was incorporated and registered with Philippine SEC on November 5, 1997, for the purpose of accumulating deposits and granting loans to various individuals and corporate entities as well as government and private employees. The Bank was granted authority by the Bangko Sentral ng Pilipinas (BSP) to operate as a rural bank and commenced operations in March 1998.

#### *EWIB*

East West Insurance Brokerage, Inc. (EWIB) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 6, 2015 primarily to act as an insurance broker in soliciting, negotiating, and forwarding applications for fire insurance, motor car insurance, engineering insurance, personal accident insurance, travel insurance, bonds & surety, directors and officer's liability insurance, aviation insurance, marine cargo insurance and other non-life insurance services. On September 23, 2015, EWIB received its license to act as an insurance broker from the Insurance Commission ("IC"). It started its commercial operations on September 24, 2015.

### *EWLFC*

East West Leasing and Finance Corporation (EWLFC) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 6, 2016, primarily to engage in general financing and investment business, with secondary license to operate as a financing company in accordance with the Financing Company Act of 1998 and its implementing rules and regulations.

### *QMIS*

On November 25, 2016, SCMB Overseas Ltd., a wholly owned subsidiary of SCB Philippines, completed the transfer of its 100% ownership of Quest Marketing and Integrated Services Inc. (QMIS) as part of the asset and share transfer agreement by and between SCB Philippines and SCMB.

QMIS was registered with the SEC on July 17, 2007 primarily to engage in:

- sales and marketing services for financial institutions;
- providing marketing facilities and consultancy;
- providing management and staffing services for sales and marketing requirements; and
- providing debt collection and customer service facilities to financial institutions.

### *ASIA*

On November 25, 2016, SCMB Overseas Ltd., a wholly owned subsidiary of SCB Philippines, completed the transfer of its 100% ownership of Assurance Solutions Insurance Agency (ASIA) as part of the asset and share transfer agreement by and between SCB Philippines and SCMB. ASIA was registered the Philippine Securities and Exchange Commission (SEC) on July 17, 2007 primarily to engage in general insurance agency business.

### **Investment in a Joint Venture**

#### *East West Ageas Life Insurance Corporation*

East West Ageas Life Insurance Corporation (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 20, 2015. The Company’s primary purpose is to undertake and write insurance upon the life of individuals, and every insurance appertaining thereto or connected therewith; to make contracts of insurance providing for all risks, hazards, guarantees and contingencies to which life, accident, or health insurance is applicable; to indemnify against legal liability; to compute endowments and grant, purchase or dispose of annuities; to procure re-insurance of its risks; to issue policies stipulated to be with or without participation in profits; and to purchase for its own benefit any policy of insurance or other obligation as well as claims of policyholders.

On December 22, 2015, the Company obtained from the Insurance Commission (IC) a license to operate as a life insurance business. The Certificate of Authority was granted effective from January 1, 2016 to December 31, 2018 and renewed on December 5, 2018 with certificate No. 019/07-R effective from January 1, 2019 to December 31, 2021. On December 16, 2021, the Company renewed its license with certificate No. 22/19-R effective from January 1, 2022 to December 31, 2024.

The Company started its commercial operations on February 1, 2016.

On March 28, 2016, East West Banking Corporation (EW) and Ageas Insurance International N.V. (Ageas) entered into a Deed of Sale for the transfer of 1,666,655 shares from EWBC to Ageas. The resulting shareholder structure became 50% less one share for EWBC and 50% plus one share for Ageas. EWBC and Ageas control the Company through a Joint Venture Agreement.



## **D. Principal Products and Services**

### **Retail Banking**

The retail banking segment is primarily focused on deposits-taking, back-to-back loans and other over-the-counter (“OTC”) transactions. EW have diverse clientele including high net-worth clients for alternative investment and cash management requirements of mid-market corporates. It includes entire transaction processing, service delivery and infrastructure consisting of the Bank’s network of branch stores and ATMs

#### *Access to Bancassurance Products*

EW also offers both traditional and non-traditional/variable life insurance products through our bancassurance partner – EastWest Ageas Life Insurance Corp to potential investors. Customers can invest via one time (available in both local or dollar currency) or recurring (available in local currency only) modal payments.

#### *Cash Management Services*

*Channel Services:* EasyBiz, EastWest Online Corporate (EWOC)

*Collection Services:* Auto Debit Arrangement, Bills Collect, Cash Vault, Check Pick-up, Check Warehousing, Deposit Pickup, POS & Payment Gateway Partnerships, Remote Check Deposit

*Disbursement Services:* Bizcheque Online, Bizcheque Plus, Bulk Instapay & Pesonet Payment System, Check Cutting, Corporate Bills Payment, EasyBiz - Instapay, EasyBiz - Pesonet, eSettle, Quick Cheque

*Liquidity Management Services:* Account Sweeping, Reverse Account Sweeping

*Payroll:* eCredit, Payroll System with HRIS, Payroll Crediting, TimeKeeping

*Other Services:* Government Payments, Electronic Invoice Presentment and Payment (EIPP), Inventory Management System (IMS)

### **Consumer Lending**

EW offers various types of consumer lending products to individuals, which consist principally of credit cards, auto loans, residential mortgage loans and personal loans. EW reviews various factors in evaluating prospective clients, including but not limited to the capacity of the borrower to repay the loan. The Bank also considers various factors in pricing its loans such as but not limited to the delinquency rates of particular market segments, the funding costs of the portfolio, direct and indirect expenses related to granting consumer loans and the target spread of the loan portfolio. Loan terms are differentiated according to factors such as a customer’s financial condition, age, loan purpose, collateral and quality of relationship with the Bank. EW focuses its core business towards consumer financing where it has a competitive advantage. Several product lines were launched to ascertain that its target market is reached.

### **Credit Cards**

In 2004, EW started issuance of MasterCard credit cards in partnership with AIG. In 2009, with the acquisition of AIG Philam Savings Bank, the Bank started the issuance of Visa credit cards. In 2022, EW launched its JCB credit cards to the market. From 10,000 credit card base in 2004, EW has grown to more than one million issued credit cards, which translates to 9% market share in the Philippines as of December 31, 2024 in the Credit Card Association of the Philippines report.

Revenues from the credit card operations consist principally of interest on deferred and installment payments, cash advance fees, interchange fees paid by service establishments annual fees paid by cardholders, late payment charges. Interest rate on deferred payments is at 3.0% per month, while interest rate on installment transactions ranges from zero to maximum add-on rate of 1.00% per month. Other relevant fee income includes Cash Advances Fee of ₱200 per availment, Late Payment Charge of Php1,500 or the unpaid Minimum Payment Due, whichever is lower, and Foreign Currency Conversion Fee which ranges from 1.7% to 3% of the transaction amount. Revenues relating to the credit card business are reflected in EW’s financial statements as interest income and other operating income from service charges, fees and commissions.

EW has continued to expand its distribution channels, form alliances with merchants and manage its product portfolio in order continue to grow its credit card business. EW offers its credit cards directly to customers, as well as through the digital platform and external agencies. Credit Card customers may participate in a variety of promotions and loyalty-based rewards programs that allow them to experience instant gifts, discounts, redeem miles, rebates and merchandise or gift certificates at partner establishments. EW remains to provide wide array of credit card product offers attuned to the continuously evolving customer lifestyle of the diverse market segments.

### **Corporate Banking**

The Corporate Banking Group is responsible for the overall management and development of EW's corporate relationships. Although the activities of CBG are primarily focused on the working capital, term funding, and project finance requirements of its core mid-market customer base—predominantly comprised of entrepreneurial or family-owned businesses—it also maintains and develops relationships with large corporate accounts.

In line with our strategic direction in 2025, the Corporate Banking Group has started to develop key ecosystem anchor clients, allowing EW to deepen its relationship not only with the anchor but also with its network of suppliers, distributors, and customers. By embedding ourselves within these ecosystems, we aim to provide more comprehensive solutions that address the full value chain of our clients.

The Group continues to offer the full suite of EW's products and services—including cash management, foreign exchange, and deposit and investment products—to its corporate clients. EW believes that successfully identifying and offering holistic, value-adding solutions to its clients' banking needs remains essential to placing EW at the top of its clients' minds when choosing a banking partner.

### **Credit Products**

EW provides a wide range of loan products and services to its corporate customers, including revolving credit lines, domestic and foreign bills purchase, acceptances, trade finance facilities, bank guarantees, and term loans. These credit facilities may be offered on either a secured or unsecured basis, depending on the assessed credit risks of the customer and its business.

To support our strategy of creating a balanced, diversified, and forward-looking portfolio, we continue to serve corporate customers across various industries and regions throughout the Philippines.

In 2025, EW is also investing in new product development—particularly in supply chain financing, distributor financing, and other structured lending solutions—to strengthen our ability to support clients across their ecosystems. These innovations are designed to enable us to provide even better solutions that cater to the funding requirements of not only our direct borrowers but also their suppliers and trading partners, further solidifying our role as a strategic banking partner in our clients' growth.

### **Auto Loans**

EW's auto loans are offered through car dealerships (including second-hand car dealers), independent sales agents and EW's online channels and stores. The auto loan business also engages in strategic partnerships with major car brands to develop exclusive and non-exclusive financing programs. Additionally, EW cross-sells its auto loans with the products of other units and offers special plans for existing and repeat customers. EW provides incentives to car dealerships and independent sales agents based on each booked auto loan amount. A key competitive factor in the automotive loan business is the speed by which a bank can process an automotive loan, as dealers will offer a loan to multiple banks and the Bank offers a 1 to 3-day auto loan approval process, which EW believes is an important aspect to its success in growing its auto loan portfolio.

All EW's auto loans are secured by a chattel mortgage over the car being purchased. In addition to being subject to EW's internal credit checks, EW generally requires the borrower to make a minimum down payment of 20.0% of the purchase price. Depending on whether the car being purchased is new or second-hand, the interest rate of EW's auto loans can range from 9% to 19.5%, with an average maturity of 57

months. When an installment payment becomes delinquent, EW employs various means to collect from the customer such as SMS, callouts, field visits, and eventually repossession and foreclosure should curing be unlikely. Foreclosed cars are generally sold by EW through public auction.

## **Residential Home Mortgage Loans**

### **Empowering Filipinos Through Home Ownership**

EastWest Bank (EW) remains committed to empowering Filipinos in achieving their dream of homeownership by serving as a leading architect of innovative, efficient, and accessible home lending solutions. Catering to both retail and wholesale segments

### **Comprehensive Home Lending Solutions**

EW provides residential home financing to Filipino buyers intending to acquire various types of residential real estate, including house and lot properties, townhouses, and condominium units. Beyond property acquisition, EW extends its financing solutions to borrowers seeking funds for renovation, construction, refinancing, investment, or multipurpose loans secured by their owned real estate assets.

All EW home lending solutions are backed by a first mortgage on the property, ensuring security and sustainability for both the borrower and the bank. To maintain credit quality, each applicant undergoes a rigorous evaluation process, with borrowers required to make a minimum down payment of 10-20% of the total contract price or appraised value, depending on loan purpose.

### **Expansive Distribution Network and Developer Partnerships**

With 392 stores nationwide, EW leverages its extensive branch network as a key distribution channel for home lending products. Strategic marketing campaigns further enhance customer engagement, attracting prospective homebuyers. Additionally, EW has cultivated strong partnerships with a roster of accredited real estate developers, enabling direct access to property buyers in need of residential home financing.

### **Loan Maturity and Interest Rate Structure**

The average maturity for EW home lending products is 15 years, aligning with industry standards. The bank offers various fixed-rate options, including one-year, two-to-three-year, and five-year terms, with interest rates repriced at the end of each term based on a fixed annual rate. To provide financial stability for borrowers, EW offers one of the longest payment terms in the market—up to 30 years (house and lot)—ensuring lower and more manageable amortization payments compared to the standard 20-year term offered by most lenders. Furthermore, borrowers have the option to choose a fixed term pricing scheme, protecting them from fluctuating interest rates.

### **Managing Mortgage Risk and Foreclosure Process**

In cases of mortgage delinquency, borrowers may voluntarily agree to the disposition of their property to EW. If necessary, EW initiates foreclosure proceedings, with foreclosed properties primarily sold through public auctions or designated brokers. The foreclosure process generally takes between 16 and 20 months, adhering to regulatory guidelines while maintaining asset quality.

### **Commitment to Competitive Home Financing**

EW continuously enhances its home financing products, combining competitive interest rates with flexible loan structures to meet the diverse needs of Filipino borrowers. By providing extended loan terms and fixed-pricing options, EW ensures that homeownership remains accessible and sustainable, reinforcing its position as a trusted financial partner in the real estate sector.

## **Personal Loans**

EW's personal loans business provides unsecured, uncollateralized consumer loans to qualified individuals for multi-purpose personal use. The primary distribution channel for personal loans is EW's stores and third-party sales agencies. EW offers personal loans to employed and self-employed individuals with gross (basic) monthly income of at least ₱15,000 or basic annual income of not less than ₱180,000. The monthly

nominal interest rates for a personal loan ranges from 1.79% to 1.99% and is payable in fixed equal monthly installments from 12 to 60 months.

### **Rural Banking**

With the aim to increase the number of banking Filipinos, the Bank has established its rural banking arm-East West Rural Bank (EWRB). Backed by a strong commitment to excellence, EWRB's goal is to become an "experience provider" by offering wider access to innovative products and delivery channels that are available to cater to the financial needs of Teachers and SSS Pensioners.

### **Treasury and Trust**

#### **Treasury**

EW's Treasury Group has primary responsibility for managing EW's liquidity, interest rate, and foreign exchange exposures. EW manages its liquidity position by regularly reviewing its cash flow position, debt maturity profiles, and available credit facilities. This ensures that the bank has stable sources of funding to service client requirements and its daily operations. EW's Treasury Group also actively participates in the financial markets to hedge exposures as well as seek opportunities that could augment the bank's other revenue sources. It trades local and foreign-currency-denominated treasury bills and Bonds, as well as foreign exchange products. EW is an accredited Government Securities Eligible Dealer.

#### **Trust**

EW offers a range of trust products and services, including fund management, investment management services, safekeeping, escrow agency services, personal management trust services and employee benefit trust services. The Bank provides retail customers with various investment opportunities through its Unit Investment Trust Funds (UITFs), which are available in Peso and U.S. dollar-denominated UITFs. In a UITF, funds of various investors are pooled and invested in a diversified portfolio of liquid securities, term deposits, money market instruments or stocks in accordance with the investment objectives and restrictions stated in the Declaration of Trust.

### **E. Distribution Network**

As of December 31, 2024, EastWest Bank has a total of 389 stores, with 211 of these stores in Metro Manila. For the rest of the country, the Bank has 100 stores in other parts of Luzon, 40 branches in Visayas, and 38 stores in Mindanao. The total ATM network is 569, composed of 474 on-site ATMs and 95 off-site ATMs. Total headcount of EastWest is 6,812.

EW's subsidiaries have a total of 76 stores and 1,743 officers/staff, bringing EW's store network total to 468 with 584 ATMs and a combined manpower complement of 8,555.

### **F. Competition**

The banking industry in the Philippines is composed of universal banks, commercial banks, savings banks, savings and mortgage banks, private development banks, stock savings and loan associations, rural banks cooperative banks and Islamic banks.

As of March 2025, the banking sector consisted of 44 universal and commercial banks (updated as of March 2025 on BSP's Directory of Banks and Non-Banks), of which 22 were universal banks and 22 were commercial banks. Of the 22 universal banks, 13 were private domestic banks, 3 were government banks, and 6 were branches of foreign banks. Of the 22 commercial banks, 2 were private domestic banks, 2 were subsidiaries of foreign banks, and 18 were branches of foreign banks.

As of December 31, 2024, the 10 largest universal and commercial banks accounted for approximately 87.4% of total assets and 88.2% of total deposits of the universal and commercial banking system based on published statements of condition.

As of December 31, 2024, the ten largest universal and commercial banks account for approximately 89.2% of the net customer loan portfolio of the universal and commercial banking system, based on published statements of condition.

#### **G. Customer Concentration**

The Bank has a diversified customer base and there is no concentration of business in major customer groups. As such, the Bank is not dependent upon a single customer or a few customers.

#### **H. Transactions with and/or Dependence on Related Parties**

In the ordinary course of business, EW has loan transactions with some subsidiaries and with certain directors, officers, stockholders and related interests. Under EW's policies, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

#### **I. Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements Held**

In 1994, EW obtained a Certificate of Registration and bank license from the Philippine SEC to operate under the corporate name "East West Banking Corporation."

EW uses a variety of names and marks, including the name "East West Banking Corporation" and EW's logo, in connection with its business. The Bank has registered such names and marks with the Intellectual Property Office of the Philippines.

On January 25, 2012, the Bank obtained a certification from the BSP on a US-based bank using a similar name. As certified by BSP, the US-based bank has not been issued a license to operate as a banking institution in the Philippines. The BSP also certified that the Bank is among the commercial banks it supervises. On October 10, 2013, the Intellectual Property Office of the Philippines issued a decision in favor of the Bank, cancelling the mark "EAST WEST BANK & COMPASS LOGO" previously registered in the name of a US-based bank.

#### **J. Government Regulation**

EW's principal products and services are offered to customers only upon receipt of the necessary regulatory approvals or clearances. The Bank strictly complies with the related regulatory requirements such as reserves, liquidity position, loan exposure limits, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other reportorial requirements.

#### **K. Effect of Existing or Probable Governmental Regulations on the Business**

EW strictly complies with the BSP requirements in terms of capitalization reserves, liquidity position, limits on loan exposure, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other reportorial requirements as well as other regulatory agencies such as the Securities and Exchange Commission, Philippine Stock Exchange, Philippine Deposit Insurance Corporation and the Bureau of Internal Revenues, among others.

#### **L. Amount Spent on Research and Development Activities**

EW's research and development activities are mainly driven by market research and process improvements. EW's businesses are heavily dependent on the ability to timely and accurately collect and process a large amount of financial and other information across numerous and diverse markets and products at its various branches, at a time when transaction processes have become increasingly complex with increasing volume.

The amount spent on research and development activities (in million pesos) and its percentage to revenues for the last 3 years has been as follows:

| <b>Year</b> | <b>Amount</b> | <b>% of Revenue</b> |
|-------------|---------------|---------------------|
| <b>2024</b> | <b>₱3.94</b>  | —                   |
| 2023        | ₱9.11         | —                   |
| 2022        | ₱1.00         | —                   |

#### **1.4.4 Power and Utility Operations**

##### **A. Overview and Recent Developments**

The Group, through FDC Misamis, completed the construction of its 3 x 135 MW CFB clean coal thermal power plant in Mindanao. Currently under operation, the plant has off-take agreements for 373 MW with 29 distribution utilities in Visayas and Mindanao. The plant's 3 units are fully operational with COC received in October 2016.

FDCUI, through its subsidiary FREE, is currently finalizing several contracts to install and operate solar rooftop and ground-mounted solar projects for various commercial and industrial users. In December 2021, FREE completed the installation of its first Solar Rooftop Project in Alabang, Muntinlupa which started commercial operation on January 1, 2022. A 0.5 MW solar rooftop project in Mactan, Cebu was completed in October 2024 and is currently undergoing testing and commissioning while another 3.1 MW solar rooftop in Cabuyao, Laguna will be completed by April 2025.

FDCUI, through its subsidiary FDC Green, is currently completing the construction of a 20MW solar power plant in Mindanao. The project is estimated to be completed by the end of 2025.

##### *Supply*

As part of fuel sourcing strategy, FDCUI implements a continuous evaluation and inspection process to pre-qualify nominated coal mine source/s and potential suppliers. FDCUI is also finalizing its long-term fuel supply contracts with terms between 5 to 10 years for its FDC Misamis plant to ensure security of supply and continuous operation of the power plant. Contracts will have to meet supply capability, delivery reliability, and track record qualifications.

##### *Retail Electricity Supply*

FDCUI is also in the retail electricity supply business catering to contestable customers under the Retail Competition and Open Access (RCOA) regime. In July 2016, FDC RES, a subsidiary of FDCUI, was awarded a Retail Electricity Supply license from the Energy Regulation Commission (ERC), which allows it to act as an electricity supplier to consumers in the retail market, such as hotels and other commercial businesses.

##### *Water and Wastewater Services*

CWSI provides water and wastewater services to its affiliates in the property/hospitality business such as Filinvest City in Alabang and the Filinvest Mimosa+ Leisure City in Clark, Pampanga as well as to external resorts and residential projects. CWSI's water services include the supply and distribution of potable water to domestic, commercial, and industrial consumers while its wastewater services include the treatment of domestic and commercial sewage.

In August 2019, FDC entered into a joint venture agreement with HAQT to form FLOW to provide water solutions and water treatment facilities, including desalination, recycled water and wastewater services for FDC Group projects as well as commercial customers in the public and private sectors. FLOW is exploring opportunities to provide bulk water supply to water districts using sea water reverse osmosis desalination facilities.

##### **B. Corporate Social Responsibility (CSR) Programs**

Committed to continuing the Gotianun tradition of making a difference in the lives of Filipinos, FDCUI through its subsidiary, FDC Misamis, has been implementing social development programs in partnership with host communities. These programs promote environmental stewardship, economic enrichment, enhanced health care initiatives, education for empowerment and help create a positive impact on the communities surrounding the project site. These CSR activities, where employees also actively participate and volunteer, are based on real needs of the community residents as determined through a socio-economic baseline study of the host and affected villages.

### **C. Competition**

Competition in the power industry, particularly in the renewable energy space, has picked up due to the various efforts by the government to increase the RE share and meet its target by 2030. Several mechanisms have been put in place such as the Green Energy Auction Program (GEAP), Green Energy Option Program (GEOP), increase in Renewable Portfolio Standard (RPS), removal of the foreign ownership cap, among others, which attracted not only local developers but also foreign investors.

The top 3 major players continue to dominate the power industry as they account for more than 50% share in the total generation capacity and have the most diverse portfolio consisting of coal, natural gas, hydro, geothermal, diesel and RE sources. Other large players also continue to expand their existing capacities.

Notwithstanding the competition, attractive investment opportunities remain available for FDCUI, especially in the renewable energy space as well as in the retail supply sector given the synergy of FDCUI with other FDC subsidiaries.

### **D. Government Regulations and Environmental Laws**

The Electricity Power Industry Reform Act (EPIRA), which brought about the changes needed in the power industry since the National Power Corporation (NPC) was established in 1936, is now on its 24th year of implementation. EPIRA was enacted to overhaul the power industry. Among its goals are (1) the deregulation of the generation sector; (2) creation of a government-owned transmission company and the eventual privatization of the operation of the transmission system; (3) unbundling of supply activities from the regulated distribution sector; (4) elimination of cross-subsidies within and among various grids, and among various classes of consumers; (5) Creation of an independent regulatory body ERC and a Joint Congressional Power Commission to oversee implementation of the law. The EPIRA also called for the privatization and sale of NPC assets and contracts with Independent Power Producers (IPPs) which would help the government pay off NPC's debts and invite the participation of private sector in the industry, creation of a wholesale electricity spot market for the trading of energy and the implementation of retail competition and open access.

Renewable Energy (RE) Act of 2008. The RE Law aims to accelerate the development and use of renewable energy resources and reduce the country's dependence on fossil fuels. The law provides for a set of incentives to RE businesses such as income tax holiday (ITH), duty-free importation and special realty tax rates on equipment and machinery, corporate tax rate of 10% after seven years of ITH and zero percent VAT rate on the sale of fuel or power generated from RE.

The RE Law also creates the Renewable Portfolio Standards which sets a minimum percentage of generation from eligible RE resources and the Feed-in Tariff System, which determines the fixed tariff to be paid to electricity from emerging RE technologies and gives priority connection, purchase and transmission of electricity generated from RE.

Other market mechanisms that will contribute to the development of the renewable energy sector of the country are the Green Energy Auction Program (GEAP) and the Green Energy Options Program (GEOP). The GEAP intends to bid 2 GW to meet the installation targets of the different RE technologies throughout the country. Objectives of the GEAP include promoting renewable energy as primary energy source to achieve energy security and creating market signals in the pricing of renewable energy certificates related to the RPS requirement of utilities. The GEOP empowers end-users with demand of at least 100 kW to choose renewable source supply as their preferred supply.

ERC. The enactment of the EPIRA law created the ERC to replace the Energy Regulatory Board. The ERC is an independent regulatory body with quasi-judicial, quasi-legislative and administrative functions in the electric industry. The primary responsibilities of the ERC are to ensure consumer education and protection and to promote competitive operations in the electricity market.

DOE. The DOE was created under Republic Act (RA) 7638 in 1992. Its mandate is to “prepare, integrate, coordinate, supervise and control all plans, programs, projects and activities of the Government relative to energy exploration, development, utilization, distribution and conservation”. The DOE has developed a 10-year Philippine Energy Plan with the goal of enhancing energy security/independence and implementing market sector reforms to enable a more efficient sector’s operation and ensure proper supply of a growing energy demand.

### 1.4.5 Sugar Business

#### A. Overview and Recent Developments

FDC has a 100.0% ownership interest in PSHC which it acquired in 2007. PSHC wholly owns DSCC, which owns and operates a sugar mill and a refinery in Guihing, Davao del Sur; CSCC, which owns and operates a sugar mill and refinery in Matalam, North Cotabato; and HYSFC, which operates a corporate sugarcane farm in Mindanao. Sugarcane supply for DSCC and CSCC is sourced from local sugarcane HYSFC and various contract farms in Mindanao. PSHC is the holding company of the sugar subsidiaries.

The following table sets forth a summary of key information of PSHC and its subsidiaries (or collectively referred to as the Sugar Group):

| Subsidiary | Nature of Business                   | Summary features                                                                  |
|------------|--------------------------------------|-----------------------------------------------------------------------------------|
| DSCC       | Manufacture of raw and refined sugar | 5,500 tons cane per day raw sugar mill and 300 tons day refinery                  |
| CSCC       | Manufacture of raw and refined sugar | 5,500 tons per day raw sugar mill and 200 tons per day refinery                   |
| HYSFC      | Sugarcane farming                    | Farms 535 hectares in Davao del Sur and North Cotabato (as of September 30, 2024) |

#### B. Sugar Production

##### *Production Process and By-products*

Raw sugar production process involves cane crushing, clarification and crystallization, and separation, and yields molasses and bagasse as by-products. The molasses is sold and the bagasse is used to generate steam and electricity for the sugar production process. During the crushing season, all of the Sugar Group’s power requirements are satisfied from the bagasse it produces. The typical sugarcane material balance is as follows: water – 73.0% to 76.0%, soluble solids 8.0% to 16.0%, recoverable sugar (sucrose) – 6.0% to 13.5%, other sugar (fructose, glucose) – 1.5%, fibre – 11.0% to 16.0%, others – 1.0%, based on the Handbook of Cane Sugar Engineering.

##### *Production Capacity and Output*

For Crop Year (CY) 2023–24, the Sugar Group’s total sugarcane crushing capacity at its 2 sugar mills was 11,000 Tons of Cane per Day (TCD). Sugar production is dependent on the quantity of sugarcane available for crushing and the recovery percentage of sugar from sugarcane. Recovery percentages vary depending on the quality of the sugarcane and the efficiency of the recovery process. PSHC’s crop year begins on October 1 of each year and ends on September 30 of the following year. Actual sugar production occurs within this crop year. The duration of the crushing period which is based on the available cane supply generally determines the amount of sugar that is produced.



The following table sets forth the volumes of sugarcane crushed, and sugar produced at the Sugar Group's mills for the past 3 crop years.

|                                                | Sugarcane Crushed and Sugar production |                     |                     |                     |                     |                     |                     |                     |                     |
|------------------------------------------------|----------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                | DSCC                                   |                     |                     | CSCC                |                     |                     | Total               |                     |                     |
|                                                | CY<br>2021<br>-2022                    | CY<br>2022<br>-2023 | CY<br>2023<br>-2024 | CY<br>2021<br>-2022 | CY<br>2022<br>-2023 | CY<br>2023<br>-2024 | CY<br>2021<br>-2022 | CY<br>2022<br>-2023 | CY<br>2023<br>-2024 |
| Sugarcane Crushed ('000 MT)                    | 262.2                                  | 214.6               | 228.0               | 525.9               | 489.2               | 699.8               | 788.1               | 704.0               | 927.8               |
| Sugar Production ('000 MT)                     | 22.7                                   | 18.1                | 21.1                | 45.5                | 43.8                | 62.5                | 68.2                | 61.9                | 83.6                |
| Average Recovery rate (% of sugarcane crushed) | 8.7                                    | 8.4                 | 9.2                 | 8.7                 | 8.9                 | 8.9                 | 8.7                 | 8.8                 | 9.0                 |

The increase in tons cane milled is due to the increase in hectareage, farm yield and improved factory performance.

#### *Raw and Refined Sugar Production*

The Group has decided to mothball the CSCC refinery so that it can concentrate on maximizing its raw sugar efficiency and therefore can better compete with the Bukidnon mills in attracting sugar cane planters in areas accessible to both the CSCC and the Bukidnon mills. The depressed margin for refined sugar due to VAT and the soft demand for refined sugar due to the shift of certain major industrial users to the cheaper high fructose corn syrup has made it more beneficial to concentrate on improving raw sugar recovery. As there are loyal local clients for refined sugar and to maintain the skills of the refinery personnel, PSHC still want to produce refined sugar but out of the DSCC facility only. For CY 2023-24, DSCC produced 28,859 bags.

The following table sets out the breakdown of sugar sales between raw and refined sugar of the Group.

|               | Sugar Sales ('000 MT) |               |             |               |             |               |
|---------------|-----------------------|---------------|-------------|---------------|-------------|---------------|
|               | CY 2021-22            | % of Total    | CY 2022-23  | % of Total    | CY 2023-24  | % of Total    |
| Raw sugar     | 66.4                  | 98.6%         | 55.0        | 98.4%         | 72.8        | 99.2%         |
| Refined sugar | 0.9                   | 1.4%          | 0.9         | 1.6%          | 0.6         | 0.8%          |
| <b>Total</b>  | <b>67.3</b>           | <b>100.0%</b> | <b>55.9</b> | <b>100.0%</b> | <b>73.4</b> | <b>100.0%</b> |

#### *Molasses and Bagasse Production*

The yield of molasses per metric ton of sugarcane crushed is approximately 4.1%, or 41.1 kilos, most of which the Group sells to traders in the domestic market. Molasses can be used to produce ethanol. Each metric ton of sugarcane that Sugar Segment crushes also produces approximately 30.7%, or 307.0 kilos of bagasse, which is fed to a boiler as fuel to produce steam which is then used to generate power necessary for the sugar production process.

#### *Customers and Markets*

The Group sells its raw and refined sugar primarily to traders who then sell sugar to end-customers in the Philippines. End customers include wholesalers and retailers as well as food and beverage companies.

The following table sets forth the breakdown of the Group's sales of sugar to traders and industrial users.

|                  | % of Total Sugar Sold |            |            |
|------------------|-----------------------|------------|------------|
|                  | CY 2021-22            | CY 2022-23 | CY 2023-24 |
| Traders          | 100.0%                | 99.4%      | 100.0%     |
| Industrial users | 0%                    | 0.6%       | 0%         |

### *Sales and Distribution*

For Crop Year 2023-2024, the Group's revenues from sugar operations amounted to ₱4,300.2 million compared to ₱3,797.7 million in Crop Year 2022-2023. The following table sets out the Group's sales of sugar by destination as a percentage of total sales.

|                                  | <b>CY 2021-22</b> | <b>CY 2022-23</b> | <b>CY 2023-24</b> |
|----------------------------------|-------------------|-------------------|-------------------|
| Mindanao                         | 50%               | 50%               | 63%               |
| Luzon                            | 17%               | 17%               | 2%                |
| Visayas                          | 33%               | 33%               | 35%               |
| Export Sales (primarily to U.S.) | 0%                | 0%                | 0%                |

Sugar segment sells the majority of its production in the wholesale market to traders. To mitigate the risk of non-payment, sugar segment generally dispatches orders only after it receives payment although it extends credit in limited circumstances to large customers whom it believes have a strong credit record. Credit terms generally do not exceed 90 days. Increasingly, sugar segment does not have written contractual agreements with its traders, and they do not sell its sugar exclusively. Customers typically obtain delivery of the sugar at the mills and are responsible for transport, packaging and handling. In addition, Sugar segment has an internal sales team to sell and market its sugar. Sugar segment also sells its sugar to industrial buyers. Sugar segment aims to increase its industrial customer base and expand sales in the Luzon region and other areas of the country outside its core market in Southern Mindanao.

### *Raw Material*

Sugarcane is the principal raw material used in the production of sugar. The climate and topography of the southern Philippine regions of the Visayas and Mindanao are ideal for growing sugarcane. According to Sugar Regulatory Administration (SRA) Philippines Sugar Statistics CY 23-24 Mindanao accounted for 22.1% of the Philippines' sugarcane production.

Sugarcane is delivered by farmers to DSCC and CSCC for milling and, in return, the farmers receive a portion of the sugar produced. As a result, DSCC and CSCC do not record any costs for the sugarcane. The Group sources approximately 90% of its sugarcane from approximately 6,000 planters within proximity to the DSCC and CSCC factories, and the remainder is supplied by PSHC's corporate farm, HYSFC.

Sugar segment generally enters into milling contracts with its contract farmer for terms of 15 years. Under a typical milling contract the farmer agrees to deliver all sugarcane grown on a specified area of land to the mills during the milling season, and is obligated to deliver a minimum volume of sugarcane or cultivate sugarcane on a minimum area of land. The time of delivery is based on a delivery program which is determined on the basis of the age of the sugarcane crops. Typically, the farmer receives approximately 62.0% of the raw sugar and molasses from the raw sugar produced by the mill, with the remainder being retained by the mill. The mills issue a receipt, or *quedan*, to each farmer that specifies the amount of sugar or molasses that is due to the farmer. Upon presentation of the receipt, the farmer can withdraw the sugar or molasses from the warehouses at the mill. On average, about 80% of the planters share is being bought by CSCC and DSCC. Each of mills manage their sugarcane farmers through a designated cane supply office which has crop advisors and management programs in place to train, manage and support farmers with technical advice for best farming practices. In addition to farmer training and seminars, the cane supply office provides financial assistance programs, including subsidies and loans for crops, cane points, fertilizer and tractors.

### *Insurance*

Sugar segment maintains insurance covers for all its inventory of sugar, packing material, consumables, buildings, machineries and equipment in all its mills and facilities, against fire, lightning, earthquakes, storms, floods and allied perils.

Sugar group does not anticipate having any difficulties in renewing any of its insurance policies and believes that its insurance coverage is consistent with industry standards in the Philippines.

### C. Competition

According to the SRA Production Bulletin dated August 31, 2024, there were 25 operating sugar mills in the Philippines with an aggregate raw sugar production of 1,923 million MT. These mills are located in the Luzon, Visayas and Mindanao regions. There are 4 sugar mills in Mindanao, including DSCC and CSCC.

The following table below sets out the amount of sugarcane crushed, and the quantity of sugar produced by PSHC compared to its main competitors in Mindanao in CY 2023-24.

|                        | <b>Sugar production ('000 MT)</b> |
|------------------------|-----------------------------------|
| PSHC                   | 84                                |
| Bukidnon Sugar Central | 185                               |
| Crystal Sugar Central  | 156                               |
| <b>Total</b>           | <b>425</b>                        |

*Source: SRA Production Bulletin dated August 31, 2024*

Sugar average prices during CY 2023-24 were higher than in CY 2022-23 from 3,177 per bag to 2,578.

### D. Government Regulations and Environmental Laws

#### *Environment*

The sugar production process generates waste such as soot and dust, water and solid materials as well as noise at various stages of the production process. The Group aims to develop its business without compromising environmental protection. The primary waste produced in Group's sugar segment's production facilities is bagasse, which is fed to a boiler as fuel to produce steam which is then used to generate power necessary for the sugar production process. In addition, water treatment and scrubber systems are installed in PSHC's production facilities to control wastewater discharge and clean waste gases that are emitted during the production process. PSHC has obtained all environmental licenses from the relevant authorities in the Philippines that are necessary to conduct its business. The environmental licenses obtained by PSHC are annually renewed. As of this date, PSHC has not been subject to any material fines or legal action involving non-compliance with any relevant environmental laws and regulations in the Philippines.

#### *Sugar Regulatory Administration*

In 1986, EO 18 dated May 28, 1986 created the SRA. The SRA has the following powers and functions: (i) to recommend the establishment of a sugar production, coefficient and production quota which is attached the land for each planter; (ii) to institute regulations for implementing, controlling and monitoring the production quotas; (iii) to establish domestic, export and reserve allocations; (iv) to explore and expand the domestic market and foreign markets for sugar and its by-products; (v) to assure mutual benefits to consumers and producers, to promote and maintain proper balance of production of sugar and its by-products; (vi) to institute, implement and regulate an orderly system of Quedanning, disposition and withdrawals of various forms of sugar from warehouses; (vii) to evaluate and recommend to the President new projects involving the production of sugar and its by-products and other products derived from sugarcane and sugar; (viii) to issue permits and licenses and collect corresponding fees and levies on the processing and manufacture of sugar and its by-products and other products derived from sugarcane and sugar; (ix) to enter, make and execute routine contracts that may be necessary for, or incidental to, the attainment of its purposes between any persons, firm, public or private, and the Government; and (x) to do all such other things, transact such other businesses and perform such functions directly or indirectly necessary incidental or conducive to the attainment of the purposes of the SRA.

All corporate powers of the SRA are vested in, and exercised by, the Sugar Board, which has the power, among others: (i) to establish policies pertaining to sugar and sugarcane production control and Quedanning of sugar produced; withdrawals from sugar warehouses; issuance of permits and licenses in the processing and manufacture of raw sugar, refined and other classes of sugar; issuance of permits and licenses and other related issues pertaining to the specific and general powers prescribed in EO 18; and (ii) to enter into contracts, transactions, or undertakings of whatever nature which are necessary or incidental to its functions and objectives.

Under EO 338 dated January 10, 2001, the SRA became an attached agency of the DA. Under Memorandum Order No. 134 dated February 9, 2004, the Philippine Department of Finance and its attached bureaus, particularly, the Philippine Bureau of Customs (BOC) and the BIR, were mandated to consult and coordinate with the SRA in the determination of the appropriate classification of sugar products for certain purposes including, but not limited to, imposing the proper import duties, and/or assessing value added or other taxes thereon. The BOC is required to notify the SRA in case of any importation, exportation or withdrawal from customs bonded warehouses, of sugar, and all forms thereof, prior to their release and allow the SRA to inspect the shipment or warehouse to verify compliance with its rules and regulations. The entry to and exit from special economic zones of sugar products is also covered by Memorandum Order No. 134.

Sugar, molasses, and muscovado traders and processors of sugar-based products for export are required to register with the SRA pursuant to SRA Order No. 006 dated June 24, 2005. Moreover, importers and exporters are required to secure a clearance from the SRA for the export of sugar and molasses and the importation of refined sugar, raw sugar and molasses.

The SRA periodically issues a list of sugar traders registered with the SRA for a particular crop year and only persons and entities duly registered with the SRA as sugar traders are authorized to withdraw sugar for export and domestic use from the warehouses of mill companies and sugar refineries in accordance with the existing rules and regulations promulgated by the SRA. Sugar producers are allowed to withdraw their respective shares of their own sugar production from mill and refinery warehouses for domestic consumption in the Philippines only.

The SRA also issues a listing of registered molasses and muscovado traders with the SRA for a particular crop year and only persons and entities duly registered with the SRA as molasses traders are authorized to withdraw molasses for export and domestic use from the storage tanks of mill companies and sugar refineries in accordance with the existing rules and regulations promulgated by the SRA. Sugar producers are allowed to withdraw their respective shares of their own molasses production from mill and refinery warehouses for domestic consumption in the Philippines only.

#### **1.4.6 Other Operations**

This involves other operations of FDC including FDCI, FBSC, SPI, PROMEI, and LIPAD.

FDCI was incorporated to facilitate the Group's issuance of foreign currency-denominated bonds.

FBSC is engaged in providing its services and business solutions and computer and information technology services including, but not limited to, general consulting, improvement systems planning, network integration, business re-engineering services, systems integration and system development.

SPI was incorporated to provide technical and business process services.

In July 2019, following the execution of a joint venture agreement between FDC and Engie in June 2019, PROMEI was incorporated to operate, maintain and repair existing and future technical systems, including but not limited to heating, ventilation and air conditioning systems district cooling systems and distributed energy systems, and implement new technologies in connection with saving energy and reducing operating costs. PROMEI is 47.5% owned by FDC and 52.5% owned by Engie. PROMEI started its commercial

operations in August 2020. Going forward, it is expected that PROMEI will act as the operation and maintenance service arm for any future joint ventures between FDC and Engie.

#### Clark International Airport

In December 2018, the NLAC, comprising FDC, JGSHI, PAGSSI, and CAP (wholly owned by Changi Airports International), was awarded a contract for the operation and maintenance of CIA's existing passenger terminal and the development, fit-out, operation and maintenance of a new modern terminal building, including the related commercial assets and project facilities.

The new terminal has an estimated annual capacity of 8 million passengers. In January 2019, the consortium had signed an operation and maintenance concession agreement with the Bases Conversion and Development Authority for the operation and maintenance of CIA for a period of 25 years from the handover of the new terminal.

Following the execution of the concession agreement, the consortium incorporated the Luzon International Premiere Airport Development (LIPAD) Corporation in February 2019 to act as the consortium's joint venture entity. FDC's ownership interest in LIPAD Corporation is 42.5%.

The consortium took over the operation and maintenance of the existing terminal in August 2019. The ceremonial handover of the new terminal to the consortium took place in January 2021. On May 2, 2022, the new terminal building of Clark International Airport formally started operations, transferring both domestic and international flights to the new facility.

### **1.5 Employees and Labor**

As of December 31, 2024, FDC Group's 14,456 employees (including 34 consultants) categorized by function are as follows:

|                                       |              |                            |               |
|---------------------------------------|--------------|----------------------------|---------------|
| <b>Real Estate</b>                    | 270          | <b>Power and Utility</b>   |               |
| Operations                            | 1,529        | Operations                 | 0             |
| Administrative and Support            | 190          | Administrative and Support | 90            |
| Technical                             | 314          | Technical                  | 222           |
| Marketing                             | 2,303        | Marketing                  | 26            |
| <b>Subtotal</b>                       | <b>270</b>   | <b>Subtotal</b>            | <b>338</b>    |
| <b>Hospitality</b>                    |              | <b>Sugar</b>               |               |
| Operations                            | 700          | Operations                 | 346           |
| Administrative and Support            | 264          | Administrative and Support | 83            |
| Technical                             | 194          | Technical                  | 70            |
| Marketing                             | 120          | Marketing                  | 1             |
| <b>Subtotal</b>                       | <b>1,278</b> | <b>Subtotal</b>            | <b>500</b>    |
| <b>Banking and Financial Services</b> |              | <b>Others</b>              |               |
| Operations                            | 6,473        | Operations                 | 0             |
| Administrative and Support            | 253          | Administrative and Support | 272           |
| Technical                             | 245          | Technical                  | 707           |
| Marketing                             | 2,086        | Marketing                  | 1             |
| <b>Subtotal</b>                       | <b>9,057</b> | <b>Subtotal</b>            | <b>980</b>    |
|                                       |              | <b>GRAND TOTAL</b>         | <b>14,456</b> |

The Group provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to help increase efficiency and to prepare employees for future assignments. The Group has also provided a mechanism through which

managers and staff are given feedback on their job performance, which the Group believes will help to ensure continuous development of its employees' knowledge base. The Group also offers employee benefits and salary packages that it believes are in line with industry standards in the Philippines and which are designed to help it compete in the marketplace for quality employees. It is The Group's goal to position itself as an employer of choice in the Philippines.

## **1.6 Major Risks, Risk Management, Strengths and Strategies**

The growth and success of the Group depends on its ability to understand and respond to the challenges of an uncertain and changing world. This uncertainty generates risk which is among the critical issues that should be undertaken in ensuring the best performance in the organization. By understanding and managing risk, the Group provides greater certainty and confidence for all the stakeholders.

### **RISKS RELATING TO THE GROUP'S BUSINESSES**

**The Group's business, financial condition, and results of operations face risks from public health epidemics or outbreaks of disease that could have an adverse effect on economic activity in the Philippines.**

On July 21, 2023, Presidential Proclamation No. 297 was issued, lifting the State of Public Health Emergency throughout the Philippines due to COVID-19 pandemic.

The outbreak of COVID-19 and other adverse public health developments, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus and Ebola virus could materially and adversely affect the Group's business, financial condition and results of operations. These may include, temporary closures of the Group's properties, or cause the hospitalization or quarantine of the Group's employees, delay or suspension of supplies from the Group's suppliers, disruptions or suspension of the Group's operational activities. Although the Group has taken certain measures to try and minimize the negative effect of COVID-19 on the Group's operations, there is no certainty that such measures will be sufficient or that the Group will not be required to incur additional expense to address the effect of COVID-19 on its operations.

**The Group operates in competitive industries, which could limit the Group's ability to maintain or increase its market share and maintain profitability.**

Each of the Group's business operations is subject to competition. Some competitors may have substantially greater financial and other resources, which may allow them to undertake more aggressive marketing and to react more quickly and effectively to changes in the markets. The entry of new competitors into any of the Group's business segments could reduce the Group's sales and profit margins.

**The Group's businesses are highly regulated and Government policies and regulations could adversely affect the Group's operations and profitability.**

Each of the Group's business operations are subject to a broad range of government laws and regulations, fiscal policies and zoning ordinances. The Group has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations, fiscal policies and zoning ordinances. Further changes to the applicable governmental laws and regulations, fiscal policies and zoning ordinances will result in additional costs of compliance for the Group.

**The Group's businesses are subject to environmental regulations that could have a material adverse effect on its business, financial condition and results of operations.**

In general, developers of real estate projects are required to submit project descriptions to regional offices of the DENR. For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required and the developer will be required to obtain an ECC to signify the full responsibility of the proponent in implementing specified measures which are necessary to comply with existing environmental regulations or to operate within best environmental practices that are not currently covered by existing laws. There can be no assurance that current or future environmental laws and regulations applicable to the Real Estate Companies and the Group's hospitality businesses will not increase the costs of conducting their businesses above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC condition occurs or if environmental hazards on land where the Real Estate Companies' projects or the Group's hospitality projects and businesses are located cause damage or injury to buyers or any third party, the Real Estate Companies or the Group, as the case may be, may be required to pay a fine, and to incur costs in order to cure the violation and to compensate their buyers and any affected third parties. The Group cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Group's real estate development or hospitality businesses could have a material adverse effect on the Group's business, financial condition and results of operations.

The Sugar Subsidiaries are subject to Philippine laws and regulations concerning the discharge of effluent water, airborne emissions, such as that resulting from the burning of bagasse, and solid particulate matter during the manufacturing process. The Sugar Subsidiaries are required to obtain certain clearances and authorizations from government authorities for the collection, treatment, storage and disposal of hazardous waste. The Government may take steps towards the adoption of more stringent environmental regulations and there can be no assurance that the Sugar Subsidiaries will not be the subject of an investigation or will be in full compliance with these regulatory requirements. These regulations may require the Sugar Subsidiaries to purchase and install expensive pollution control equipment or make operational changes to limit any adverse impact or potential adverse impact on the environment, and any violation of these regulations may result in substantial fines, criminal sanctions, revocations of operating permits and/or shutdown of the Sugar Subsidiaries' facilities. Due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental regulations, the Sugar Subsidiaries may need to incur substantial capital expenditures to comply with such new regulations. The costs of complying with current and future environmental laws and the Sugar Subsidiaries' liabilities arising from the release of hazardous substances may materially and adversely affect the Group's business, results of operations and financial condition.

The Group's power business is also covered by the Philippine Environmental Impact Statement System and projects that are considered environmentally critical may need to submit an environmental impact study to secure an ECC. Power plant projects are also subject to laws and regulations concerning the discharge of effluent water, drilling of wells, airborne emissions, such as that resulting from the burning of coal and fuel oil. The Group must ensure that all of its power plant facilities are compliant with the regulations imposed by the DENR as well as the LGU of the area in which its facilities are situated. The Group has incurred and expects to continue to incur operating costs to comply with such laws and regulations. The Group may also be required to incur costs to remedy for damages caused by any non-compliance with its ECC conditions or other environmental regulations. Furthermore, safety, health and environmental laws and regulations in the Philippines have become increasingly stringent and there can be no assurance that these laws and regulations will not become significantly more stringent in the future. The adoption of new safety, health and environmental laws or regulations, new interpretation of existing laws, increased governmental enforcement or other similar developments in the future may require additional capital expenditures or the incurrence of additional operating expenses in order for the Group to be compliant with all applicable

regulations. If the Group fails to meet all safety, health and environmental requirements, it may be subject to administrative, civil or criminal proceedings by governmental authorities, which could result in substantial fines and penalties imposed against the Group. The costs of complying with current and future safety, health and environmental laws and the Group's power business' potential liabilities arising from non-compliance could materially and adversely affect the Group's business, financial condition and results of operations.

**The Group relies heavily on automated systems to operate its businesses and the failure to maintain, upgrade and secure these systems could harm the Group's businesses.**

The Group depends on a variety of automated systems to operate its businesses. Although the Group has implemented various IT-related improvements programs and installed new systems over the years, due to the continuously evolving nature of information technology systems, certain of the Group's automated systems are or may be relatively outdated and less integrated than those of some companies of similar scale in the Philippines and abroad. As a result, there can be no assurance that the Group's information systems will achieve their intended benefits within the anticipated time frame efficiently, or at all. Moreover, there can be no assurance that any new systems of the Group will not be rendered outdated in the near future due to rapid technological advancements.

Furthermore, the Group relies on systems developed and maintained by third parties. If these third parties experience difficulty meeting the Group's requirements or standards, it could damage the Group's reputation or make it difficult for the Group to operate some aspects of its businesses. In certain cases, the Group has developed, and intends to develop, automated systems to replace third-party systems that the Group has used, and uses, in its operations. There can be no assurance that the Group's in-house teams will be able to design, implement and maintain functional systems that adequately replace such third-party systems. In such cases, the Group generally does not have recourse to any third-party provider if the systems do not operate as intended. Any of the foregoing could have an adverse effect on the Group's business, financial condition and results of operations.

The Group's automated systems also involve the transmission of confidential information, including the personal banking information of EW's customers, over public networks. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments could result in compromises or breaches of the applicable security systems and personal data stored in these systems. Anyone who circumvents the security measures on these systems could misappropriate the Group's confidential information or cause interruptions in its services or operations. The internet is a public network and data is sent over this network from many sources. In the past, computer viruses or software programs that disable or impair computers have been distributed and have rapidly spread over the internet. Computer viruses could be introduced into the Group's systems, or those of the third-party systems, which could disrupt the Group's operations or make its systems inaccessible to the third parties. The Group may be required to expend significant capital and other resources to protect against the threat of security breaches or to alleviate problems caused by breaches. The Group's security measures may be inadequate to prevent security breaches, and its business operations would be negatively impacted if security breaches are not prevented. The Group implements information technology and security protocols to ensure that its systems are protected and functioning at all times.

**The Group may be unable to continue to exploit opportunities to acquire or invest in new businesses and diversify its operations.**

As part of the Group's business strategy, it intends to selectively explore acquisitions of, and investment opportunities in, companies and assets that include infrastructure, utilities and banks that may enhance its revenue growth, operations and profitability. From time to time, the Group may publicly announce potential investments and acquisitions under consideration. If general economic and regulatory conditions or market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, the Group may need to delay, modify or forego some aspects of its growth strategies, and its future growth prospects could be adversely affected.



The Group's ability to grow successfully and profitably through acquisitions will depend on numerous factors, including the availability of suitable acquisition or investment targets, competition for those acquisitions, particularly from those companies with larger and more geographically diverse operations and greater financial resources than the Group, the ability of the companies the Group acquires to perform operationally or financially in the manner expected, the Group's ability to successfully integrate and operate its acquisitions, the availability of expertise and financial resources to successfully manage such acquisitions on a regional scale, the availability of financing from internal or external sources for the Group to complete those acquisitions and the legal, regulatory, social, political and economic factors which prevail in the markets where those opportunities may exist.

To the extent the Group acquires or invests in areas that are outside of the Group's existing lines of business, the Group will face challenges, including with respect to the Group's ability to develop the expertise required to successfully engage in the businesses it acquires or invests in and to make such businesses successful, the Group's ability to develop a reputation in industries into which it might expand, the Group's ability to attract and retain customers, suppliers and managers for new businesses; and competition from companies engaged in similar businesses in the markets that the Group has targeted for entry which is dependent, in part, upon the number, size, operating history, expertise, reputation and financial resources of those competitors. Furthermore, to the extent such investments are undertaken as joint ventures, there can be no assurance that the Group's public and private partners will meet their joint venture obligations in a timely manner or at all.

In addition, the Group may spend considerable management time and cost in evaluating potential acquisition targets or investments which may divert management attention from the Group's current businesses. As a result of any of these factors, the Group may be unable to grow its existing or new businesses in the manner it expects and may lose all or a substantial portion of its investments in new businesses, which could have a material adverse effect on the Group's existing business, financial condition and results of operations. The Group's future acquisitions and investments, if any, may require it to use significant amounts of cash and incur substantial amounts of indebtedness, each of which could adversely affect the Group's business, financial condition and results of operations. To minimize this risk, the company regularly assesses market conditions and formulates plans as well as alternatives if market conditions change. This allows the company to be flexible and agile.

#### **The Group may face challenges expanding and optimizing its newer businesses.**

In recent years, the Group has expanded its core historical businesses of real estate, banking and sugar, primarily through its re-entry into the power business and its active participation in infrastructure projects. While the Group believes it has clearly shown that it has the expertise and resources to develop these relatively newer businesses and optimize existing operations, there can be no assurance that these efforts will result in the desired results.

FDCUI continues to pursue potential power projects, including privatization projects of the Government. The Group may incur substantial expenditures to bid for, acquire and develop these projects, and the expenditures the Group incurs to develop these projects may exceed its revenue from these businesses. Any of the above could constrain the Group's existing resources, liquidity and reputation.

The Group, through FDC, has ventured into the infrastructure sector as part of two consortiums, the North Luzon Airport Consortium and the NAIA Consortium, which were established to, among other things, upgrade, expand and operate the CIA and NAIA, respectively. While the North Luzon Airport Consortium has entered into the operation and maintenance contract with respect to CIA, the contract for the development and expansion of NAIA is yet to be awarded. Even if the NAIA Consortium is awarded the development contract for the NAIA, there can be no assurance that the consortiums will be successful in their development, expansion or operation and maintenance of the airports. Any failure of the consortiums to perform their obligations under the contracts, including as a result of a dispute between any of the members of the consortiums, could cause the contracts to be breached or terminated, which could adversely

affect the performance of FDC's business, financial condition and results of operations. The Group may incur substantial expenditure in connection with the operation and maintenance and/or expansion of the airports and other projects, and there is no assurance that the Group's foray into these new lines of business will be successful.

The Group has a joint venture with BCDA for 288 hectares of New Clark City. The first phase of this venture comprised an industrial zone for logistics, tech and light industrial companies. This venture will require the Group to manage additional relationships with third parties such as potential industrial lessees, suppliers and contractors. Although the Group has some experience in operating logistics parks through its ongoing development of Cuidad de Calamba, there is no assurance that the Group's expansion of this line of business will be successful.

The development of new projects by the Group is subject to substantial risks which could give rise to delays, cost overruns, unsatisfactory construction or development or the total or partial loss of the Group's interest in the project under development, construction or expansion. Such risks to development include:

- the need to incur significant expenses to develop new projects, particularly preliminary feasibility studies, engineering, permits and legal and other expenses before determining whether a project is feasible, economically attractive or capable of being financed;
- expenses during due diligence activities needed during bidding as well as acquisition of existing assets;
- shortages and insufficient quality of equipment, material and labor and the breakdown or failure of equipment or processes;
- opposition from local communities and special-interest groups;
- social unrest and terrorism;
- engineering and environmental problems;
- construction and operational delays, or unanticipated cost overruns;
- failure by key contractors and vendors to timely and properly perform; and
- adverse environmental and geological conditions (including inclement weather conditions).

**The businesses in which the Group currently operates and may in the future operate are capital-intensive. Failure to obtain financing or the inability to obtain financing on reasonable terms could affect the execution of the Group's operations and growth plans.**

The businesses in which the Group currently operates and may in the future operate are capital-intensive. The real estate and power businesses require significant capital expenditures to develop and implement new projects and complete existing projects. The Group has allocated capital expenditures for 2025, realigning its strategies to strengthen its competitive advantage, especially renewable energy and water projects, hospitality and digitalization projects and look into opportunities in project expansions, adjacent businesses or new ventures including urban solution and renewables.

Historically, while the Group has funded a significant portion of its capital expenditure requirements internally from its real estate operations, it has periodically utilized external sources of financing. However, there can be no assurance that, to complete its planned projects or satisfy its other liquidity and capital resources requirements, the Group will be able to continue funding its capital expenditure requirements internally, or that it will be able to externally obtain sufficient funds for its capital expenditure budgets, at acceptable rates or at all. The Group's ability to raise additional equity financing from non-Philippine investors is subject to foreign ownership restrictions imposed by the Philippine Constitution and applicable laws. The Group's continued access to debt financing as a source of funding for new projects and acquisitions and for refinancing maturing debt is subject to many factors, many of which are outside of the Group's control. For example, political instability, an economic downturn, social unrest, changes in the Philippine regulatory environment or the bankruptcy of an unrelated company within a similar industry or industries in which the Group operates could increase the Group's cost of borrowing or restrict the Group's ability to obtain debt financing or comply with its debt financing covenants. In addition, disruptions in the

capital and credit markets, which occurred in the past, may recur and such disruptions could adversely affect the Group's access to financing. The Group cannot guarantee that it will be able to arrange financing on acceptable terms, or at all. The inability of the Group to obtain financing from banks and other financial institutions or on acceptable terms would adversely affect its ability to operate or execute its growth strategies. To manage this risk, the Group has established a wide range of possible financing options. The Group is also flexible enough to adjust its plans depending on the financial resources.

**The interests of the Group's joint venture partners may differ from those of the Group and such partners may take actions that adversely affect the Group or its subsidiaries.**

A joint venture involves special risks where the venture partner may have economic or business interests or goals that are inconsistent with or different from those of the Group. The joint venture partner may also take actions contrary to the Group's instructions or requests, or in direct opposition to the Group's policies or objectives with respect to the underlying business or dispute the distribution of its joint venture share. The joint venture partner may also fail to perform its obligations under the joint venture arrangement. Disputes between the Group and its joint venture partners could arise after significant capital investments in a project have been made, which could result in the loss of some or all of the Group's investment in that project. The Group's reliance on its joint venture arrangements could therefore have a material adverse effect on the Group's business, financial condition and results of operations.

Several of the Group's subsidiaries have entered into joint venture agreements with unaffiliated third parties as part of the Group's diversification strategy. For example, the Real Estate Companies have entered into joint venture agreements with landowners as part of their overall land acquisition strategy and property management and intend to continue to do so. Under the terms of these joint venture agreements, the Real Estate Companies are responsible for project development and project sales, while their joint venture partner typically supplies the project land and agrees to a revenue sharing plan. FDCUI and EW, the Group's energy and banking subsidiaries, respectively, have also entered into joint ventures in relation to their business activities.

The Group also has current joint venture arrangements or partnerships with several government units. Although these are covered by contracts and agreements that have been authorized by government legal protocols and proceedings, there might be circumstances in the future that such agreements may be subjected to review and audit which may affect the Group's ability to deliver on its obligations to its clients, and might hamper the operations of the company as a whole, to generate the revenues from the projects. Such joint venture arrangements are the following: (i) 40-hectare joint venture project with Cebu City Government in SRP; (ii) 4.1-hectare BTO arrangement with Cebu Provincial Government for seven (7) office tower buildings and commercial centers in Lahug and Apas, Cebu; (iii) land lease agreement with Clark Development Corporation involving the 200-hectare Mimosa Plus estate in Clark Pampanga; and (iv) joint development partnership with BCDA on 288-hectare New Clark City in Tarlac. The Group maintains good relationships with its joint venture partners to ensure common objectives.

**FDC is controlled by the Gotianun Family and their interests may differ significantly from the interests of other shareholders.**

FDC is controlled by members of the Gotianun Family, who either individually or collectively have controlled FDC and its subsidiaries since the inception of FDC. As of December 31, 2024, members of the Gotianun Family were the beneficial and record owner of approximately 89.3% of the Company's issued and outstanding Shares. Members of the Gotianun Family also serve as directors and executive officers in FDC and other companies forming part of FDC and its subsidiaries, including but not limited to, FAI, FLI, PSHC, EW, FHC and FDCUI and these family members may not be able to devote sufficient time and effort to the management of FDC. There is also no non-compete agreement or other formal arrangement in place to prevent other companies that are also controlled by the Gotianun Family from engaging in activities that compete directly with the Group's businesses or activities, which could have a negative impact on the Group. Neither can there be any assurance that the Gotianun Family will not take advantage of business opportunities that may otherwise be attractive to the Group. The interests of the Gotianun Family, as the

Group's controlling shareholder, may therefore differ significantly from or compete with the Group's interests or the interests of other shareholders, and the Gotianun Family may vote their Shares in a manner that is contrary to the interests of the Group or the Group's other shareholders. There can be no assurance that the Gotianun Family will exercise influence over the Group in a manner that is in the best interests of the Group or its other shareholders.

**Certain directors and members of senior management may retire, resign or be reassigned.**

The Company's directors and members of its senior management have been an integral part of the Group's success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart or take on reduced responsibilities could be difficult to replace and may result in a decrease in the Group's operating efficiency and financial performance. Members of the Gotianun Family also fill certain key executive positions and the Group may not be successful in attracting and retaining executive talent to replace these family members should they depart or take on reduced responsibilities. Such executives include: Jonathan T. Gotianun, Chairman; Josephine Gotianun-Yap, Vice Chairman; and Michael Edward T. Gotianun, Vice President and Director, Francis C. Gotianun, First Senior Vice President and Director. While the Group has an active program for succession planning, which includes continued participation of retiring executives on key committees, if any such person departs or takes on reduced responsibilities or is otherwise unavailable to the Group is unable to fill any vacant key executive or management positions or responsibilities with qualified candidates, its business, financial condition and results of operations may be adversely affected. The Group does not carry insurance in respect of the loss of the services of any of the members of its management.

**The Group may be unable to attract and retain skilled professionals.**

The Group believes there is significant demand for its skilled professionals not only from its competitors in the Philippines but also from companies outside of the Philippines, particularly companies operating in Asia and the Middle East. The Group's ability to retain and attract highly skilled personnel, particularly architects, engineers, bank managers, hotel managers, hospitality professionals, and project and operation managers, will affect its ability to plan, design and execute current and future projects. In particular, any inability on the part of the Group to hire and, just as importantly, to retain qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require FDC to incur additional costs by having to engage third parties to perform these activities. The Group has put in place succession planning in the event of difficulty in hiring professionals. The Group has also established a number of methods for recruiting professionals.

**New regulation and/or taxes may be effected that may impact the competitiveness of coal as a source of baseload energy.**

The operation of the baseload plant is regulated by the DOE, ERC and DENR, among others. As the government transitions to clean and renewable energy sources as part of its commitment to international treaties, it may enact laws and/or issue new regulations that will require additional taxes or impose penalties and other mechanisms on carbon emissions to discourage the use of fossil-fueled baseload power plants. While taxes are usually passed through charges, these new laws and/or regulations may amend such provisions such that taxes and penalties will be borne solely by the supplier. These may have an impact on the Group's cashflow as well as the competitiveness in contracting the remaining available capacity.

**RISKS RELATING TO THE GROUP'S REAL ESTATE BUSINESS**

- The Real Estate Companies' portfolio of residential property development projects exposes the Group to sector-specific risks;
- The Real Estate Companies are exposed to risks associated with the operation of their investment properties and the development of their office space and retail leasing business and the integration of such investment properties with its core housing and land development business;

- The exit of POGOs from the Philippines may materially and adversely affect the Real Estate Companies' business and operations;
- Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Real Estate Companies and their customers' ability to obtain financing;
- A significant portion of the demand for the Real Estate Companies' residential real estate projects is from overseas Filipino workers ("OFWs") and expatriate Filipinos, which exposes the Group to risks relating to the performance of the economies of the countries where these potential customers are based;
- The Real Estate Companies face certain risks related to the cancellation of sales involving their residential real estate projects and if the Real Estate Companies were to experience a material number of sales cancellations, the Group's historical revenues from real estate operations would be overstated;
- The Real Estate Companies face risks relating to the management of their land bank, including area concentration within the land bank, which could adversely affect their margins;
- The Group faces risks relating to its real estate projects, including risks relating to project cost, completion time frame and development rights;
- The Group's reputation may be adversely affected if projects are not completed on time or if projects do not meet customers' requirements;
- Independent contractors may not always be available, and once hired by the Real Estate Companies, may not be able to meet quality standards and/or may not complete projects on time and within budget;
- The implementation of tax reforms may have negative impact on the results of operations of the Group and the loss of certain tax exemptions and incentives will increase Real Estate Companies' tax liability and decrease any profits the Company might have in the future;
- The Real Estate Companies' residential real estate projects are exposed to risks associated with their in-house financing activities, including the risk of customer default, and the Real Estate Companies may not be able to sustain their in-house financing program;
- Construction defects and other building-related claims may be asserted against the Real Estate Companies, and the Real Estate Companies may be subject to liability for such claims;
- A domestic asset price bubble could adversely affect the Real Estate Companies' business;
- The Real Estate Companies are largely dependent on third-party brokers to sell their residential housing and land development projects and to lease their commercial and office properties;
- Infringement of the Group's intellectual property rights in relation to its real property and hospitality businesses could have a material adverse effect on the Group's operations;
- Certain residential real estate customers of the Real Estate Companies rely on financing from Government-mandated funds, which may not always be available;

## **RISKS RELATING TO THE GROUP'S HOSPITALITY BUSINESS**

- The hospitality industry is highly competitive, with increasing supply from both local and international hotel operators, including alternative accommodations.
- The hospitality business experiences seasonal fluctuations and may be affected by unpredictable shifts in travel patterns and consumer behavior.
- Tourism and travel demand are highly sensitive to global and local economic conditions, currency fluctuations, inflation, and geopolitical events, which can adversely affect occupancy and revenue.
- Concentration of investments in a few destinations (e.g., Cebu, Clark, Boracay, Baguio) exposes the business to localized downturns or regulatory changes in those areas.
- Rising costs of labor, utilities, and supplies can erode margins, particularly in upscale properties requiring high service standards.
- Hotel developments are subject to risks of construction delays, cost overruns, or regulatory bottlenecks.
- Changes in tourism policies, local government regulations, or tax incentives may affect project viability or operating costs.
- Difficulty in attracting, training, and retaining skilled hospitality professionals may impact service delivery and overall guest satisfaction.
- Dependence on digital platforms and property management systems exposes the business to risks of cyberattacks, data breaches, and system failures.
- Increasing stakeholder and regulatory focus on Sustainability may require additional investments and adaptations to meet evolving expectations.

## **RISKS RELATING TO THE GROUP'S BANKING AND FINANCIAL SERVICES BUSINESS**

- Increased exposure to consumer debt could result in increased delinquencies in EW's loan portfolios;
- EW has notable exposure to certain sectors in the Philippine economy. Any decline in the performance of any of these industry sectors may result in a substantial portion of these loans to become non-performing, adversely affecting the quality of EW's loan portfolio;
- EW's funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, or if other banks do not lend short-term funds to EW as they have in the past, EW's liquidity and business could be adversely affected;
- EW may be unable to recover the assessed value of its collateral when its borrowers default on their obligations, which may expose EW to significant losses;
- EW is subject to interest rate risk and foreign currency risk;
- EW's provisioning policies in respect of classified loans require significant subjective determinations which may increase variation in the application of such policies;
- EW is involved in many businesses subject to a variety of regulatory regimes and guidelines, and any changes in the relevant regulatory regimes or guidelines may adversely affect EW's businesses, financial condition and results of operations;

- EW is subject to credit, market, and liquidity risks which may adversely affect EW's credit ratings and its cost of funds;
- EW may not be successful in implementing its growth strategies;
- A downgrade in the credit rating of EW could adversely affect their business, financial condition and results of operations;
- EW may face increasing levels of NPLs and EW's allowance for impairment and credit losses may be insufficient to cover future losses. To the extent EW increases such allowances or fails to recover expected amounts from NPLs, its financial performance will be adversely affected;
- EW's trading activities are subject to volatility;
- EW may fail to effectively operate its information technology systems and manage risks associated with such systems, which could adversely affect its business;
- Significant security breaches in EW's computer systems and network infrastructure, fraud, systems failures and calamities could adversely impact its business;
- EW may be subject to intellectual property rights disputes with respect to certain names and marks;
- EW's business, reputation and prospects may be adversely affected if EW is not able to detect and prevent fraud or other misconduct committed by EW's employees or outsiders on a timely basis;
- Losses in EW's subsidiaries' operations may affect the financial standing of EW;
- The Philippine banking industry is highly competitive and increasing competition may result in declining margins in EW's principal businesses
- EW may have to comply with strict regulations and guidelines issued by banking and other regulatory authorities in the Philippines and international bodies;
- EW may experience difficulties due to the implementation of Basel III in the Philippines;
- EW's non-compliance with FATCA may cause material and adverse impact on EW's business, financial condition and results of operations;
- EW's ability to assess, monitor and manage risks inherent in its business is limited by the quality and timeliness of available data;

#### **RISKS RELATING TO THE GROUP'S POWER BUSINESS**

- Increased competition in the power industry, including competition resulting from legislative, regulatory and industry restructuring efforts, could have a material adverse effect on FDCUI's operations and financial performance;
- Administration and operation of power generation plants involve significant risks;
- FDCUI may experience issues with respect to its fuel costs or supply;
- FDCUI engages technical partners and in-house operators and specialized suppliers in connection with the power generation at its power plant;

- FDCUI is exposed to credit and collection risks;
- FDCUI's power supply agreements are subject to approval and renewal risk;
- FDCUI may not successfully implement its growth strategy in the power industry;
- The Group's growth plans may be limited by the Philippines' transmission infrastructure;
- The Group currently only has one operating generation asset;
- FDCUI faces risks relating to its future power generation projects, including risks relating to project cost, completion time frame and development rights;
- FDCUI faces risks relating to its future power generation projects, including risks relating to project cost, completion time frame and development rights;
- Policy and regulatory responses to climate change and rising cost of insurance and challenge in placing 100% insurance may adversely affect FDCUI's business and prospects;
- The loss of certain tax exemptions and incentives will increase FDCUI's tax liability and decrease any profits it might have in the future;

#### **RISKS RELATING TO THE GROUP'S SUGAR BUSINESS**

- Farmers are not required to grow sugarcane and may cultivate other crops;
- The Sugar Subsidiaries' business is dependent on certain principal customers who are not under any obligation to purchase the Sugar Subsidiaries' products, and the loss of, or a significant reduction in, purchases by such customers could adversely affect the Sugar Subsidiaries' business;
- Reduced demand for or changes in perception of end-products that use raw or refined sugar;
- Contract farmers may not repay their crop loans to PSHC;
- Adverse weather conditions, crop disease, substandard sugarcane quality and certain sugarcane crop varieties grown by farmers may adversely affect sugarcane crop yields and sugar recovery rates for any given harvest;
- The Sugar Subsidiaries may be adversely affected by price fluctuations in sugar and related markets, such as ethanol, oil and corn;
- The Sugar Subsidiaries are potentially subject to price competition from illegally imported sugar;
- Because the Sugar Subsidiaries' contracts to cultivate sugarcane are based on the amount of land the farmer cultivates rather than a set quantity or quality of sugarcane, the yield per hectare of land determines in large part the quantity of sugarcane the Sugar Subsidiaries receive and the Sugar Subsidiaries cannot guarantee that the supply their mills receive in a given year will be sufficient to meet their needs;
- Because DSCC and CSCC contract with sugarcane farmers to cultivate sugarcane under long term contracts, DSCC and CSCC may be obligated to mill the sugarcane produced even if they will be unable to sell the resulting sugar;
- The Sugar Subsidiaries' results of operations could be adversely affected by a disruption of operations at their manufacturing facilities;



- The collective bargaining agreement which governs most DSCC employees will expire on June 30, 2027;

## **RISKS RELATING TO THE GROUP'S INFRASTRUCTURE BUSINESS**

- The Group's infrastructure business is at a very early stage

## **RISKS RELATING TO THE PHILIPPINES**

- Substantially all of the Group's business activities are conducted in the Philippines and all of its assets are located in the Philippines, which exposes the Group to risks associated with the Philippines, including the performance of the Philippine economy;
- Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Group's businesses;
- The Group's business may be disrupted by terrorist acts, crime, natural disasters and outbreaks of infectious diseases in the Philippines or fears of such occurrences;
- Political or social instability in the Philippines could destabilize the country and may have a negative effect on the Group;
- The Group's land and real property may be subject to compulsory acquisition or expropriation proceedings undertaken by the Government;
- Corporate governance and accounting and financial disclosure standards for public companies listed in the Philippines may differ from those in other countries;
- Changes in foreign exchange control regulations in the Philippines may limit the Group's access to foreign currency;
- The sovereign credit ratings of the Philippines may adversely affect the Group's business; and
- Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

## **COMPETITIVE STRENGTHS**

The Group believes that its principal strengths are the following:

### **Strategically Positioned in Attractive Growth Sectors of the Philippine Economy**

The Group believes its businesses are well-positioned in high-growth sectors of the Philippine economy which will allow it to take advantage of primary economic and consumption growth drivers such as increased employment, increased labor force participation from a young and growing population, OFW remittances, BPOs, and tourism, among others.

In real estate, the Group entered the affordable housing space in the early 1990s when most developers were still focused on the higher end of the market, allowing the Group to benefit from the growth of OFW remittances and a housing supply shortage. In particular, the Group primarily targets the affordable, socialized and middle-income residential markets, which together are believed by the Group to be the largest addressable markets in residential development in the Philippines. Today, the Group is also known for its township in Alabang called Filinvest City, which is a joint venture formed in 1992 between the government and its subsidiary, Filinvest Alabang, Inc. (FAI), to develop the former livestock farm into a 244-hectare Central Business District (CBD) in southern Metro Manila. Since the Group's entry, land prices

in Filinvest City have risen significantly. The Group expects Filinvest City's strategic location to be further enhanced as travel times from the south of Metro Manila to Quezon City and Northern Luzon have been greatly reduced with the development and completion of the road link project connecting the South Luzon Expressway and North Luzon Expressway corridors, as well as the planned Clark to Calamba, Laguna rail development.

In 2016, the Group was one of the first developers to identify Clark, Pampanga as a significant growth area, and was the sole bidder for the Mimosa Leisure Estate (now known as Filinvest Mimosa+ Leisure City) and the New Clark City developments. In the last three years, a range of announced new projects, such as the expansion of Clark International Airport (CIA), the declaration of Clark, Pampanga as a new Government center, and the signing of the initial agreements with the Japanese government for the development of a high speed train linking Manila to Clark, have resulted in significant property price increases in the area according to Colliers.

The Group was also one of the pioneers in providing office space catering to the BPO industry, which started in the year 2000 and quickly became a key driver for the Philippines' strong economic growth supported by government incentives.

Complementing its core real estate expertise, the Group's hospitality business, which currently has locations in San Mateo Rizal, Mactan Cebu, Cebu City, Muntinlupa City, Clark Freeport Zone, Pampanga, Boracay and Tagaytay City, is also well positioned to benefit from the recovering Philippine tourism industry.

In banking and financial services, EW entered the consumer financing business in 2004 and has built a top quartile retail banking business with one of the highest percentages of retail loans to total loan portfolio in the industry based on EW's estimates. EW focuses on the high margin consumer lending segments with historically higher returns, and has grown its business through aggressive store expansion, as well as strategic acquisitions and business partnerships in auto loans and credit cards, personal loans and bancassurance. Based on the expected increase in consumer spending in Philippines-based household consumer spending of 5.9% over 2024-2027, according to Fitch Solutions, BMI, the Group expects its retail banking business to continue to grow to meet increased consumer demand.

The Group entered the Mindanao power market in 2009 with the development of the FDC Misamis thermal plant when the region was experiencing a significant shortage in power supply and as a result was able to enter into power supply agreements with 29 distribution utilities across the Visayas and Mindanao. The strategic location of the Group's clean coal power plant in Mindanao, and its other planned projects in its power business in the country positions the Group to benefit from the expected growth in demand for electricity especially in the southern regions of the country. In addition, the Group's sugar business benefits from the industrialization of Luzon, which has increased Mindanao's importance in agribusiness.

### **Solid Foundation for Future Growth in Place**

The Group believes it has laid the proper foundation for the future growth and monetization of its existing and newer businesses across the Philippines. Its long history of operating successful businesses and making strategic and timely investments has resulted in the necessary scale, experience and capability to efficiently capitalize on business opportunities in sectors of the economy and areas of the country that it expects to drive the Group's continued growth.

With respect to its real estate and hospitality operations, the Group's rollout of development projects have an aggregate potential GFA of approximately 7.6 million sq.m. of residential, office, retail, logistics, industrial and hotel buildings. The Group's strategic investments have resulted in the availability of a sufficient land bank spanning key regions in the Philippines to support the future expansion of the Group's office and retail GLA and construction of additional hotels in the next 5 years, positioning the Group to monetize its growth initiatives.

In banking, EW is actively implementing its medium-term strategy of optimizing the operations and profitability of its expanded store network. With a view to growing its asset base, attracting low-cost deposits and increasing its deposit per store from approximately ₱700.0 million to reach the industry standard of ₱1.1 billion for banks of comparable size, EW continues to focus on deepening and broadening relationships with, and increasing its revenues generated from, existing customers. The Group believes that the expansion of EW's products lines, including its recent expansion into bancassurance and wealth management, will be integral to its overall customer offering.

In the power business, FDCUI's 405 MW (3 x 135 MW) clean coal power plant has secured power supply agreements for a total of 368 MW. The Group believes that the expected industrial developments in the PHIVIDEC Industrial Estate and surrounding urban centers will increase demand for power in the area. Demand in Mindanao continues to grow at unprecedented levels. FDCUI has also expanded into the retail electricity supply business, allowing it to trade electricity and cater to contestable customers across the Philippines under the expected RCOA regime.

FDCUI continues to grow and diversify its power generation business with the development of a total of 23.1 MW solar projects in Mindanao and 33.4 MW hydro project in Luzon.

To strengthen and complement its power generation and trading operations, the Group has also entered into strategic partnerships with Engie to develop potential renewable energy solutions in the Philippines that provide energy cost savings to large industrial and commercial customers. The Group believes that the partnership's initial projects with respect to renewable energy and district cooling will position it to take advantage of the global move towards greater sustainability. The Group also signed a joint venture agreement with Japanese company Hitachi Aqua-Tech Engineering Pte. Ltd. (HAQT) to establish Filinvest-Hitachi Omni Waterworks, Inc. (FLOW) to tap into the latest developments in desalination technology to tap the opportunity to offer desalinated water in areas with scarcity of water and/or poor quality of water.

### **A Diversified Portfolio with a Track Record of Growth and Profitability Able to Weather Economic Cycles**

With business interests in the banking and financial services, real estate, power, and sugar industries, the Group has diverse earning streams both across and within its businesses, which helps protect the Group's returns amidst changing industry conditions and economic cycles.

The Group has been able to successfully establish and grow a diverse and profitable business portfolio over its history with revenues reaching ₱101.8 billion in 2024, a 23% increase from 2023; assets reaching ₱813.7 billion as of December 31, 2024; and net income reaching ₱15.7 billion for 2024, a 29% increase from 2023. Over the years, the Group has demonstrated a consistent ability to leverage its success in existing businesses to expand into new industries while maintaining its overall focus of serving the middle-income market of the Philippines.

The Group's real estate business has grown over the last five (5) decades to become one of the leading integrated real estate developers and operators in the Philippines, with real estate revenues and other income growing from ₱11.5 billion in 2010 to ₱28.1 billion in 2024. Within its real estate business, its subsidiaries have played a critical role broadening the group's earnings in real estate where its residential, office and retail offerings play in key market value pools with a variety of product offerings, nationwide presence in terms of locations and price points that cater to a broad set of customer segments. The Group's residential segment continues to focus on large-scale, master-planned townships to capitalize on its extensive land bank and its ability to complete the mixed-use requirements of its townships and estates. With its development pipeline expanding from Filinvest City, its CBD in Alabang, to Clark and New Clark City, Cebu (South Road Properties) and Taytay (677 hectares in Timberland), the Group has begun to establish a more Philippines-wide national revenue stream, which it expects to insulate its real estate business from the competitive Metro Manila market.

## **Disciplined and Strategic Financial Management**

The Group adopts a centralized approach to capital allocation decisions across its businesses, which allows the Group to efficiently allocate its resources to high growth opportunities and regions. The Group believes its financial strength and conservative leverage enhances its ability to expand and further diversify its business with ready access to capital and financing at competitive rates, allowing it the flexibility to quickly capitalize on business opportunities as they present themselves.

The Group believes each of its business segments has a strong financial position and a stable earnings base. FDC's position of majority ownership in the Group's businesses, along with its leadership team committed to prudent financial management and growth, assures that cashflow from these businesses are efficiently managed and allocated efficiently according to the Group's requirements and strategic objectives. The Group's stable earnings are complemented by its relatively low leverage in its non-financial services businesses, which provides significant capacity to take advantage of growth opportunities whether by expansion, acquisitions or other business combinations and partnerships. FDC has taken advantage of these strong financial fundamentals by being one of the first Philippine conglomerates to regularly tap both domestic and international debt capital markets through bond issuances. In turn, its financial discipline and credibility has been confirmed by both investors and financial institutions such as external ratings agencies, which have consistently assigned bond issuances of FDC and its subsidiaries PRS Aaa, the highest possible rating for a bond (the last issuance being the issuance of FLI of a three and a half-year up to ₱12 billion bonds due 2027). The Group believes these top-tier ratings are warranted due to the following key considerations: FDC's steady earnings and diversified business portfolio; maintenance and good credit standing even in times of financial crises; strong financial flexibility; established brand names and good market position of its key subsidiaries; its subsidiaries operating in growth industries; the conservative and professional stance of management; and FDC's new investments (e.g., power and infrastructure) which the Group expects to significantly contribute to profitability in the medium-term.

## **Trusted Business Partner with History of Successful Collaborations**

The Group has built a strong reputation as a trusted partner with a track record of collaborating on successful projects. In the 1990s, the Group's real estate business partnered with the Government on Filinvest City, a 244-hectare CBD which has provided a viable alternative for businesses and establishments outside the greater Metro Manila area. The Group has also partnered with the Cebu City Government for the joint venture development of a portion of the South Road Properties ("SRP"), a reclaimed land project located in Cebu City. The Group holds 50.4 hectares in the SRP, of which 40 hectares is subject to the joint venture development. In addition, the Group has also partnered with CDC and BCDA for the development of 201-hectare Filinvest Mimosa+ Leisure City and 288-hectare New Clark City, respectively. These collaborations clearly show the confidence of national and LGUs in the Group's ability to add value and expertise to the significant projects.

As the Group has diversified into other product lines and businesses, it has tapped experienced international partners and strategically outsourced to more established industry players to supplement its in-Group management team. For example, the Group has entered into arrangements with Engie for its district cooling and solar energy solution business; with Ageas for EW's bancassurance business; HAQT for processed water solutions across the Philippines; Mitsubishi for the development of a multi-tower mixed-use complex within Filinvest City; and Changi Airports Philippines (I) Pte. Ltd. (wholly owned by Changi Airports International) for the operation and maintenance of the Group's Clark Development airport project. The Group's CHI subsidiary has also built a hotel management team with a significant percentage of expatriates holding GM, Executive Chef and key positions in CHI to ensure the Group's hospitality properties adhere to international standards.

The Group believes that these collaborations have enhanced its reputation in the market as a viable partner for Government and international stakeholders for their large-scale and important projects in the Philippines. On the other hand, the Group believes it has greatly benefitted by garnering technical knowhow, best practices and operational experience from the partners it has worked with, which it can apply to its operations and new businesses moving forward.

### **Experienced Management Team**

The Group's management team has extensive experience in, and in-depth knowledge of, the Philippine real estate market, the financial and banking services industry and the sugar business. Members of the Group's management team have an average of more than 30 years' experience in their respective businesses, such experience spanning market downturns and volatility, financial crises and political and global economic changes. Several members of the management team have post-graduate degrees from well-known business schools in the United States. The Group believes its growth and strong financial performance are indicative of the capabilities of its management team. The Group believes that the market experience and knowledge that its key members of management possess across each of the Group's businesses and the business relationships they have developed in the various industries in which they are involved have been, and will continue to be an integral part of the Group's growth strategy.

### **Competitive Strengths of the Group's Operating Segments**

The Group believes that the principal strengths of its operating segments are the following:

#### **Real Estate Operations and Hospitality Operations**

The Group has been active in the real estate business for over 40 years and the hospitality business for over 10 years. FLI focuses on residential, office, industrial and retail developments, while FDC handles the leisure and hospitality, or hotel development segment. FAI was formed primarily to develop Filinvest City, an alternative CBD in Muntinlupa City with a significant land bank available for development, and where the Group focuses on office and commercial leasing, particularly to BPOs, as well as high-end vertical residential developments.

#### **Real Estate Operations**

The Group believes its real estate business possesses the following principal strengths:

- Recognized brand in affordable and middle income housing.
- Extensive nationwide and international sales channels.
- A pioneer and major player in office development and leasing.
- Proven record in township and land bank value creation.
- Strong credit record and bond issuance track record.

#### **Hospitality Operations**

The Group believes its hospitality business possesses the following principal strengths:

- Strategic locations in high-demand markets.
- High-quality service rooted in Filipino hospitality.
- Strong homegrown brands servicing diverse segments.
- Full ownership and management capabilities.
- Synergies as part of the Filinvest Group.

#### **Banking and Financial Services**

Since its formation in 1994, EW has experienced strong growth. The Group believes EW is well-positioned in the Philippine market due to the following principal strengths:

- Strong focus on and growing market position in high growth consumer segments.
- Strategically located store network.
- Differentiated services tailored to mid-market corporates and retail customers.
- Prudent balance sheet management to manage a predominantly consumer loan portfolio.

### **Power and Utility Operations**

FDC, through its wholly owned subsidiary FDCUI, re-entered the power industry in 2009 to further diversify its business. The Group believes FDCUI's principal strengths include:

- One of the largest baseload facilities in Mindanao with significant capacity for expansion.
- Well-positioned to capitalize on attractive power industry growth opportunities in Mindanao, a region with high expected demand in the medium term.
- Risk mitigated business model with predictable cash flows supported by long-term power supply agreements with distribution utilities with high credit ratings.
- Clean coal circulating fluidized bed technology providing more environmentally sustainable energy.
- Established relationships with world-class energy players for plant construction, turbine supply, operations and maintenance, as well as renewable energy projects.
- Diversification into other high growth sectors.

### **Sugar Operations**

The Group's sugar business, conducted through PSHC, believes it possesses the following principal strengths:

- Adaptable business model with vertical integration based primarily in attractive Mindanao market.
- In-house corporate farm to enhance productivity and efficiency through innovation.
- Strategic location with natural barriers to entry.
- Long-standing relationships with growers and traders.

## **BUSINESS STRATEGY OF THE GROUP**

FDC's strategic priorities are the following: (1) to unlock value and accelerate the growth of its core businesses in real estate, banking, power, and sugar; (2) to support its emerging businesses, such as hospitality, renewable energy, and water, to establish a platform to enable them to scale and deliver sustainable and profitable growth; while (3) looking out for potential businesses that can be new engines of growth and long-term value for the Group's portfolio or as a source of synergies to accelerate the existing businesses.

The Group has set out the following key strategic imperatives to guide its subsidiaries to realize value for its customers and shareholders. Each of the Group's subsidiaries are guided by the following strategic imperatives:

1. An identified, well-defined set of priorities to build lasting competitive advantages to be a source of strong, sustained long-term profitable growth. This entails supporting the various businesses of the group with frameworks, management systems, tools and other necessary enablers to translate initiatives and capabilities to achieve differentiation. Differentiation will in turn enable pricing premiums and/or cost leadership, increase returns from economies of scale and cost and capital efficiencies. The Group has set up centers of excellence since 2022 and have enabled that with new leadership that will guide in the implementation of standardization programs to improve productivity and operating efficiencies leveraging from the Group's shared services, upskilling of talent to future proof and elevate capability from focused functional leadership and expertise and synergies from across the Group's various companies.
2. Deliver a higher return on invested capital with clear plans to drive better than market profit margins, strong unit economics, improved asset efficiency and productivity. These are key pillars that will drive financial management. Push for stronger cash generation from improved margins and asset efficiency. FDC and its subsidiaries are expected to maintain a healthy balance sheet that is able to meet its debt and dividend obligations, build sufficient cash buffers, and maintain flexibility to access capital to fund its growth plans and new investments.
3. To be an employer of choice. The Group's cultural transformation was preceded by the launch of the Filinvest Core Values in 2022. The Filinvest Core Values was anchored on the Gotianun family's values which have served the company Group well through challenging and evolving times. For the past year, the Group and its subsidiaries have welcomed new leadership who will be key agents for the group's transformation. The next phase to this strategic imperative is executing the drive towards a culture of high performing, highly engaged and purpose-driven organization.

4. Leverage on the Group's heritage to build brand equity through customer centricity. The Filinvest brand will be known for its mission of enabling Filipinos to achieve their dreams. Each portfolio company serving the different needs of the Filipinos will strive towards building recognizable and reputable brands known for delivering superior customer value and experience. The Group expects each business to drive innovation and execution excellence for its customers.
5. Build and amplify the environment, social, and governance ("ESG") reputation as a Group. At the heart of the Group's sustainability framework is its aspiration to being Green, Inclusive and Resilient. Each business will focus initiatives around ESG on these three impact areas.

A more detailed discussion on each of the subsidiaries' strategies and how each defined their strategic priorities can be found in the respective Business Segment discussion.

### ***Leverage on its Foundation for Growth to Scale-up Businesses***

The Group believes that it has been successful in expanding its businesses in the last few years as a foundation for future growth, and now aims to capitalize on such efforts in the near- to medium-term by scaling up and optimizing operations across its businesses, and further improving cost efficiencies. Across all its businesses, the Group intends to capitalize on its nationwide presence and knowledge of local conditions and relationships in order to maintain its growth by tapping into more markets and keeping pace with the growing importance of the provincial areas. It will aim to optimize its current business know-how as well as spread its base infrastructure by introducing its products to new regions and a provincial customer base. The Group will seek to achieve these while keeping to its broader general strategies of focusing on the continued consumption growth of the affordable and middle market sectors. Specifically, with respect to its main businesses, the Group intends to:

- Real estate and hospitality – focus on specific markets with sufficient demand and depth, such as Cebu and Clark, while diversifying its revenue sources and broadening its product offerings to prepare it for and insulate it from changing consumer demand. The Group's property trading business focuses on the largest segment of the Philippine population, according to Colliers, as well as provides products within the pricing range of the key OFW market. In the hospitality segment, the Group intends to focus on key segments of the market – mass middle and mass affluent – which provide sufficient depth and size, and to create hospitality offerings at economic sizes;
- Banking and financial services – implement its medium-term strategy to achieve a Top 3 Consumer Bank position in the country through continued focus on consumer lending, targeting the mass and mass affluent segment, supported by strategic coverage for CASA, targeting the affluent segment and commercial markets. EW is also targeting to maintain a portfolio of deposits that is mainly low-cost, which would insulate it from the volatility of the financial markets;
- Power – scale up operations and secure sufficient demand for the remaining uncontracted capacity of its Misamis plant. Increase and diversify its generation portfolio by completing on time its renewable energy projects; and
- Sugar – continue expanding sugarcane farms and improving farm yields, improving factory efficiencies and achieving cost reductions in its production process, which has smoothed its earnings over the past few years despite changing market dynamics.

### ***Accelerate Monetization of Land Bank***

The Group believes it has utilized its long experience in the real estate market to build up a considerable and strategically located land bank which features ideal geographic access, key elements, base infrastructure, all with the reputational standing of the "Filinvest" name. One of the Group's key objectives is to accelerate the monetization of this land bank through a combined strategy of:

- continued strong sales of land and vertical development products, increased vertical recurring income development and monetization of assets through potential REIT opportunities; and
- minimizing land carrying cost through more interim land leases.

The Group believes that the maturity of its large-scale, master-planned townships will allow it to accelerate monetization of specific portions of its land bank, given the property price increases in these areas brought about by the Group's improvements and township projects, as well as the continued economic growth of the Philippines in general.

### **Business Strategy of the Group's Operating Segments**

The specific strategies of each of the Group's operating segments to achieve the Group's objectives are outlined below.

#### **Real Estate Operations Strategy**

FLI intends to further accelerate growth and improve its return on equity by aggressively developing its land bank while retaining its current focus on the high-growth affordable and middle market segments where FLI believes it has a competitive advantage based on its current strong position. FLI has the following strategies:

- Continue to build up recurring income streams and capitalize on REIT opportunities.
- Optimize existing assets.
- Accelerate monetization of land bank.
- Targeted vertical operations integration and digitization to improve cost efficiency.

#### **Hospitality Strategy**

The Group's principal strategies for its hospitality business are as follows:

- Grow in key and emerging leisure destinations in the Philippines for mass affluent travelers
- Strengthen MICE and corporate presence in Tier 1 and 2 business hubs
- Build strong complements through F&B, leisure and events options to drive both room and nonroom revenues
- Scale with asset-light models (condotels, management contracts, JVs, Lease agreements)
- Enhance synergies with the Group - develop hospitality projects in areas where the Group's larger mixed-use developments are located.
- Leverage technology to maximize marketing reach and distribution channels, lower costs and meet changing customer expectations.

#### **Banking and Financial Services Strategy**

The Group intends to continue to grow EW as a significant competitor in the Philippine financial services industry. To achieve this growth, the Bank has strategically opted to target its financial products and services to the consumer, middle-market corporate and mass affluent market segments. The Bank believes these market segments offer significant growth opportunities while also enabling the Bank to manage its risk exposure by maintaining a balanced portfolio mix. Given the competitive landscape of, and the Bank's position within, the Philippine banking industry, the Bank has identified the consumer segment as a key target market. EW envisions itself to be a leading bank, anchored on and differentiated from its competitors through a strong focus on retail banking resulting in a healthy return on equity. EW believes it has proven its success within the consumer market by achieving significant competitive traction in a relatively short period of time. Over the next few years, EW's priorities are to continue its efforts to improve the operating leverage, cost efficiencies and overall competitiveness of the Bank. EW's business strategies are set out below.

- Building channels with a customer-first mindset
- Relationship Deepening through better value propositions and programs
- Enhancing Efficiency and Productivity across processes, data and IT
- Building a sustainable DNA
- Strengthen risk management and governance framework.



### **Power and Utility Operations Strategy**

The Group intends to continuously develop its power generation capabilities, take advantage of the expected growth in demand, as well as pursue other opportunities selectively. FDCUI's main strategies are to:

- Capitalize on favorable regional and industry dynamics.
- Continue to build the RES business to diversify revenue streams and take advantage of open access.
- Continue to explore and pursue renewable energy projects.
- Selectively participate in the bidding for Government and private power generation assets.
- Pursue niche marketing and strategic partnerships.
- Enhance CSR initiatives.

### **Sugar Operations Strategy**

Sugar Group's main strategies are to augment cane supply, focus on cost efficiency, improve its human resources management and pursue any opportunities available to develop its plants for power production. The Group's business strategies in relation to its sugar business are the following:

- Augment cane supply by expansions and developing programs to help improve farmer yields.
- Reduce production cost by enhancing plant maintenance program.
- Develop human resources.
- Explore synergistic opportunities in the power sector, particularly in biomass.

### **Infrastructure Strategy**

The Group is continually and selectively examining and pursuing potential infrastructure projects, particularly in areas which would complement its existing businesses. In line with the general policy and "Build, Build, Build" framework of the Duterte administration in relation to key infrastructure projects, the Group believes that it is essential to pursue such projects in order to further build up the Group's recurring income stream. Furthermore, the Group believes that pursuing and participating in infrastructure projects will also help to insulate it against any downturns in the economic cycle, primarily because of these projects' fundamental nature to the economy.

- Continually and selectively pursue infrastructure projects, particularly in areas which complement the Group's existing businesses.

## **ITEM 2. PROPERTIES**

The Parent Company developed the Beaufort, a residential condominium in Bonifacio Global City, Taguig City, Metro Manila and CRSM in Mactan Island, Cebu.

### *The Beaufort*

FDC launched a premier residential condominium in Bonifacio Global City, Metro Manila in 2007 under the Filinvest Premiere Brand. The condominium is located on a lot adjacent to the Manila Golf Club with 2 luxury residential towers rising atop a 6-level banking podium, and a total of 41 storeys with 4 to 6 residential units per floor. Construction of the East and West Tower was in 2014.

### **2.1 Land Bank**

The Group has invested in properties situated in what the Group believes are prime locations across the Philippines for existing and future housing and land development projects. It is important for the Group to have access to a steady supply of land for future projects. In addition to directly acquiring land for future projects, the Group has also adopted a strategy of entering into joint venture arrangements with land owners for the development of raw land into future project sites for housing and land development projects to reduce the capital expenditures for land and to substantially reduce the financial holding costs resulting from owning land for development.

As of December 31, 2024, the Group has a land bank of approximately 1,910.4 hectares of raw land for the development of its various projects, including approximately 217.6 hectares of land under JVAs, which the management believes is sufficient to sustain at least several years of development and sales.

The table below sets forth the locations of the Group's raw land inventory as of December 31, 2024, including land directly owned by the Group and land for which joint venture agreements have been executed with the landowners. The table also identifies the Group's commercial land bank. (area in hectares).

| <b>Location</b>   | <b>Company Owned</b> | <b>Under Joint Venture</b> | <b>Total</b>   | <b>% to Total</b> |
|-------------------|----------------------|----------------------------|----------------|-------------------|
| <b>Luzon</b>      |                      |                            |                |                   |
| Metro Manila      | 89.1                 | 21.1                       | 110.2          | 5.8%              |
| Rizal             | 692.7                | 9.2                        | 701.9          | 36.7%             |
| Bulacan           | 245.6                | —                          | 245.6          | 12.9%             |
| Bataan            | 7.1                  | —                          | 7.1            | 0.4%              |
| Pampanga          | —                    | 24.9                       | 24.9           | 1.3%              |
| Camarines Sur     | 0.8                  | —                          | 0.8            | 0.0%              |
| Pangasinan        | 0.3                  | —                          | 0.3            | 0.0%              |
| Cavite            | 298.9                | 58.8                       | 357.7          | 18.7%             |
| Laguna            | 229.8                | 0.7                        | 230.5          | 12.1%             |
| Batangas          | 45.6                 | 42.1                       | 87.7           | 4.6%              |
|                   | <b>1,609.9</b>       | <b>156.8</b>               | <b>1,766.7</b> | <b>92.5%</b>      |
| <b>Visayas</b>    |                      |                            |                |                   |
| Cebu              | 6.8                  | 35.7                       | 42.5           | 2.2%              |
| Negros Occidental | 0.2                  | —                          | 0.2            | 0.0%              |
|                   | <b>7.0</b>           | <b>35.7</b>                | <b>42.7</b>    | <b>2.2%</b>       |
| <b>Mindanao</b>   |                      |                            |                |                   |
| Davao             | 6.3                  | 25.1                       | 31.4           | 1.6%              |
| South Cotabato    | 69.6                 | —                          | 69.6           | 3.6%              |
|                   | <b>75.9</b>          | <b>25.1</b>                | <b>101.0</b>   | <b>5.3%</b>       |
|                   | <b>1,692.8</b>       | <b>217.6</b>               | <b>1,910.4</b> | <b>100.0%</b>     |

In addition to above, FLI has the ff land under a joint development or long-term leasing agreement available to FLI for development.

| <b>Location</b>       | <b>Area in has.</b> | <b>Remarks</b>            |
|-----------------------|---------------------|---------------------------|
| Filinvest Mimosa Plus | 201.6               | Being developed with FDC  |
| New Clark City        | 288.0               | Being developed with BCDA |
| <b>Total</b>          | <b>489.6</b>        |                           |

## 2.2 Current Development Projects

The following are the Group's most recently launched projects and projects with new phases and buildings as of December 31, 2024:

| PROJECT                   | LOCATION       | PROJECT                       | LOCATION        |
|---------------------------|----------------|-------------------------------|-----------------|
| <b>HORIZONTAL</b>         |                | <b>MRB</b>                    |                 |
| Amarilyo Crest            | Rizal          | One Oasis Cebu                | Cebu            |
| Pineview                  | Cavite         | One Oasis Cagayan de Oro      | Cagayan de Oro  |
| Sandia                    | Batangas       | Panglao Oasis                 | Taguig          |
| Tierra Vista              | Bulacan        | One Spatial                   | Pasig           |
| The Grove                 | Rizal          | San Remo                      | Cebu            |
| Savannah Place            | Cavite         | Centro Spatial                | Davao           |
| Futura Homes Palm Estates | Bacolod        | One Spatial Iloilo            | Iloilo          |
| Futura Homes Mactan       | Cebu           | Marina Spatial                | Dumaguete       |
| Futura Homes Iloilo       | Iloilo         | 8 Spatial                     | Davao           |
| Futura Homes Koronadal    | South Cotabato | Maui Oasis                    | Manila          |
| Anila Park Residences     | Rizal          | Alta Spatial                  | Valenzuela City |
| Aria at Serra Monte       | Rizal          | Bali Oasis                    | Pasig           |
| The Prominence            | Quezon City    | Maldives Oasis                | Davao           |
| Futura Homes Davao        | Davao          | Sorrento Oasis                | Pasig           |
| New Fields at Manna       | Rizal          | Veranda                       | Davao           |
| Meridian Place            | Cavite         | Futura East                   | Cainta          |
| Valle Dulce               | Laguna         | Centro Spatial                | Manila          |
| Ventura Real              | Rizal          | Belize                        | Muntinlupa      |
| Claremont Expansion       | Pampanga       | Futura Vinta                  | Zamboanga       |
| Southwinds                | Laguna         | Futura Monte                  | Naga City       |
| Futura Zamboanga          | Zamboanga      | Futura One Fora Dagupan       | Pangasinan      |
| Enclave                   | Muntinlupa     | Futura Shores                 | Dumaguete       |
| New Leaf                  | Cavite         | Sydney Oasis                  | Cavite          |
| Mira Valley               | Rizal          | Futura Bay Gensan             | South Cotabato  |
| Hampton Orchard           | Pampanga       | <b>HRB</b>                    |                 |
| Futura Mira               | Calamba        | Activa                        | Quezon City     |
| Futura Plains             | Rizal          | Levels                        | Alabang         |
| Tropics 4                 | Cainta         | Studio City                   | Alabang         |
| New Fields 2 at Manna     | Rizal          | Studio N (Block 50)           | Alabang         |
| Alta Vida 4&5             | Bulacan        | Two Botanika Nature Residence | Alabang         |
| Rosewood                  | Cavite         | 1001 Parkway Residences       | Alabang         |
| The Arborage C            | Laguna         | Botanika Nature Residences    | Alabang         |
| New Leaf Phase 2          | Cavite         | Parkway Corporate Center      |                 |
| Celestia                  | Rizal          |                               |                 |
| Futura Mira               | Laguna         | <b>Walkup</b>                 |                 |
| Futura Primo              | Bataan         | Futura Rise                   | Iloilo          |

On-going developments of the abovementioned projects are expected to require additional funds but FLI believes that it will have sufficient financial resources for these anticipated requirements, both from debt financing and generation from operations.

### Hospitality Operations

Currently, the Group has full scale operations in seven properties located in Cebu City, Mactan, Muntinlupa City, Clark, Pampanga., Boracay, Tagaytay and San Mateo, Rizal.

Its maiden project MSSI or the brand Crimson Resort and Spa Mactan is a deluxe 5-star property with 290 rooms, 40 of which are one-bedroom villas with their own pools. Its main recreational facilities are its swimming pool and beachfront. It has 4 food and beverage outlets and 2 ballrooms, Coral and The Hall which can cater to a total of 400 persons all at the same time. The flagship Azure Beach Club was launched on October 24, 2014. The resort completed its renovation of the infinity pool, and opened the Spanish-themed Enye restaurant in 2017. The property also launched the 3,700-sq.m. Crimzone, which features family-oriented facilities, a children's play area, dedicated pool and snack bar. The construction of the 229-

room expansion of the property with additional Food and Beverage outlets and function spaces is expected to resume in 2023 after super typhoon Odette hit Cebu in December 2021.

Quest Hotel and Conference Center, located in the heart of Cebu City, is a 3-star standard city hotel with 427 condotel rooms. It has an all-day dining restaurant catering to the breakfast needs of guests and meeting requirements. Small meetings and conferences can be hosted in its 10 meeting rooms for a total of 400 persons capacity. Not only does Quest provide for the business -related needs of guests, it also has a swimming pool for recreation.

EHSI or the brand Crimson Filinvest City Manila is a deluxe property with 345 rooms offered to guests. Strategically located in Alabang, Muntinlupa City right across the Festival Supermall. It has a total of 3 food and beverage outlets with Café 8 as the all-day dining while the Deck Bar is a highlight among its recreational facilities being located at near the swimming pool. Its ballroom can accommodate events with as much as 350 participants and supported by 6 other smaller meeting rooms.

Quest Hotel and Conference Center Clark is a 4-star hotel located in the heart of Clark, Pampanga. Having been located in the beautifully landscaped Mimosa Leisure Estate, the hotel offers everything expected from an international destination plus a 36-hole championship golf course, a hub for duty-free shopping, nature walks & activities and a nightlife entertainment hub among others. The hotel itself has 303 newly refurbished guestrooms, a grand ballroom, meeting rooms and an all-day Café. Its eight spacious meeting rooms can be set up to accommodate the desired number of people. Currently, the hotel has the Café Mequeni and the Charley's Tapas bar as its 2 food and beverage outlets.

Crimson Resort and Spa Boracay, one of the newest destinations in the island, is a 5-star resort situated in an exclusive location, uniquely coined as Station Zero. With breathtaking views, pristine white sand beachfront and state-of-the-art facilities, the resort features 192 keys inclusive of 23 villas. World-class outlets include Saffron Café, Mosaic Latin American Grill, Azure Beach Club and J's Pool Bar. A wide range of leisure activities and meeting facilities are offered through the Events Pavilion, Coral Ballroom, Crimzone Kids' Club, Aum Spa, and generous pool areas.

Quest Hotel Tagaytay is a condotel property featuring 2 towers with 164 rooms each located along General Emilio Aguinaldo Highway, Tagaytay City. Similar to QHCC Cebu, the condotel units are to be sold to third party buyers and will be subject to a condotel participation agreement. The units will be operated and managed by CHI, which will distribute net income (after deducting all expenses) to eligible unit buyers. Tower 1 began soft operations in April 2019 and was completed during the last quarter of 2019.

Timberland Highlands Resort is a resort property featuring 5 buildings with 72 rooms located along Timberland Heights, Brgy. Guitnang Bayan, San Mateo, Rizal, and it commenced operations in 2021. With its proximity to the mountains, it is a perfect destination for nature enthusiasts, offering various outdoor activities like basketball, tennis, badminton, hiking, biking, and relaxation amenities like a pool and spa.

### **Banking and Financial Services**

The Bank's head office is located at East West Corporate Center, The Beaufort, Fort Bonifacio Global City, Taguig City, Philippines.

The Bank believes all its facilities and properties are currently in good condition. As of date of this report, there are no liens or encumbrances on any of the properties of EW. The Bank may consider encumbering some of its properties as part of its normal supplementary funding operations. The Bank will continue to reconfigure the mix of its branches and adjust to the needs of its customers.

## **Power and Utility Operations**

In 2016, FDCUI, through FDC Misamis, completed its 405 MW clean coal thermal power plant in Mindanao. The power plant is located inside the 3,000-hectare PHIVIDEC Industrial Estate in Villanueva, Misamis Oriental and is connected to the new Villanueva Substation of the National Grid Corporation of the Philippines. FDC Misamis signed in November 2012 a 25-year lease contract with PHIVIDEC Industrial Authority which is exclusive of a 3-year construction period.

## **Sugar Operations**

### *Milling and Refining Facilities*

The annual sugarcane harvesting period in Mindanao generally begins during the dry season in November and ends in April the following year. Once sugarcane is harvested, farmers in the vicinity of the mills are responsible for transporting the harvest directly to the mills, generally by truck. The Sugar Group grants certain subsidies to assist most of its contract farmers with their transportation costs. The Sugar Group monitors and coordinates harvesting and transportation operations among farmers to achieve an orderly and uninterrupted schedule of cane supply to its sugar mills. At the beginning of each milling season, the Sugar Group surveys the size of the farmers' crops and organizes the farmers' harvesting and supply schedules, amounts of sugarcane delivered and payments through an electronic database. Data is gathered for the Sugar Group's entire production process, including data relating to sugarcane supply and the Sugar Group's factory operations.

Each of DSCC and CSCC has on-site packaging, distribution capabilities and inventory storage facilities. Each mill operates on the basis of 3 eight-hour shifts during the milling season. Once every 2 weeks, DSCC shuts down the mill for about 16 hours for cleaning of the evaporators while CSCC does not need to shut down by alternate use of its 2 sets of evaporators.

### *Factory Equipment*

DSCC owns 1 sugar mill and 1 refinery. The sugar mill equipment includes the following: cane preparation equipment (cane knives and shredder), 3 four-roller mills and 1 five-roller mill, boiling house equipment (heaters, clarifiers, vacuum filters, evaporators, vacuum pans, crystallizers and centrifugals), turbo generators, boilers and other accessories. The refinery equipment includes the following: melters, affination centrifugals, talo-clarifiers, deep-bed filters, ion-exchange decolorization equipment, refinery evaporator, vacuum pans, crystallizers, centrifugals, a dryer and cooler and other accessories. Steam and electricity are provided by 3 units of bagasse-fired steam boilers and 3 units of turbo generators.

CSCC owns one sugar mill and a refinery. The sugar mill equipment includes the following: cane preparation equipment (cane knives and shredder), 3 four-roller mills and 2 five-roller mills, boiling house equipment (heaters, clarifiers, vacuum filters, evaporators, vacuum pans, crystallizers and centrifugals), turbo generators, boilers and other accessories. The refinery equipment includes the following: melters, affination centrifugals, clarifiers, pressure filters, ion-exchange decolorization equipment, refinery evaporator, vacuum pans, crystallizers, centrifugals, a dryer and cooler and other accessories. Steam and electricity are provided by 3 units of bagasse-fired steam boilers and 4 units of turbo generators.

## Properties

The following table lists land owned and leased by the Sugar Group:

| Sugar Subsidiary           | Area (sq. m.)    |
|----------------------------|------------------|
|                            |                  |
| DSCC                       |                  |
| Mill site compound         | 352,629          |
| Truck yard and access road | 96,250           |
| Others                     | 121,018          |
| CSCC                       |                  |
| Mill site compound         | 204,210          |
| Truck yard and access road | 143,589          |
| Other                      | 303,849          |
| HYSFC                      |                  |
| Office site - owned        | 47,315           |
| Leased lands               | 602,517          |
|                            |                  |
| <b>Total</b>               | <b>1,871,377</b> |

HYSFC has development agreements for a total area of 535 hectares with various landowners remaining as of CY 2023-24 after a management decision to drop low yielding and high-cost areas. Other reductions are expired agreements that were not renewed by the landowner or renewal not pursued due to unfavourable location. The agreements are generally based on a fixed annual payment from HYSFC to the landowners with terms ranging from 10 years to 15 years. HYSFC develops these areas into sugarcane farms.

## Investment Properties

FLI has the following operating strategic investment properties: Festival Supermall, Fora Mall, Main Square Molino, Il Corso, PBCom Tower, 100 West, Northgate Cyberzone, EDSA Wackwack Building, Cebu Cyberzone, Pasay Cyberzone (Bay Area) and Clark Mimosa Cyberzone.

FLI has currently several projects under development that will be rental assets when completed.

## ITEM 3. LEGAL PROCEEDINGS

The Group is subject to lawsuits and legal actions in the ordinary course of its real estate development and other allied activities. However, the Group does not believe that any such lawsuits or legal actions will have a significant impact on the financial position or result of operations of the Group. Noteworthy are the following cases involving the Company's subsidiary, FDC Misamis Power Corporation (FDCMPC):

*FDCMPC v. First Bukidnon Electric Cooperative ("FIBECO") Civil Case No. 897, RTC Taguig City, Br. 153*

On 18 November 2022, FDCMPC filed a civil case for collection of sum of money (with claims for attorney's fees and costs of suit) against FIBECO, in connection with the latter's failure to pay its obligations under the Electric Power Purchase Agreement (EPPA) dated 4 February 2013 (including subsequent amendments to the EPPA), amounting to Php1,370,504,141.71 as of 5 October 2022.

The case has already undergone initial Pre-Trial and Judicial Dispute Resolution. Notably, after the case was filed, FIBECO has paid FDCMPC the amount of Php934M.

FDCMPC is represented in this case by its external counsel, Tantoco Villanueva & De Guzman Law Offices.

#### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

There were no matters submitted to a vote of security holders during the fourth quarter of the calendar year covered by this report.

### **PART II - OPERATIONAL AND FINANCIAL INFORMATION**

#### **ITEM 5.1 MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

##### **Cash Dividends**

On April 26, 2024, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.10346 per share for every common share of record as of May 20, 2024 and paid on June 11, 2024.

On April 28, 2023, FDC's BOD approved the declaration and payment of cash dividends of ₱565.1 million or ₱0.06534 per share for every common share of record as of May 22, 2023. This was paid on June 14, 2023.

On April 29, 2022, FDC's BOD approved the declaration and payment of cash dividends of ₱606.6 million or ₱0.07014 per share for every common share of record as of May 20, 2022. This was paid on June 14, 2022.

The payment of cash dividends depends upon the Parent Company's earnings, cash flow, financial condition, capital investment requirements and other factors (including certain restrictions on dividends imposed by the terms of loan agreements). Pursuant to the loan agreements entered into by the company and certain financial institutions, the Parent Company needs the lenders' prior consent in cases of cash dividend declaration if it is in default under such loan agreements.

#### **ITEM 5.2 BOND ISSUANCES**

On February 7, 2024, FDC issued fixed rate bonds with aggregate principal amount of ₱10.0 billion 2.5-year bonds with interest of 6.32% per annum due in 2026. Interest is payable quarterly in arrears starting on May 7, 2024. As of December 31, 2024, ₱9.9 billion of these bonds payable remain outstanding.

Net proceeds from the bonds amounted to ₱9,876.0 million of which portion was used for refinancing amounting to ₱5,000.0 million and ₱1,680.1 million was used for the capital expenditures of the Hotel and Renewable Projects, digitalization, and general corporate purposes.

##### **Recent Sale of Unregistered Securities**

There are no securities sold by the Company in the past 3 years, which were not registered under the Code 2.

### Market Price Information

The Shares are traded on the PSE under the symbol “FDC.” The Shares were listed on the PSE on December 22, 1982. The high and low sales prices for the Shares as reported on the PSE for each quarter in 2022, 2023 and 2024 were as follows:

|                | High | Low  | End  |
|----------------|------|------|------|
| <b>2022</b>    |      |      |      |
| First Quarter  | 7.90 | 6.62 | 6.97 |
| Second Quarter | 7.19 | 6.74 | 7.02 |
| Third Quarter  | 7.08 | 6.60 | 6.84 |
| Fourth Quarter | 6.93 | 6.40 | 6.42 |
| <b>2023</b>    |      |      |      |
| First Quarter  | 6.64 | 5.12 | 5.50 |
| Second Quarter | 5.89 | 5.18 | 5.20 |
| Third Quarter  | 5.80 | 4.86 | 5.22 |
| Fourth Quarter | 5.60 | 4.99 | 5.35 |
| <b>2024</b>    |      |      |      |
| First Quarter  | 5.98 | 5.35 | 5.68 |
| Second Quarter | 5.80 | 5.38 | 5.48 |
| Third Quarter  | 6.00 | 5.27 | 5.80 |
| Fourth Quarter | 5.85 | 4.90 | 4.94 |

As of December 31, 2024, the closing price of the Parent Company’s shares on the PSE was ₱4.96 per share. The number of shareholders of record (**exclusive of treasury**) as of December 31, 2024 were 3,976. Total common shares outstanding were 8,648,462,987 as of December 31, 2024.

### Top 20 Stockholders

As of February 28, 2025

|    | NAME                                               | NO. OF SHARES        | % TO TOTAL    |
|----|----------------------------------------------------|----------------------|---------------|
| 1  | A. L. Gotianun, Inc.                               | 7,587,823,501        | 87.74%        |
| 2  | PCD Nominee Corporation (Filipino)                 | 912,953,141          | 10.56%        |
| 3  | Michael Edward T. Gotianun                         | 50,501,501           | 0.58%         |
| 4  | PCD Nominee Corporation (Non-Filipino)             | 33,684,330           | 0.39%         |
| 5  | Ricardo Alonzo                                     | 28,627,534           | 0.33%         |
| 6  | Helen Reyes                                        | 2,692,544            | 0.03%         |
| 7  | Emily Benedicto                                    | 2,466,400            | 0.03%         |
| 8  | H.K. Hedinger                                      | 2,023,508            | 0.02%         |
| 9  | Santiago Go                                        | 1,707,066            | 0.02%         |
| 10 | Executive Optical, Inc.                            | 1,023,556            | 0.01%         |
| 11 | AMA Rural Bank of Mandaluyong, Inc.                | 616,600              | 0.01%         |
| 12 | Andrew Gerard D. Gotianun III                      | 561,999              | 0.01%         |
| 13 | Alfred Gerard D. Gotianun                          | 561,999              | 0.01%         |
| 14 | Aldrin Gerard Gotianun                             | 561,999              | 0.01%         |
| 15 | Manuel Benipayo                                    | 527,141              | 0.01%         |
| 16 | Salud Borromeo                                     | 501,655              | 0.01%         |
| 17 | Francisco Benedicto                                | 493,280              | 0.01%         |
| 18 | Edan Corporation                                   | 387,224              | 0.00%         |
| 19 | Ma. Consuelo R. Medrano &/or Victoriano S. Medrano | 308,300              | 0.00%         |
| 20 | Alfonso Siy &/Or Ang Pue Tin                       | 246,640              | 0.00%         |
|    | <b>Total</b>                                       | <b>8,628,269,918</b> | <b>99.78%</b> |



## ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

### RESULTS OF OPERATIONS

#### Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

|                                                 | December 31<br>2024 | 2023        | Increase (decrease)<br>Amount | %      |
|-------------------------------------------------|---------------------|-------------|-------------------------------|--------|
| <b>REVENUES</b>                                 |                     |             |                               |        |
| Real estate operations                          |                     |             |                               |        |
| Sale of lots, condominium and residential units | <b>₱17,567,000</b>  | ₱16,094,806 | ₱1,472,194                    | 9.1%   |
| Mall and rental revenues                        | <b>8,486,789</b>    | 7,663,855   | 822,934                       | 10.7%  |
| Hospitality operations                          | <b>3,763,329</b>    | 2,856,543   | 906,786                       | 31.7%  |
| Banking and financial services                  | <b>41,730,563</b>   | 33,943,051  | 7,787,512                     | 22.9%  |
| Power and utility operations                    | <b>24,397,973</b>   | 17,207,202  | 7,190,771                     | 41.8%  |
| Sugar operations                                | <b>5,815,205</b>    | 5,027,067   | 788,138                       | 15.7%  |
| <b>TOTAL REVENUES</b>                           | <b>101,760,859</b>  | 82,792,524  | 18,968,335                    | 22.9%  |
| <b>OTHER INCOME</b>                             |                     |             |                               |        |
| Real estate operations                          | <b>2,026,362</b>    | 1,647,576   | 378,786                       | 23.0%  |
| Hospitality operations                          | <b>552,898</b>      | 563,913     | (11,015)                      | -2.0%  |
| Banking and financial services                  | <b>8,932,099</b>    | 7,429,236   | 1,502,863                     | 20.2%  |
| Power and utility operations                    | <b>130,235</b>      | 358,236     | (228,001)                     | -63.6% |
| Sugar operations                                | <b>43,085</b>       | 50,056      | (6,971)                       | -13.9% |
| <b>TOTAL OTHER INCOME</b>                       | <b>11,684,679</b>   | 10,049,017  | 1,635,662                     | 16.3%  |
| <b>TOTAL REVENUES AND OTHER INCOME</b>          | <b>113,445,538</b>  | 92,841,541  | 20,603,997                    | 22.2%  |
| <b>COSTS</b>                                    |                     |             |                               |        |
| Real estate operations                          |                     |             |                               |        |
| Sale of lots, condo and residential units       | <b>7,754,859</b>    | 8,534,325   | (779,466)                     | -9.1%  |
| Rental services                                 | <b>3,613,954</b>    | 2,824,608   | 789,346                       | 27.9%  |
| Hospitality operations                          | <b>2,526,342</b>    | 1,827,843   | 698,499                       | 38.2%  |
| Banking and financial services                  | <b>8,418,748</b>    | 5,986,364   | 2,432,384                     | 40.6%  |
| Power operations                                | <b>16,691,157</b>   | 12,060,599  | 4,630,558                     | 38.4%  |
| Sugar Operations                                | <b>4,741,794</b>    | 4,061,398   | 680,396                       | 16.8%  |
| Other operations                                | <b>591,785</b>      | 518,016     | 73,769                        | 14.2%  |
|                                                 | <b>44,338,639</b>   | 35,813,153  | 8,525,486                     | 23.8%  |
| <b>EXPENSES</b>                                 |                     |             |                               |        |
| Real estate operations                          | <b>9,309,880</b>    | 7,217,548   | 2,092,332                     | 29.0%  |
| Hospitality operations                          | <b>1,449,580</b>    | 1,392,562   | 57,018                        | 4.1%   |
| Banking and financial services                  | <b>32,855,465</b>   | 27,907,904  | 4,947,561                     | 17.7%  |
| Power and utility operations                    | <b>2,355,718</b>    | 2,151,071   | 204,647                       | 9.5%   |
| Sugar operations                                | <b>201,983</b>      | 183,996     | 17,987                        | 9.8%   |
| Other operations                                | <b>2,378,968</b>    | 2,674,014   | (295,046)                     | -11.0% |
|                                                 | <b>48,551,594</b>   | 41,527,095  | 7,024,499                     | 16.9%  |
| <b>TOTAL COST AND EXPENSES</b>                  | <b>92,890,233</b>   | 77,340,248  | 15,549,985                    | 20.1%  |
| <b>INCOME BEFORE INCOME TAX</b>                 | <b>20,555,305</b>   | 15,501,293  | 5,054,012                     | 32.6%  |
| <b>PROVISION FOR INCOME TAX</b>                 |                     |             |                               |        |
| Current                                         | <b>3,895,854</b>    | 3,482,679   | 413,175                       | 11.9%  |
| Deferred                                        | <b>961,098</b>      | (118,196)   | 1,079,294                     | 913.1% |
|                                                 | <b>4,856,952</b>    | 3,364,483   | 1,492,469                     | 44.4%  |
| <b>NET INCOME</b>                               | <b>₱15,698,353</b>  | ₱12,136,810 | ₱3,561,543                    | 29.3%  |
| <b>Attributable to:</b>                         |                     |             |                               |        |
| Equity holders of the parent                    | <b>₱12,131,320</b>  | ₱8,947,468  | ₱3,183,852                    | 35.6%  |
| Minority interest                               | <b>3,567,033</b>    | 3,189,342   | 377,691                       | 11.8%  |
|                                                 | <b>₱15,698,353</b>  | ₱12,136,810 | ₱3,561,543                    | 29.3%  |
| <b>Basic/Diluted Earnings Per Share</b>         | <b>₱1.403</b>       | ₱1.035      |                               |        |

## Revenues

*Real Estate Operations - Sale of Lots, Condominium and Residential Units* grew by 9.1% or ₱1,472.2 million, reaching ₱17,567.0 million. The increase was primarily driven by sales of ready-for-occupancy units and higher incremental percentage of completion for residential projects during the year.

*Real Estate Operations - Mall and Rental Revenues* improved by 10.7% or ₱822.9 million, totaling ₱8,486.8 million. Mall rentals growth was driven by gradual reduction in rental concessions, reinstatement of escalation rates and higher occupancy levels. Office leasing remained stable despite ongoing challenges related to flexible work arrangements and work from home trends and pre-termination from POGO tenants.

*Hospitality Revenues* rose by 31.7% or ₱906.8 million to ₱3,763.3 million, attributed to higher occupancy rates, increase average daily room rates, and growth from adjacent hospitality revenues such food and beverage and golf revenues.

*Banking and Financial Services Revenues* increased by 22.9% or ₱7,787.5 million, reaching ₱41,730.6 million, driven by higher interest income from consumer loans and fixed income securities.

*Power and Utility* increased by 41.8% or ₱7,190.8 million to ₱24,398.0 million in 2024, primarily driven by higher dispatch and contracted electricity.

*Sugar Revenues* went up by 15.7% or ₱788.1 million to ₱5,815.2 driven by increased sugar sales volume offsetting lower sugar average selling prices.

## Other Income

*Other Income - Real Estate Operations* increased by 23.0% or ₱378.8 million to ₱2,026.4 million, driven by higher processing fees and interest income from installment contract receivables.

*Other Income - Banking and Financial Services* increased by 20.2% or ₱1,502.9 million to ₱8,932.1 million, driven by higher service fees, commission income, trading gains, miscellaneous income, and gains from the sale of foreclosed assets.

### *Other Income - Power and Utility Operations*

Decreased by 63.6% or ₱228.0 million to ₱130.2 million due to lower interest income derived from trade receivables.

### *Other Income - Sugar Operations*

Decreased by 13.9% or ₱7.0 million to ₱43.1 million due to lower scrap sales.

## Costs

*Costs of Sale of Lots, Condominium and Residential Units* decreased by 9.1% or ₱779.5 million to ₱7,754.9 million, following the IFRIC adoption of non-capitalizing borrowing costs.

*Costs of Mall and Rental Services* went up by 27.9% or ₱789.4 million to ₱3,614.0 million due to higher direct operating expense, such as mall operations and utilities, due to improved business activities in the retail segment.

*Costs of Hospitality Operations* increased by 38.2% or ₱698.5 million to ₱2,526.3, driven by higher expenses for food and beverages, manpower, utilities, guest amenities, and other direct operating costs, all resulting from increased business volume.

*Costs of Banking and Financial Services* went up by 40.6% or ₱2,432.4 million due to higher volume and higher cost of funding for the period.

*Costs of Power and Utility Operations* increased by 38.4% or ₱4,630.6 million to ₱16,691.2 million primarily due to higher coal consumption.

*Costs of Sugar Operation* increased by 16.8% or ₱680.4 million to ₱4,741.8 million, driven by higher sales volume.

*Costs of Other Operations* increased by 14.2% or ₱73.8 million to ₱591.8 million, primarily due to translation adjustments for interest on foreign-currency-denominated bonds payable.

## **Expenses**

*Expenses from Real Estate Operations* went up by 29.0% or ₱2,092.3 million to ₱9,309.9 million, mainly from non-capitalization of borrowing costs due to the first-time adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods, increase in the debt stock and average interest rates in 2024. This was further increased by higher commissions, sales generation activities, and salaries and wages of sellers.

*Expenses from Banking and Financial Services* went up by 17.7% or ₱4,947.6 million to ₱32,855.5 million, driven by higher provision for probable losses due to higher loan volumes, further increased by higher manpower costs, taxes and licenses, and depreciation and amortization.

*Expenses from Power and Utility Operations* increased by 9.5% or ₱204.6 million to ₱2,355.7 million, primarily due to an increase in provisions for probable losses.

*Expenses from Sugar Operations* increased by 9.8% or ₱18.0 million to ₱202.0 million, driven by higher interest expenses.

*Expenses from Other Operations* of other operations decreased by 11.0% or ₱295.0 million to ₱2,379.0 million, mainly due to impairment provisions in the previous year.

## **Provision for Income Tax**

Increased by 44.4% or ₱1,492.5 million to ₱4,857.0 million. Provision for deferred tax and current income tax rose by 913.1% and 11.9%, respectively. This is from the increase in the Group's taxable net income.

## **Net Income**

As a result of the foregoing, consolidated net income increased by 29.3% or ₱3,561.5 million to ₱15,698 million. Net income attributable to equity holders of the Parent increased by 35.6% or ₱3,183.9 million to ₱12,131.3 million, while net income attributable to non-controlling interest increased by 11.8% or ₱377.7 million to ₱3,567.0 million.

## FINANCIAL CONDITION

### As at December 31, 2024 Compared with As at December 31, 2023

|                                                       | December 31<br>2024 | December 31<br>2023 | Increase (decrease)<br>Amount | %      |
|-------------------------------------------------------|---------------------|---------------------|-------------------------------|--------|
| <b>ASSETS</b>                                         |                     |                     |                               |        |
| Cash and cash equivalents                             | <b>₱52,317,373</b>  | ₱48,962,146         | ₱3,355,227                    | 6.9%   |
| Loans and receivables                                 |                     |                     |                               |        |
| Real estate operations                                | <b>11,384,885</b>   | 9,285,775           | 2,099,110                     | 22.6%  |
| Hospitality operations                                | <b>396,137</b>      | 247,570             | 148,567                       | 60.0%  |
| Financial and banking services                        | <b>323,459,351</b>  | 281,253,378         | 42,205,973                    | 15.0%  |
| Energy operations                                     | <b>4,789,083</b>    | 4,861,962           | (72,879)                      | -1.5%  |
| Sugar operations                                      | <b>153,708</b>      | 134,639             | 19,069                        | 14.2%  |
| Financial assets at fair value through profit or loss | <b>9,174,275</b>    | 4,112,322           | 5,061,953                     | 123.1% |
| Financial assets at FVTOCI                            | <b>29,983,609</b>   | 19,411,425          | 10,572,184                    | 54.5%  |
| Investment securities at amortized cost               | <b>81,922,750</b>   | 75,401,019          | 6,521,731                     | 8.6%   |
| Contract Assets                                       | <b>8,436,614</b>    | 9,867,642           | (1,431,028)                   | -14.5% |
| Real estate inventories                               | <b>78,900,316</b>   | 81,004,413          | (2,104,097)                   | -2.6%  |
| Coal, spare parts and other inventories               | <b>2,397,054</b>    | 1,665,772           | 731,282                       | 43.9%  |
| Investment properties - net                           | <b>103,641,040</b>  | 98,240,278          | 5,400,762                     | 5.5%   |
| Property and equipment - net                          | <b>51,890,809</b>   | 49,253,884          | 2,636,925                     | 5.4%   |
| Investment in joint venture                           | <b>2,010,839</b>    | 1,907,136           | 103,703                       | 5.4%   |
| Deferred income tax assets - net                      | <b>5,791,642</b>    | 5,628,946           | 162,696                       | 2.9%   |
| Goodwill                                              | <b>10,381,152</b>   | 10,381,152          | —                             | 0.0%   |
| Other assets - net                                    | <b>36,649,611</b>   | 33,314,574          | 3,335,037                     | 10.0%  |
|                                                       | <b>₱813,680,248</b> | ₱734,934,033        | ₱78,746,215                   | 10.7%  |

### Assets

Total consolidated assets grew by 10.7% or ₱78.7 billion to ₱813.7 billion as of December 31, 2024.

The following are the significant changes in account balances from December 31, 2023 to December 31, 2024:

*Cash and cash equivalents* increased by 6.9% or ₱3.4 billion to ₱52.3 billion driven by Group's operations and increase in bills and acceptances payables offset by EW net investment acquisitions, fixed asset CAPEX and net debt payment.

#### *Loans and receivables*

*Real estate operation* increased by 22.6% or ₱2.1 billion to ₱11.4 billion driven by higher contracts receivable arising from real estate sales collateralized by the corresponding real estate properties sold.

*Hospitality operation* increased by 60.0% or ₱0.1 billion to ₱0.4 billion, driven by higher receivables from credit card companies, travel agents, and corporate guests, reflecting increased operations.

*Financial and banking operation* increased by 15.0% or ₱42.2 billion to ₱323.5 billion driven mainly by EW's consumer loans.

*Energy operation* decreased by 1.5% or ₱0.1 billion to ₱4.8 billion, driven by higher allowance for ECL.

*Sugar operation* increased by 14.2% driven mainly by advances to sugar planters pertaining to various incentives.

*Financial assets at fair value through profit or loss* increased by 123.1% or ₱5.1 billion to ₱9.2 billion, *Financial assets at fair value through other comprehensive income* increased by 54.5% or ₱10.6 billion to ₱30.0 billion, *Investment securities at amortized cost* increased by 8.6% or ₱6.5 billion to ₱81.9 billion, the general increase across EW's investment was mainly due to the combined growth in the portfolios of FVPL and FVOCI mainly on account of purchase of securities in line with conditions set on the business models.

*Contract assets* decreased by 14.5% or ₱1.4 billion to ₱8.4 billion, due to increased collections including receipt of bank takeouts while increases are primarily due to longer payment terms and new sales recognized during the year.

*Coal, spare parts and other inventories* increased by 43.9% or ₱0.7 billion to ₱2.49 billion, driven by higher inventories of spare parts, sugar, and molasses.

*Investment properties - net* increased by 5.5% or ₱5.4 billion to ₱103.6 billion, driven by increase from ongoing investment property construction and real estate inventory reclassifications which was offset by Group's depreciation.

*Property and equipment* increased by 5.4% or ₱2.6 billion to ₱51.9 billion, driven by increase from construction in progress offset by Group's depreciation.

*Investment in joint venture* increased by 5.4% or ₱0.1 billion to ₱2.0 billion, driven by share in net income of joint ventures.

*Deferred income tax assets - net* increased by 2.9% or ₱0.2 billion to ₱5.8 billion, due to higher accrual provisions within the Group.

*Other assets - net* went up by 10.0% or ₱3.3 billion to ₱33.6 billion, driven by higher advances to contractors and suppliers and prepaid expenses of the Group.

|                                       | December 31<br>2024 | December 31<br>2023 | Increase (decrease)<br>Amount | %      |
|---------------------------------------|---------------------|---------------------|-------------------------------|--------|
| <b>LIABILITIES AND EQUITY</b>         |                     |                     |                               |        |
| <b>LIABILITIES</b>                    |                     |                     |                               |        |
| Deposit liabilities                   | ₱372,542,796        | ₱338,781,312        | ₱33,761,484                   | 10.0%  |
| Bills and acceptances payable         | 40,117,180          | 15,403,706          | 24,713,474                    | 160.4% |
| Accounts payable and accrued expenses | 53,901,380          | 46,888,946          | 7,012,434                     | 15.0%  |
| Contract Liabilities                  | 3,156,425           | 2,996,852           | 159,573                       | 5.3%   |
| Long-term debt                        | 137,331,240         | 132,371,944         | 4,959,296                     | 3.7%   |
| Income tax payable                    | 439,461             | 488,470             | (49,009)                      | -10.0% |
| Retirement Liabilities                | 1,660,444           | 1,575,028           | 85,416                        | 5.4%   |
| Lease liability                       | 9,042,566           | 8,454,337           | 588,229                       | 7.0%   |
| Deferred income tax liabilities - net | 9,108,250           | 10,281,563          | (1,173,313)                   | -11.4% |
| Total Liabilities                     | 627,299,742         | 557,242,158         | 70,057,584                    | 12.6%  |

### Liabilities

Total consolidated liabilities increased by 12.6% or ₱70.1 billion to ₱627.3 billion.

The following are the significant changes in liability accounts from December 31, 2023 to December 31, 2024:

*Deposit liabilities* increased by 10.0% or ₱33,761.5 million from growth in CASA, time deposits, and FCY deposits.

*Bills and acceptances payable* grew by 160.4% or ₱24,713.5 million to ₱40,117.2 million mainly from higher volume of interbank borrowings and repo borrowings.

*Accounts payable, accrued expenses* increased by 15.0% or ₱7,012.4 million to ₱53,901.4 million, driven by the Group's increased deposits from tenants, retention fees, and other operating payables.

*Contract liabilities* increased 5.3% or ₱159.6 million to ₱3,156.4 million due to real estate's construction in progress for the accounts already qualified for revenue recognition.

*Long term debt* increased 3.7% or ₱4,959.3 million to ₱137,331.2 million, mainly from net debt availment from FLI (P3.4bn), FAI (P1.1bn), FHC (P0.5bn) and FDC (P0.4bn) offset by net settlements of FDCUI (P0.7bn).

*Income tax payable* decreased by 10.0% or ₱49.0 million to ₱439.5 million, despite higher taxable income, due to adjustments in tax provisions and timing differences.

*Retirement liabilities* increased by 5.4% or ₱0.1 billion to ₱1.7 billion due to a higher number of employees and adjustments in actuarial assumptions.

*Lease liability* increased by 7.0% or ₱0.6 billion to ₱9.0 billion due to the recognition of new lease agreements.

*Deferred income tax liabilities - net* decreased by 11.4% or ₱1.2 billion to ₱9.1 billion, due to lower temporary differences related to capitalized borrowing costs.

|                                                     | December 31<br>2024 | December 31<br>2023 | Increase (decrease)<br>Amount | %            |
|-----------------------------------------------------|---------------------|---------------------|-------------------------------|--------------|
| <b>EQUITY</b>                                       |                     |                     |                               |              |
| Equity attributable to equity holders of the parent |                     |                     |                               |              |
| Capital stock                                       | 9,319,872           | 9,319,872           | —                             | 0.0%         |
| Treasury stock                                      | (3,614,474)         | (3,614,474)         | —                             | 0.0%         |
| Additional paid-in capital                          | 11,900,015          | 11,900,015          | —                             | 0.0%         |
| Retained earnings                                   | 127,792,244         | 119,711,533         | 8,080,711                     | 6.8%         |
| Other comprehensive income                          |                     |                     |                               |              |
| Revaluation reserve on financial assets at FVTOCI   | (547,810)           | (302,556)           | (245,254)                     | -81.1%       |
| Share in other components of equity of associate    | 724                 | 724                 | —                             | 0.0%         |
| Remeasurement gains (losses) on retirement plans    | (214,373)           | (176,065)           | (38,308)                      | -21.8%       |
| Translation adjustment                              | 121,161             | 201,167             | (80,006)                      | -39.8%       |
| Total                                               | 144,757,359         | 137,040,216         | 7,717,143                     | 5.6%         |
| Noncontrolling interest                             | 41,623,147          | 40,651,659          | 971,488                       | 2.4%         |
| Total Equity                                        | 186,380,506         | 177,691,875         | 8,688,631                     | 4.9%         |
| <b>TOTAL LIABILITIES AND EQUITY</b>                 | <b>₱813,680,248</b> | <b>₱734,934,033</b> | <b>₱78,746,215</b>            | <b>10.7%</b> |

### Equity

On April 26, 2024, the FDC's BOD approved the declaration and payment of cash dividends of ₱0.10346 per share for every common share of record as of May 20, 2024 and paid on June 11, 2024.

On April 28, 2023, the FDC's BOD approved the declaration and payment of cash dividends of ₱0.06534 per share for every common share of record as of May 22, 2023. This was paid on June 14, 2023.

On April 29, 2022, FDC's Board of Directors (BOD) approved the declaration and payment of cash dividends of ₱0.07014 per share for every common share of record as of May 20, 2022, payable on June 14, 2022.

The Group has commitments for capital expenditures for the project developments of the real estate segment, the requirement of the sugar manufacturing subsidiaries, the development and construction of solar rooftop facilities, and other utility projects, the intended construction and management of various hotels, and the bank's expansion and implementation of IT projects, which could be adequately covered by the operating cash flow and availment of medium and long term loans.

## Performance Indicators

|                                                                                                     | As of and for the year ended |        |                   |        |
|-----------------------------------------------------------------------------------------------------|------------------------------|--------|-------------------|--------|
|                                                                                                     | December 31, 2024            |        | December 31, 2023 |        |
| Earnings Per Share - Basic (EPS)                                                                    | <u>₱1.40</u>                 | /share | <u>₱1.03</u>      | /share |
| Net Income (Attributable to Equity Holders of the Parent Company)                                   |                              |        |                   |        |
| Weighted Average Number of Outstanding Shares                                                       |                              |        |                   |        |
| Price Earnings Ratio (PE Ratio)                                                                     | 3.53                         | Times  | 5.19              | Times  |
| Closing Price <sup>(1)</sup>                                                                        |                              |        |                   |        |
| EPS                                                                                                 |                              |        |                   |        |
| Return on Revenue                                                                                   | 14%                          |        | 13%               |        |
| Total Net Income                                                                                    |                              |        |                   |        |
| Total Revenue                                                                                       |                              |        |                   |        |
| Return on Equity (Average)                                                                          | 9%                           |        | 7%                |        |
| Total Net Income                                                                                    |                              |        |                   |        |
| Average Total Equity                                                                                |                              |        |                   |        |
| Debt to Equity Ratio                                                                                |                              |        |                   |        |
| a) Long-term and Short-term Debt                                                                    | 0.74                         | :1     | 0.74              | :1     |
| Total Equity                                                                                        |                              |        |                   |        |
| b) Total Liabilities Excluding Deposit Liabilities, Bills and Acceptances Payable, Asset Retirement |                              |        |                   |        |
| Obligation and Finance Lease Liabilities                                                            | 1.10                         | :1     | 1.09              | :1     |
| Total Equity                                                                                        |                              |        |                   |        |
| Current Ratio                                                                                       |                              |        |                   |        |
| a) Including EW                                                                                     |                              |        |                   |        |
| Current Assets                                                                                      | 0.69                         | :1     | 0.80              | :1     |
| Current Liabilities                                                                                 |                              |        |                   |        |
| b) Excluding EW                                                                                     |                              |        |                   |        |
| Current Assets                                                                                      | 2.12                         | :1     | 2.70              | :1     |
| Current Liabilities                                                                                 |                              |        |                   |        |
| Quick Ratio – excluding EW                                                                          | 0.99                         | :1     | 1.17              | :1     |
| Current Assets – Inventories                                                                        |                              |        |                   |        |
| Current Liabilities                                                                                 |                              |        |                   |        |

|                                                                                                   | As of and for the year ended |       |                   |       |
|---------------------------------------------------------------------------------------------------|------------------------------|-------|-------------------|-------|
|                                                                                                   | December 31, 2024            |       | December 31, 2023 |       |
| Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) to Total Interest Expense | 4.72                         | Times | 5.01              | Times |
| EBITDA                                                                                            |                              |       |                   |       |
| Total Interest Expense <sup>(2)</sup>                                                             |                              |       |                   |       |
| Assets to Equity Ratio                                                                            | 4.37                         | :1    | 4.14              | :1    |
| Total Assets                                                                                      |                              |       |                   |       |
| Total Equity                                                                                      |                              |       |                   |       |

(1) Closing prices at December 27, 2024 and December 29, 2023.

## Notes to Financial Statements and Other Disclosures

1. The attached consolidated financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. Except as disclosed in the Notes to the consolidated financial statements, the accounting policies and methods of computation followed in the financial statements for the year ended December 31, 2024 are the same as those followed in the annual financial statements of the Group for the year ended December 31, 2023.
2. Except for the sugar business, the operating activities of the Group are carried out uniformly over the calendar year. The sugar milling season of the Group's sugar subsidiaries is usually from November to June of the following year. Except for the milling season, there are no other unusual operating cycles or seasons during the year.
3. Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operation, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the current period. There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.
4. There are no changes in estimates of amounts reported in the previous period that have material effects in the current period.
5. Except for those discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no issuances, repurchases and repayments of debt and equity securities.
6. There were no other dividends paid (aggregate or per share) separately for ordinary shares and other shares during the current period, except as discussed in the previous sections.
7. The Group derives its revenues from the following reportable segments:

### *Real Estate Operations*

This involves acquisition of land, planning and development of large-scale fully integrated residential communities as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings. This segment also involves operations and management of cinema and mall, property management and leasing of commercial and office spaces.

### *Hospitality Operations*

This involves operation of hotels, including management of resorts, villas, golf course, service apartment and other services for the pleasure, comfort and convenience of guests in said establishments under its management.



#### *Banking and Financial Services*

This involves a wide range of financial services to consumer and corporate clients which includes deposit-taking, loan and trade finance, treasury, trust services, credit cards, cash management, custodial services, insurance services and leasing and finance. The business units in this segment consist of retail banking, corporate banking, consumer banking, and treasury and trust.

#### *Power and Utility Operations*

This involves operation of power plants and supply of power to off-takers and also includes retail electricity supply operations. This segment also involves maintenance, operation and management of waterworks system for distribution and supply of potable water to domestic, commercial, and industrial users.

#### *Sugar Operations*

This involves operation of agricultural lands for planting and cultivating farm products, operation of a complete sugar central for the purpose of milling or converting sugar canes to centrifugal or refined sugar and selling of sugar and by-products.

#### *Other Operations*

This involves other operations of the Parent Company including FDCI, FBSC, and SPI. FDCI was incorporated to facilitate the Group's issuance of foreign currency-denominated bonds while FBSC is engaged in providing computer and information technology services while SPI was incorporated to provide technical and business process services.

Financial information on the operations of these business segments as of and for the years ended December 31, 2024 and 2023 are summarized and included in the accompanying Notes to Consolidated Financial Statements.

8. Except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no material events subsequent to December 31, 2024 up to the date of this report that have not been reflected in the financial statements for the current period.
9. There have been no changes in the composition of the Company during the current period, such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations, except as discussed in the Developments of the Company and Management's Discussion on its Results of Operations.
10. There are no changes in contingent liabilities or contingent assets since December 31, 2024.
11. There are no material contingencies and any other events or transactions affecting the current period.
12. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
13. There are no known material off-balance sheet transactions, arrangements, obligations including contingent liabilities, and other relationships of the Company, with unconsolidated entities or other persons created during the reporting period.
14. There are no significant elements of income or loss, except as discussed in the Management's Discussion and Analysis on Financial Condition and Results of Operations, which did not arise from the Company's continuing operations.
15. There are no known seasonal aspects that had a material effect on the financial condition or results of operations.

16. Aside from the possible material increase in interest rates on the outstanding floating rate term loans, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of the Group within the next 12 months. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments or any significant amount in its accounts payable that have not been paid within the stated terms.

**Year Ended December 31, 2023 Compared with Year Ended December 31, 2022**

|                                                 | December 31       |                   | Increase (decrease) |              |
|-------------------------------------------------|-------------------|-------------------|---------------------|--------------|
|                                                 | 2023              | 2022              | Amount              | %            |
| <b>REVENUES</b>                                 |                   |                   |                     |              |
| Real estate operations                          |                   |                   |                     |              |
| Sale of lots, condominium and residential units | 16,094,806        | 13,314,664        | 2,780,142           | 20.9%        |
| Mall and rental revenues                        | 7,663,855         | 6,732,189         | 931,666             | 13.8%        |
| Hospitality operations                          | 2,856,543         | 1,928,979         | 927,564             | 48.1%        |
| Financial and banking services                  | 33,943,051        | 25,652,661        | 8,290,390           | 32.3%        |
| Power and utility operations                    | 17,207,202        | 12,899,789        | 4,307,413           | 33.4%        |
| Sugar operations                                | 5,027,067         | 4,280,178         | 746,889             | 17.4%        |
| <b>TOTAL REVENUES</b>                           | <b>82,792,524</b> | <b>64,808,460</b> | <b>17,984,064</b>   | <b>27.7%</b> |
| <b>OTHER INCOME</b>                             |                   |                   |                     |              |
| Real estate operations                          | 1,647,576         | 1,180,709         | 466,867             | 39.5%        |
| Hospitality operations                          | 563,913           | 4,195             | 559,718             | 13342.5%     |
| Financial and banking services                  | 7,429,236         | 4,912,360         | 2,516,876           | 51.2%        |
| Power and utility operations                    | 358,236           | 139,059           | 219,177             | 157.6%       |
| Sugar operations                                | 50,056            | 78,809            | (28,753)            | -36.5%       |
| <b>TOTAL OTHER INCOME</b>                       | <b>10,049,017</b> | <b>6,315,132</b>  | <b>3,733,885</b>    | <b>59.1%</b> |
| <b>TOTAL REVENUES AND OTHER INCOME</b>          | <b>92,841,541</b> | <b>71,123,592</b> | <b>21,717,949</b>   | <b>30.5%</b> |
| <b>COSTS</b>                                    |                   |                   |                     |              |
| Real estate operations                          |                   |                   |                     |              |
| Sale of lots, condo and residential units       | 8,534,325         | 7,521,107         | 1,013,218           | 13.5%        |
| Rental services                                 | 2,824,608         | 2,366,540         | 458,068             | 19.4%        |
| Hospitality operations                          | 1,827,843         | 1,334,216         | 493,627             | 37.0%        |
| Financial and banking services                  | 5,986,364         | 2,593,840         | 3,392,524           | 130.8%       |
| Power operations                                | 12,060,599        | 8,700,791         | 3,359,808           | 38.6%        |
| Sugar Operations                                | 4,061,398         | 3,554,776         | 506,622             | 14.3%        |
| Other operations                                | 518,016           | 470,272           | 47,744              | 10.2%        |
|                                                 | <b>35,813,153</b> | <b>26,541,542</b> | <b>9,271,611</b>    | <b>34.9%</b> |
| <b>EXPENSES</b>                                 |                   |                   |                     |              |
| Real estate operations                          | 7,217,548         | 6,419,775         | 797,773             | 12.4%        |
| Hospitality operations                          | 1,392,562         | 1,192,396         | 200,166             | 16.8%        |
| Financial and banking services                  | 27,907,904        | 22,097,839        | 5,810,065           | 26.3%        |
| Power and utility operations                    | 2,151,071         | 2,264,496         | (113,425)           | -5.0%        |
| Sugar operations                                | 183,996           | 160,302           | 23,694              | 14.8%        |
| Other operations                                | 2,674,014         | 1,755,697         | 918,317             | 52.3%        |
|                                                 | <b>41,527,095</b> | <b>33,890,505</b> | <b>7,636,590</b>    | <b>22.5%</b> |
| <b>TOTAL COST AND EXPENSES</b>                  | <b>77,340,248</b> | <b>60,432,047</b> | <b>16,908,201</b>   | <b>28.0%</b> |
| <b>INCOME BEFORE INCOME TAX</b>                 | <b>15,501,293</b> | <b>10,691,545</b> | <b>4,809,748</b>    | <b>45.0%</b> |
| <b>PROVISION FOR INCOME TAX</b>                 |                   |                   |                     |              |
| Current                                         | 3,482,679         | 2,059,068         | 1,423,611           | 69.1%        |
| Deferred                                        | (118,196)         | 329,817           | (448,013)           | -135.8%      |
|                                                 | <b>3,364,483</b>  | <b>2,388,885</b>  | <b>975,598</b>      | <b>40.8%</b> |
| <b>NET INCOME</b>                               | <b>12,136,810</b> | <b>8,302,660</b>  | <b>3,834,150</b>    | <b>46.2%</b> |
| <b>Attributable to:</b>                         |                   |                   |                     |              |
| Equity holders of the parent                    | 8,947,468         | 5,650,674         | 3,296,794           | 58.3%        |
| Minority interest                               | 3,189,342         | 2,651,986         | 537,356             | 20.3%        |
|                                                 | <b>12,136,810</b> | <b>8,302,660</b>  | <b>3,834,150</b>    | <b>46.2%</b> |
| <b>Basic/Diluted Earnings Per Share</b>         | <b>1.035</b>      | <b>0.653</b>      |                     |              |

## **Revenues**

### *Real Estate Operations - Sale of Lots, Condominium and Residential Units*

Sale of lots, condominium and residential units rose by 20.9% or ₱2,780.1 million to ₱16,094.8 million. The increase was primarily attributed to higher construction percentage-of-completion achieved during the year.

### *Real Estate Operations - Mall and Rental Revenues*

Mall and rental revenues improved by 13.8% or ₱931.7 million to ₱7,662.1 million due to gradual reduction of rental concessions, reinstatement of escalation rates and increased occupancy levels.

### *Hospitality Revenues*

Hospitality revenues grew by 48.1% or ₱927.6 million to ₱2,856.5 million, due to higher occupancy and room rates and higher food and beverage revenues, as travel restrictions slowly eased down and borders reopened for tourism and leisure activities.

### *Banking and Financial Services Revenues*

Revenues or interest income from banking and financial services (the Bank) was higher by 32.3% or ₱8,290.4 million to ₱33,943.1 million, mainly due to interest income growth from increase in consumer loans and high-yielding fixed income securities. Likewise, non-interest income grew from higher service fees and commission income, trading securities gain and gains from sale of foreclosed assets.

### *Power and Utility Revenues*

Revenues from the power and utility operations increased by 33.4% or ₱4,307.4 million from ₱12,899.8 million in 2022 to ₱17,207.2 million in 2023 mainly from higher average selling price and higher dispatch and contracted electricity.

### *Sugar Revenues*

Revenues from the sugar business went up by 17.4% or ₱746.9 million to ₱5,027.1 million from the increase in sugar prices.

## **Other Income**

### *Other Income - Real Estate Operations*

Other income from real estate operations increased by 39.5% or ₱466.9 million from ₱1,364.0 million from higher income generated from processing fees and interest income from installment contract receivables for in-house financing scheme.

### *Other Income - Hospitality Operations*

Other income from hospitality business increased by 13,342.5% or ₱559.7 million to ₱563.9 million primarily from insurance proceeds from business interruption in MSSI.

### *Other Income - Banking and Financial Services*

Banking and financial services' other income increased by 51.2% or ₱2,516.9 million to ₱7,492.2 million due to higher service charges and fees from loan-related fees driven by improving volumes; trading income higher from securities trading, and higher gains on real and other properties acquired (ROPA).

### *Other Income - Power and Utility Operations*

Other income from power and utility segment increased by 157.6% or ₱219.2 million to ₱358.2 million due to higher interest income derived from trade receivables.

#### *Other Income - Sugar Operations*

Other income from sugar operations decreased by 36.5% or ₱28.8 million to ₱50.1 million due to lower scrap sales.

### **Costs**

#### *Costs of Sale of Lots, Condominium and Residential Units*

Costs of sale of lots, condominium and residential units increased by 13.8% or ₱1,013.2 million to ₱8,562.0 million due to higher real estate revenues realized during the year.

#### *Costs of Mall and Rental Services*

Costs of mall and rental services went up by 19.4% or ₱458.1 million to ₱2,824.6 million due to higher direct operating expense, such as taxes and utilities, during the year on account of improving business activities in the retail segment.

#### *Costs of Hospitality Operations*

Hospitality cost of operations increased by 37.0% or ₱493.6 million to ₱1,827.8 million due to higher cost of food and beverage, manpower costs, utilities, guest amenities and other direct expenses of operating departments which were all related to the increase in business volume, with the easing of travel restrictions, as aforementioned.

#### *Costs of Banking and Financial Services*

Costs of banking and financial services went up by 130.8% or ₱3,392.5 million from ₱2,593.8 million in 2022 to ₱5,986.4 million in 2023 due to higher manpower expenses, systems/software maintenance, marketing programs, cards expenses and professional fees.

#### *Costs of Power and Utility Operations*

Costs of power and utility operations increased by 38.6% or ₱3,359.8 million to ₱12,060.6 million primarily due to higher fuel cost.

#### *Costs of Sugar Operation*

Costs of sugar operations increased by 14.3% or ₱506.6 million to ₱4,061.4 million despite lower sales volume due to higher operating costs such as labor, fertilizers, and higher input prices.

#### *Costs of Other Operations*

Costs of other operations increased by 10.2% or ₱47.7 million to ₱518.0 million due to translation adjustment for interest on foreign-currency denominated bonds payable.

### **Expenses**

#### *Real Estate Operations*

Expenses of real estate operations went up by 12.4% or ₱797.8 million to ₱7,217.5 million due to higher manpower costs, taxes and licenses, and increased repairs and maintenance expenses for managed projects. This was further increased by higher commissions and local and international branch sale offices to generate sales.

#### *Hospitality Operations*

Expenses of the hospitality business increased by 16.8% or ₱200.2 million from to ₱1,392.6 million due to higher manpower costs, utilities, outside services and credit card commission.

#### *Banking and Financial Services*

Expenses of the banking and financial services went up by 26.3% or ₱5,810.1 million to ₱27,907.9 million due to higher manpower and IT-related expenses. Provisions for losses also increased due to the combined impact of higher loan volumes.

#### *Power and Utility Operations*

Power and utility segment's expenses decreased by 5.0% or ₱113.4 million to ₱2,151.1 million due to decrease in interest expense from loans.

#### *Sugar Operations*

Expenses of the sugar business increased by 14.8% or ₱23.7 million from to ₱184.0 million due to higher interest expense and taxes and licenses.

#### *Other Operations*

Expenses of other operations went up by 52.3% or ₱918.3 million to ₱2,674.0 million due to higher interest expenses, external services and additional manpower and the impairment of the f(Dev)'s investment and advances to Investree Philippines amounting to ₱106.8 million.

#### **Provision for Income Tax**

Provision for income tax increased by 40.8% or ₱975.6 million to ₱3,364.5 million. Provision for deferred tax and current income tax rose by 69.1% and decreased by 135.8%, respectively. This is from the increase in the Group's taxable net income.

#### **Net Income**

As a result of the foregoing, consolidated net income increased by 46.2% or ₱3,834.2 million to ₱12,136.8 million. Net income attributable to equity holders of the Parent increased by 58.3% or ₱3,296.8 million to ₱8,947.5 million, while net income attributable to noncontrolling interest increased by 20.3% or ₱537.4 million to ₱2,652.0 million.

## FINANCIAL CONDITION

### As at December 31, 2023 Compared with As at December 31, 2022

|                                                       | December 31        |             | Increase (decrease) |        |
|-------------------------------------------------------|--------------------|-------------|---------------------|--------|
|                                                       | 2023               | 2022        | Amount              | %      |
| <b>ASSETS</b>                                         |                    |             |                     |        |
| Cash and cash equivalents                             | <b>48,962,146</b>  | 71,311,956  | (22,349,810)        | -31.3% |
| Loans and receivables                                 |                    |             |                     |        |
| Real estate operations                                | <b>9,285,775</b>   | 9,739,631   | (453,856)           | -4.7%  |
| Hospitality operations                                | <b>247,570</b>     | 121,924     | 125,646             | 103.1% |
| Financial and banking services                        | <b>281,253,378</b> | 241,976,635 | 39,276,743          | 16.2%  |
| Energy operations                                     | <b>4,861,962</b>   | 3,679,767   | 1,182,195           | 32.1%  |
| Sugar operations                                      | <b>134,639</b>     | 101,803     | 32,836              | 32.3%  |
| Financial assets at fair value through profit or loss | <b>4,112,322</b>   | 1,958,310   | 2,154,012           | 110.0% |
| Financial assets at FVTOCI                            | <b>19,411,425</b>  | 17,377,325  | 2,034,100           | 11.7%  |
| Investment securities at amortized cost               | <b>75,401,019</b>  | 63,546,191  | 11,854,828          | 18.7%  |
| Contract Assets                                       | <b>9,867,642</b>   | 7,609,532   | 2,258,110           | 29.7%  |
| Real estate inventories                               | <b>81,004,413</b>  | 79,659,361  | 1,345,052           | 1.7%   |
| Coal, spare parts and other inventories               | <b>1,665,772</b>   | 2,316,669   | (650,897)           | -28.1% |
| Investment properties - net                           | <b>98,240,278</b>  | 95,503,366  | 2,736,912           | 2.9%   |
| Property and equipment - net                          | <b>45,103,226</b>  | 44,716,866  | 386,360             | 0.9%   |
| Investment in joint venture                           | <b>1,907,136</b>   | 1,948,608   | (41,472)            | -2.1%  |
| Deferred income tax assets - net                      | <b>5,628,946</b>   | 5,167,717   | 461,229             | 8.9%   |
| Right Of Use                                          | <b>4,150,658</b>   | 4,566,463   | (415,805)           | -9.1%  |
| Goodwill                                              | <b>10,381,152</b>  | 10,381,152  | -                   | 0.0%   |
| Other assets - net                                    | <b>33,314,574</b>  | 25,137,333  | 8,177,241           | 32.5%  |
|                                                       | <b>734,934,033</b> | 686,820,609 | 48,113,424          | 7.0%   |

### Assets

Total consolidated assets grew by 7.0% or ₱48,113.4 million to ₱734,934.0 million as of December 31, 2023.

The following are the significant changes in account balances from December 31, 2022 to December 31, 2023:

Cash and cash equivalents decreased by 31.3% or ₱22,349.8 million to ₱48,962.1 million as the Bank's funds were placed in higher yielding assets.

Loans and receivables of the hospitality segment increased by 103.1% or ₱125.6 million to ₱247.6 million due to higher revenues recognized.

Loans and receivables of the banking and financial services increased by 16.2% or ₱39,276.7 million to ₱281,253.4 million mainly ascribed to higher consumer lending driven by the improvement in teachers' loan and credit cards.

Loans and receivables of the power and utility operations went up by 32.1% or ₱1,182.2 million to ₱4,862.0 million. Higher level of trade receivables was due to higher pass-through fuel cost and longer average collection period.

Loans and receivables of the sugar business increased by 32.3% or ₱32.8 million to ₱134.6 million brought about by additional advances extended to sugar planters.

Financial assets at fair value through profit or loss increased by 110.0% or ₱2,154.0 million to ₱4,112.3 million due to growth in the Banks's portfolios, particularly on treasury notes and government bonds.

Financial assets at fair value through other comprehensive income increased by 11.7% or ₱2,034.1 million to ₱19,453.5 million due to growth in the Banks's portfolios, particularly on treasury notes and government bonds.

Investment securities at amortized cost increased by 18.7% or ₱11,854.8 million to ₱75,401.0 million due to growth in the Banks's portfolios, particularly on treasury notes and government bonds.

Contract assets increased by 29.7% or ₱2,258.1 million to ₱9,867.6 million mainly due to extended payment terms granted to buyers and new sales during the year.

Coal, spare parts and other inventories decreased by 28.1% or ₱650.9 million to ₱1,665.8 million due to decreased coal and sugar and molasses inventories.

Deferred income tax assets - net increased by 8.9% or ₱461.2 million to ₱5,628.9 million from decrease in unrealized foreign exchange gains of the Group.

Right-of-use assets decreased by 9.1% or ₱415.8 million to ₱4,150.7 million primarily attributable to amortization of the Group.

Other assets went up by 32.5% or ₱8,177.2 million to ₱33,314.6 million due to capital expenditures on BTO rights, increase in restricted cash and repossessed assets.

|                                                     | December 31        |                    | Increase (decrease) |             |
|-----------------------------------------------------|--------------------|--------------------|---------------------|-------------|
|                                                     | 2023               | 2022               | Amount              | %           |
| <b>LIABILITIES AND EQUITY</b>                       |                    |                    |                     |             |
| <b>LIABILITIES</b>                                  |                    |                    |                     |             |
| Deposit liabilities                                 | 338,781,312        | 312,374,479        | 26,406,833          | 8.5%        |
| Bills and acceptances payable                       | 15,403,706         | 6,761,456          | 8,642,250           | 127.8%      |
| Accounts payable and accrued expenses               | 46,888,946         | 40,303,983         | 6,584,963           | 16.3%       |
| Contract Liabilities                                | 2,996,852          | 3,923,011          | (926,159)           | -23.6%      |
| Long-term debt                                      | 132,371,944        | 137,224,888        | (4,852,944)         | -3.5%       |
| Income tax payable                                  | 488,470            | 248,839            | 239,631             | 96.3%       |
| Retirement Liabilities                              | 1,575,028          | 1,671,162          | (96,134)            | -5.8%       |
| Lease liability                                     | 8,454,337          | 8,507,757          | (53,420)            | -0.6%       |
| Deferred income tax liabilities - net               | 10,281,563         | 10,132,992         | 148,571             | 1.5%        |
| Total Liabilities                                   | 557,242,158        | 521,148,567        | 36,093,591          | 6.9%        |
| <b>EQUITY</b>                                       |                    |                    |                     |             |
| Equity attributable to equity holders of the parent |                    |                    |                     |             |
| Capital stock                                       | 9,319,872          | 9,319,872          | -                   | 0.0%        |
| Treasury stock                                      | (3,614,474)        | (3,614,474)        | -                   | 0.0%        |
| Additional paid-in capital                          | 11,900,015         | 11,900,015         | -                   | 0.0%        |
| Retained earnings                                   | 119,711,533        | 111,329,156        | 8,382,377           | 7.5%        |
| Other comprehensive income                          |                    |                    |                     |             |
| Revaluation reserve on financial assets at FVTOCI   | (302,556)          | (1,326,191)        | 1,023,635           | 77.2%       |
| Share in other components of equity of associate    | 724                | 724                | -                   | 0.0%        |
| Remeasurement gains (losses) on retirement plans    | (176,065)          | (186,845)          | 10,780              | 5.8%        |
| Translation adjustment                              | 201,167            | (159,838)          | 361,005             | 225.9%      |
| Total                                               | 137,040,216        | 127,262,419        | 9,777,797           | 7.7%        |
| Noncontrolling interest                             | 40,651,659         | 38,409,623         | 2,242,036           | 5.8%        |
| Total Equity                                        | 177,691,875        | 165,672,042        | 12,019,833          | 7.3%        |
| <b>TOTAL LIABILITIES AND EQUITY</b>                 | <b>734,934,033</b> | <b>686,820,609</b> | <b>48,113,424</b>   | <b>7.0%</b> |

### Liabilities

Total consolidated liabilities increased by 6.9% or ₱39,093.6 million to ₱557,242.2 million.

The following are the significant changes in liability accounts from December 31, 2022 to December 31, 2023:

Deposit liabilities increased by 8.5% or ₱26,406.8 million from growth of dollar deposits in terms of increase in volume and foreign exchange revaluation.

Bills and acceptances payable grew by 127.8% or ₱8,642.3 million to ₱15,403.7 million mainly from the higher volume of repo borrowings to support funding in FCDU books including purchase of FVOCI and Investment Securities at Amortized Cost.

Accounts payable, accrued expenses and other liabilities increased by 16.3% or ₱6,585.0 million to ₱46,888.9 million due to higher level of year-end accruals and higher volume of payables to contractors, vendors and suppliers.

Contract liabilities decreased 23.6% or ₱926.2 million to ₱2,996.9 million due to real estate's construction in progress for the accounts already qualified for revenue recognition.

Income tax payable increased by 96.3% or ₱239.6 million to ₱488.5 million due to higher taxable income for the year.



Retirement liabilities decreased by 5.8% or ₱96.1 million to ₱1,575.0 million due to funding of the Group's plan assets.

### Equity

On April 28, 2023, the FDC's BOD approved the declaration and payment of cash dividends of ₱0.06534 per share for every common share of record as of May 22, 2023. This was paid on June 14, 2023.

On April 29, 2022, FDC's Board of Directors (BOD) approved the declaration and payment of cash dividends of ₱0.07014 per share for every common share of record as of May 20, 2022, payable on June 14, 2022.

On April 30, 2021, FDC's BOD approved the declaration and payment of cash dividends of ₱0.098 per share for every common share of record as of May 21, 2021. This was paid on June 15, 2021.

The Group has commitments for capital expenditures for the project developments of the real estate segment, the requirement of the sugar manufacturing subsidiaries, the development and construction of solar rooftop facilities, and other utility projects, the intended construction and management of various hotels, and the bank's expansion and implementation of IT projects, which could be adequately covered by the operating cash flow and availment of medium and long term loans.

### Performance Indicators

|                                                                   | As of And For The Year Ended<br>December 31, 2023 |        | As of And For The Year Ended<br>December 31, 2022 |        |
|-------------------------------------------------------------------|---------------------------------------------------|--------|---------------------------------------------------|--------|
| Earnings Per Share - Basic (EPS)                                  | ₱1.035                                            | /share | ₱0.653                                            | /share |
| Net Income (Attributable to Equity Holders of the Parent Company) |                                                   |        |                                                   |        |
| Weighted Average Number of Outstanding Shares                     |                                                   |        |                                                   |        |
| Price Earnings Ratio (PE Ratio)                                   | 5.19                                              | Times  | 9.83                                              | Times  |
| Closing Price <sup>(1)</sup>                                      |                                                   |        |                                                   |        |
| EPS                                                               |                                                   |        |                                                   |        |
| Return on Revenue                                                 | 13%                                               |        | 12%                                               |        |
| Total Net Income                                                  |                                                   |        |                                                   |        |
| Total Revenue                                                     |                                                   |        |                                                   |        |
| Return on Equity (Average)                                        | 7%                                                |        | 5%                                                |        |
| Total Net Income                                                  |                                                   |        |                                                   |        |
| Average Total Equity                                              |                                                   |        |                                                   |        |
| Assets to Equity Ratio                                            | 4.14                                              | :1     | 4.15                                              | :1     |
| Total Assets                                                      |                                                   |        |                                                   |        |
| Total Equity                                                      |                                                   |        |                                                   |        |
| Debt to Equity Ratio                                              |                                                   |        |                                                   |        |
| a) Long-term and Short-term Debt                                  | 0.74                                              | :1     | 0.83                                              | :1     |
| Total Equity                                                      |                                                   |        |                                                   |        |

|                                                                                                           | As of And For The Year<br>Ended<br>December 31, 2023 |       | As of And For The<br>Year Ended<br>December 31, 2022 |       |
|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------|-------|------------------------------------------------------|-------|
| b) Total Liabilities Excluding Deposit<br>Liabilities, Bills and Acceptances Payable, Asset<br>Retirement |                                                      |       |                                                      |       |
| Obligation and Finance Lease Liabilities                                                                  | 1.09                                                 | :1    | 1.16                                                 | :1    |
| Total Equity                                                                                              |                                                      |       |                                                      |       |
| Current Ratio                                                                                             |                                                      |       |                                                      |       |
| a) Including EW                                                                                           |                                                      |       |                                                      |       |
| Current Assets                                                                                            | 0.80                                                 | :1    | 0.71                                                 | :1    |
| Current Liabilities                                                                                       |                                                      |       |                                                      |       |
| b) Excluding EW                                                                                           |                                                      |       |                                                      |       |
| Current Assets                                                                                            | 2.70                                                 | :1    | 2.18                                                 | :1    |
| Current Liabilities                                                                                       |                                                      |       |                                                      |       |
| Quick Ratio – excluding EW                                                                                | 1.17                                                 | :1    | 0.65                                                 | :1    |
| Current Assets – Inventories                                                                              |                                                      |       |                                                      |       |
| Current Liabilities                                                                                       |                                                      |       |                                                      |       |
| Earnings Before Interest, Taxes, Depreciation and<br>Amortization (EBITDA) to Total Interest Expense      | 5.01                                                 | Times | 4.42                                                 | Times |
| EBITDA                                                                                                    |                                                      |       |                                                      |       |
| Total Interest Expense <sup>(2)</sup>                                                                     |                                                      |       |                                                      |       |

(2) Closing prices at December 29, 2023 and December 29, 2022.

(3) Excluding financial liabilities on lease contract

## Notes to Financial Statements and Other Disclosures

- The attached consolidated financial statements are prepared in compliance with PFRS. Except as disclosed in the Notes to the consolidated financial statements, the accounting policies and methods of computation followed in the financial statements for the year ended December 31, 2023 are the same as those followed in the annual financial statements of the Company for the year ended December 31, 2022.
- Except for the sugar business, the operating activities of the Company are carried out uniformly over the calendar year. The sugar milling season of the Company's sugar subsidiaries is usually from November to June of the following year. Except for this milling season, there are no other unusual operating cycles or seasons during the year.
- Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operation, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the current period. There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
- There are no changes in estimates of amounts reported in the previous period that have material effects in the current period.

5. Except for those discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no issuances, repurchases and repayments of debt and equity securities.
6. There were no other dividends paid (aggregate or per share) separately for ordinary shares and other shares during the current period, except as discussed in the previous sections.
7. The Company derives its revenues from the following reportable segments:

*Real Estate Operations*

This involves acquisition of land, planning and development of large-scale fully integrated residential communities as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings. This segment also involves operations and management of cinema and mall, property management and leasing of commercial and office spaces.

*Hospitality Operations*

This involves operation of hotels, including management of resorts, villas, golf course, service apartment and other services for the pleasure, comfort and convenience of guests in said establishments under its management.

*Banking and Financial Services*

This involves a wide range of financial services to consumer and corporate clients which includes deposit-taking, loan and trade finance, treasury, trust services, credit cards, cash management, custodial services, insurance services and leasing and finance. The business units in this segment consist of retail banking, corporate banking, consumer banking, and treasury and trust.

*Power and Utility Operations*

This involves operation of power plants and supply of power to off-takers and also includes retail electricity supply operations. This segment also involves maintenance, operation and management of waterworks system for distribution and supply of potable water to domestic, commercial, and industrial users.

*Sugar Operations*

This involves operation of agricultural lands for planting and cultivating farm products, operation of a complete sugar central for the purpose of milling or converting sugar canes to centrifugal or refined sugar and selling of sugar and by-products.

*Other Operations*

This involves other operations of the Parent Company including FDCI, CTI, FDEV and SPI. FDCI was incorporated to facilitate the Group's issuance of foreign currency-denominated bonds while CTI is engaged in providing computer and information technology services FDEV is organized to engage in the business of a holding company and invest in technology-based business entities while SPI was incorporated to provide technical and business process services.

Financial information on the operations of these business segments as of and for the years ended December 31, 2022 and 2021 are summarized and included in the accompanying Notes to Consolidated Financial Statements.

8. Except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no material events subsequent to December 31, 2023 up to the date of this report that have not been reflected in the financial statements for the current period.
9. There have been no changes in the composition of the Company during the current period, such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings

and discontinuing operations, except as discussed in the Developments of the Company and Management's Discussion on its Results of Operations.

10. There are no changes in contingent liabilities or contingent assets since December 31, 2023.
11. There are no material contingencies and any other events or transactions affecting the current period.
12. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
13. There are no known material off-balance sheet transactions, arrangements, obligations including contingent liabilities, and other relationships of the Company, with unconsolidated entities or other persons created during the reporting period.
14. There are no significant elements of income or loss, except as discussed in the Management's Discussion and Analysis on Financial Condition and Results of Operations, which did not arise from the Company's continuing operations.
15. There are no known seasonal aspects that had a material effect on the financial condition or results of operations.
16. Aside from the possible material increase in interest rates on the outstanding floating rate term loans, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of the Group within the next 12 months. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments or any significant amount in its accounts payable that have not been paid within the stated terms.
17. On known trends, events, or uncertainties that have had or are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations, the Company considers the following:

**Seasonality**

Except for the significant impact of COVID-19 pandemic to the Company's operations starting March 2020, there were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from operations.

## Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

|                                        | December 31       |                   | Increase (decrease) |               |
|----------------------------------------|-------------------|-------------------|---------------------|---------------|
|                                        | 2022              | 2021              | Amount              | %             |
| <b>REVENUES</b>                        |                   |                   |                     |               |
| Real estate operations                 |                   |                   |                     |               |
| Sale of lots, condominium and          | 13,314,664        | 11,966,859        | 1,347,805           | 11.3%         |
| Mall and rental revenues               | 6,732,189         | 5,878,300         | 853,889             | 14.5%         |
| Hospitality operations                 | 1,928,979         | 1,206,684         | 722,295             | 59.9%         |
| Banking and financial services         | 25,652,661        | 22,795,094        | 2,857,567           | 12.5%         |
| Power and utility operations           | 12,899,789        | 9,395,168         | 3,504,621           | 37.3%         |
| Sugar operations                       | 4,280,178         | 4,096,201         | 183,977             | 4.5%          |
| <b>TOTAL REVENUES</b>                  | <b>64,808,460</b> | <b>55,338,306</b> | <b>9,470,154</b>    | <b>17.1%</b>  |
| <b>INTEREST AND OTHER INCOME</b>       |                   |                   |                     |               |
| Real estate operations                 | 1,180,709         | 1,417,709         | (237,000)           | -16.7%        |
| Hospitality operations                 | 4,195             | 2,453             | 1,742               | 71.0%         |
| Banking and financial services         | 4,912,360         | 6,037,061         | (1,124,701)         | -18.6%        |
| Power and utility operations           | 139,059           | 73,942            | 65,117              | 88.1%         |
| Sugar operations                       | 78,809            | 37,511            | 41,298              | 110.1%        |
| <b>Total INTEREST AND OTHER INCOME</b> | <b>6,315,132</b>  | <b>7,568,676</b>  | <b>(1,253,544)</b>  | <b>-16.6%</b> |
| <b>TOTAL REVENUES AND OTHER INCOME</b> | <b>71,123,592</b> | <b>62,906,982</b> | <b>8,216,610</b>    | <b>13.1%</b>  |
| <b>COSTS</b>                           |                   |                   |                     |               |
| Real estate operations                 |                   |                   |                     |               |
| Sale of lots, condo and residential    | 7,521,107         | 6,748,421         | 772,686             | 11.4%         |
| Rental services                        | 2,366,540         | 2,266,103         | 100,437             | 4.4%          |
| Hospitality operations                 | 1,334,216         | 1,010,347         | 323,869             | 32.1%         |
| Banking and financial services         | 2,593,840         | 2,041,869         | 551,971             | 27.0%         |
| Power and utility operations           | 8,700,791         | 5,420,167         | 3,280,624           | 60.5%         |
| Sugar operations                       | 3,554,776         | 3,520,107         | 34,669              | 1.0%          |
| Other operations                       | 470,272           | 420,536           | 49,736              | 11.8%         |
|                                        | <b>26,541,542</b> | <b>21,427,550</b> | <b>5,113,992</b>    | <b>23.9%</b>  |
| <b>EXPENSES</b>                        |                   |                   |                     |               |
| Real estate operations                 | 6,419,775         | 5,987,613         | 432,162             | 7.2%          |
| Hospitality operations                 | 1,192,396         | 943,292           | 249,104             | 26.4%         |
| Banking and financial services         | 22,097,839        | 20,859,672        | 1,238,167           | 5.9%          |
| Power and utility operations           | 2,264,496         | 2,122,328         | 142,168             | 6.7%          |
| Sugar operations                       | 160,302           | 177,813           | (17,511)            | -9.8%         |
| Other operations                       | 1,755,697         | 1,559,542         | 196,155             | 12.6%         |
|                                        | <b>33,890,505</b> | <b>31,650,260</b> | <b>2,240,245</b>    | <b>7.1%</b>   |
| <b>TOTAL COST AND EXPENSES</b>         | <b>60,432,047</b> | <b>53,077,810</b> | <b>7,354,237</b>    | <b>13.9%</b>  |
| <b>INCOME BEFORE INCOME TAX</b>        | <b>10,691,545</b> | <b>9,829,172</b>  | <b>862,372</b>      | <b>8.8%</b>   |
| <b>PROVISION FOR INCOME TAX</b>        |                   |                   |                     |               |
| Current                                | 2,059,068         | 1,264,526         | 794,542             | 62.8%         |
| Deferred                               | 329,817           | (321,101)         | 650,918             | -202.7%       |
|                                        | <b>2,388,885</b>  | <b>943,425</b>    | <b>1,445,460</b>    | <b>153.2%</b> |
| <b>NET INCOME</b>                      | <b>8,302,660</b>  | <b>8,885,747</b>  | <b>(583,087)</b>    | <b>-6.6%</b>  |
| <b>Attributable to:</b>                |                   |                   |                     |               |
| Equity holders of the parent           | 5,650,674         | 6,065,764         | (415,090)           | -6.8%         |
| Minority interest                      | 2,651,986         | 2,819,983         | (167,997)           | -6.0%         |
|                                        | <b>8,302,660</b>  | <b>8,885,747</b>  | <b>(583,087)</b>    | <b>-6.6%</b>  |
| Basic/Diluted Earnings Per Share       | <b>0.653</b>      | <b>0.701</b>      |                     |               |

## Revenues

### Real Estate Operations - Sale of Lots, Condominium and Residential Units

Sale of lots, condominium and residential units rose by 11.3% or ₱1,347.8 million from ₱11,966.9 million in 2021 to ₱13,314.7 million in 2022. The increase was primarily attributed to higher construction percentage-of-completion achieved during the year.

### Real Estate Operations - Mall and Rental Revenues

Mall and rental revenues improved by 14.5% or ₱853.9 million from ₱5,878.3 million in 2021 to ₱6,732.2 million in 2022 due to gradual reduction of rental concessions, reinstatement of escalation rates and increased occupancy levels.

### *Hospitality Revenues*

Hospitality revenues registered a growth of 59.9% or ₱722.3 million from ₱1,206.7 million in 2021 to ₱1,929.0 million in 2022, due to higher average room rates and higher food and beverage revenues, as travel restrictions slowly eased down and borders reopened for tourism and leisure activities.

### *Banking and Financial Services Revenues*

Revenues or interest income from banking and financial services (the Bank) was 12.5% higher from ₱22,795.1 million in 2021 to ₱25,652.7 million in 2022, largely driven by the 20% growth in loans portfolio and 24% increase in fixed-income securities.

### *Power and Utility Revenues*

Revenues from the power and utility operations increased by 37.3% or ₱3,504.6 million from ₱9,395.2 million in 2021 to ₱12,899.8 million in 2022 due to higher pass-through cost of fuel.

### *Sugar Revenues*

Revenues from sugar business went up by 4.5% or ₱184.0 million from ₱4,096.2 million in 2021 to ₱4,280.2 million in 2022 because of increase in sugar prices despite lower sales volume.

### *Other Income*

#### *Other Income — Real Estate Operations*

Other income from real estate operations decreased by 16.7% or ₱237.0 million from ₱1,417.7 million in 2021 to ₱1,180.7 million in 2022 due to lower income generated from processing fees and lower interest income derived from installment contract receivables for in-house financing scheme.

#### *Other Income — Hospitality Operations*

Other income from hospitality business increased by 71.0% or ₱1.7 million from ₱2.5 million in 2021 to ₱4.2 million in 2022 derived primarily from insurance proceeds.

#### *Other Income — Banking and Financial Services*

Banking and financial services' other income decreased by 18.6% or ₱1,124.7 million from ₱6,037.1 million in 2021 to ₱4,912.4 million in 2022 due to lower trading gain recorded this year. In 2021, trading income was above normal levels due to the accommodative monetary policy that drove interest rates to very low levels.

#### *Other Income – Power and Utility Operations*

Other income from power and utility segment increased by 88.1% or ₱65.1 million from ₱73.9 million in 2021 to ₱139.1 million in 2022 due to higher interest income derived from trade receivables.

#### *Other Income — Sugar Operations*

Other income from sugar operations increased by 110.1% or ₱41.3 million from ₱37.5 million in 2021 to ₱78.8 million in 2022 due to higher scrap sales.

### **Costs**

#### *Costs of Sale of Lots, Condominium and Residential Units*

Costs of sale of lots, condominium and residential units increased by 11.4% or ₱772.7 million from ₱6,748.4 million in 2021 to ₱7,521.1 million in 2022 due to higher real estate revenues realized during the year.

#### *Costs of Mall and Rental Services*

Costs of mall and rental services went up by 4.4% or ₱100.4 million from ₱2,266.1 million in 2021 to ₱2,366.5 million in 2022 due to higher direct operating expenses during the year on account of improving business activities in the retail segment.

#### *Costs of Hospitality Operations*

Hospitality cost of operations increased by 32.1% or ₱323.9 million from ₱1,010.3 million in 2021 to ₱1,334.2 million in 2022 due to higher cost of food and beverage, manpower costs, utilities, guest amenities and other direct expenses of operating departments which were all related to the increase in business volume, with the easing of travel restrictions, as aforementioned.

#### *Costs of Banking and Financial Services*

Costs of banking and financial services went up by 27.0% or ₱552.0 million from ₱2,041.9 million in 2021 to ₱2,593.8 million in 2022 due to higher cost of funding as a result of monetary policy tightening on interest rates.

#### *Costs of Power and Utility Operations*

Costs of power and utility operations increased by 60.5% or ₱3,280.6 million from ₱5,420.2 million in 2021 to ₱8,700.8 million in 2022 primarily due to higher fuel cost.

#### *Costs of Sugar Operation*

Costs of sugar operations remained almost flat at ₱3,554.8 million in 2022 from ₱3,520.1 million in 2021 despite lower sales volume. Operating costs such as fertilizers, fuel and labor increased because of higher prices.

#### *Costs of Other Operations*

Costs of other operations increased by 11.8% or ₱49.7 million from ₱420.5 million in 2021 to ₱470.3 million in 2022 due to translation adjustment for interest on foreign-currency denominated bonds payable.

### **Expenses**

#### *Real Estate Operations*

Expenses of real estate operations went up by 7.2% or ₱432.2 million from ₱5,987.6 million in 2021 to ₱6,419.8 million in 2022 due to higher general and administrative expense particularly manpower costs, taxes and licenses and repairs and maintenance for managed projects. Likewise, selling and marketing expenses increased due to higher commission and sales generation activities which resulted to higher option sales for the year.

#### *Hospitality Operations*

Expenses of the hospitality business increased by 26.4% or ₱249.1 million from ₱943.3 million in 2021 to ₱1,192.4 million in 2022 due to higher manpower costs, utilities, outside services and credit card commission.

#### *Banking and Financial Services*

Expenses of the banking and financial services went up by 5.9% or ₱1,238.2 million from ₱20,859.7 million in 2021 to ₱22,097.8 million in 2022 due to higher manpower and IT-related expenses. Provisions for losses also increased due to the combined impact of higher loan volumes and residual effects of the pandemic on the consumer portfolio.

#### *Power and Utility Operations*

Power and utility segment's expenses increased by 6.7% or ₱142.2 million from ₱2,122.3 million in 2021 to ₱2,264.5 million in 2022 due to higher personnel costs and insurance-related expenses.

### *Sugar Operations*

Expenses of the sugar business decreased by 9.8% or ₱17.5 million from ₱177.8 million in 2021 to ₱160.3 million in 2022 due to lower interest expense and taxes and licenses.

### *Other Operations*

Expenses of other operations went up by 12.6% or ₱196.2 million from ₱1,559.5 million in 2021 to ₱1,755.7 million in 2022 due to higher external services and additional manpower.

### **Provision for Income Tax**

Provision for income tax increased by 153.2% or ₱1,445.5 million from ₱943.4 million in 2021 to ₱2,388.9 million in 2022. Provision for deferred tax and current income tax rose by 202.7% and 62.8%, respectively. Lower tax provisions were registered in 2021 due to tax benefit recognized in accordance with the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

### **Net Income**

As a result of the foregoing, consolidated net income decreased by 6.6% or ₱583.1 million from ₱8,885.7 million in 2021 to ₱8,302.7 million in 2022. Net income attributable to equity holders of the Parent decreased by 6.8% or ₱415.1 million from ₱6,065.8 million in 2021 to ₱5,650.7 million in 2022, while net income attributable to noncontrolling interest decreased from ₱2,820.0 million in 2021 to ₱2,652.0 million in 2022.

## **FINANCIAL CONDITION**

### **As at December 31, 2022 Compared with As at December 31, 2021**

|                                                       | December 31 |             | Increase (decrease) |        |
|-------------------------------------------------------|-------------|-------------|---------------------|--------|
|                                                       | 2022        | 2021        | Amount              | %      |
| <b>ASSETS</b>                                         |             |             |                     |        |
| Cash and cash equivalents                             | 71,311,956  | 123,074,981 | (51,763,025)        | -42.1% |
| Contracts receivables                                 |             |             |                     |        |
| Real estate operations                                | 9,739,631   | 8,767,809   | 971,822             | 11.1%  |
| Hospitality operations                                | 121,924     | 213,266     | (91,342)            | -42.8% |
| Banking and financial services                        | 241,976,635 | 200,832,897 | 41,143,738          | 20.5%  |
| Power and utility operations                          | 3,679,767   | 2,589,622   | 1,090,145           | 42.1%  |
| Sugar operations                                      | 101,803     | 87,335      | 14,468              | 16.6%  |
| Financial assets at fair value through profit or loss | 1,958,310   | 4,056,851   | (2,098,541)         | -51.7% |
| Financial assets at FVTOCI                            | 17,377,325  | 42,286,875  | (24,909,550)        | -58.9% |
| Investment securities at amortized cost               | 63,546,191  | 20,815,382  | 42,730,809          | 205.3% |
| Contract Assets                                       | 7,609,532   | 8,897,517   | (1,287,985)         | -14.5% |
| Real estate inventories                               | 79,659,361  | 77,528,774  | 2,130,587           | 2.7%   |
| Coal, spare parts and other inventories               | 2,316,669   | 1,409,560   | 907,109             | 64.4%  |
| Investment properties - net                           | 95,503,366  | 92,063,056  | 3,440,310           | 3.7%   |
| Property and equipment - net                          | 44,716,866  | 43,261,910  | 1,454,956           | 3.4%   |
| Investment in joint venture                           | 1,948,608   | 1,524,195   | 424,413             | 27.8%  |
| Deferred income tax assets - net                      | 5,167,717   | 4,969,983   | 197,734             | 4.0%   |
| Right Of Use                                          | 4,566,463   | 3,684,178   | 882,285             | 23.9%  |
| Goodwill                                              | 10,381,152  | 10,381,152  | -                   | 0.0%   |
| Other assets - net                                    | 25,137,333  | 23,130,843  | 2,006,490           | 8.7%   |
|                                                       | 686,820,609 | 669,576,186 | 17,244,423          | 2.6%   |

### **Assets**

Total consolidated assets grew by 2.7% or ₱17,244.4 million from ₱686,820.6 million as of December 31, 2021 to ₱687,632.5 million as of December 31, 2022.



The following are the significant changes in account balances from December 31, 2021 to December 31, 2022:

Cash and cash equivalents decreased by 42.1% or ₱51,763.0 million from ₱123,075.0 million to ₱71,312.0 million as the Bank's funds were placed in higher yielding assets.

Loans and receivables of the real estate operations increased by 11.1% or ₱971.8 million from ₱8,767.8 million to ₱9,739.6 million due to increase in receivables from office tenants.

Loans and receivables of the hospitality segment decreased by 42.8% or ₱91.3 million from ₱213.3 million to ₱121.9 million due to higher level of collections.

Loans and receivables of the banking and financial services increased by 20.5% or ₱41,143.7 million from ₱200,832.9 million to ₱241,976.6 million mainly ascribed to higher consumer lending driven by the improvement in teachers' loan and credit cards, growing by 96% and 24%, respectively.

Loans and receivables of the power and utility operations went up by 42.1% or ₱1,090.1 million from ₱2,589.6 million to ₱3,679.8 million. Higher level of trade receivables was due to higher pass-through fuel cost and longer average collection period.

Loans and receivables of the sugar business increased by 16.6% or ₱14.5 million from ₱87.3 million to ₱101.8 million brought about by additional advances extended to sugar planters.

Financial assets at fair value through profit or loss decreased by 51.7% or ₱2,098.5 million from ₱4,056.9 million to ₱1,958.3 million due to movements in the Bank's proprietary trading portfolio shifting to build-up the Bank's accrual portfolio in line with the Bank's business models.

Financial assets at fair value through other comprehensive income was lower by 58.9% or ₱24,909.6 million from ₱42,286.9 million to ₱17,377.3 million due to movements in the Bank's proprietary trading portfolio shifting to build-up the Bank's accrual portfolio in line with the Bank's business models.

Investment securities at amortized cost increased by 205.3% or ₱42,730.8 million from ₱20,815.4 million to ₱63,546.2 million in line with the Bank's balance sheet business models.

Contract assets decreased by 14.5% or ₱1,288.0 million from ₱8,897.5 million to ₱7,609.5 million mainly due to increased collections, portfolio sale and extended payment terms granted to buyers.

Coal, spare parts and other inventories increased by 64.4% or ₱907.1 million from ₱1,409.6 million to ₱2,316.7 million due to higher coal prices and continued build-up of critical spare parts for plant maintenance as of reporting date.

Investments in joint ventures and associate increased by 27.8% or ₱424.4 million from ₱1,524.2 million to ₱1,948.6 million due to additional capital investment, offset by the proportionate share of the Bank in net loss and other comprehensive income.

Right-of-use assets went up by 23.9% or ₱882.3 million from ₱3,684.2 million to ₱4,566.5 primarily attributable to the Bank's renewal of various lease contracts.

Other assets went up by 8.7% or ₱2,006.5 million from ₱23,130.8 million to ₱25,137.3 due to additional input VAT and creditable withholding taxes.

|                                                     | December 31        |                    | Increase (decrease) |             |
|-----------------------------------------------------|--------------------|--------------------|---------------------|-------------|
|                                                     | 2022               | 2021               | Amount              | %           |
| <b>LIABILITIES AND EQUITY</b>                       |                    |                    |                     |             |
| <b>LIABILITIES</b>                                  |                    |                    |                     |             |
| Deposit liabilities                                 | 312,374,479        | 314,475,317        | (2,100,838)         | -0.7%       |
| Bills and acceptances payable                       | 6,761,456          | 98,150             | 6,663,306           | 6788.9%     |
| Accounts payable and accrued expenses               | 40,303,983         | 34,499,848         | 5,804,135           | 16.8%       |
| Contract Liabilities                                | 3,923,011          | 3,485,311          | 437,700             | 12.6%       |
| Long-term debt                                      | 137,224,888        | 137,379,449        | (154,561)           | -0.1%       |
| Income tax payable                                  | 248,839            | 188,793            | 60,046              | 31.8%       |
| Retirement Liabilities                              | 1,671,162          | 1,501,973          | 169,189             | 11.3%       |
| Lease liability                                     | 8,507,757          | 7,355,552          | 1,152,205           | 15.7%       |
| Deferred income tax liabilities - net               | 10,132,992         | 9,480,885          | 652,107             | 6.9%        |
| <b>Total Liabilities</b>                            | <b>521,148,567</b> | <b>508,465,278</b> | <b>12,683,289</b>   | <b>2.5%</b> |
| <b>EQUITY</b>                                       |                    |                    |                     |             |
| Equity attributable to equity holders of the parent |                    |                    |                     |             |
| Capital stock - 1 par value                         |                    |                    |                     |             |
| Authorized - 10,000,000,000 shares                  |                    |                    |                     |             |
| Issued and outstanding - 8,648,462,987 shares       | 9,319,872          | 9,319,872          | -                   | 0.0%        |
| Treasury stock                                      | (3,614,474)        | (3,614,474)        | -                   | 0.0%        |
| Additional paid-in capital                          | 11,900,015         | 11,900,015         | -                   | 0.0%        |
| Retained earnings                                   | 111,329,156        | 106,285,085        | 5,044,071           | 4.7%        |
| Other comprehensive income                          |                    |                    |                     |             |
| Revaluation reserve on financial assets at FVTOCI   | (1,326,191)        | 214,100            | (1,540,291)         | -719.4%     |
| Share in other components of equity of associate    | 724                | 724                | -                   | 0.0%        |
| Remeasurement gains (losses) on retirement plans    | (186,845)          | (223,775)          | 36,930              | -16.5%      |
| Cashflow hedge reserve                              | -                  | -                  | -                   |             |
| Translation adjustment                              | (159,838)          | (305,031)          | 145,193             | -47.6%      |
| <b>Total</b>                                        | <b>127,262,419</b> | <b>123,576,516</b> | <b>3,685,903</b>    | <b>3.0%</b> |
| <b>Noncontrolling interest</b>                      | <b>38,409,623</b>  | <b>37,534,392</b>  | <b>875,231</b>      | <b>2.3%</b> |
| <b>Total Equity</b>                                 | <b>165,672,042</b> | <b>161,110,908</b> | <b>4,561,134</b>    | <b>2.8%</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>                 | <b>686,820,609</b> | <b>669,576,186</b> | <b>17,244,423</b>   | <b>2.6%</b> |

## Liabilities

Total consolidated liabilities increased by 2.5% from ₱508,465.3 million to ₱521,148.6 million.

The following are the significant changes in liability accounts from December 31, 2021 to December 31, 2022:

Bills and acceptances payable grew more than 67 times or a year-on-year increase of ₱6,663.3 million from ₱98.2 million to ₱6,761.5 million due to higher volume of short-term or repo borrowings as of year-end.

Accounts payable, accrued expenses and other liabilities increased by 16.8% or ₱5,804.1 million from ₱34,499.8 million to ₱40,304.0 million due to higher level of year-end accruals and higher volume of payables to contractors, vendors and suppliers.

Contract liabilities went up by 12.6% or ₱437.7 million from ₱3,485.3 million to ₱3,923.0 million due to the Bank's higher deferred revenues from credit card loyalty points, membership fees and dues.

Income tax payable increased by 31.8% or ₱60.0 million from ₱188.8 million to ₱248.8 million due to higher taxable income for the year.

Retirement liabilities increased by 11.3% or ₱169.2 million from ₱1,502.0 million to ₱1,671.2 million due to net retirement adjustment based on actuarial valuation.

Lease liabilities went up by 15.7% or ₱1,152.2 million from ₱7,355.6 million to ₱8,507.8 million primarily due to the Bank's renewal of various lease contracts.

Deferred tax liabilities increased by 6.9% or ₱652.1 million from ₱9,480.9 million to ₱10,133.0 million mainly due to the real estate segment's take up of additional deferred tax on capitalized borrowing costs.

### Equity

On April 29, 2022, FDC's Board of Directors (BOD) approved the declaration and payment of cash dividends of ₱0.07014 per share for every common share of record as of May 20, 2022, payable on June 14, 2022.

On April 30, 2021, FDC's BOD approved the declaration and payment of cash dividends of ₱0.098 per share for every common share of record as of May 21, 2021. This was paid on June 15, 2021.

On June 22, 2020, FDC's BOD approved the declaration and payment of cash dividends of ₱1,196.9 million or ₱0.1384 per share for every common share of record as of July 22, 2020. This was paid on August 17, 2020.

The Group has commitments for capital expenditures for the project developments of the real estate segment, the requirement of the sugar manufacturing subsidiaries, the development and construction of solar rooftop facilities, water desalination and other utility projects, the intended construction and management of various hotels, and the bank's expansion and implementation of IT projects, which could be adequately covered by the operating cash flow and availment of medium and long term loans.

### Performance Indicators

|                                                                   | As of And For The Year Ended<br>December 31, 2022 |        | As of And For The Year Ended<br>December 31, 2021 |        |
|-------------------------------------------------------------------|---------------------------------------------------|--------|---------------------------------------------------|--------|
| Earnings Per Share - Basic (EPS)                                  | ₱0.653                                            | /share | ₱0.701                                            | /share |
| Net Income (Attributable to Equity Holders of the Parent Company) |                                                   |        |                                                   |        |
| Weighted Average Number of Outstanding Shares                     |                                                   |        |                                                   |        |
| Price Earnings Ratio (PE Ratio)                                   | 9.83                                              | Times  | 11.37                                             | Times  |
| Closing Price <sup>(1)</sup>                                      |                                                   |        |                                                   |        |
| EPS                                                               |                                                   |        |                                                   |        |
| Return on Revenue                                                 | 12%                                               |        | 14%                                               |        |
| Total Net Income                                                  |                                                   |        |                                                   |        |
| Total Revenue                                                     |                                                   |        |                                                   |        |
| Return on Equity (Average)                                        | 5%                                                |        | 6%                                                |        |
| Total Net Income                                                  |                                                   |        |                                                   |        |
| Average Total Equity                                              |                                                   |        |                                                   |        |
| Assets to Equity Ratio                                            | 4.15                                              | :1     | 4.16                                              | :1     |
| Total Assets                                                      |                                                   |        |                                                   |        |
| Total Equity                                                      |                                                   |        |                                                   |        |
| Debt to Equity Ratio                                              |                                                   |        |                                                   |        |
| a) Long-term and Short-term Debt                                  | 0.83                                              | :1     | 0.85                                              | :1     |
| Total Equity                                                      |                                                   |        |                                                   |        |

|                                                                                                     |      |       |      |       |
|-----------------------------------------------------------------------------------------------------|------|-------|------|-------|
| b) Total Liabilities Excluding Deposit Liabilities, Bills and Acceptances Payable, Asset Retirement |      |       |      |       |
| Obligation and Finance Lease Liabilities                                                            | 1.16 | :1    | 1.15 | :1    |
| Total Equity                                                                                        |      |       |      |       |
| Current Ratio                                                                                       |      |       |      |       |
| a) Including EW                                                                                     |      |       |      |       |
| Current Assets                                                                                      | 0.71 | :1    | 0.94 | :1    |
| Current Liabilities                                                                                 |      |       |      |       |
| b) Excluding EW                                                                                     |      |       |      |       |
| Current Assets                                                                                      | 2.18 | :1    | 3.76 | :1    |
| Current Liabilities                                                                                 |      |       |      |       |
| Quick Ratio – excluding EW                                                                          | 0.65 | :1    | 1.36 | :1    |
| Current Assets – Inventories                                                                        |      |       |      |       |
| Current Liabilities                                                                                 |      |       |      |       |
| Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) to Total Interest Expense   | 4.42 | Times | 4.47 | Times |
| EBITDA                                                                                              |      |       |      |       |
| Total Interest Expense <sup>(2)</sup>                                                               |      |       |      |       |
| (4) Closing prices at December 29, 2022 and December 29, 2021.                                      |      |       |      |       |
| (5) Excluding financial liabilities on lease contract                                               |      |       |      |       |

## Notes to Financial Statements and Other Disclosures

- The attached consolidated financial statements are prepared in compliance with PFRS. Except as disclosed in the Notes to the consolidated financial statements, the accounting policies and methods of computation followed in the financial statements for the year ended December 31, 2022 are the same as those followed in the annual financial statements of the Company for the year ended December 31, 2021.
- Except for the sugar business, the operating activities of the Company are carried out uniformly over the calendar year. The sugar milling season of the Company's sugar subsidiaries is usually from November to June of the following year. Except for this milling season, there are no other unusual operating cycles or seasons during the year.
- Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operation, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the current period. There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
- There are no changes in estimates of amounts reported in the previous period that have material effects in the current period.
- Except for those discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no issuances, repurchases and repayments of debt and equity securities.
- There were no other dividends paid (aggregate or per share) separately for ordinary shares and other shares during the current period, except as discussed in the previous sections.

7. The Company derives its revenues from the following reportable segments:

*Real Estate Operations*

This involves acquisition of land, planning and development of large-scale fully integrated residential communities as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings. This segment also involves operations and management of cinema and mall, property management and leasing of commercial and office spaces.

*Hospitality Operations*

This involves operation of hotels, including management of resorts, villas, golf course, service apartment and other services for the pleasure, comfort and convenience of guests in said establishments under its management.

*Banking and Financial Services*

This involves a wide range of financial services to consumer and corporate clients which includes deposit-taking, loan and trade finance, treasury, trust services, credit cards, cash management, custodial services, insurance services and leasing and finance. The business units in this segment consist of retail banking, corporate banking, consumer banking, and treasury and trust.

*Power and Utility Operations*

This involves operation of power plants and supply of power to off-takers and also includes retail electricity supply operations. This segment also involves maintenance, operation and management of waterworks system for distribution and supply of potable water to domestic, commercial, and industrial users.

*Sugar Operations*

This involves operation of agricultural lands for planting and cultivating farm products, operation of a complete sugar central for the purpose of milling or converting sugar canes to centrifugal or refined sugar and selling of sugar and by-products.

*Other Operations*

This involves other operations of the Parent Company including FDCI, CTI, FDEV and SPI. FDCI was incorporated to facilitate the Group's issuance of foreign currency-denominated bonds while CTI is engaged in providing computer and information technology services FDEV is organized to engage in the business of a holding company and invest in technology-based business entities while SPI was incorporated to provide technical and business process services.

Financial information on the operations of these business segments as of and for the years ended December 31, 2022 and 2021 are summarized and included in the accompanying Notes to Consolidated Financial Statements.

8. Except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no material events subsequent to December 31, 2022 up to the date of this report that have not been reflected in the financial statements for the current period.
9. There have been no changes in the composition of the Company during the current period, such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations, except as discussed in the Developments of the Company and Management's Discussion on its Results of Operations.
10. There are no changes in contingent liabilities or contingent assets since December 31, 2022.
11. There are no material contingencies and any other events or transactions affecting the current period.

12. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
13. There are no known material off-balance sheet transactions, arrangements, obligations including contingent liabilities, and other relationships of the Company, with unconsolidated entities or other persons created during the reporting period.
14. There are no significant elements of income or loss, except as discussed in the Management's Discussion and Analysis on Financial Condition and Results of Operations, which did not arise from the Company's continuing operations.
15. There are no known seasonal aspects that had a material effect on the financial condition or results of operations.
16. Aside from the possible material increase in interest rates on the outstanding floating rate term loans, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of the Group within the next 12 months. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments or any significant amount in its accounts payable that have not been paid within the stated terms.
17. On known trends, events, or uncertainties that have had or are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations, the Company considers the following:

#### **Seasonality**

Except for the significant impact of COVID-19 pandemic to the Company's operations starting March 2020, there were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from operations.

### **ITEM 7. FINANCIAL STATEMENTS**

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this SEC Form 17-A.

### **ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

The auditing firm of Sycip, Gorres, Velayo & Co. ("SGV & Co.") is the current independent auditor of the Company. The Company has not had any disagreement with SGV & Co. on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

The Company, in compliance with SRC Rule 68(3)(b)(iv) relative to the seven-year rotation requirement of its external auditors has designated Mr. Martin Guantes as its engagement partner starting CY 2024. Thus, Mr. Guantes is qualified to act as such until the year 2031.

The same external auditor will be recommended for re-appointment at the scheduled annual stockholders' meeting. The representatives of SGV shall be present at the annual meeting where they will have the opportunity to make a statement if they desire to do so. They are expected to be available to respond to appropriate questions at the meeting.

### **Audit and Audit-Related Fees**

1. The aggregate fees billed to the Group, including associate and joint ventures, for professional services rendered by the external auditor for the examination of the annual financial statements amounted to Php22.4 million and Php21.6 million, net of VAT in 2024 and 2023, respectively.
2. In 2024, additional fees of the external auditor for FDC and a subsidiaries' bond issuance and other advisory services within the Group amounted to Php10.1 million and Php2.6 million, respectively. In 2023, additional fees of the external auditor for one of FDC's subsidiaries' bond issuance and other advisory services amounted to Php8.2 million.

### **Tax Fees**

The fees billed to the Group for tax services which pertained to compliance review amounted to Php0.7 million and Php0.2 million in 2024 and 2023, respectively.

### **All Other Fees**

There are no other fees billed in each of the last 2 years for products and services provided by the external auditor, other than the services reported under items mentioned above.

The Audit and Risk Management Oversight Committee, based on the recommendation by the Internal Audit and Management, evaluates the need for such professional services and approves the engagement and the fees to be paid for the services.

## **PART III - CONTROL AND COMPENSATION INFORMATION**

### **ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER**

#### ***Directors and Principal Officers***

The members of the Board serve for a term of one (1) year and until their successors shall have been duly elected and qualified. The business experience of the directors and officers of the Company named below covers at least the past five (5) years.

The following are the current directors and executive officers of FDC:

|                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Jonathan T. Gotianun</b><br><i>Chairperson of the Board and Director</i>   | Mr. Gotianun, 71, Filipino, was first elected as Director of FDC on 09 July 1993. He also serves as Chairman of the Board and Directors of Filinvest Land, Inc. and East West Banking Corporation, both publicly-listed companies. He is also the Chairman of the Board of Davao Sugar Central Co., Inc.; Cotabato Sugar Central Co., Inc., and FDC Utilities, Inc. ("FDCUI") and its subsidiary power companies. He previously served as Director and Senior Vice President of Family Bank & Trust Co. ("Family Bank") until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976. |
| <b>Lourdes Josephine Gotianun-Yap</b><br><i>Vice-Chairperson and Director</i> | Mrs. Yap, 69, Filipino, was first elected as Director of FDC on 30 March 1990. She is also the Vice Chairperson of FLI, and a Director of EWBC, all publicly-listed companies. She is the Chairperson of FAI, a Director of FDCUI and in other companies within the Filinvest Group. Mrs. Yap is a trailblazer in the real estate industry, making history as the first female recipient of the Real Estate Personality award at Property Guru's Philippines Property Awards. Her expertise                                                                                                                                          |

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|                                                                                      | in the field have earned her recognition as a prominent figure who sets the bar high for women in the real estate industry. She holds a Master's Degree in Business Administration from the University of Chicago, which she obtained in 1977.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Rhoda A. Huang</b> <i>President, Chief Executive Officer and Director</i>         | Ms. Huang, 62, Filipino, was elected Director of FDC and member of the Executive Committee on July 26, 2023. She was subsequently appointed as President & CEO of the Company effective August 1, 2023. She was the former President of BPI Capital Corporation. Prior to joining BPI Capital Corporation, Ms. Huang was Credit Suisse Philippines Branch Head of Investment Banking, with responsibility for coverage of Philippine corporates, financial institutions, and the sovereign. Her experience also includes 19 years with JPMorgan Chase and its predecessor institutions with responsibility of the firm's major corporate relationships. She brings more than thirty (30) years of experience in investment banking. She completed her bachelor's degree in business administration and accountancy at the University of the Philippines and is a Certified Public Accountant. |
| <b>Michael Edward T. Gotianun</b> <i>Vice-President and Director</i>                 | Mr. Gotianun, 67, Filipino, was first elected as a Director of FDC on 24 October 2017. He is also a Director of Filinvest Land, Inc., Filinvest Hospitality Corporation, FDC Utilities Inc. and Filinvest Alabang Inc. He served as the general manager of Filinvest Technical Industries from 1987 to 1990 and as loans officer at Family Bank from 1979 to 1984. He obtained his Bachelor's degree in Business Management from the University of San Francisco in 1979.                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Francis Nathaniel C. Gotianun</b> <i>First Senior Vice President and Director</i> | Mr. Gotianun, 41, Filipino, is the First Senior Vice-President of Filinvest Hospitality Corporation, a subsidiary of FDC, the primary purpose of which is to evaluate, plan, develop and optimize potential and current hospitality investments of the Filinvest Group. He serves as a director of Filinvest Mimosa, Inc. and as the President and CEO of The Palms Country Club, Inc. He also serves as a Director of Filinvest Land, Inc. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's in Business Administration degree in IESE Business School – University of Navarra in 2010.                                                                                                                                                                                                                                                 |
| <b>Isabelle Therese G. Yap</b> <i>Director</i>                                       | Ms. Yap, 36, is currently part of FDC's Board and Executive Director and Vice President, Chief Strategy & Transformation Officer of East West Banking Corporation. She is also a director of A. L. Gotianun Inc. and Andremerc Inc. A digital native, she helped spearhead the launch of KOMO, a digital banking service under East West Bank. She was in the Management Associate Program at Singapore Telecommunications (SingTel) and worked as a Consultant for McKinsey and Co. She graduated <i>cum laude</i> with a degree in Business Management, double major Finance and                                                                                                                                                                                                                                                                                                            |



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|                                                                  | Marketing from the Singapore Management University. She holds an MBA Degree from Harvard Business School. She was chosen by the World Economic Forum to be part of the 2023 Class of Young Global Leaders, one of 100 young individuals across the globe focused on driving positive change in their respective fields.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Virginia T. Obcena</b><br><i>Lead Independent Director</i>    | Ms. Obcena, 77, Filipino, was first elected as an independent director of FDC on 29 April 2016. She is also an Independent Director of Filinvest REIT Corp. She was a former member of the Panel of Conciliators of the International Centre for Settlement of Investment Disputes of the World Bank. She served as independent director and head of the Audit Committee of the Capital Markets Integrity Corporation. She was a former partner, member of the management committee and head of quality and risk management at SGV. She obtained her Bachelor of Science in Business Administration degree, Magna cum Laude, at the University of the East and her Master in Business Administration degree at the University of the Philippines. She is a certified public accountant.                                                                                                                                                                                                                                                                                                                                                            |
| <b>Marievic G. Ramos-Añonuevo</b><br><i>Independent Director</i> | Ms. Añonuevo, 67, Filipino, was elected as an independent director of FDC on 26 April 2024. Ms. Añonuevo was a senior partner at SyCip Salazar Hernandez & Gatmaitan, until her retirement in August 2022. With 40 years of law practice, she has acquired substantial experience advising major local and foreign clients in the fields of banking, project finance, privatization, infrastructure, power and energy, foreign investments, mergers and acquisitions, corporate rehabilitation and restructuring, securities and land acquisition and development. Ms. Añonuevo serves as Corporate Secretary, Trustee and Vice President of Marubeni Scholarship Foundation, Inc. from 1989 to present. She also served as Corporate Secretary and Trustee of Friends of Hope, Inc. from 2012 to 2020. She is also the Corporate Secretary and Trustee of Breaking Free Foundation Inc., whose advocacy is to assist women and children who are victims of domestic violence. She received her Bachelor of Science in Business Economics and Bachelor of Laws degrees from the University of the Philippines and was admitted to the Bar in 1983. |
| <b>Mina C. Figueroa</b><br><i>Independent Director</i>           | Ms. Figueroa, 68 Filipino, was elected to sit as a third independent director. Ms. Figueroa started her career in Sycip, Gorres, Velayo, and Co. in 1977. She worked from 1979 to 1989 for the treasury department of the Central Bank of the Philippines (now Bangko Sentral ng Pilipinas). She joined the Bureau of Treasury as Deputy Treasurer in 2001 and was appointed Treasurer of the Philippines in 2004 where she was responsible for the daily operations of the Philippine Treasury. After her stint with the government, Ms. Figueroa served as consultant to USAID and Credit Suisse (Hongkong), Ltd. in various projects of the government. She served as an independent director of Equicom Savings Bank until 2021. She is currently an independent director for                                                                                                                                                                                                                                                                                                                                                                  |

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|                                                                            | Philippines Ratings Services Corp. and for Credit Suisse Securities (Phils.) Inc. which has ceased operations and is undergoing liquidation. She received her Bachelor of Science in Commerce, Major in Accounting, from the University of Santo Tomas in 1976. She is a Certified Public Accountant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Ysmael V. Baysa</b><br><i>Chief Operations Officer</i>                  | Mr. Baysa, 69, has worked in the consumer sector in the fields of Accounting and Finance. He has a wealth of experience working on the local and international operations of Procter & Gamble (P&G) and Jollibee Foods Corporation (JFC). At P&G, he occupied various local and regional positions, the most notable of which was as Head of its Finance function for the Philippines, Malaysia and Singapore. More recently, he was the Chief Finance Officer of JFC, one of Asia's largest restaurant companies. He graduated with a degree in Bachelor of Science in Business Administration (Accountancy) from Manuel S. Enverga University Foundation in 1976.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Ven Christian S. Guce</b><br><i>Treasurer and Chief Finance Officer</i> | Mr. Guce, 47, Filipino, is concurrently the Senior Vice-President for the Group Strategy, Strategic Finance, and Special Projects Head. Prior to joining FDC, Mr. Guce was the CFO of Growsari which is the Philippines' leading B2B e-commerce company. He led the completion of Growsari's most recent fund raise which was recognized as the largest fund raise so far for a Philippine start-up. He previously worked with Jollibee Foods Corporation where he led the group's corporate finance, corporate planning, financial planning & analysis, M&A and global treasury functions. Ven successfully led and completed JFC's maiden US dollar bond and Philippine Peso preferred shares issuances. Ven holds post-graduate degrees/certificates in Economics, Supply Chain Management and Finance. Ven finished his Master of Science in Industrial Economics Degree From the University of Asia and the Pacific (Salutatorian), his Bachelor of Arts degree in Economics, with specialization in Quantitative Economics from the same university and a Post Graduate Diploma in Purchasing and Supply Chain Management from the De La Salle University and the Philippine Institute for Supply Management. Ven is currently taking courses in advanced finance and strategy from the Wharton School of the University of Pennsylvania. |
| <b>Estrella C. Elamparo</b><br><i>Compliance Officer and Head of Legal</i> | Ms. Elamparo ("Star"), 54 Filipino, is the Compliance Officer and Head of Legal of FDC. She is a lawyer specializing in litigation and disputes, public relations, crisis management and communications, and policy advocacy. She has been recognized as one of the Philippines' Top 100 Lawyers in 2021, 2022 and 2023, and was named Woman Lawyer of the Year by Asian Legal Business South East Asia Law Awards in 2017. She is a professor at the San Beda Graduate School of Law and a columnist for The Daily Tribune. Atty. Elamparo has held several senior positions in both the private and public sectors, including Senior Partner and Head of Commercial and Criminal Litigation at Divina                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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|                                                                                                     | Law, and Senior Vice-President and Chief Legal Counsel at the Government Service Insurance System. She is also a certified Securities Specialist and Certified Treasury Specialist. Atty. Elamparo holds a Bachelor of Laws degree from the University of the Philippines and a Master of Arts degree in Health Care Ethics and Law from the University of Manchester as a Chevening Scholar.                                                                                                                                                         |
| <b>Lindeza R. Rogero-Gavino</b><br><i>Corporate Secretary and<br/>Corporate Information Officer</i> | Ms. Rogero-Gavino, 55, Filipino, was appointed as FDC's Corporate Secretary and Corporate Information Officer on January 25, 2023. Prior to joining FDC, she served as the Corporate Secretary & Compliance Officer of the Philippine Postal Corporation. She was previously the Director of the Cebu Extension Office of the Securities & Exchange Commission. She obtained her Bachelor of Arts degree major in Economics from the University of San Carlos in Cebu and her Bachelor of Laws degree from the University of the Philippines Diliman. |

The members of the board committees, pursuant to appointments made during the organizational meeting of the Board of Directors of the Company on 26 April 2024, are as follows:

|                                               |                                                                                                                                                                                                                               |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Executive Committee                           | Chairperson: Jonathan T. Gotianun<br>Members:<br>Lourdes Josephine Gotianun-Yap<br>Michael Edward T. Gotianun<br>Francis Nathaniel C. Gotianun<br>Rhoda A. Huang                                                              |
| Audit and Risk Management Oversight Committee | Chairperson: Virginia T. Obcena (Independent Director)<br>Members:<br>Mina C. Figueroa (Independent Director)<br>Lourdes Josephine Gotianun-Yap<br>Jonathan T. Gotianun<br>Marievic G. Ramos- Anonuevo (Independent Director) |
| Compensation Committee                        | Chairperson: Lourdes Josephine Gotianun-Yap<br>Members:<br>Jonathan T. Gotianun<br>Marievic G. Ramos- Anonuevo (Independent Director)                                                                                         |
| Corporate Governance Committee                | Chairperson:<br>Marievic G. Ramos-Anonuevo (Independent Director)<br>Members:<br>Virginia T. Obcena (Independent Director)<br>Mina C. Figueroa (Independent Director)                                                         |
| Related-Party Transaction Committee           | Chairperson: Mina C. Figueroa (Independent Director)<br>Members:<br>Virginia T. Obcena (Independent Director)<br>Marievic G. Ramos-Anonuevo (Independent Director)                                                            |

The directors of the Company are elected at the annual stockholders' meeting to hold office until their respective successors have been duly elected and qualified. The officers are appointed or elected by the BOD typically at its first meeting following the annual stockholders' meeting, each to hold office until his successor shall have been duly elected or appointed and qualified.

The Company is not aware of any legal proceedings where its directors or executive officers have been impleaded in their capacity as directors or executive officers of the Company.

The Company is not aware of the occurrence of any of the following events within the past 5 years up to the date of this annual report: (a) any bankruptcy petition filed by or against any business in which any of its directors or officers was a general partner or officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, of, or any criminal proceeding, domestic or foreign, pending against, any of its directors or officers in his capacity as such director or officer; (c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of its directors or officers in any type of business, securities, commodities or banking activities, and (d) any finding by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization that any of its directors or officers has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated, which occurred during the past 5 years.

There is no person who is not an executive officer of the Company, who is expected to make a significant contribution to its business. The Company, however, occasionally engages the services of consultants.

## ITEM 10. EXECUTIVE COMPENSATION

Information as to the aggregate compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Group's executive officers and other officers are as follows:

### COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Filinvest Development Corporation (FDC) aims to attract, motivate, and retain high- performing executives to sustain its industry leadership. The officers receive performance- based remuneration, tied to the officers' contributions to the Company. Below are the compensation details for FDC's directors and key executives.

The aggregate compensation paid or incurred during the last two (2) fiscal years and the estimate year 2025 are as follows:

President and four (4) most highly compensated executive officers (amounts in millions of pesos)

|                                                          | Year                       | Annual Compensation | Other Annual Compensation             |
|----------------------------------------------------------|----------------------------|---------------------|---------------------------------------|
| President and four (4) most highly compensated executive | 2025 (estimate)            | 102.38Mn            | none                                  |
|                                                          | 2024                       | 99.82Mn             | none                                  |
|                                                          | 2023                       | 90.57Mn             | none                                  |
| Year                                                     | Name                       |                     | Position/ Title                       |
| 2024                                                     | Rhoda A. Huang             |                     | President and Chief Executive Officer |
|                                                          | Ysmael V. Baysa            |                     | Chief Operating Officer               |
|                                                          | Ven Christian S. Guce      |                     | Treasurer and Chief Finance Officer   |
|                                                          | Perdasille C. Mesina       |                     | Shared Services Head                  |
|                                                          | Sheriben Marie D. Paraguas |                     | HR Strategy & COE Head                |

The above compensation includes the usual bonus paid to the corporation's officers. Except for salaries, allowances, retirement benefits provided under FDC's retirement plan, there is no separate stock option, stock warrant or other security compensation arrangement between FDC and its individual officers.

## Compensation of Directors and Officers as a Group

|                                                                       | Year               | Salary Bonuses | Other Annual Compensation |
|-----------------------------------------------------------------------|--------------------|----------------|---------------------------|
| Aggregate Officers<br>(from senior vice<br>presidents) &<br>Directors | 2025<br>(estimate) | 105.87Mn       | none                      |
|                                                                       | 2024               | 135.37Mn       | none                      |
|                                                                       | 2023               | 93.52Mn        | none                      |

The above table contains the details of the compensation of directors and officers of FDC. In view of possible security risks, FDC opted to disclose these on an aggregate basis as a group. Non-executive directors and/or independent directors receive a per diem of Php 100,000.00 for every Board meeting attended and Php50,000.00 for every Board committee meeting attended. Other than these fees, the non-executive directors do not receive any share options, profit sharing, bonus or other forms of emoluments. While being non-executive directors, Jonathan T. Gotianun, Lourdes Josephine Gotianun Yap, and Isabelle Gotianun-Yap do not receive per diem in their capacity as directors of the Company and members of the board committees. Executive directors Rhoda A. Huang, Michael Edward T. Gotianun and Francis Nathaniel C. Gotianun do not receive per diem in their capacity as directors of the Company and members of the board committees.

Total compensation received by the non-executive directors and/or independent directors for the year 2024 is Php1,900,000. for their attendance in meetings of the Board and Board Committees.

## ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

### Security Ownership of Certain Record and Beneficial Owners

The names, addresses, citizenship, number of shares held, and percentage to total of persons owning more than five percent (5%) of the outstanding voting shares of the Company as of December 31, 2024 are as follows:

| Title of Class | Name and Address of Record Owner/<br>Relationship with Company                                                                                                                                          | Name of Beneficial Owner/<br>Relationship with Record Owner | Citizenship | No. of Shares Held                                    | % Held                                    |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------|-------------------------------------------------------|-------------------------------------------|
| Common         | A.L. Gotianun Inc.<br>(formerly ALG Holdings Corporation)<br>32nd Floor, Parkway Corporate Center,<br>Corporate Avenue,<br>Filinvest City,<br>Alabang, Muntinlupa City<br>Majority Owner of the Company | Michael Edward T. Gotianun                                  | Filipino    | 7,587,823,501<br>(Direct)<br>61,976,540<br>(Indirect) | 87.74%<br>(Direct)<br>0.72%<br>(Indirect) |
| Common         | PCD Nominee Corporation (Filipino)<br>G/F, Philippine Stock Exchange Tower,<br>Ayala Avenue, Makati City                                                                                                |                                                             | Filipino    | 912,952,648                                           | 10.56%                                    |

Except as stated above, the Board of Directors and Management of the Company have no knowledge of any person who, as of the date of the annual report, was directly or indirectly the beneficial owner of more than five percent (5%) of the Company's outstanding shares or who has voting power or investment power with respect to shares comprising more than five percent (5%) of the Company's outstanding common stock.

As of December 31, 2024, 0.4% of the total outstanding voting shares of FDC is owned by foreigners. The names, citizenship, number of shares held and percentage to total of persons forming part of the Management of the Company as of December 31, 2024 as shown in the Public Ownership Report are as follows:

| <b>Title of Class of Securities</b> | <b>Name</b>                    | <b>Amount and Nature of Ownership</b> | <b>Citizenship</b> | <b>Percentage of Ownership</b> |
|-------------------------------------|--------------------------------|---------------------------------------|--------------------|--------------------------------|
| Common                              | Jonathan T. Gotianun           | 12 (D)<br>263,925 (I)*                | Filipino           | Negligible                     |
| Common                              | Lourdes Josephine Gotianun-Yap | 10 (D)<br>15,582,914 (I)              | Filipino           | Negligible<br>0.18%            |
| Common                              | Michael Edward T. Gotianun     | 50,501,501 (D)<br>0 (I)               | Filipino           | 0.58%                          |
| Common                              | Rhoda A. Huang                 | 1 (D)<br>0 (I)                        | Filipino           | Negligible                     |
| Common                              | Francis Nathaniel C. Gotianun  | 1 (D)<br>0 (I)                        | Filipino           | Negligible                     |
| Common                              | Isabelle Therese G. Yap        | 1 (D)<br>40,000 (I)                   | Filipino           | Negligible                     |
| Common                              | Virginia T. Obcena             | 1 (D)<br>0 (I)                        | Filipino           | Negligible                     |
| Common                              | Marievic Ramos Añonuevo        | 1 (D)<br>0 (I)                        | Filipino           | Negligible                     |
| Common                              | Mina C. Figueroa               | 1 (D)<br>0 (I)                        | Filipino           | Negligible                     |
| N.A.                                | Ysmael V. Baysa                | 211,000 (I)                           | Filipino           | Negligible                     |
| N.A.                                | Ven Christian S. Guce          | 3,400 (I)                             | Filipino           | Negligible                     |
| N.A.                                | Estrella C. Elamparo           | 0                                     | Filipino           | N.A.                           |
| N.A.                                | Lindeza R. Rogero-Gavino       | 0                                     | Filipino           | N.A.                           |

\* Includes shares of stock in Filinvest Development Corporation under the names of Berit Holdings Corp., Jabberwock Holdings, Inc. and Chriszen Holdings, Inc.

Total ownership of all directors and officers as a group as of December 31, 2024 is 66,602,768 shares or 0.76% of total outstanding common shares.

No person holds more than 5% of the common stock under a voting trust or similar agreement. There has been no change in control of FDC since the beginning of last year. There were no matters submitted to a vote of the security holders during the fourth quarter of the calendar year covered by this report.

### **Changes in Control**

The Company is not aware of any agreement, which may result in a change in control of the registrant.

## **ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

In the normal course of business, the Company and other members of the Group enter into certain related-party transactions.

There were no transactions during the last two years, or any proposed transactions, to which the Company was or is to be a party, in which any director or executive officer, any nominee for election as a director, any security holder or any member of the immediate family of any of the foregoing persons, had or is to have a direct or indirect material interest.

### **Related Party Transactions**

The Group has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as ‘Affiliates’). Related parties may be individuals or corporate entities. The approval process for all Related Party Transactions (“RPTs”) are embodied in the Related Party Transaction Policy (the “Policy”) approved and adopted by the Board on October 25, 2019.

All RPTs, as may be deemed necessary by Management, shall be subject to the presentation and approval by the Related Party Transaction and Corporate Governance Committee (the “Committee”).

The transactions with related parties for the year ended December 31, 2024 shall be discussed in the Company’s 2024 Audited Financial Statements under Note 26, pages 83 to 84 of the Notes to the Audited Financial Statements. The Company’s 2024 Audited Financial Statements is attached hereto.

## **PART IV. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE**

### **ITEM 13. CORPORATE GOVERNANCE**

Filinvest Development Corporation was founded on the principles of good governance. It continues to abide by the core values of its founding father, Andrew L. Gotianun, of integrity, fairness and financial responsibility. These principles have been incorporated in the Company’s Code of Ethics as well as in its Revised Manual for Corporate Governance. Today, FDC operates in a manner guided by its corporate core values of integrity, teamwork, professionalism, innovation, customer service and cost effectiveness.

#### **Compliance with Best Practices on Corporate Governance**

The Company is in compliance with its Revised Manual for Corporate Governance as demonstrated by the following: (a) the election of number of independent directors to the Board; (b) the appointment of members of the Board Committees, namely the Executive Committee, the Audit and Risk Management Oversight Committee, the Related-Party Transaction Committee, the Corporate Governance Committee, Compensation Committee and the Digital Committee of the Company; (c) the conduct of regular quarterly board meetings and special meetings, the faithful attendance of the directors at these meetings and the proper discharge of the duties and responsibilities as such directors; (d) the adoption of Related-Party Transaction Policy; (e) the submission to the SEC of reports and disclosures required under the Securities Regulation Code; (f) the Company’s adherence to national and local laws pertaining to its operations; (g) submission of Sustainability Report; (h) the observance of applicable accounting standards by the Company; and (i) Annual Board Assessment Survey (Self- Evaluation) aimed at measuring or determining the level of compliance of the Board of Directors and Top Level Management with its Manual of Corporate Governance.

In order to keep itself abreast with the leading practices on corporate governance, the Company encourages the members of top-level management and the Board to attend and participate at seminars on corporate governance conducted by SEC-accredited institutions.

The Company welcomes proposals, especially from institutions and entities such as the SEC, PSE, the Institute of Corporate Directors and SyCip Gorres Velayo & Co., to improve corporate governance.

There is no known material deviation from the Company's Revised Manual on Corporate Governance.

### **Nomination and Selection of Directors**

The directors of FDC are elected at the Annual Stockholders' Meeting to hold office for one (1) year and until their respective successors have been duly appointed or elected and qualified. The stockholders of FDC may nominate individuals to be members of the Board of Directors.

The Corporate Governance Committee, convened as the Nominations Committee, received the nominations for directors submitted by the stockholders. The Corporate Governance Committee met to consider the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in the Company's Revised Manual of Corporate Governance ("Revised Manual"), Securities Regulation Code, and SEC Memorandum Circular No. 09, Series of 2011 as amended by SEC Memorandum Circular No. 04, Series of 2017. The Corporate Governance Committee then prepared a Final List of Candidates enumerating the nominees who passed the screening, and these nominees shall be disclosed along with their relationship with the nominating shareholder.

A stockholder may vote such number of shares for as many persons as there are directors to be elected. He may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit; Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of FDC multiplied by the whole number of directors to be elected.

The directors of FDC are elected at the annual stockholders' meeting, to hold office until their respective successors have been duly appointed or elected and qualified. Vacancies in the Board occurring mid-term are filled as provided in the Revised Corporation Code and FDC's RMCG. Officers and committee members are appointed or elected by the Board of Directors typically at its first meeting following the annual stockholders' meeting, each to hold office until his successor shall have been duly elected or appointed and qualified.

### ***Independent Directors***

The conduct of the election of independent directors, in particular, shall be in accordance with FDC's Revised Manual on Corporate Governance and By-Laws.

It shall be the responsibility of the Chairman of the annual meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the annual meeting. Specific slots for independent directors shall not be filled by unqualified nominees. In case of failure of election for independent directors, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

Before the annual meeting, a stockholder of the Company may nominate individuals to be independent directors, taking into account the following guidelines:

- A. *"Independent director"* means a person who, apart from his fees and shareholdings, is independent of management 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 in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:
  - 1. Is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);
  - 2. Is not a relative of any director, officer or substantial stockholder of the Company, any of its related



companies or any of its substantial stockholders. For this purpose, “relative” includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

3. Is not acting as a nominee or representative of a substantial stockholder of the Company, any of its related companies or any of its substantial stockholders;
4. Has not been employed in any executive capacity by the Company, any of its related companies or by any of its substantial stockholders within the last two (2) years;
5. Is not retained as professional adviser by the Company, any of its related companies or any of its substantial stockholders within the last two (2) years, either personally or through his firm;
6. Has not engaged and does not engage in any transaction with the Company or with any of its related companies or with any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm’s length and are immaterial or insignificant.

B. When used in relation to FDC subject to the requirements above:

“*Related company*” means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and “*Substantial shareholder*” means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

C. An Independent Director of FDC shall have the following qualifications:

1. He shall have at least one (1) share of stock of FDC;
2. He shall be at least a college graduate or he shall have been engaged in or exposed to the business of FDC for at least five (5) years;
3. He shall possess integrity/probity; and
4. He shall be assiduous.

D. An independent director shall be disqualified during his tenure under the following instances or causes:

1. He becomes an officer or employee of FDC, or becomes any of the persons enumerated under item (A) hereof;
2. His beneficial security ownership exceeds 10% of the outstanding capital stock of FDC;
3. He fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family member; and
4. If he becomes disqualified under any of the grounds stated in FDC’s Revised Manual on Corporate Governance.

E. Pursuant to SEC Memorandum Circular No. 9, Series of 2011, as amended by SEC Memorandum Circular No. 04, Series of 2017, the following additional guidelines on the term limit of independent directors shall be observed in the qualification of individuals to serve as independent directors:

1. There shall be no limit in the number of covered companies that a person may be elected as independent director, except in business conglomerates where an ID can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate;
2. An independent director shall serve for a maximum cumulative term of nine (9) years;
3. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as non-independent director;
4. In the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders’ approval during the annual shareholders’ meeting; and
5. The reckoning of the cumulative nine-year term is from 2015.

**Members of the Board of Directors, Attendance and Committee Memberships**

The following table lists down the members of the Board of Directors and their attendance in Board Meetings for the Calendar Year 2024 and during the April 26, 2024 Annual Stockholders' Meeting, and their memberships in the different Committees:

| <b>Name</b>                                       | <b>Date of Election</b> | <b>Board Meetings Attended/<br/>Held</b> | <b>% Attendance</b> | <b>Attended Annual Stockholders' Meeting</b> | <b>Committee Membership</b>                                                                                                                  |
|---------------------------------------------------|-------------------------|------------------------------------------|---------------------|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Jonathan T. Gotianun (Chairman)                   | April 26, 2024          | 5/5                                      | 100%                | Yes                                          | Executive (Chairman)<br>Audit & Risk Management Oversight (Member)<br>Compensation (Member)                                                  |
| Lourdes Josephine Gotianun-Yap                    | April 26, 2024          | 5/5                                      | 100%                | Yes                                          | Compensation (Chairman)<br>Executive (Member)<br>Audit & Risk Management Oversight (Member)                                                  |
| Rhoda A. Huang                                    | April 26, 2024          | 5/5                                      | 100%                | Yes                                          | Executive (Member)                                                                                                                           |
| Michael Edward T. Gotianun                        | April 26, 2024          | 5/5                                      | 100%                | Yes                                          | Executive (Member)                                                                                                                           |
| Francis Nathaniel C. Gotianun                     | April 26, 2024          | 5/5                                      | 100%                | Yes                                          | Executive (Member)                                                                                                                           |
| Isabelle Therese Gotianun-Yap                     | April 26, 2024          | 3/3                                      | 100%                | Yes                                          |                                                                                                                                              |
| Virginia T. Obcena (Lead Independent Director)    | April 26, 2024          | 5/5                                      | 100%                | Yes                                          | Audit & Risk Management Oversight (Chairperson)<br>Corporate Governance (Member)<br>Related Party Transaction (Member)                       |
| Marievic G. Ramos-Anonuevo (Independent Director) | April 26, 2024          | 3/3                                      | 100%                | Yes                                          | Corporate Governance (Chairman)<br>Compensation (Member)<br>Related Party Transaction (Member)<br>Audit & Risk Management Oversight (Member) |
| Mina c. Figueroa (Independent Director)           | April 26, 2024          | 3/3                                      | 100%                | Yes                                          | Related Party Transaction (Chairman)<br>Audit & Risk Management Oversight (Member)<br>Corporate Governance (Member)                          |

## ***Duties and Responsibilities of the Different Board Committees***

### **Executive Committee**

#### Committee Members

| <b>Office</b> | <b>Name</b>                   | <b>Date of Appointment</b> | <b>No. of Meetings Held</b> | <b>No. of Meetings Attended</b> | <b>% Attendance</b> | <b>Length of Service in the Committee (*)</b> |
|---------------|-------------------------------|----------------------------|-----------------------------|---------------------------------|---------------------|-----------------------------------------------|
| Chairman      | Jonathan T. Gotianun          | April 26, 2024             | 10                          | 10                              | 100%                | 1 year                                        |
| Member (ED)   | L. Josephine Gotianun-Yap     | April 26, 2024             | 10                          | 10                              | 100%                | 1 year                                        |
| Member (ED)   | Michael Edward T. Gotianun    | April 26, 2024             | 10                          | 10                              | 100%                | 1 year                                        |
| Member (ED)   | Francis Nathaniel C. Gotianun | April 26, 2024             | 10                          | 10                              | 100%                | 1 year                                        |
| Member (ED)   | Rhoda A. Huang                | April 26, 2024             | 10                          | 10                              | 100%                | 1 year                                        |

(\*) The Committee members are elected annually.

The functions, duties and responsibilities of the Board of Directors may be delegated, to the fullest extent permitted by law, to an Executive Committee to be established by the Board of Directors. The Executive Committee shall consist of five (5) members, and least three (3) of whom shall be members of the Board of Directors. All members of the Executive Committee shall be appointed by and under the control of the Board of Directors.

The Executive Committee may act on such specific matters within the competence of the Board of Directors as may be delegated to it by a majority vote of the Board of Directors, except with respect to:

- (i) approval of any action for which shareholders' approval is also required;
- (ii) the filing of vacancies in the Board of Directors;
- (iii) the amendment or repeal of these by-laws or the adoption of new by-laws;
- (iv) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; and
- (v) the distribution of cash dividends to shareholders.

The act of the Executive Committee on any matter within its competence shall be valid if (i) it is approved by the majority vote of all its members in attendance at a meeting duly called where a quorum is present and acting throughout, or (ii) it bears the written approval or conformity of all its incumbent members without necessity for a formal meeting.

The Executive Committee shall hold its regular meeting at least once a month or as often as it may determine, in the principal office of the corporation or at such other place as may be designated in the notice. Any member of the Executive Committee may, likewise, call a meeting of the Executive Committee at any time. Notice of any meeting of the Executive Committee shall be given at least seven (7) business days prior to the meeting or such shorter notice period as may be mutually agreed. The notice shall be accompanied by (i) a proposed agenda or statement of purpose and (ii) where possible, copies of all documents, agreements and information to be considered at such meeting.

## Audit and Risk Management Oversight Committee

### Committee Members

| Office           | Name                       | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % Attendance | Length of Service in the Committee (*) |
|------------------|----------------------------|---------------------|----------------------|--------------------------|--------------|----------------------------------------|
| Chairperson (ID) | Virginia T. Obcena         | April 26, 2024      | 4                    | 4                        | 100%         | 1 year                                 |
| Member (ED)      | L. Josephine Gotianun-Yap  | April 26, 2024      | 4                    | 4                        | 100%         | 1 year                                 |
| Member (NED)     | Jonathan T. Gotianun       | April 26, 2024      | 4                    | 4                        | 100%         | 1 year                                 |
| Member (ID)      | Mina C. Figueroa           | April 26, 2024      | 3                    | 3                        | 100%         | 1 year                                 |
| Member (ID)      | Marievic G. Ramos-Anonuevo | August 12, 2024     | 1                    | 1                        | 100%         | 6 months                               |

(\*) The Committee members are elected annually.

The Board constituted an Audit and Risk Management Oversight Committee composed of at least three (3) director-members with accounting and financial background, one of whom must be an independent director and another must have related audit experience.

The Chairman of this Committee should be an independent director. He is responsible for inculcating in the minds of the Board members the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

### Duties and Responsibilities:

- Provide oversight financial management functions specifically in areas of managing credit, market, liquidity, operational, legal and other risks of the Company, and crisis management;
- Provide oversight of the Company's internal and external auditors;
- Review and approve audit scope and frequency, and the annual internal audit plan;
- Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one (1) audit firm is involved;
- Set up an internal audit department and consider the appointment of an internal auditor as well as an independent external auditor, the audit fee and any question of resignation or dismissal;
- Monitor and evaluate the adequacy and effectiveness of the Company's internal control system;
- Receive and review reports of internal and external auditors and regulatory agencies, where applicable, and ensure that management is taking appropriate corrective actions, in a timely manner, in addressing control and compliance functions with regulatory agencies;
- Review the quarterly, half-year and annual financial statements before submission to the Board with particular focus on the following matters:
  - Any change/s in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements
- Coordinate, monitor and facilitate compliance with existing laws, rules and regulations;
- Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Company's total expenditure on consultancy. The non-audit work should be disclosed in the Annual Report; and

- Establish and identify the reporting line of the chief audit executive so that the reporting level allows the internal audit activity to fulfill its responsibilities. The chief audit executive shall report directly to the Audit Committee functionally. The Audit & Risk Management Oversight Committee shall ensure that the internal auditors shall have free and full access to the Company's records, properties and personnel relevant to the internal audit activity, and that the internal audit activity should be free from interference in determining the scope of internal auditing examinations, performing work, and communicating results, and shall provide a venue for the Audit Committee to review and approve the annual internal audit plan.

## Compensation Committee

### Committee Members

| Office      | Name                       | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % Attendance | Length of Service in the Committee (*) |
|-------------|----------------------------|---------------------|----------------------|--------------------------|--------------|----------------------------------------|
| Chairman    | L. Josephine Gotianun-Yap  | April 26, 2024      | 1                    | 1                        | 100%         | 1 year                                 |
| Member (ED) | Jonathan T. Gotianun       | April 26, 2024      | 1                    | 1                        | 100%         | 1 year                                 |
| Member (ID) | Marievic G. Ramos-Anonuevo | April 26, 2024      | 1                    | 1                        | 100%         | 1 year                                 |

(\*) The Committee members are elected annually.

The Board constituted a Compensation Committee composed of at least three (3) director-members, one of whom must be an independent director.

### Duties and Responsibilities:

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment;
- Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully;
- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers;
- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which, among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;
- Disallow any director to decide his or her own remuneration;
- Provide in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and ensuing year; and
- Review the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

## Corporate Governance Committee

### Committee Members

| Office        | Name                       | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % Attendance | Length of Service in the Committee (*) |
|---------------|----------------------------|---------------------|----------------------|--------------------------|--------------|----------------------------------------|
| Chairman (ID) | Marievic G. Ramos-Anonuevo | April 26, 2024      | 2                    | 2                        | 100%         | 1 year                                 |
| Member (ID)   | Virginia T. Obcena         | April 26, 2024      | 3                    | 3                        | 100%         | 1 year                                 |
| Member (ID)   | Mina C. Figueroa           | April 26, 2024      | 2                    | 2                        | 100%         | 1 year                                 |

(\*) The Committee members are elected annually.

The Corporate Governance Committee shall assist the Board in fulfilling its corporate governance and compliance responsibilities. The Committee shall be composed of the Chairman of the Board and at least three (3) members of the Board, all of whom shall be independent directors. The Chairman of the Committee shall be an independent director.

#### Duties and responsibilities:

- Ensure the effectiveness and due observance of corporate governance principles and guidelines of the Board, its committees' and executive management;
- Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- Make recommendations to the Board regarding the continuing education of directors, assignment to Board Committees and succession plan for the Board members and senior officers;
- Determine the nomination and election process for the Corporation's directors and other positions requiring appointment by the Board, define the general profile of board members that the Corporation may need and ensure that appropriate knowledge, competencies and expertise will complement the existing skills of the Board;
- Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates;
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance;
- Review with the Compliance Officer, at least on annual basis, any legal or regulatory matter that could have a significant impact on the Corporation's financial statements, compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies; and
- Obtain an annual report from the Compliance Officer regarding the adequacy of the Corporation's compliance program.

The Corporate Governance Committee shall also serve as the Nomination Committee. It shall review and evaluate the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the Board and assess the effectiveness of the Board's process and procedures in the election or replacement of directors.

The said Committee considers the following guidelines in the determination of the number of directorships for the Board:

- The nature of the business of the corporations in which he is a director;
- Age of the director;
- Number of directorships/active memberships and officerships in other corporations or organizations; and
- Possible conflict of interest.

The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

The Corporate Governance Committee, acting as the Nomination Committee, may pre-screen and shortlist all candidates nominated to become a member of the Board of Directors, taking into account the qualifications and the grounds for disqualifications as set forth in FDC's Revised Manual of Corporate Governance and the Securities Regulation Code.

The Nomination Committee shall promulgate the guidelines or criteria to govern the conduct of the nomination for members of the Board of Directors. The same shall be properly disclosed in the Company's information or proxy statement or such other reports required to be submitted to the Securities and Exchange Commission (SEC).

The nomination of directors, including independent directors, shall be conducted by the Committee before the stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors as set forth in the Company's Revised Manual on Corporate Governance.

After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees, including those for independent directors, which shall be made available to the SEC and all stockholders through the filing and distribution of the Information Statement, or in such reports the Company is required to submit to the SEC. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report, including any relationship with the nominee.

## **Related-Party Transaction Committee**

The Related Party Transaction Committee is composed of at least three (3) non-executive directors, two (2) of whom must be independent, including the Chairman of the Committee.

The Related Party Transaction Committee has the following duties and responsibilities:

- Conduct continuous evaluation and monitoring of existing relations among counterparties to ensure that all related parties are identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and the SEC;
- Evaluate all material RPTs to ensure that these are transacted on an arm's length basis and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.

In evaluating RPTs, the Committee may take into account the following:

- The related party's relationship to the Company and interest in the transaction;
  - The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - The benefits to the Company of the proposed RPT;
  - The availability of other sources of comparable products or services; and
  - An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
- Ensure that appropriate disclosure is made to the regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest;
  - Report to the Board, on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
  - Ensure that transactions with related parties, including write-off of exposures, are subject to a periodic independent review or audit process; and
  - Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

## **Shareholders' Benefits**

FDC recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Company and all its investors.

The Board shall be committed to respect the following rights of the stockholders:

### **I. Right to Nominate and Vote**

1. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Revised Corporation Code.
2. Cumulative voting is mandatory in the election of directors.
3. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

### **II. Power of Inspection**

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries, in accordance with the Revised Corporation Code, during business hours and upon prior written notice to the Company, for legal purposes.



All shareholders shall be furnished with annual reports, including financial statements, without cost or restrictions.

### III. Right to Information

1. The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers.
2. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes and in accordance with SEC regulations.
3. In accordance with the SEC regulations, the minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

### IV. Right to Dividends

1. Shareholders shall have the right to receive dividends subject to the discretion of the Board.
2. The Commission may direct the Company to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: i) when justified by definite corporate expansion projects or programs approved by the Board; or ii) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

### V. Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under the Revised Corporation Code of the Philippines, under any of the following circumstances:

- In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence.
- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; and
- In case of merger or consolidation.

### VI. Right to Attend and Participate in Shareholders' Meetings

The Board should be transparent and fair in the conduct of the annual and special shareholders' meetings of the corporation.

The shareholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the shareholder's favor.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in

person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

### **Dividend Policy and Dividends Paid**

While the Board endeavors to declare dividends each year, the payment of cash dividends depends upon the Company's earnings, cash flow, financial condition, capital investment requirements and other factors (including certain restrictions on dividends imposed by the terms of loan agreements). See Item 5.1 for the cash dividends paid for the last three (3) years.

### **Annual Stockholders' Meeting and Procedures**

#### ***Notice of Annual Stockholders' Meeting***

On March 26, 2024, FDC disclosed to the Philippine Stock Exchange that its Board of Directors had fixed the date of the Annual Stockholders' Meeting on April 26, 2024, with the record date set on March 29, 2024.

Stockholders were informed that the Annual Stockholders' Meeting for 2024 would be conducted virtually on April 26, 2024 (Friday) at 9:00 a.m.

Only stockholders of record as of March 29, 2024 were entitled to attend and vote in said meeting.

On the same day, right after the stockholders' meeting, FDC disclosed to the Philippine Stock Exchange the results of the annual stockholders' meeting which included the following:

- a. Approval of the Minutes of the Annual Stockholders' Meeting held on April 28, 2023;
- b. Presentation of the President's Report and Ratification of the Audited Financial Statements for the year ended December 31, 2023;
- c. Approval of the Listing of Preferred Shares;
- d. Ratification of all the acts, resolutions and proceedings of the Board of Directors, Executive Committee, Board Committees and Management from the date of the last annual stockholders' meeting up to April 26, 2024; and
- e. Appointment of SyCip Gorres Velayo & Co. as the independent external auditor of FDC for the year 2024.

FDC likewise disclosed that the following were elected as directors to serve for the period 2024-2025 and until their successors shall have been duly elected and qualified:

1. Jonathan T. Gotianun
2. Lourdes Josephine Gotianun-Yap
3. Rhoda A. Huang
4. Michael Edward T. Gotianun
5. Francis Nathaniel C. Gotianun
6. Isabelle Therese Gotianun Yap
7. Virginia T. Obcena (as independent director)
8. Marievic Ramos Añonuevo (as independent director)
9. Mina C. Figueroa (as independent director)

## Statutory Compliance

FDC fully complied with the Philippine Stock Exchange (PSE) and Securities and Exchange Commission (SEC) regulatory requirements. Below is the Company's Reportorial Compliance Report

| Type of Report                                                           | Number of Filings |
|--------------------------------------------------------------------------|-------------------|
| <b>Financials</b>                                                        |                   |
| Annual Report (17-A)                                                     | 1                 |
| Quarterly Report (17-Q)                                                  | 4                 |
| 2024 Audited Financial Statements                                        | 1                 |
| Request for extension in filing 17-A, 17-Q                               | None              |
|                                                                          |                   |
| <b>Ownership</b>                                                         |                   |
| Annual List of Stockholders – for Annual Stockholders' Meeting           | 1                 |
| Foreign Ownership Monitoring Report                                      | 12                |
| Public Ownership Report                                                  | 12                |
| Report on Number of Shareholders and Board Lot                           | 12                |
| Initial Statement of Beneficial Ownership of Securities (23-A)           | 3                 |
| Statement of Changes in Beneficial Ownership of Securities (23-B)        | 1                 |
| Top 100 Stockholders' List                                               | 4                 |
|                                                                          |                   |
| Notices – Stockholders' Meetings/Briefings/Dividends                     | 1                 |
| Notice of Annual/Special Stockholders' Meeting                           | 1                 |
| Dividend Notice (part of disclosure on Results of Stockholders' Meeting) | 1                 |
|                                                                          |                   |
| <b>Other Disclosures</b>                                                 |                   |
| Integrated Annual Corporate Governance Report                            | 1                 |
| Certification – Qualifications of Independent Directors                  | 1                 |
| Clarifications of News Articles                                          | 5                 |
| Definitive Information Statement (20-IS)                                 | 1                 |
| General Information Sheet                                                | 4                 |
| Preliminary Information Statement (20-IS)                                | 1                 |
| SEC Form 17-C (Current Report)                                           |                   |
| Which includes the following:                                            |                   |
| a) Results of Annual Stockholders' Meeting/Board Meetings                | 6                 |
| b) Press Releases                                                        | 11                |
| c) Other Matters                                                         | 19                |

Per SEC Memorandum Circular No. 15, Series of 2017, the Integrated Annual Corporate Governance Report for 2024 shall be submitted to SEC on or before 30 May 2025.

## Investor Relations

FDC's website, [www.filinvestgroup.com](http://www.filinvestgroup.com), makes available to the public current information on the Company, including details of its operations.

The Investor Relations section of the website provides information that may be required by the investors, shareholders and stakeholders. It contains financial statements, press releases, presentations, declaration of dividends, ownership structure and any changes in the ownership of major shareholders and officers, and other reportorial requirements by the Philippine Stock Exchange.

The contact details of the Investor Relations Department are available on the website.

## PART V. EXHIBITS AND SCHEDULES

### ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) **Exhibits** - see accompanying Index to Exhibits under (b) Report on SEC Form 17-C

The following exhibits are filed as a separate section of this report:

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

#### (b) Reports on SEC Form 17-C

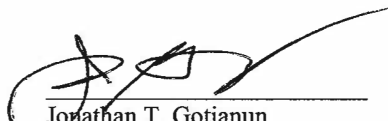
Reports on SEC Form 17-C were filed during the year covered by this report and are listed below:

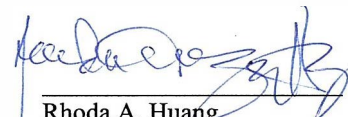
| REPORT                                                                                                                                                                                                                  | REPORT DATE  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| SEC Form 17-C Material Information/Transaction - Payment of Penalty                                                                                                                                                     | Dec 6, 2024  |
| SEC FORM 17-C Notice of Annual or Special Stockholders' Meeting - Date of Annual Stockholders' Meeting for 2025                                                                                                         | Nov 18, 2024 |
| SEC Form 17-C Material Information/Transaction - Result of the Meeting of the Board of Directors of Filinvest Development Corporation                                                                                   | Nov 18, 2024 |
| SEC FORM 17-C Change in Directors and/or Officers - Resignation of Senior Officer, Appointment of Replacement Officer                                                                                                   | Nov 18, 2024 |
| SEC FORM 17-C Press Release entitled "Filinvest posts record P9.5B net income in 9M24"                                                                                                                                  | Nov 13, 2024 |
| SEC FORM 17-C Clarification of News Report - Filinvest unit starts Misamis Project                                                                                                                                      | Aug 21, 2024 |
| SEC FORM 17-C Change in Directors and/or Officers - Resignation of Atty. Ma. Ruiza R. Hernane as Assistant Corporate Secretary and Tax Legal Head                                                                       | Aug 19, 2024 |
| SEC FORM 17-C Press Release entitled "Filinvest Development Corporation's 1H24 net income rises 41% to P5.5B, 2Q growth at 46%"                                                                                         | Aug 15, 2024 |
| SEC FORM 17-C Material Information/Transaction - Results of Regular Meeting of Board of Directors                                                                                                                       | Aug 12, 2024 |
| SEC FORM 17-C Press Release entitled "Filinvest announces growth plans for power business"                                                                                                                              | Aug 9, 2024  |
| [Amend-1] SEC FORM 17-C Material Information/Transaction - Update on the Dissolution of an affiliate of f(dev) Digital Innovations and Ventures, Inc., which is a subsidiary of Filinvest Development Corporation (FDC) | Jul 31, 2024 |
| SEC FORM 17-C Press Release entitled "Filinvest Hospitality enhances offerings in Camp John Hay"                                                                                                                        | Jul 25, 2024 |
| SEC FORM 17-C Press release entitled "Filinvest Hospitality Corporation fuels expansion with Grafik Hotel Collection"                                                                                                   | Jun 19, 2024 |
| SEC FORM 17-C Press Release entitled "Filinvest Hospitality poised for stronger growth with new ventures"                                                                                                               | Jun 10, 2024 |
| SEC FORM 17-C Material Information/Transaction - Dissolution of an affiliate of f(dev) Digital Innovations and Ventures, Inc., which is a subsidiary of Filinvest Development Corporation (FDC)                         | May 24, 2024 |
| SEC FORM 17-C Press Release entitled "FDC 1Q24 net income grows by 36% to P2.9B"                                                                                                                                        | May 15, 2024 |
| SEC FORM 17-C Material Information/Transaction - Result of Regular Meeting of Board of Directors (May 10, 2024)                                                                                                         | May 10, 2024 |
| SEC FORM 17-C Change in Directors and/or Officers - Resignation of Senior Officer                                                                                                                                       | May 03, 2024 |

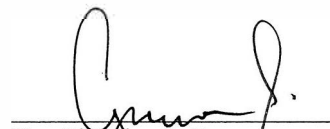
|                                                                                                                                                        |              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| SEC FORM 17-C Results of Organizational Meeting of the Board of Directors                                                                              | Apr 26, 2024 |
| SEC FORM 17-C Results of 2024 Annual Stockholders' Meeting                                                                                             | Apr 26, 2024 |
| SEC FORM 17-C Press Release entitled "FDC declares 58% increase in dividend per share underscoring robust growth"                                      | Apr 26, 2024 |
| SEC FORM 17-C Declaration of Cash Dividends                                                                                                            | Apr 26, 2024 |
| [Amend-2] SEC FORM 17-C Amendments to the By-laws of Filinvest Development Corporation ("FDC") Date of Approval by Board of Directors Mar 28, 2023     | Apr 19, 2024 |
| [Amend-2] SEC FORM 17-C Amendments to the By-laws of Filinvest Development Corporation ("FDC") Date of Approval by Board of Directors Oct 26, 2022     | Apr 19, 2024 |
| [Amend-2] SEC FORM 17-C Amendments to Articles of Incorporation                                                                                        | Apr 18, 2024 |
| SEC FORM 17-C Clarification of News Report - FDC eyes return to pre-COVID-19 profit                                                                    | Apr 11, 2024 |
| SEC FORM 17-C Clarification of News Report - Filinvest group cues P25-B capex cache for 2024                                                           | Apr 08, 2024 |
| SEC FORM 17-C Press Release entitled - FDC registers broad-based net income growth of 58% to P8.9B in 2023                                             | Apr 03, 2024 |
| [Amend-1] SEC FORM 17-C Notice of Annual or Special Stockholders' Meeting                                                                              | Mar 26, 2024 |
| SEC FORM 17-C Material Information/Transaction - Result of the Regular Meeting of the Board of Directors                                               | Mar 26, 2024 |
| SEC FORM 17-C Notice of Analysts' Briefing                                                                                                             | Mar 20, 2024 |
| SEC FORM 17-C Press Release entitled "Filinvest spurs growth plan with 4.5X oversubscribed bonds"                                                      | Feb 07, 2024 |
| SEC FORM 17-C Material Information/Transaction - Listing of P10 billion bonds in the Philippine Dealing & Exchange Corp.                               | Feb 07, 2024 |
| [Amend-1] SEC FORM 17-C Material Information/Transaction - Date of the Annual Stockholders' Meeting                                                    | Feb 01, 2024 |
| SEC FORM 17-C Notice of the Annual or Special Stockholders' Meeting - Date of Annual Stockholders' Meeting for 2024                                    | Jan 31, 2024 |
| SEC FORM 17-C Material Information/Transaction - Date of the Annual Stockholders' Meeting                                                              | Jan 31, 2024 |
| SEC FORM 17-C Clarification of News Report - Filinvest subsidiary plans to boost capacity of Mindanao Solar Project                                    | Jan 29, 2024 |
| SEC FORM 17-C Material Information/Transaction - Filinvest Development Corporation 's 10-year fixed retail bonds in the amount of Php 8,800,000,000.00 | Jan 25, 2024 |
| SEC FORM 17-C Material Information/Transaction - Issuance of Certificate of Permit to Offer Securities for Sale                                        | Jan 24, 2024 |
| SEC FORM 17-C Press Release entitled "SEC Approves Filinvest's Triple-A Rated Fixed Rate Bonds"                                                        | Jan 02, 2024 |
| SEC FORM 17-C Clarification of News Report - SEC approves Filinvest, Dagupan Electric Offerings                                                        | Jan 02, 2024 |

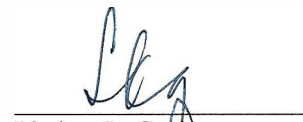
## SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned duly authorized, in the City of \_\_\_\_\_ Metro Manila on \_\_\_\_\_, 2025.

  
Jonathan T. Gotianun  
Chairman

  
Rhoda A. Huang  
President and CEO

  
Ven Christian S. Guce  
Treasurer and CFO

  
Lindeza R. Gavino  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this  
competent evidence of identity as follows:

MAR 28 2025

affiants exhibiting to me their

| Name                  | Competent evidence of Identity | Place Issued/Issue Date/Expiry Date                 |
|-----------------------|--------------------------------|-----------------------------------------------------|
| Jonathan T. Gotianun  | Philippine Passport No.        | DFA Manila/ January 3, 2018/<br>January 2, 2028     |
| Rhoda A. Huang        | Philippine Passport No.        | DFA NCR East/ January 15, 2025/<br>January 14, 2035 |
| Ven Christian S. Guce | Philippine Passport No.        | DFA Manila/ October 29, 2021/<br>October 28, 2031   |
| Lindeza R. Gavino     | Philippine Passport No.        | DFA Manila/ November 10, 2022/<br>November 9, 2032  |

**JOVEN G. SEVILLANO**

NOTARY PUBLIC FOR CITY OF MANDALUYONG

COMMISSION NO. 0285-25 VALID UNTIL DECEMBER 31, 2026

ROLL NO. 53970 (53)

IBP LIFETIME NO. 011302; 12-28-12; RIZAL

PTR NO. 5708102; 1-2-25; MANDALUYONG

MCLE EXEMPTION NO. VID-ACADGO4023 14 APRIL 2028

UG 03 CITYLAND SHAW TOWER

SHAW BOULEVARD, MANDALUYONG CITY

Doc No. 103  
Page No. 21  
Book No. 13  
Series of 2025

**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES  
(CONSOLIDATED)**

**INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES  
FORM 17-A, Item 8**

**Consolidated Financial Statements**

Statement of Management's Responsibility for Financial Statements  
Report of Independent Public Accountants  
Consolidated Statements of Financial Position as of December 31, 2024 and 2023  
Consolidated Statements of Income for the years ended December 31, 2024, 2023  
and 2022  
Consolidated Statements of Comprehensive Income for the years ended  
December 31, 2024, 2023 and 2022  
Consolidated Statements of Changes in Equity as of December 31, 2024, 2023  
and 2022  
Consolidated Statements of Cash Flows for the years ended December 31, 2024,  
2023 and 2022  
Notes to Consolidated Financial Statements

**Supplementary Schedules**

|                                                                                                                                                                                                            |   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration                                                                                                                            | * |
| Annex B: Map Showing the Relationships Between and Among the Company and its<br>Ultimate<br>Parent Company, Middle Parent, Subsidiaries or Co-subsiidiaries, Associates, Wherever<br>Located or Registered | * |
| Annex C: Supplementary Schedules Required by Annex 68-J                                                                                                                                                    | * |
| Schedule A. Financial Assets                                                                                                                                                                               | * |
| Schedule B. Amounts Receivable from Directors, Officers, Employees, Related<br>Parties, and Principal Stockholders (Other than Related Parties)                                                            | * |
| Schedule C. Amounts Receivable from Related Parties which are Eliminated During<br>the Consolidation of Financial Statements                                                                               | * |
| Schedule D. Long-term Debt                                                                                                                                                                                 | * |
| Schedule E. Indebtedness to Related Parties                                                                                                                                                                | * |
| Schedule F. Guarantees of Securities of Other Issuers                                                                                                                                                      | * |
| Schedule G. Capital Stock                                                                                                                                                                                  | * |

\* These schedules which are required by Part IV of SRC Rule 12 are contained in the Company's Audited Consolidated Financial Statements, in the accompanying Notes to Consolidated Financial Statements, or in Supplementary Information and Disclosures Required on SRC Rule 68 and 68.1 As Amended.

## INDEX TO EXHIBITS

### Form 17- A

#### No.

|      |                                                                                      |   |
|------|--------------------------------------------------------------------------------------|---|
|      | Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession         | * |
| (5)  | Instrument Defining the Rights of Security Holders, Including Indentures             | * |
| (8)  | Voting Trust Agreement                                                               | * |
| (9)  | Material Contracts                                                                   | * |
| (10) | Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders | * |
| (13) | Letter re Change in Certifying Accountant                                            | * |
| (16) | Report Furnished to Security Holders                                                 | * |
| (18) | Subsidiaries of the Registrant                                                       | A |
| (19) | Published Report Regarding Matters Submitted to Vote of Security Holders             | * |
| (20) | Consent of Experts and Independent Counsel                                           | * |
| (21) | Power of Attorney                                                                    | * |
| (29) | Additional Exhibits                                                                  | * |
|      | Sustainability Report                                                                | B |

\* These exhibits are either not applicable to the Company or require no answer.

A This schedule is contained in Note 1 of the Company's 2024 Audited Consolidated Financial Statements

B Refer to the attached Sustainability Report in this Annual Report



# COVER SHEET

for

## AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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**COMPANY NAME**

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| I | O | N |   | A | N | D |   | S | U | B | S | I | D | I | A | R | I | E | S |   |  |   |   |   |   |   |   |   |   |
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**PRINCIPAL OFFICE** ( No. / Street / Barangay / City / Town / Province )

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
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| L |   | C | I | T | Y | , |   | T | A | G | U | I | G |   | C | I | T | Y | , |   | M | E | T | R | O |   | M | A | N |
| I | L | A |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

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Department requiring the report

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Secondary License Type, If Applicable

|   |   |  |  |
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| N | A |  |  |
|---|---|--|--|

**COMPANY INFORMATION**

Company's Email Address

**www.filinvestgroup.com**

Company's Telephone Number

**7798-3977**

Mobile Number

**NONE**

No. of Stockholders

**3,976**

Annual Meeting (Month / Day)

**Last Friday of April**

Fiscal Year (Month / Day)

**12/31****CONTACT PERSON INFORMATION**The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

**Ven Christian S. Guce**

Email Address

**ven.guce@filinvestgroup.com**

Telephone Number/s

**7798-3977**

Mobile Number

**N/A****CONTACT PERSON'S ADDRESS**

**The Beaufort, 5th Avenue Corner 23rd Street, Bonifacio Global City, Taguig City 1634,  
Metro Manila**

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

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



# FILINVEST DEVELOPMENT CORP.

6th Floor, The Beaufort  
5th Avenue corner 23rd Street  
Bonifacio Global City  
1634 Taguig City, Philippines  
Trunk line: (632) 798-3977  
www.filinvestgroup.com

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

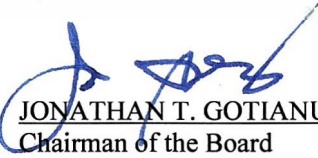
The management of **FILINVEST DEVELOPMENT CORPORATION** (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

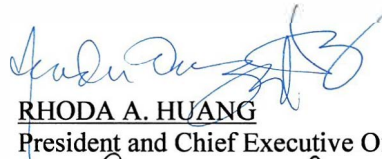
In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the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

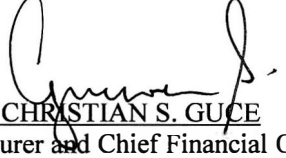
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

**SyCip, Gorres, Velayo & Co.**, the independent auditor appointed by the stockholders, has audited the 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 audit.

  
**JONATHAN T. GOTIANUN**  
Chairman of the Board

  
**RHODA A. HUANG**  
President and Chief Executive Officer

  
**VEN CHRISTIAN S. GUCE**  
Treasurer and Chief Financial Officer

| Name                  | Competent evidence of Identity | Place Issued/ Issue Date/ Expiry Date            |
|-----------------------|--------------------------------|--------------------------------------------------|
| Jonathan T. Gotianun  | Philippine Passport No.        | DFA Manila/ January 3, 2018/ January 2, 2028     |
| Rhoda A. Huang        | Philippine Passport No.        | DFA NCR East/ January 15, 2025/ January 14, 2035 |
| Ven Christian S. Guce | Philippine Passport No.        | DFA Manila/ October 29, 2021/ October 28, 2031   |

**SUBSCRIBED AND SWORN TO BEFORE ME** in the City of Mandaluyong  
this 19 day of MAR 2025 affiant exhibiting to me \_\_\_\_\_  
as his/her competent evidence of identity.

Signed this 19th day of March

Doc. No. 448;  
Page No. 91;  
Book No. 11;  
Series of 2025

**JOVEN G. SEAGLANO**  
NOTARY PUBLIC FOR CITY OF MANDALUYONG  
COMMISSION NO. 0285-25 VALID UNTIL DECEMBER 31, 2026  
ROLL NO. 53970(SB)  
IBP LIFETIME NO. 011302; 12-28-12; RIZAL  
PTR NO. 5708102; 1-2-25; MANDALUYONG  
MCLE EXEMPTION NO. VIII-ACAD004023 14 APRIL 2026  
UG 03 CITYLAND SHAW TOWER  
SHAW BOULEVARD, MANDALUYONG CITY

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**Fw: [EXT] Your BIR AFS eSubmission uploads were received**

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**From** Investor Relations <ir@filinvestgroup.com>

**Date** Fri 4/11/2025 4:53 PM

**To** Jake Isaac S. Enriquez <jake.enriquez@filinvestbsc.com>

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**From:** eafs@bir.gov.ph <eafs@bir.gov.ph>

**Sent:** Friday, April 11, 2025 4:50 PM

**To:** Investor Relations <ir@filinvestgroup.com>

**Cc:** Edilleen Asuncion\_Resigned 01/15/2024 <edilleen.asuncion@filinvestgroup.com>

**Subject:** [EXT] Your BIR AFS eSubmission uploads were received

**CAUTION:** This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.

Hi FILINVEST DEVELOPMENT CORPORATION,

**Valid files**

- EAFS000053167AFSTY122024.pdf
- EAFS000053167TCRTY122024-01.pdf
- EAFS000053167OTHTY122024.pdf
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Transaction Code: **AFS-0-41VXM2QZ0CA9K9EFLNPV12ZTX0MN2VSQ2S**

Submission Date/Time: **Apr 11, 2025 04:50 PM**

Company TIN: **000-053-167**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors  
Filinvest Development Corporation  
The Beaufort, 5th Avenue corner 23rd Street  
Bonifacio Global City, Taguig City, Metro Manila

### Opinion

We have audited the accompanying consolidated financial statements of Filinvest Development Corporation (FDC or the Parent Company) and its subsidiaries (collectively referred to as the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, 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, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023 and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### Basis for Opinion

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

### Key Audit Matters

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



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

### ***Real Estate Revenue Recognition***

The Group's 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: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; and (3) application of the output method as the measure of progress in determining real estate revenue.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history with the buyer, age of residential development receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

Effective January 1, 2024, the Group adopted Philippine Interpretations Committee (PIC) Q&A 2018-12-D (as amended by PIC Q&A 2020-04) in assessing if the transaction price includes significant financing component. The Group applied the modified retrospective approach in its initial adoption.

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 project engineers and third-party project managers. The disclosures related to the real estate revenue are included in Notes 2 and 35 to the consolidated financial statements.

### ***Audit Response***

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold.

For the determination of the transaction price, we obtained an understanding of the Group's process in implementing PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04), including the determination of the population of contracts with customers related to real estate sales, the selection of the transition approach and election of available practical expedient. We obtained the financing component calculation of the management which includes an analysis whether the financing component of the Group's contract with a customer is significant. We selected sample contracts from the sales contract database and traced these selected contracts to the calculations prepared by management. For selected contracts, we traced the underlying data and assumptions used in the financing component calculations such as contract price, cash discount, payment scheme, payment amortization table and percentage of completion (POC) to the contract provisions and projected percentage of completion schedule. We also recomputed the financing component for each sample selected.



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 relevant controls. We inspected the certified POC reports prepared by the internal project engineers for mid-rise real estate development and third-party project managers for high-rise real estate development 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 and inspected the supporting details of POC report showing the completion of the major activities of the project construction.

***Adequacy of Allowance for Credit Losses on Loans and Receivables from Banking and Financial Services***

The application of the expected credit loss (ECL) model of the Group's banking and financial services segment in calculating the allowance for credit losses on loans and receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset and expected recoveries from defaulted accounts, and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information (called overlays) in calculating ECL.

Refer to Notes 3 and 9 to the consolidated financial statements for the related disclosures and details of the allowance for credit losses using the ECL model.

***Audit Response***

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

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts and credit risk management policies and practices in place; (c) tested the Group's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Group's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries including the timing, related direct 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 the Group's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.

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



### ***Assessment of Goodwill***

Under PFRS Accounting Standards, the Group is required to test the amount of goodwill for impairment at least annually. As of December 31, 2024, the Group's goodwill attributable to the acquisition of the sugar business is significant at the carrying value of ₱6,177.3 million. Management's assessment process requires significant judgment and is based on assumptions that are subject to higher level of estimation uncertainty given the current market and economic conditions, specifically, growth rate, gross margin and discount rate.

Refer to Notes 3 and 4 to the consolidated financial statements for the disclosures about goodwill.

### ***Audit Response***

We involved our internal specialist in evaluating the methodology and the assumptions used, including growth rate, gross margin and discount rate.

We compared the key assumptions used, such as growth rate and gross margin against the historical performance and industry outlook of the cash-generating unit, and other relevant external data. We tested the parameters used in the determination of the discount rate 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.

### **Other Information**

Management is responsible for the Other Information. The Other Information comprises the information included in SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 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 such information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, 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 material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit. We remain solely responsible for our audit opinion.

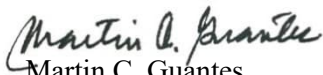
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Martin C. Guantes.

SYCIP GORRES VELAYO & CO.



Martin C. Guantes

Partner

CPA Certificate No. 88494

Tax Identification No. 152-884-272

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-052-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465311, January 2, 2025, Makati City

March 19, 2025



**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Amounts in Thousands of Pesos)

|                                                                             | <b>December 31</b>  |              |
|-----------------------------------------------------------------------------|---------------------|--------------|
|                                                                             | <b>2024</b>         | <b>2023</b>  |
| <b>ASSETS</b>                                                               |                     |              |
| Cash and cash equivalents (Note 6)                                          | <b>₱52,317,373</b>  | ₱48,962,146  |
| Loans and receivables                                                       |                     |              |
| Real estate operations (Note 7)                                             | <b>11,384,885</b>   | 9,285,775    |
| Hospitality operations (Note 8)                                             | <b>396,137</b>      | 247,570      |
| Banking and financial services (Note 9)                                     | <b>323,459,351</b>  | 281,253,378  |
| Power and utility operations (Note 10)                                      | <b>4,789,083</b>    | 4,861,962    |
| Sugar operations (Note 11)                                                  | <b>153,708</b>      | 134,639      |
| Financial assets at fair value through profit or loss (Note 12)             | <b>9,174,275</b>    | 4,112,322    |
| Financial assets at fair value through other comprehensive income (Note 12) | <b>29,983,609</b>   | 19,411,425   |
| Investment securities at amortized cost (Note 12)                           | <b>81,922,750</b>   | 75,401,019   |
| Contract assets (Notes 2 and 13)                                            | <b>8,436,614</b>    | 9,867,642    |
| Real estate inventories (Notes 2 and 14)                                    | <b>78,900,316</b>   | 81,004,413   |
| Coal, spare parts and other inventories (Note 15)                           | <b>2,397,054</b>    | 1,665,772    |
| Investment properties (Note 16)                                             | <b>103,641,040</b>  | 98,240,278   |
| Property, plant and equipment (Note 17)                                     | <b>51,890,809</b>   | 49,253,884   |
| Investments in joint ventures and associate (Note 18)                       | <b>2,010,839</b>    | 1,907,136    |
| Deferred tax assets - net (Note 34)                                         | <b>5,791,642</b>    | 5,628,946    |
| Goodwill (Note 4)                                                           | <b>10,381,152</b>   | 10,381,152   |
| Other assets - net (Note 20)                                                | <b>36,649,611</b>   | 33,314,574   |
| <b>Total Assets</b>                                                         | <b>₱813,680,248</b> | ₱734,934,033 |

**LIABILITIES AND EQUITY**

|                                                                    |                     |              |
|--------------------------------------------------------------------|---------------------|--------------|
| <b>Liabilities</b>                                                 |                     |              |
| Deposit liabilities (Note 21)                                      | <b>₱372,542,796</b> | ₱338,781,312 |
| Bills and acceptances payable (Note 22)                            | <b>40,117,180</b>   | 15,403,706   |
| Accounts payable, accrued expenses and other liabilities (Note 23) | <b>53,901,380</b>   | 46,888,946   |
| Contract liabilities (Note 13)                                     | <b>3,156,425</b>    | 2,996,852    |
| Long-term and short-term debt (Note 24)                            | <b>137,331,240</b>  | 132,371,944  |
| Income tax payable                                                 | <b>439,461</b>      | 488,470      |
| Retirement liabilities (Notes 26 and 30)                           | <b>1,660,444</b>    | 1,575,028    |
| Lease liabilities (Note 32)                                        | <b>9,042,566</b>    | 8,454,337    |
| Deferred tax liabilities - net (Notes 2 and 34)                    | <b>9,108,250</b>    | 10,281,563   |
| <b>Total Liabilities</b>                                           | <b>627,299,742</b>  | 557,242,158  |

(Forward)



|                                                                                                    | December 31         |                     |
|----------------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                                    | 2024                | 2023                |
| <b>Equity</b>                                                                                      |                     |                     |
| Equity attributable to equity holders of the Parent Company                                        |                     |                     |
| Capital stock - ₱1 par value (Note 25)                                                             |                     |                     |
| Authorized common shares - 15,000,000,000                                                          |                     |                     |
| Authorized preferred shares - 2,000,000,000                                                        |                     |                     |
| Issued common shares - 9,319,872,387                                                               | <b>₱9,319,872</b>   | <b>₱9,319,872</b>   |
| Treasury shares - 671,409,400 (Notes 25 and 31)                                                    | <b>(3,614,474)</b>  | <b>(3,614,474)</b>  |
| Additional paid-in capital (Note 25)                                                               | <b>11,900,015</b>   | <b>11,900,015</b>   |
| Retained earnings (Note 25)                                                                        | <b>127,792,244</b>  | <b>119,711,533</b>  |
| Other comprehensive income - net of tax                                                            |                     |                     |
| Revaluation reserve on financial assets at fair value through other comprehensive income (Note 12) | <b>(547,810)</b>    | <b>(302,556)</b>    |
| Remeasurement losses on retirement plans - net of tax (Note 30)                                    | <b>(214,373)</b>    | <b>(176,065)</b>    |
| Cumulative translation adjustments                                                                 | <b>121,161</b>      | <b>201,167</b>      |
| Share in other components of equity in joint ventures                                              | <b>724</b>          | <b>724</b>          |
|                                                                                                    | <b>144,757,359</b>  | <b>137,040,216</b>  |
| Noncontrolling interests (Note 5)                                                                  | <b>41,623,147</b>   | <b>40,651,659</b>   |
| Total Equity                                                                                       | <b>186,380,506</b>  | <b>177,691,875</b>  |
|                                                                                                    | <b>₱813,680,248</b> | <b>₱734,934,033</b> |

*See accompanying Notes to Consolidated Financial Statements.*



**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME****(Amounts in Thousands of Pesos, Except Earnings Per Share Figures)**

|                                                              | <b>Years Ended December 31</b> |             |             |
|--------------------------------------------------------------|--------------------------------|-------------|-------------|
|                                                              | <b>2024</b>                    | <b>2023</b> | <b>2022</b> |
| <b>REVENUES</b> (Note 35)                                    |                                |             |             |
| Real estate operations                                       |                                |             |             |
| Sale of lots, condominium and residential units              | <b>₱17,567,000</b>             | ₱16,094,806 | ₱13,314,664 |
| Rental and related services (Notes 16, 20 and 32)            | <b>8,486,789</b>               | 7,663,855   | 6,732,189   |
| Hospitality operations                                       | <b>3,763,329</b>               | 2,856,543   | 1,928,979   |
| Banking and financial services (Notes 6, 9 and 12)           | <b>41,730,563</b>              | 33,943,051  | 25,652,661  |
| Power and utility operations                                 | <b>24,397,973</b>              | 17,207,202  | 12,899,789  |
| Sugar operations                                             | <b>5,815,205</b>               | 5,027,067   | 4,280,178   |
|                                                              | <b>101,760,859</b>             | 82,792,524  | 64,808,460  |
| <b>OTHER INCOME</b> (Notes 27 and 35)                        |                                |             |             |
| Real estate operations                                       | <b>2,026,362</b>               | 1,647,576   | 1,180,709   |
| Hospitality operations                                       | <b>552,898</b>                 | 563,913     | 4,195       |
| Banking and financial services                               | <b>8,932,099</b>               | 7,429,236   | 4,912,360   |
| Power and utility operations                                 | <b>130,235</b>                 | 358,236     | 139,059     |
| Sugar operations                                             | <b>43,085</b>                  | 50,056      | 78,809      |
|                                                              | <b>11,684,679</b>              | 10,049,017  | 6,315,132   |
| <b>Total Revenues and Other Income</b>                       | <b>113,445,538</b>             | 92,841,541  | 71,123,592  |
| <b>COSTS</b> (Note 28)                                       |                                |             |             |
| Real estate operations                                       |                                |             |             |
| Sale of lots, condominium and residential units<br>(Note 14) | <b>7,754,859</b>               | 8,534,325   | 7,521,107   |
| Rental and related services (Notes 16 and 20)                | <b>3,613,954</b>               | 2,824,608   | 2,366,540   |
| Hospitality operations                                       | <b>2,526,342</b>               | 1,827,843   | 1,334,216   |
| Banking and financial services (Notes 21, 22 and 24)         | <b>8,418,748</b>               | 5,986,364   | 2,593,840   |
| Power and utility operations                                 | <b>16,691,157</b>              | 12,060,599  | 8,700,791   |
| Sugar operations                                             | <b>4,741,794</b>               | 4,061,398   | 3,554,776   |
| Other operations (Note 24)                                   | <b>591,785</b>                 | 518,016     | 470,272     |
|                                                              | <b>44,338,639</b>              | 35,813,153  | 26,541,542  |
| <b>EXPENSES</b> (Note 29)                                    |                                |             |             |
| Real estate operations                                       | <b>9,309,880</b>               | 7,217,548   | 6,419,775   |
| Hospitality operations                                       | <b>1,449,580</b>               | 1,392,562   | 1,192,396   |
| Banking and financial services                               | <b>32,855,465</b>              | 27,907,904  | 22,097,839  |
| Power and utility operations                                 | <b>2,355,718</b>               | 2,151,071   | 2,264,496   |
| Sugar operations                                             | <b>201,983</b>                 | 183,996     | 160,302     |
| Other operations                                             | <b>2,378,968</b>               | 2,674,014   | 1,755,697   |
|                                                              | <b>48,551,594</b>              | 41,527,095  | 33,890,505  |
| <b>Total Costs and Expenses</b>                              | <b>92,890,233</b>              | 77,340,248  | 60,432,047  |

*(Forward)*

|                                                         | Years Ended December 31 |             |             |
|---------------------------------------------------------|-------------------------|-------------|-------------|
|                                                         | 2024                    | 2023        | 2022        |
| <b>INCOME BEFORE INCOME TAX</b>                         | <b>₱20,555,305</b>      | ₱15,501,293 | ₱10,691,545 |
| <b>PROVISION FOR INCOME TAX (Note 34)</b>               |                         |             |             |
| Current                                                 | 3,895,854               | 3,482,679   | 2,059,068   |
| Deferred                                                | 961,098                 | (118,196)   | 329,817     |
|                                                         | <b>4,856,952</b>        | 3,364,483   | 2,388,885   |
| <b>NET INCOME (Note 35)</b>                             | <b>₱15,698,353</b>      | ₱12,136,810 | ₱8,302,660  |
| Net income attributable to:                             |                         |             |             |
| Equity holders of the Parent Company (Note 31)          | <b>₱12,131,320</b>      | ₱8,947,468  | ₱5,650,674  |
| Noncontrolling interests                                | <b>3,567,033</b>        | 3,189,342   | 2,651,986   |
|                                                         | <b>₱15,698,353</b>      | ₱12,136,810 | ₱8,302,660  |
| Basic/Diluted Earnings Per Share Attributable to Equity |                         |             |             |
| Holders of the Parent Company (Note 31)                 | <b>₱1.40</b>            | ₱1.03       | ₱0.65       |

*See accompanying Notes to Consolidated Financial Statements.*



**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Amounts in Thousands of Pesos)

|                                                                                                         | Years Ended December 31 |                    |                    |
|---------------------------------------------------------------------------------------------------------|-------------------------|--------------------|--------------------|
|                                                                                                         | 2024                    | 2023               | 2022               |
| <b>NET INCOME</b>                                                                                       | <b>₱15,698,353</b>      | <b>₱12,136,810</b> | <b>₱8,302,660</b>  |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                                                                |                         |                    |                    |
| <b>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</b>     |                         |                    |                    |
| Changes in fair value of financial assets through other comprehensive income (Note 12)                  | (33,616)                | (41,780)           | (30,092)           |
| Translation adjustments (Note 2)                                                                        | (95,478)                | 369,315            | 186,498            |
|                                                                                                         | <b>(129,094)</b>        | <b>327,535</b>     | <b>156,406</b>     |
| <b>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</b> |                         |                    |                    |
| Changes in fair value of financial assets through other comprehensive income (Note 12)                  | (299,909)               | 1,297,147          | (1,955,034)        |
| Remeasurement gains (losses) on retirement plans - net of tax (Note 30)                                 | (46,329)                | (5,612)            | 17,851             |
|                                                                                                         | <b>(346,238)</b>        | <b>1,291,535</b>   | <b>(1,937,183)</b> |
|                                                                                                         | <b>(475,332)</b>        | <b>1,619,070</b>   | <b>(1,780,777)</b> |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                                                       | <b>₱15,223,021</b>      | <b>₱13,755,880</b> | <b>₱6,521,883</b>  |
| Total comprehensive income attributable to:                                                             |                         |                    |                    |
| Equity holders of the Parent Company                                                                    | <b>₱11,767,752</b>      | <b>₱10,342,888</b> | <b>₱4,292,505</b>  |
| Noncontrolling interests                                                                                | <b>3,455,269</b>        | <b>3,412,992</b>   | <b>2,229,378</b>   |
|                                                                                                         | <b>₱15,223,021</b>      | <b>₱13,755,880</b> | <b>₱6,521,883</b>  |

*See accompanying Notes to Consolidated Financial Statements.*



# FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

|                                                                                                                                                                               | Equity Attributable to Equity Holders of the Parent Company |                                               |                                   |                                                                                                                         |                                                                                  |                                        |                                                                                |                                            |              |                                         |              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------|--------------|-----------------------------------------|--------------|
|                                                                                                                                                                               | Capital Stock<br>(Note 25)                                  | Additional<br>Paid-in<br>Capital<br>(Note 25) | Retained<br>Earnings<br>(Note 25) | Revaluation<br>Reserve on<br>Financial Assets<br>at Fair Value<br>Through Other<br>Comprehensive<br>Income<br>(Note 12) | Re-<br>measurement<br>Losses on<br>Retirement<br>Plans - net of tax<br>(Note 30) | Translation<br>Adjustments<br>(Note 2) | Share<br>in Other<br>Components<br>of Equity in<br>Joint Ventures<br>(Note 18) | Treasury<br>Shares<br>(Notes 25<br>and 31) | Total        | Noncontrolling<br>Interests<br>(Note 5) | Total        |
| For the Year Ended December 31, 2024                                                                                                                                          |                                                             |                                               |                                   |                                                                                                                         |                                                                                  |                                        |                                                                                |                                            |              |                                         |              |
| Balances as at January 1, 2024, as<br>previously stated                                                                                                                       | ₱9,319,872                                                  | ₱11,900,015                                   | ₱119,711,533                      | (₱302,556)                                                                                                              | (₱176,065)                                                                       | ₱201,167                               | ₱724                                                                           | (₱3,614,474)                               | ₱137,040,216 | ₱40,651,659                             | ₱177,691,875 |
| Effect of adoption of IFRIC Agenda Decision on Over<br>Time Transfer of Constructed Goods<br>(PAS 23, <i>Borrowing Cost</i> ) and Significant<br>Financing Component (Note 2) | —                                                           | —                                             | (2,810,653)                       | —                                                                                                                       | —                                                                                | —                                      | —                                                                              | —                                          | (2,810,653)  | (1,335,193)                             | (4,145,846)  |
| Balances as at January 1, 2024, as restated                                                                                                                                   | 9,319,872                                                   | 11,900,015                                    | 116,900,880                       | (302,556)                                                                                                               | (176,065)                                                                        | 201,167                                | 724                                                                            | (3,614,474)                                | 134,229,563  | 39,316,466                              | 173,546,029  |
| Net income                                                                                                                                                                    | —                                                           | —                                             | 12,131,320                        | —                                                                                                                       | —                                                                                | —                                      | —                                                                              | —                                          | 12,131,320   | 3,567,033                               | 15,698,353   |
| Other comprehensive income (loss)                                                                                                                                             | —                                                           | —                                             | —                                 | (245,254)                                                                                                               | (38,308)                                                                         | (80,006)                               | —                                                                              | —                                          | (363,568)    | (111,764)                               | (475,332)    |
| Total comprehensive income (loss)                                                                                                                                             | —                                                           | —                                             | 12,131,320                        | (245,254)                                                                                                               | (38,308)                                                                         | (80,006)                               | —                                                                              | —                                          | 11,767,752   | 3,455,269                               | 15,223,021   |
| Changes in noncontrolling interest<br>(Notes 2 and 5)                                                                                                                         | —                                                           | —                                             | (345,214)                         | —                                                                                                                       | —                                                                                | —                                      | —                                                                              | —                                          | (345,214)    | 174,542                                 | (170,672)    |
| Dividends declared (Notes 5 and 25)                                                                                                                                           | —                                                           | —                                             | (894,742)                         | —                                                                                                                       | —                                                                                | —                                      | —                                                                              | —                                          | (894,742)    | (1,323,130)                             | (2,217,872)  |
| Balances as of December 31, 2024                                                                                                                                              | ₱9,319,872                                                  | ₱11,900,015                                   | ₱127,792,244                      | (₱547,810)                                                                                                              | (₱214,373)                                                                       | ₱121,161                               | ₱724                                                                           | (₱3,614,474)                               | ₱144,757,359 | ₱41,623,147                             | ₱186,380,506 |
| For the Year Ended December 31, 2023                                                                                                                                          |                                                             |                                               |                                   |                                                                                                                         |                                                                                  |                                        |                                                                                |                                            |              |                                         |              |
| Balances as at January 1, 2023                                                                                                                                                | ₱9,319,872                                                  | ₱11,900,015                                   | ₱111,329,156                      | (₱1,326,191)                                                                                                            | (₱186,845)                                                                       | (₱159,838)                             | ₱724                                                                           | (₱3,614,474)                               | ₱127,262,419 | ₱38,409,623                             | ₱165,672,042 |
| Net income                                                                                                                                                                    | —                                                           | —                                             | 8,947,468                         | —                                                                                                                       | —                                                                                | —                                      | —                                                                              | —                                          | 8,947,468    | 3,189,342                               | 12,136,810   |
| Other comprehensive income                                                                                                                                                    | —                                                           | —                                             | —                                 | 1,023,635                                                                                                               | 10,780                                                                           | 361,005                                | —                                                                              | —                                          | 1,395,420    | 223,650                                 | 1,619,070    |
| Total comprehensive income                                                                                                                                                    | —                                                           | —                                             | 8,947,468                         | 1,023,635                                                                                                               | 10,780                                                                           | 361,005                                | —                                                                              | —                                          | 10,342,888   | 3,412,992                               | 13,755,880   |
| Dividends declared (Notes 5 and 25)                                                                                                                                           | —                                                           | —                                             | (565,091)                         | —                                                                                                                       | —                                                                                | —                                      | —                                                                              | —                                          | (565,091)    | (1,170,956)                             | (1,736,047)  |
| Balances as of December 31, 2023                                                                                                                                              | ₱9,319,872                                                  | ₱11,900,015                                   | ₱119,711,533                      | (₱302,556)                                                                                                              | (₱176,065)                                                                       | ₱201,167                               | ₱724                                                                           | (₱3,614,474)                               | ₱137,040,216 | ₱40,651,659                             | ₱177,691,875 |



| Equity Attributable to Equity Holders of the Parent Company |                                               |                                   |                                                                                                                         |                                                                                  |                                        |                                                                                |                                            |              |                                         |             |              |
|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------|--------------|-----------------------------------------|-------------|--------------|
| Capital Stock<br>(Note 25)                                  | Additional<br>Paid-in<br>Capital<br>(Note 25) | Retained<br>Earnings<br>(Note 25) | Revaluation<br>Reserve on<br>Financial Assets<br>at Fair Value<br>Through Other<br>Comprehensive<br>Income<br>(Note 12) | Re-<br>measurement<br>Losses on<br>Retirement<br>Plans - net of tax<br>(Note 30) | Translation<br>Adjustments<br>(Note 2) | Share<br>in Other<br>Components<br>of Equity in<br>Joint Ventures<br>(Note 18) | Treasury<br>Shares<br>(Notes 25<br>and 31) | Total        | Noncontrolling<br>Interests<br>(Note 5) | Total       |              |
| For the Year Ended December 31, 2022                        |                                               |                                   |                                                                                                                         |                                                                                  |                                        |                                                                                |                                            |              |                                         |             |              |
| Balances as at January 1, 2022                              | ₱9,319,872                                    | ₱11,900,015                       | ₱106,285,085                                                                                                            | ₱214,100                                                                         | (₱223,775)                             | (₱305,031)                                                                     | ₱724                                       | (₱3,614,474) | ₱123,576,516                            | ₱37,534,392 | ₱161,110,908 |
| Net income                                                  | —                                             | —                                 | 5,650,674                                                                                                               | —                                                                                | —                                      | —                                                                              | —                                          | —            | 5,650,674                               | 2,651,986   | 8,302,660    |
| Other comprehensive income (loss)                           | —                                             | —                                 | —                                                                                                                       | (1,540,291)                                                                      | 36,930                                 | 145,193                                                                        | —                                          | —            | (1,358,168)                             | (422,609)   | (1,780,777)  |
| Total comprehensive income (loss)                           | —                                             | —                                 | 5,650,674                                                                                                               | (1,540,291)                                                                      | 36,930                                 | 145,193                                                                        | —                                          | —            | 4,292,506                               | 2,229,377   | 6,521,883    |
| Dividends declared (Notes 5 and 25)                         | —                                             | —                                 | (606,603)                                                                                                               | —                                                                                | —                                      | —                                                                              | —                                          | —            | (606,603)                               | (1,354,146) | (1,960,749)  |
| Balances as of December 31, 2022                            | ₱9,319,872                                    | ₱11,900,015                       | ₱111,329,156                                                                                                            | (₱1,326,191)                                                                     | (₱186,845)                             | (₱159,838)                                                                     | ₱724                                       | (₱3,614,474) | ₱127,262,419                            | ₱38,409,623 | ₱165,672,042 |

See accompanying Notes to Consolidated Financial Statements.





**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in Thousands of Pesos)

|                                                                                                                                                                       | Years Ended December 31 |              |              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------|--------------|
|                                                                                                                                                                       | 2024                    | 2023         | 2022         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                                                           |                         |              |              |
| Income before income tax                                                                                                                                              | <b>₱20,555,305</b>      | ₱15,501,293  | ₱10,691,545  |
| Adjustments for:                                                                                                                                                      |                         |              |              |
| Provision for probable losses (Note 29)                                                                                                                               | <b>9,939,073</b>        | 7,620,095    | 5,248,699    |
| Interest expense (Notes 28 and 29)                                                                                                                                    | <b>7,167,415</b>        | 5,165,195    | 4,969,279    |
| Depreciation and amortization (Notes 16, 17 and 20)                                                                                                                   | <b>6,083,458</b>        | 5,204,280    | 5,368,959    |
| Loss (gain) on sale of property and equipment and investment properties (Note 27)                                                                                     | <b>688,094</b>          | 183,080      | 105,349      |
| Amortization of premium (discount) on financial assets at fair value through other comprehensive income and investment securities at amortized cost (Notes 12 and 27) | <b>84,216</b>           | 532,150      | (5,435,965)  |
| Share in net loss (income) of joint ventures and an associate (Notes 18, 27 and 29)                                                                                   | <b>(115,633)</b>        | 307,472      | 348,166      |
| Interest income (Note 27)                                                                                                                                             | <b>(503,348)</b>        | (559,530)    | (458,894)    |
| Loss (gain) on asset foreclosure and <i>dacion</i> transactions (Note 27)                                                                                             | <b>(1,191,284)</b>      | (614,532)    | 9,445        |
| Operating income before changes in operating assets and liabilities                                                                                                   | <b>42,707,296</b>       | 33,339,503   | 20,846,583   |
| Decrease (increase) in:                                                                                                                                               |                         |              |              |
| Loans and receivables                                                                                                                                                 | <b>(59,780,871)</b>     | (47,828,683) | (48,249,644) |
| Financial assets at fair value through profit or loss                                                                                                                 | <b>(5,061,953)</b>      | (2,154,012)  | 2,098,541    |
| Contract assets                                                                                                                                                       | <b>1,311,857</b>        | (2,258,110)  | 1,287,985    |
| Real estate inventories                                                                                                                                               | <b>(4,927,392)</b>      | (2,695,159)  | (1,123,954)  |
| Coal, spare parts and other inventories                                                                                                                               | <b>(731,282)</b>        | 650,897      | (907,109)    |
| Increase (decrease) in:                                                                                                                                               |                         |              |              |
| Deposit liabilities                                                                                                                                                   | <b>27,021,739</b>       | 26,406,833   | (2,100,838)  |
| Accounts payable, accrued expenses and other liabilities                                                                                                              | <b>8,153,842</b>        | 7,891,993    | 5,815,323    |
| Contract liabilities                                                                                                                                                  | <b>159,573</b>          | (926,159)    | 437,700      |
| Cash generated from (used in) operations                                                                                                                              | <b>8,852,809</b>        | 12,427,103   | (21,895,413) |
| Income taxes paid                                                                                                                                                     | <b>(3,944,863)</b>      | (3,243,048)  | (1,999,022)  |
| Net cash provided by (used in) operating activities                                                                                                                   | <b>4,907,946</b>        | 9,184,055    | (23,894,435) |

(Forward)



|                                                                                                 | Years Ended December 31 |                     |                     |
|-------------------------------------------------------------------------------------------------|-------------------------|---------------------|---------------------|
|                                                                                                 | 2024                    | 2023                | 2022                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                     |                         |                     |                     |
| Acquisitions of:                                                                                |                         |                     |                     |
| Financial assets at financial assets at fair value through other comprehensive income           | (P17,689,047)           | (P5,543,251)        | (P211,908,930)      |
| Investment properties and property, plant and equipment (Notes 16 and 17)                       | (9,930,623)             | (6,382,001)         | (13,922,581)        |
| Investment securities at amortized cost                                                         | (5,860,248)             | (12,039,512)        | (38,371,279)        |
| Shares in subsidiary (Notes 1 and 5)                                                            | (170,672)               | (50,000)            | —                   |
| Investments in joint ventures and associate (Note 18)                                           | —                       | (216,000)           | (802,292)           |
| Proceeds from sale of:                                                                          |                         |                     |                     |
| Financial assets at financial assets at fair value through other comprehensive income (Note 12) | 10,713,611              | 4,442,304           | 235,817,583         |
| Investment properties and repossessed assets                                                    | 4,853,163               | 2,743,162           | 6,375,723           |
| Maturity of investments securities at amortized cost                                            | 2,070,293               | —                   | 111,672             |
| Receipts of interest income                                                                     | 503,348                 | 559,530             | 458,894             |
| Decrease (increase) in:                                                                         |                         |                     |                     |
| Due from related parties (Notes 7, 8, 10 and 26)                                                | 29,367                  | 49,585              | 18,289              |
| Other assets                                                                                    | (2,339,904)             | (7,459,830)         | (3,067,358)         |
| Net cash used in investing activities                                                           | (17,820,712)            | (23,896,013)        | (25,290,279)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                     |                         |                     |                     |
| (Note 39)                                                                                       |                         |                     |                     |
| Proceeds from availment of long-term and short-term debt                                        | 63,442,124              | 38,811,359          | 26,012,626          |
| Increase (decrease) in:                                                                         |                         |                     |                     |
| Bills and acceptances payable (Note 22)                                                         | 24,713,474              | 8,444,195           | 6,663,306           |
| Due to related parties (Notes 23 and 26)                                                        | (533,293)               | 18,476              | 32,175              |
| Payments of:                                                                                    |                         |                     |                     |
| Long-term and short-term debt                                                                   | (59,068,195)            | (44,190,637)        | (25,589,119)        |
| Interest expense (including capitalized borrowing costs)                                        | (8,329,002)             | (7,546,485)         | (6,852,117)         |
| Dividends (Notes 5 and 25)                                                                      | (2,217,872)             | (1,736,047)         | (1,960,750)         |
| Lease liabilities (Note 32)                                                                     | (1,739,243)             | (1,438,713)         | (884,432)           |
| Net cash provided by (used in) financing activities                                             | 16,267,993              | (7,637,852)         | (2,578,311)         |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                     | <b>3,355,227</b>        | <b>(22,349,810)</b> | <b>(51,763,025)</b> |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                                           | <b>48,962,146</b>       | <b>71,311,956</b>   | <b>123,074,981</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)</b>                                        | <b>P52,317,373</b>      | <b>P48,962,146</b>  | <b>P71,311,956</b>  |

See accompanying Notes to Consolidated Financial Statements.



# FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 1. Corporate Information and Approval of Consolidated Financial Statements

#### Corporate Information

Filinvest Development Corporation (FDC or the “Parent Company”) is a stock corporation incorporated on April 27, 1973 under the laws of the Philippines where its shares are publicly traded. The Parent Company and its subsidiaries (collectively referred to as the “Filinvest Group” or the “Group”) are engaged in real estate operations as a developer of residential subdivisions and mixed-use urban projects, including condominiums, commercial buildings, industrial parks and farm estates. The Filinvest Group is also involved in leasing operations, hospitality operations, banking and financial services, power and utility operations, sugar farming and milling business and digital ventures. A.L. Gotianun, Inc. (ALGI) is the Group’s ultimate parent company and is incorporated in the Philippines.

The Parent Company’s registered business address is at The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila.

#### *Real estate operations*

On July 14, 2023, FLI entered into a Share Purchase Agreement with Rizal Commercial Banking Corporation (RCBC) to purchase all outstanding shares of stock of Niyog Property Holdings, Inc. (NPHI) and Cajel Realty Corporation (CRC) for a total consideration of ₱633.26 million payable until July 5, 2028, taking over the two latter companies’ joint land development activities in Bacoar City, Cavite.

On December 14, 2022, FLI entered into a Deed of Assignment to purchase 100% ownership in SJR Developers, Inc. (SDI). Total acquisition price amounted to ₱0.60 million. The primary purpose of SDI is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, house, apartment and other structures. The acquisition of SDI had no material effect to the consolidated financial statements.

On May 26, 2022, OurSpace Solutions, Inc. (OSI), a wholly owned subsidiary of FLI, was incorporated with the primary purpose of developing, operating, managing and maintaining commercial buildings to be used as coworking spaces. On May 22, 2023, OSI issued a resolution authorizing the issuance of additional shares out of its unissued authorized capital stock, pursuant to the provisions of the Joint Venture Agreement entered into by KMC Community, Inc. (KCI) and FLI. On August 2, 2023, FLI subscribed to an additional 45 million common shares for a total consideration of ₱45.00 million. On the same date, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting in FLI’s 70% ownership in OSI for a total consideration of ₱30.00 million. OSI started commercial operations on November 1, 2023.

#### *Hospitality operations*

On February 15, 2024, the Philippine SEC approved the following amendments to the Articles of Incorporation of Cubao Cityscapes, Inc: (i) to change of name to Baker J Concepts, Inc. (BJCI); and (ii) its secondary purpose to establish, maintain and operate services in connection with the restaurant and catering enterprise.

On October 2, 2023, Archipelago International Pte. Ltd., (AIPL) entered into a Deed of Assignment for its 40% ownership in Chroma Hospitality, Inc. (CHI) to FDC for a total consideration of ₱50.0 million. The resulting ownership interest of FDC in CHI after the transfer is 100%.



On June 3, 2022, Hospitality Enterprise Resources Corporation (HERC), a wholly owned subsidiary of FHC, was incorporated to engage primarily in the business of providing technical, management, administrative, business process and consultancy services. HERC started commercial operations on January 1, 2023.

#### *Other operations*

On November 29, 2024, the Philippine SEC approved the following amendments to the Articles of Incorporation of Corporate Technologies, Inc. (CTI) to change its: (i) name to Filinvest Business Services Corporation; and (ii) primary purpose to sell its services to business entities.

On January 13, 2024, Filinvest Infra-Solutions Ventures, Inc. (FIVI) was incorporated to invest and develop entities engaged in infrastructure related projects. Filinvest Infra is wholly owned by FDC. FIVI has not started commercial operations as of December 31, 2024.

On August 9, 2023, ProActive Professionals Corp. (ProActive) was incorporated to provide business process outsourcing services. ProActive is owned 40% by FDC, 40% by Filinvest Land, Inc. (FLI) and 20% by Filinvest Alabang Inc. (FAI). ProActive has not started commercial operations as of December 31, 2024.

#### Approval for Issue of Consolidated Financial Statements

The consolidated financial statements as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 were approved and authorized for issue by the Parent Company's BOD on March 19, 2025.

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## **2. Summary of Material Accounting Policy Information**

### Basis of Preparation

The consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through profit or loss (FVPL), 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 (₱) and all amounts are rounded to the nearest thousand except when otherwise indicated.

The functional currency of the Parent Company, its subsidiaries, associate and joint ventures is the Philippine Peso, except for the Foreign Currency Deposit Unit (FCDU) of East West Banking Corporation (EWBC), Filinvest Development Cayman Islands (FDCI), Property Leaders International Limited (PLIL) and Filinvest International Pte. Ltd (FIPL) which is the United States Dollar (USD).

For financial reporting purposes, FDCI, PLIL, FIPL, FCDU accounts and foreign currency-denominated accounts of the Group are translated into their equivalents in Philippine Peso (see accounting policy on foreign currency transactions and translations).

The consolidated financial statements provide comparative information in respect of the previous period.

### Statement of Compliance

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



### Presentation of Financial Statements

The Group presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (noncurrent) is presented in Note 40 to the consolidated financial statements.

### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. All of the Parent Company's subsidiaries were incorporated in the Philippines, except for (i) FDCI which was incorporated under the laws of Cayman Islands; (ii) PLIL which was incorporated in British Virgin Islands; and (iii) FIPL which was incorporated in the Republic of Singapore.

The financial statements of the subsidiaries, joint ventures and associate are prepared for the same reporting period as the Parent Company, except for Pacific Sugar Holdings Corporation (PSHC) whose reporting period starts from October 1 and ends on September 30, using consistent accounting policies. Adjustments are made to effect the significant transactions or events that occur between the reporting period of PSHC and the reporting period of the Group's consolidated financial statements.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one (1) or more of the three (3) elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The nature of business and the corresponding percentages of ownership of the immediate parent company as at December 31 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to their ownership interests.

| Subsidiaries                                            | Nature of Business              | Percentage of Ownership Interest<br>of the Immediate Parent Company |      |      |
|---------------------------------------------------------|---------------------------------|---------------------------------------------------------------------|------|------|
|                                                         |                                 | 2024                                                                | 2023 | 2022 |
| <i>Banking and financial services</i>                   |                                 |                                                                     |      |      |
| East West Banking Corporation (EWBC) <sup>(1)</sup>     | Domestic universal bank         | 78                                                                  | 78   | 78   |
| East West Rural Bank, Inc. (EWRB)                       | Consumer banking                | 100                                                                 | 100  | 100  |
| East West Insurance Brokerage, Inc.                     | Non-life insurance brokerage    | 100                                                                 | 100  | 100  |
| East West Leasing and Finance Corporation               | Finance and leasing             | 100                                                                 | 100  | 100  |
| Quest Marketing and Integrated Services, Inc.<br>(QMIS) | Sales and marketing             | 100                                                                 | 100  | 100  |
| Assurance Solutions Insurance Agency (ASIA)             | General insurance and marketing | 100                                                                 | 100  | 100  |

(Forward)



| Subsidiaries                                                 | Nature of Business                                 | Percentage of Ownership Interest<br>of the Immediate Parent Company |      |      |
|--------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------------------|------|------|
|                                                              |                                                    | 2024                                                                | 2023 | 2022 |
| <i>Real estate operations</i>                                |                                                    |                                                                     |      |      |
| Filinvest Land, Inc.                                         | Real estate developer                              | 71                                                                  | 65   | 65   |
| Filinvest All Philippines, Inc.                              | Real estate developer                              | 100                                                                 | 100  | 100  |
| Gintong Parisukat Realty and Development, Inc.               | Real estate developer                              | 100                                                                 | 100  | 100  |
| Homepro Realty Marketing, Inc.                               | Real estate developer                              | 100                                                                 | 100  | 100  |
| SJR Developers, Inc.                                         | Real estate developer                              | 100                                                                 | 100  | 100  |
| Niyog Property Holdings, Inc. (NPHI) <sup>(4)</sup>          | Real estate developer                              | 100                                                                 | 100  | —    |
| Cajel Realty Corporation (CRC) <sup>(4)</sup>                | Real estate developer                              | 100                                                                 | 100  | —    |
| Crystal Ball Realty & Management, Inc. (CBRM) <sup>(6)</sup> | Real estate developer                              | 100                                                                 | 100  | 100  |
| Cloverleaf Holdings Corporation (CHC) <sup>(6)</sup>         | Real estate developer                              | 100                                                                 | 100  | 100  |
| FCGC Corporation                                             | Real estate developer                              | 100                                                                 | 100  | 100  |
| Filinvest BCDA Clark, Inc. (FBCI)                            | Real estate developer                              | 55                                                                  | 55   | 55   |
| Filinvest REIT Corp. <sup>(2)</sup>                          | Leasing                                            | 51                                                                  | 63   | 63   |
| Filinvest Asia Corporation (FAC)                             | Leasing                                            | 60                                                                  | 60   | 60   |
| Filinvest Cyberparks, Inc.                                   | Leasing                                            | 100                                                                 | 100  | 100  |
| Filinvest Clark Mimosa, Inc.                                 | Leasing                                            | 100                                                                 | 100  | 100  |
| Filinvest Lifemalls Mimosa, Inc.                             | Property management                                | 100                                                                 | 100  | 100  |
| Filinvest Lifemalls Corporation                              | Property management                                | 100                                                                 | 100  | 100  |
| Filinvest Lifemalls Tagaytay, Inc.                           | Property management                                | 100                                                                 | 100  | 100  |
| Property Specialist Resources, Inc.                          | Property management                                | 100                                                                 | 100  | 100  |
| ProOffice Works Services, Inc.                               | Property management                                | 100                                                                 | 100  | 100  |
| Co-Living Pro Managers Corp.                                 | Property management                                | 100                                                                 | 100  | 100  |
| Festival Supermall, Inc.                                     | Property management                                | 100                                                                 | 100  | 100  |
| FSM Cinemas, Inc. (FSMCI)                                    | Theater operator                                   | 60                                                                  | 60   | 60   |
| Philippine DCS Development Corporation                       | District cooling systems, builder,<br>and operator | 60                                                                  | 60   | 60   |
| Timberland Sports and Nature Club                            | Recreational Sports and Nature Club                | 98                                                                  | 98   | 98   |
| Property Maximizer Professional Corp.                        | Marketing                                          | 100                                                                 | 100  | 100  |
| Leisurepro, Inc.                                             | Marketing                                          | 100                                                                 | 100  | 100  |
| Proleads Philippines, Inc.                                   | Marketing                                          | 100                                                                 | 100  | 100  |
| Property Leaders International Limited                       | Marketing                                          | 100                                                                 | 100  | 100  |
| Realpros Philippines, Inc.                                   | Marketing                                          | 100                                                                 | 100  | 100  |
| Nature Specialist, Inc. (NSI) <sup>(3)</sup>                 | Recreational Sports and Nature Club                | 75                                                                  | 75   | 75   |
| FREIT Fund Managers, Inc.                                    | Fund Manager                                       | 100                                                                 | 100  | 100  |
| OurSpace Solutions, Inc. <sup>(5)</sup>                      | Coworking spaces                                   | 70                                                                  | 70   | 100  |
| Filinvest Mimosa, Inc. (FMI) <sup>(7)</sup>                  | Property management                                | 78                                                                  | 78   | 78   |
| Dreambuilders Pro, Inc. <sup>(8)</sup>                       | Real estate developer                              | 84                                                                  | 84   | 84   |
| ProMixers Aggregates Corp.                                   | Construction equipment supplier<br>and operator    | 100                                                                 | 100  | 100  |
| Filinvest Alabang, Inc. <sup>(9)</sup>                       | Real estate developer                              | 94                                                                  | 93   | 93   |
| Proplus, Inc.                                                | Marketing                                          | 100                                                                 | 100  | 100  |
| ParkingPro, Inc.                                             | Parking space management                           | 100                                                                 | 100  | 100  |
| Entrata Hotel Services, Inc.                                 | Hospitality and leisure                            | 100                                                                 | 100  | 100  |
| Southgate Alabang Land, Inc.                                 | Real estate developer                              | 100                                                                 | 100  | 100  |
| Pro Excel Property Managers, Inc. (PPMI) <sup>(12)</sup>     | Real estate developer                              | 84                                                                  | 84   | 84   |
| <i>Power and utility operations</i>                          |                                                    |                                                                     |      |      |
| FDC Utilities, Inc.                                          | Holding company                                    | 100                                                                 | 100  | 100  |
| FDC Casecanan Hydro Power Corporation                        | Power and utilities                                | 100                                                                 | 100  | 100  |
| FDC Green Energy Corp.                                       | Power and utilities                                | 100                                                                 | 100  | 100  |
| FDC Misamis Power Corporation (FDC Misamis)                  | Power and utilities                                | 100                                                                 | 100  | 100  |
| FDC Renewables Corporation                                   | Power and utilities                                | 100                                                                 | 100  | 100  |
| FDC Retail Electricity Sales Corporation                     | Electricity trading                                | 100                                                                 | 100  | 100  |
| FDC Water Utilities, Inc.                                    | Water supply                                       | 100                                                                 | 100  | 100  |
| FDC Water-FLOW Marigondon, Co. Inc.                          | Water supply                                       | 100                                                                 | 100  | 100  |
| FDC Water-FLOW Talisay, Co. Inc.                             | Water supply                                       | 100                                                                 | 100  | 100  |
| FDC Water-FLOW SRP, Co. Inc.                                 | Water supply                                       | 100                                                                 | 100  | 100  |
| Countrywide Water Services, Inc. (CWSI)                      | Water supply                                       | 100                                                                 | 100  | 100  |
| <i>Sugar operations</i>                                      |                                                    |                                                                     |      |      |
| Pacific Sugar Holdings Corporation                           | Agriculture                                        | 100                                                                 | 100  | 100  |
| Davao Sugar Central Company, Inc. (DSCC)                     | Agriculture                                        | 100                                                                 | 100  | 100  |
| Cotabato Sugar Central Company, Inc. (CSCC)                  | Agriculture                                        | 100                                                                 | 100  | 100  |
| High Yield Sugar Farms Corporation (HYSFC)                   | Agriculture                                        | 100                                                                 | 100  | 100  |

(Forward)



| Subsidiaries                                                         | Nature of Business                  | Percentage of Ownership Interest<br>of the Immediate Parent Company |      |      |
|----------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------|------|------|
|                                                                      |                                     | 2024                                                                | 2023 | 2022 |
| <i>Hospitality operations</i>                                        |                                     |                                                                     |      |      |
| Mactan Seascapes Services, Inc. (MSSI)                               | Hotel                               | 100                                                                 | 100  | 100  |
| Filinvest Hospitality Corporation (FHC)                              | Hotel management                    | 100                                                                 | 100  | 100  |
| Hospitality Enterprise Resources Corporation                         | Hotel management                    | 100                                                                 | 100  | 100  |
| Baguio Mountainscapes, Inc.                                          | Hotel                               | 100                                                                 | 100  | 100  |
| Boracay Seascapes, Inc. (BSI)                                        | Hotel                               | 100                                                                 | 100  | 100  |
| Chinatown Cityscapes Hotel, Inc.                                     | Hotel                               | 100                                                                 | 100  | 100  |
| Dauin Seascapes, Inc.                                                | Hotel                               | 100                                                                 | 100  | 100  |
| Duawon Seascapes Resort, Inc. (DSRI)                                 | Hotel                               | 100                                                                 | 100  | 100  |
| Dumaguete Cityscapes, Inc.                                           | Hotel                               | 100                                                                 | 100  | 100  |
| Fora Services, Inc.                                                  | Hotel                               | 100                                                                 | 100  | 100  |
| Gensan Cityscapes, Inc.                                              | Hotel                               | 100                                                                 | 100  | 100  |
| Mimosa Cityscapes, Inc. (MCI)                                        | Hotel                               | 100                                                                 | 100  | 100  |
| Princesa Seascapes, Inc.                                             | Hotel                               | 100                                                                 | 100  | 100  |
| Zamboanga Cityscapes, Inc.                                           | Hotel                               | 100                                                                 | 100  | 100  |
| NSI <sup>(3)</sup>                                                   | Recreational Sports and Nature Club | 25                                                                  | 25   | 25   |
| Quest Restaurants, Inc.                                              | Restaurant                          | 100                                                                 | 100  | 100  |
| Baker J Concepts, Inc. (BJCI) (previously<br>Cubao Cityscapes, Inc.) | Restaurant                          | 100                                                                 | 100  | 100  |
| Fora Restaurants, Inc.                                               | Restaurant                          | 100                                                                 | 100  | 100  |
| Chroma Hospitality, Inc. <sup>(10)</sup>                             | Hotel management                    | 100                                                                 | 100  | 60   |
| <i>Other operations</i>                                              |                                     |                                                                     |      |      |
| Filinvest Ventures, Inc.                                             | Holding company                     | 100                                                                 | 100  | 100  |
| Filinvest International Pte. Ltd.                                    | Holding company                     | 100                                                                 | 100  | 100  |
| Filinvest Business Services Corporation (FBSC)<br>(formerly CTI)     | Business process outsourcing        | 87                                                                  | 87   | 87   |
| Corporate Network Communities, Inc.                                  | Information technology support      | 100                                                                 | 100  | 100  |
| Filinvest Development Corporation Cayman Islands<br>f(dev)           | Holding company                     | 100                                                                 | 100  | 100  |
| Digital Innovations and Ventures, Inc.                               | Holding company                     | 100                                                                 | 100  | 100  |
| Qwote Marketplace Technologies, Inc.                                 | Information technology support      | 100                                                                 | 100  | 100  |
| SharePro, Inc. (SPI) <sup>(11)</sup>                                 | Business process consultancy        | 86                                                                  | 83   | 83   |
| ProActive Professionals Corp. (PPC) <sup>(13)</sup>                  | Business process outsourcing        | 87                                                                  | 84   | —    |
| Filinvest Infra-Solutions Ventures, Inc. (FIVI) <sup>(14)</sup>      | Infrastructure                      | 100                                                                 | —    | —    |

(1) The percentage ownership in EW includes indirect ownership through FVI of 37.9%.

(2) FLI's ownership interest in FILRT was reduced to 51% in 2024 mainly as a result of FLI's voluntary tender offer (see Note 5).

(3) NSI is owned 75.0% by FLI and 25.0% by FHC (see Note 1).

(4) NPHI and CRC were acquired in 2023 (see Note 1).

(5) On August 2, 2023, a subscription agreement was executed to issue the 30 million common shares of OSI to KCI resulting to FLI's 70% ownership in OSI (see Note 1).

(6) CBRM and CHC were acquired in previous in previous years and were accounted for as asset acquisitions and not a business combination. Acquisition cost amounted to P80.06 million and P39.59 million for CBRM and CHC, respectively.

(7) The percentage ownership in FMI includes 47.5% share of FLI.

(8) The percentage ownership in DPI includes 45.0% share of FLI (see Note 1).

(9) The percentage ownership in FAI includes indirect ownership through FLI of 20.0%.

(10) CHI is 100% owned by the Parent Company (see Note 1), previously held as investment in associate in 2023.

(11) The percentage ownership in SPI includes 45.0% share of FLI and 20.0% share of FAI.

(12) The percentage ownership in PPMI includes 47.5% share of FLI and 47.5% share of FAI.

(13) The percentage ownership in PPC includes 40.0% share of FLI and 40.0% share of FAI.

(14) On January 13, 2024, FIVI was incorporated to invest and develop entities engaged in the infrastructure related projects. As of December 31, 2024, FIVI has not started commercial operations.

### Noncontrolling Interests

Noncontrolling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Noncontrolling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results in the noncontrolling interest having a deficit balance.



### New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years, except for the adoption of new standards effective in 2024. The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

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

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- 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.

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

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

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

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

- Adoption of the provisions of Philippine Interpretation Committee (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 Memorandum Circular (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.

Starting January 1, 2024, the Group adopted the remaining provisions of PIC Q&A 2018-12, specifically on: (i) significant financing component, (ii) exclusion of land in the determination of percentage-of-completion (POC), and (iii) implementing the IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*). The Group opted to adopt the changes using the modified retrospective approach effective January 1, 2024 and the impact was recorded in the opening retained earnings. The comparative information is not restated.





The modified retrospective effects of the adoption of the above changes are detailed below:

- i. The Group's adoption of the exclusion of land in the determination of POC did not have an impact as the Group does not consider land costs in the determination of its projects' POC.
- ii. The Group recognized the impact of the (a) adoption of significant financing component, and (b) implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*) as follows:

Consolidated Statements of Financial Position

|                                       | As of January 1, 2024   |                        |              |
|---------------------------------------|-------------------------|------------------------|--------------|
|                                       | As previously<br>stated | Increase<br>(decrease) | As restated  |
|                                       | (In Thousands)          |                        |              |
| <b>Assets</b>                         |                         |                        |              |
| Contract assets                       | ₱9,867,642              | (₱119,171)             | ₱9,748,471   |
| Real estate inventories               | 81,004,413              | (6,226,710)            | 74,777,703   |
|                                       | ₱90,872,055             | (₱6,345,881)           | ₱84,526,174  |
| <b>Liabilities</b>                    |                         |                        |              |
| Deferred income tax liabilities - net | ₱10,281,563             | (₱2,200,035)           | ₱8,081,528   |
| <b>Equity</b>                         |                         |                        |              |
| Retained earnings                     | 119,711,533             | (2,810,653)            | 116,900,880  |
| Noncontrolling interests              | 40,651,659              | (1,335,193)            | 39,316,466   |
|                                       | ₱170,644,755            | (₱6,345,881)           | ₱164,298,874 |

|                                       | Nature of Adjustments |                                       |                      |
|---------------------------------------|-----------------------|---------------------------------------|----------------------|
|                                       | Increase (Decrease)   |                                       |                      |
|                                       | Borrowing<br>Cost     | Significant<br>Financing<br>Component | Total<br>Adjustments |
|                                       | (In Thousands)        |                                       |                      |
| <b>Assets</b>                         |                       |                                       |                      |
| Contract assets                       | ₱—                    | (₱119,171)                            | (₱119,171)           |
| Real estate inventories               | (6,226,710)           | —                                     | (6,226,710)          |
|                                       | (₱6,226,710)          | (₱119,171)                            | (₱6,345,881)         |
| <b>Liabilities</b>                    |                       |                                       |                      |
| Deferred income tax liabilities - net | (₱2,170,242)          | (₱29,793)                             | (₱2,200,035)         |
| <b>Equity</b>                         |                       |                                       |                      |
| Retained earnings                     | (2,727,547)           | (83,106)                              | (2,810,653)          |
| Noncontrolling interests              | (1,328,921)           | (6,272)                               | (1,335,193)          |
|                                       | (₱6,226,710)          | (₱119,171)                            | (₱6,345,881)         |



#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.

##### *Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

##### *Effective beginning on or after January 1, 2026*

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

##### *Effective beginning on or after January 1, 2027*

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

##### *Deferred effectivity*

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

#### Material Accounting Policies

##### 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 economic best interest.

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 re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 the change in the fair value of each asset and liability 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 and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

#### Financial Instruments - Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### *Financial assets - initial recognition and measurement*

Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at FVPL.

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. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or at 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.



Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date, i.e., the date that an asset is delivered to or by the Group. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Group, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group. Securities transactions and related commission income and expense are recorded also on a settlement date basis. Deposits, amounts due to banks and customers, and loans and receivables are recognized when cash is received by the Group or advanced to the borrowers.

Derivatives are recognized on trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

As of December 31, 2024 and 2023, the Group's financial assets comprise of financial assets at amortized cost, financial assets at FVPL and financial assets at FVOCI.

*Financial assets - subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four (4) 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 FVPL

*Financial assets at amortized cost*

Financial assets are measured at amortized cost if both of the following conditions are met:

- the financial asset is held within the Group's business model whose objective is 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 SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method less any allowance for credit losses, with the calculated interest recognized as interest income under "Other income" line item in the consolidated statement of income.

The Group classified cash and cash equivalents, loans and receivables (excluding advances to officers, employees and sugar planters), investment securities at amortized cost and other financial assets (i.e., deposit to suppliers, returned cash and other cash items, investment in bonds, restricted cash, short term deposits under "Other assets" line items in the statement of financial position).

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. For the years ended December 31, 2024 and 2023, the Group has not made such designation.



*Financial assets at 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 SPPI 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's debt instruments at FVOCI include investments in government debt securities and private bonds.

*Financial assets designated at FVOCI (equity instruments)*

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group's equity instruments at FVOCI include investments in quoted and unquoted equity securities.

*Financial assets at FVPL*

Debt instruments that do not meet the amortized cost or FVOCI criteria, or that meet the criteria, but the Group has chosen to designate as at FVPL at initial recognition, are measured at FVPL. Equity investments are classified as at FVPL, unless the Group designates an investment that is not held for trading as at FVOCI at initial recognition. Derivative assets classified as at FVPL are those that are not designated under hedge accounting treatment.

The Group's financial assets at FVPL include investments in government securities, private bonds, equity securities held for trading purposes and derivative assets.

Financial assets at FVPL are initially measured at fair value without considering transaction costs. Subsequently, financial assets at FVPL are re-measured at fair value, and fair value gains and losses on these instruments are recognized as "Trading and securities gain (loss)" under "Other income" in the consolidated statement of income. Interest earned on these investments is reported in the consolidated statement of income under "Interest income" while dividend income is reported in the consolidated statement of income under "Other income" when the right of payment has been established. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If quoted market prices are not available, their fair values are estimated based on inputs provided by the *Bangko Sentral ng Pilipinas* (BSP), Bureau of Treasury and investment bankers. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques.



The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the Bankers Association of the Philippines (BAP) closing rate at the date of the statement of financial position. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at FVPL, the foreign exchange component is recognized in the statement of income. For financial assets designated as at FVOCI, any foreign exchange component is recognized in OCI. For foreign currency-denominated debt instruments classified at amortized cost, the foreign exchange gains and losses are determined based on the amortized cost of the asset and are recognized in the consolidated statement of income.

#### *Reclassification of financial assets*

Subsequent to initial recognition, the Group may reclassify financial assets only if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- from amortized cost to FVPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and
- from FVPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVPL or equity financial assets at FVOCI at initial recognition is not permitted.

A change in the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the reporting period following the change in the business model.

#### *Financial liabilities - initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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.

#### *Day 1 Difference*

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

#### *Financial liabilities - subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in 2 categories:

- Financial liabilities at FVPL
- Financial liabilities at amortized cost (loans and borrowings)



#### *Financial liabilities at FVPL*

Financial liabilities are classified as at FVPL when the financial liability is either held for trading or is designated as at FVPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Management may designate a financial liability at FVPL upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows, or it is clear, with little or no analysis, that it would not be separately recorded.

The Group's financial liabilities at FVPL include derivative liabilities.

#### *Financial liabilities at amortized cost*

Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Amortized cost is calculated by taking into account any discount or premium on the issuance and fees that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

As of December 31, 2024 and 2023, loans and borrowings consist primarily of deposit liabilities, bills and acceptance payable, accounts payable, accrued expenses and other liabilities (excluding payables to government), lease liabilities and long-term and short-term debt.

#### Derivative Financial Instruments and Hedge Accounting

##### *Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as cross currency swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured 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
- Cash flow hedges when hedging the exposure to variability in cash flows that is either 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; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

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; and
- 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 hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

#### Impairment of Financial Assets and Contract Assets

##### *The Group (excluding banking and financial services)*

The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies a simplified approach in calculating ECLs for financial assets at amortized costs. 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 for other receivables and a vintage analysis for contracts receivable and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. 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.





A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### *Banking and financial services*

#### *Expected credit loss methodology*

ECL represent credit losses that reflect an unbiased and probability-weighted amount which is based on reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, and the time value of money. The objective of the impairment model is to record lifetime losses on all financial instruments which have experienced a significant increase in credit risk (SICR) since their initial recognition. As a result, ECL allowances are now measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a SICR since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the next 12 months after the reporting date. Lifetime ECLs are credit losses that result from all possible default events over the expected life of a financial instrument

#### *Staging assessment*

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. The Group recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced SICR since initial recognition, evidenced by missed payments (for monthly amortizing exposures) and/or the significant increase in the likelihood of default. The Group recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of the financial asset. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

For the movement of accounts to better stages (i.e., from Stage 2 or 3 to Stage 1 or 2):

- Financial instruments are moved to better stages when there is significant improvement to the credit risk such that the criteria for assessment of the better stage are met and there is consistent evidence of good behavior by the borrower.

Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit-impaired assets. These are recorded at fair value at initial recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECL is only recognized or released to the extent that there is a subsequent change in the ECLs.

#### *Definition of “default” and “cure”*

For the calculations of ECL, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes: 1) 91 days past due for amortizing exposures; or 2) non-collection of full amounts at maturity date for non-amortizing loans or bullet-payment loans. As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate likelihood of non-payment when an account is under litigation. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is



considered to be no longer in default (i.e., cured) when it no longer meets any of the default criteria and there is sufficient evidence to support full collection thru payments received for at least six (6) months.

#### *Credit risk at initial recognition*

The Group has an internal credit assessment process to determine the credit risk of exposures at initial recognition. The Group has separate models for its key portfolios in which the customers are rated using internal credit rating grades. The models incorporate both qualitative and quantitative information.

#### *SICR*

The Group monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL, the Group assesses whether there has been a SICR since initial recognition. A set of defined empirical-based rules and expert judgment that discriminate good and bad credit make up the SICR model. For corporate loans and investments to debt-type instruments, accounts are considered to have a SICR if the equivalent probability of default (PD) exceeds the Group's set threshold. The Group also considers an account to have a SICR if contractual payments are more than 30 days past due or the account is considered "watchlist".

#### *Restructuring*

In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to create a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial difficulty. The modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments and accrual of interest and charges. Accounts subjected to distressed restructuring with indications of unlikeliness to pay are categorized as impaired accounts and are initially moved to Stage 3.

#### *Assessment of ECL on a collective basis*

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

#### *ECL parameters and methodologies*

ECL is a function of the PD, exposure at default (EAD) and loss-given default (LGD), with consideration for the expected timing of the loss, and is estimated by incorporating forward-looking economic information and through the use of statistical techniques and/or experienced credit judgment.

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



EAD is modelled on historical data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts from irrevocable committed credit lines, EAD includes an estimate of any further amounts to be drawn at the time of default (i.e., credit conversion factor). LGD is the amount that may not be recovered in the event of default and is modelled based on historical cash flow recoveries from collections and the sale of foreclosed assets.

#### *Economic overlays*

The Group incorporates economic overlays into its assessment of SICR and its measurement of ECL. A broad range of economic overlays are considered as economic inputs, such as Gross Domestic Product (GDP) growth, inflation rates, unemployment rates and interest rates. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect these, quantitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Group's loans and receivables consists of different portfolios, such as auto, corporate, credit card receivables, mortgage loans, as well as other receivables (e.g., personal, branch, emerging enterprise lending, and Department of Education (DepEd) loans). In compliance with PFRS 9, the Group has developed ECL parameters and methodologies for each portfolio, using historical data as well as forward-looking inputs and assumptions.

#### *Undrawn loan commitments*

Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. These contracts are in the scope of the ECL requirements where the Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to financial guarantees and undrawn amounts of irrecoverable loan commitments is recognized in "Provision for unused credit line" under "Accounts payable, accrued expenses and other liabilities" line item in the consolidated statement of financial position.

#### *Financial guarantees*

Financial guarantees are initially recognized at fair value. Subsequent to initial recognition, the Group's liability under each financial guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement and the amount of related ECL.

#### *Restructured loans*

Loan restructuring may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subjected to an individual or collective impairment assessment, calculated using the loan's original EIR. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original EIR, is recognized as part of Expenses in the consolidated statement of income.



## Derecognition of Financial Assets and Financial Liabilities

### *Financial assets*

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

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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.

### *Modification of financial assets*

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

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

### *Financial liabilities*

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



new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Repurchase Agreements (Securities Sold Under Repurchase Agreement (SSURA))

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is 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 in event of insolvency or bankruptcy of the Group and all of its counterparties.

Real Estate Inventories

*Lots, condominium and residential units for sale*

Property acquired or being 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 and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition;
- Amounts paid to contractors for development and construction; and
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

In case of sales cancellation, the Group can repossess the properties and hold it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are accounted for as inventories and recognized at its fair value less cost to repossess at the time of cancellation.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

*Land and land development*

Land and land development consist of properties with ongoing development that are intended for real estate projects for sale and are carried at the lower of cost and NRV. The cost of land and land development includes the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Group such as transfer taxes and registration fees, (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to lots, condominium and residential units for sale under “Real estate inventories” when the project plans, development and construction estimates are completed and the necessary permits are secured.



#### Coal, Spare Parts and Other Inventories

##### *Coal, fuel and spare parts inventories*

Coal, fuel and spare parts inventories are measured at the lower of cost and NRV. Cost is determined using the following method per type of inventory:

- Coal fuel - cost is determined using specific identification method on a per shipment basis.
- Diesel fuel and other consumables - cost is determined using the weighted moving average method.
- Spare parts - cost is determined using the first in, first out method.

NRV is the estimated current replacement cost. Loss on inventory write-down is recognized as part of “Expenses” in the consolidated statement of income.

##### *Hospitality inventories*

Hotel inventories include food, beverages and supplies and are measured at the lower of cost and NRV. Cost is determined using the moving average method. Cost includes acquisition cost and expenses directly related to the purchase and amounts paid to suppliers. NRV for food and beverages is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. NRV of supplies inventory is the estimated current replacement cost. Loss on inventory write-down is recognized as part of “Expenses” in the consolidated statement of income.

##### *Sugar inventories*

Sugar inventories are measured at the lower of cost and NRV. Cost is determined by the weighted average production cost for sugar and, by the moving average method for materials and supplies. Cost includes acquisition cost and expenses directly related to the purchase and production of sugar and amounts paid to suppliers. NRV for sugar is the estimated selling price in the ordinary course of business, less estimated cost of completion and expenses necessary to consummate the sale. Loss on inventory write-down is recognized as part of “Expenses” in the consolidated statement of income.

#### Investment Properties

Investment properties consist of commercial mall, land, office buildings and other properties held for long-term rental yields and for capital appreciation and land held with undetermined future use. Investment properties also include right-of-use (ROU) assets involving real properties that are subleased to other entities. Investment properties, except for land are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost, less impairment in value, if any. Initial cost of investment properties consists of its purchase price, including taxes and any directly attributable costs of bringing the investment properties to its intended location and working condition, including borrowing costs.

Foreclosed properties are recorded as “Investment properties” upon: (a) entry of judgment in case of judicial foreclosure; (b) execution of the Sheriff’s Certificate of Sale in case of extra-judicial foreclosure; or (c) notarization of the Deed of Dacion in case of dacion in payment (dacion en pago). Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value.

Constructions-in-progress (CIP) are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete. CIP is not depreciated until such time as the relevant assets are completed and put into operational use.



For those ROU assets that qualify as investment properties, i.e., those land that are subleased by the Group, these are classified under investment properties. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Expenditures incurred after the investment properties have been put in operations, such as repairs and maintenance costs, are normally charged against income in the period in which costs are incurred. Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

|                                     | Years |
|-------------------------------------|-------|
| Buildings and improvements          | 10-50 |
| Furniture, fixtures and machineries | 5-15  |

The EUL and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. 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 there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

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.

#### Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any, except for land that is carried at cost less any impairment in value. These also include ROU assets related to building and machineries.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost. All other repair and maintenance costs are recognized in the consolidated statement of income as incurred.

The cost of an item of property, plant and equipment also includes the costs of its dismantling, removal or restoration, the obligation for which an entity incurs as a consequence of installing the item. Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

- a. subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.



- b. the amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.
- c. if the adjustment results in an addition to the cost of an asset, the entity shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount, and shall account for any impairment loss.

The depreciable amount of the asset is depreciated over its useful life. Once the related asset reached the end of its useful life, all subsequent changes in the liability shall be recognized in profit or loss as they occur.

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

Depreciation is calculated on a straight-line basis over the EUL of the assets as follows:

|                          | Years |
|--------------------------|-------|
| Buildings                | 20-50 |
| Coal thermal power plant | 10-30 |
| Machinery and equipment  | 5-20  |
| Transportation equipment | 5     |
| Communication equipment  | 5     |
| Furniture and fixtures   | 3-5   |

Leasehold improvements are amortized over the EUL (i.e., three (3) to 15 years) or lease term, whichever is shorter.

The useful life 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, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

#### Investments in Joint Ventures and Associate

A joint arrangement may either be a joint venture or a joint operation.

##### *Investments in joint ventures*

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date.

The consolidated statement of income reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of comprehensive income and consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.





The Group recognizes its share of the losses of the joint venture until its share of losses equals or exceeds the carrying value of its investment in joint venture, at which point the Group discontinues recognizing its share of further losses. The Group restricts the elimination to the amount required to reduce the investment to zero.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in joint venture and its carrying value, and recognizes the loss in the profit or loss.

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

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

#### *Joint operation*

The Group recognizes in relation to its interest in joint operation its: (a) assets, including its share of any assets held jointly; (b) liabilities, including its share of any liabilities incurred jointly; (c) revenue from sale of its share of the output arising from the joint operation; (d) share of the revenue from the sale of the output by the joint operation; and (e) expenses, including its share of any expenses jointly incurred.

The Group's investments in joint arrangements include: East West Ageas Life Insurance Corporation (EWAL; 50.0%), Professional Operations and Maintenance Experts Incorporated (PROMEI; 47.5%), Filinvest-ENGIE Renewable Energy Enterprise, Inc. (FREE; 60.0%), Filinvest-Hitachi Omni Waterworks, Inc. (FHOWI; 60.0%), Spectrum Alabang Properties, Inc. (SAPI; 60.0%), Investree Philippines, Inc. (IPI; 50.0%), Filinvest Corporate City (FCC; 74.0%) and South Station Terminal (SST; 49.0%). Despite the Group's interest of more or less than 50.0% on these entities, these are treated as joint arrangements due to existence of contractual arrangements between the parties.

EWAL, PROMEI, FREE, FHOWI, SAPI and IPI are accounted for as joint ventures while FCC and SST are accounted for as joint operations.

#### *Investment in an associate*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in its associate is accounted for under the equity method of accounting. Under the equity method, the investment in an associate is carried at cost, plus post-acquisition changes in the Group's share of net assets of the associate.

The consolidated statement of income reflects the Group's share of the results of operations of the associate. The Group recognizes its share of the losses of the associate until its share of losses equal or exceeds its interest in the associate, at which point the Group discontinues recognizing its share of further losses. Any change in OCI of those investees is presented as part of the Group's OCI. When



there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The reporting dates of the associate and the Group are identical and the accounting policies conform to these used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in an associate and its carrying value, and recognizes the loss within share of profit or loss of an associate reported under “Expenses” in the consolidated statement of income.

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

#### Intangible Assets

Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill and branch licenses, are carried at cost, less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually or more frequently, either individually or at the cash-generating units (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Intangible assets include goodwill, Build-Transfer-Operate (BTO) rights, branch licenses, capitalized software, and customer relationships and core deposits. Goodwill is presented separately in the consolidated statement of financial position.



#### *Goodwill*

Goodwill acquired in a business combination is initially measured at cost, being the excess of the consideration transferred over the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following the Group's interest in the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changed in circumstances indicate that the carrying value may be impaired.

#### *Branch licenses*

Branch licenses are determined to have indefinite useful lives. These are tested for impairment annually either individually or at the CGU level. Such intangibles are not amortized. The useful life is reviewed annually to determine whether indefinite useful 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.

#### *BTO rights*

BTO rights pertain to the cost related to the BTO agreements entered into by the Group. These are carried at cost less accumulated amortization, and impairment loss, if any. These are amortized using the straight-line method over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the asset may be impaired. The amortization period and method are reviewed at least each reporting period.

#### *Capitalized software*

Capitalized software acquired separately is measured at cost on initial recognition. Following initial recognition, capitalized software is carried at cost less accumulated amortization and any accumulated impairment losses. The capitalized software is amortized on a straight-line basis over its EUL of five (5) to 10 years.

#### *Customer relationship and core deposit*

Customer relationship and core deposit are intangible assets acquired by the Group through business combination. These intangible assets are initially measured at their fair value at the date of acquisition. The fair value of these intangible assets reflects expectations about the probability that the expected future economic benefits embodied in the asset will flow to the Group.

Following initial recognition, customer relationship and core deposits are measured at cost less accumulated amortization and any accumulated impairment losses. Customer relationship related to the credit cards business is amortized on a straight-line basis over its useful life of 40 years while the customer relationship related to the auto loans business and core deposits are amortized on a straight-line basis over its useful life of 13 and 10 years, respectively.

#### Reposessed Assets

Reposessed assets comprise of reposessed vehicles which are measured at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis using the remaining useful life from the time of acquisition of the asset. The useful life of other reposessed assets is estimated to be five (5) years.

#### Biological Assets

Biological assets consist of sugarcane crops. The costs of planting, fertilizers and maintenance incurred for the sugarcane plantations prior to harvest are capitalized to biological assets and are charged to operations as the sugarcane are harvested.



Biological assets are measured at their fair value. The Group uses the future selling price and gross margin of finished goods less future growing costs applied to the estimated volume of harvest as the basis of fair value.

#### Impairment of Nonfinancial Assets

The carrying values of investment properties, property, plant and equipment, investments in joint ventures and associate and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use (VIU). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the consolidated statement of income.

For nonfinancial assets, excluding goodwill and branch licenses, an assessment is made at each 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 exist, the Group estimates the asset's or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The carrying amount of the asset is increased to its recoverable amount but the amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

The following criteria are also applied in assessing impairment of specific assets:

#### *Goodwill*

Goodwill is tested 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 each 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.

#### *Branch licenses*

Branch licenses are tested for impairment annually at the statement of financial position date either individually or at the CGU level, as appropriate. Impairment losses relating to branch licenses can be reversed if there is an increase in the recoverable amount in future periods, provided that the reversal does not exceed the carrying amount that would have been determined had no impairment loss been recognized.



## Equity

### *Capital stock and Additional paid-in capital (APIC)*

Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. When the shares are issued at a premium, the difference between the proceeds and the par value is credited to APIC account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. Direct cost incurred related to the equity issuance, are charged to APIC account. In the absence of APIC, the direct costs are charged against retained earnings.

### *Retained earnings*

Retained earnings represent accumulated net earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries and accumulated equity earnings from joint ventures and associate included in the consolidated retained earnings are available for dividend declaration when these are declared as dividends by the subsidiaries as approved by their respective Board of Directors (BOD).

Dividends on common shares are deducted from retained earnings when declared and approved by the BOD or shareholders of the Parent Company. Dividends payable is recorded as liability until paid. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the reporting date and disclosed accordingly.

The partial disposal or acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity under “Retained earnings” of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

### *Treasury shares*

Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company’s own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is charged to APIC to the extent of the specific or average APIC when the shares were issued and to retained earnings for the remaining balance.

## Revenue Recognition

### *Revenue from contracts with customers*

The Group is in the business of providing banking and financial services, power supply and hospitality services. The Group is also in the business of selling real estate development projects and sugar.

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 to in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements (except when otherwise stated) because it typically controls the goods or services before transferring them to the customers.

The disclosures of significant accounting judgments and estimates relating to revenue from contracts with customers are provided in Note 3.



The following specific recognition criteria must also be met before revenue or income is recognized:

a. Real Estate Operations

*Sale of lots, condominium and residential units*

- *Revenue from sale of lots, condominium and residential units*

The Group derives its real estate revenue from sale of lots, condominium and residential units. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or POC) 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.

Starting January 1, 2024, in determining the transaction price, the Group considers whether the selling price of the real estate property includes significant financing component.

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 project accomplishment reports prepared by the third-party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract 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 installment contract receivables is included in the "Contract liabilities" account in the liabilities section of the consolidated statement of financial position.

In case of sales cancellation, the difference between the fair value of the repossessed property less cost to repossess and the outstanding receivable and related accounts at the time of cancellation is recognized in profit or loss.

- *Costs of sales of lots, condominium and residential units*

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. 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.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.



*Common usage service area (CUSA) charges and air conditioning dues* (included as part of 'Rental and related services')

CUSA charges are recognized when the related services are rendered. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

*Other dues*

For the administration fees, electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Group, are primarily responsible for the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

*Theater and parking sales and snack bar sales* (included as part of 'Rental and related services')

Revenue from theater sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

b. Hospitality Operations

*Hospitality revenues*

Hospitality revenues consist of revenue from room related services, sale of food and beverage, gift and souvenir, golf operations and other operating departments. These are accounted for as follows:

- Revenue from sale of food and beverage, and gift and souvenir is recognized at the time the goods are served or delivered.
- Revenue from rooms and/or golf operations is recognized over time as the related services are rendered and/or facilities and amenities are used.
- Revenue from other operating departments is recognized over time as the related services are rendered.

c. Banking and Financial Services

*Service charges and penalties*

Service charges and penalties earned over a period of time are accrued over that period as the customer simultaneously receives and consumes the benefits provided by the Group. Service charges and penalties are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer and excludes amounts collected on behalf of third parties.

*Commissions earned on credit cards*

Commissions earned on credit cards are taken up as income upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments.



Purchases by credit cardholders, collectible on an installment basis, are recorded at the cost of the items purchased plus certain percentage of cost. The excess over cost is credited to Unearned discount and is shown as a deduction from “Loans and receivables” in the consolidated statement of financial position.

The unearned discount is taken to income over the installment terms and is computed using the EIR method.

*Customer loyalty programmes*

Award credits under customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which they are granted. The Group allocates a portion of the consideration received from interchange from credit cards to the reward points. This allocation is based on the estimated stand-alone selling prices. The amount allocated to the customer loyalty program is deferred, and is recognized as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. Income generated from customer loyalty programmes is recognized as part of “Service charges, fees and commissions” under “Other Income” in the consolidated statement of income.

d. Power and Utility Operations

*Power and utility revenues*

Power and utility revenues consist of revenue from generation and from sale of retail electricity. Revenue is recognized overtime using output method in the period actual capacity is generated or transmitted since the customer consumes the benefit from the performance of the related dispatched of energy.

As a practical expedient allowed under PFRS 15, the Group recognizes power revenue in the amount to which the Group has a right to invoice since the Group bills a fixed amount for every kilowatt-hour (kwh) of electricity delivered. The transaction price allocated to the remaining performance obligation is not separately disclosed as the Group recognizes revenue from the satisfaction of the performance obligation in the amount to which the Group has a right to invoice.

Some contracts with customers provide unspecified quantity of energy, includes provisional Energy Regulation Commission (ERC) rates, and volume and prompt payment discounts that give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

e. Sugar Operations

*Sale of sugar and molasses*

Revenue from sale of sugar and molasses is recognized at the point when control of the goods is transferred to the customer through the issuance of invoice or when actual payment is received.

*Milling revenue*

Milling revenue is recognized upon conversion of the planters’ cane into raw sugar based on the fair value of the mill share determined at the average raw sugar selling prices in the week of production.





## 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 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 contract (Commission expenses)*

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 method is included as part of "Expenses" in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

### *Contract fulfillment assets*

Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to land acquisition costs.



*Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract*

For real estate operations, the Group amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using POC following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within “Costs” and “Expenses” in the consolidated statement of income, respectively.

A contract fulfillment asset or capitalized costs 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 the contract fulfillment asset or capitalized 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, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition

a. Real Estate Operations

*Rental and related services*

Rent income arising from investment properties is recognized in the consolidated statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of tenants, pursuant to the terms of the lease contracts. Leases under contingent rents are recognized as income in the period in which they are earned.

*Income from forfeited reservations and collections*

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act (RA) 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

*Other income*

Income is recognized when services are rendered and when goods are delivered.

b. Hospitality Operations

*Other income*

Other income consists of interest income which is recognized as it accrues taking into account the effective yield of the asset and other income from hospitality operations which is recognized when the related services are rendered or the right to receive payment is established.



c. Banking and Financial Services

*Interest income*

Under PFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortized cost, interest rate derivatives for which hedge accounting is applied and the related amortization/recycling effect of hedge accounting. Interest income on interest bearing financial assets at FVOCI under PFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Group recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognized at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability. The IBOR reform Phase 2 amendments allow as a practical expedient for changes to the basis for determining contractual cash flows to be treated as changes to a floating rate of interest, provided certain conditions are met. The conditions include that the change is necessary as a direct consequence of IBOR reform and that the transition takes place on an economically equivalent basis

*Other income*

Income from sale of services or properties is recognized when the control of such services or properties are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services.

d. Power and Utility Operations

*Other income*

Income from sale of services is recognized upon rendition of the service. Income from sale of goods are recognized upon completion of the earning process and the collectability of the sales price is reasonably assured.



e. Sugar Operations

*Other income*

Other income includes tolling income, conversion rights income, fertilizer assistance income and storage fees and handling income. Other income is recognized when the related services are rendered and the collectability of the sales price or charges is reasonably assured.

Costs and Expense Recognition

Costs and expenses are recognized in the consolidated statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in the consolidated statement of income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or,
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Retirement Benefit Costs

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.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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 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 profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.



Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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 when and only when reimbursement is virtually certain.

#### Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

#### 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 within 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.

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *The Group as a Lessor*

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

#### *The Group as a Lessee*

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.

#### *(i) ROU assets*

The Group recognizes ROU assets 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, initial direct costs incurred, and



lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group classifies its ROU assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its EUL and the lease term as follows.

|                         | Years |
|-------------------------|-------|
| Land                    | 8-52  |
| Building                | 4-47  |
| Machinery and equipment | 22    |

ROU assets are subject to impairment. Refer to the accounting policies on impairment of nonfinancial assets.

(ii) 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. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if 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 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, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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 leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Income Taxes

*Current income tax*

Current income 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 reporting date.



#### *Deferred income tax*

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

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in other comprehensive income is recognized in consolidated statement of comprehensive income and not in the consolidated statement of income.

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

#### Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the consolidated statement of financial position.

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 of those borrowings.

For investment properties, interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing 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.



For “Land and land development” under real estate inventories, interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended sales, including but not limited to pre-construction activities such as permitting, design, planning and actual land development activities and are not ready to be sold in its current condition.

Prior to January 1, 2024, for “Lots, condominium and residential units for sale” under real estate inventories, interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for their intended use. Subsequent to January 1, 2024, these are no longer considered as a qualifying asset and thus, the related borrowing cost are expensed as incurred.

Borrowings originally made to develop a specific qualifying asset are transferred to general borrowings (a) when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete, and (b) the entity chooses to use its funds on constructing other qualifying assets rather than repaying the loan.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

#### Earnings per Share (EPS)

Basic EPS is calculated by dividing net income attributable to equity holders of the Parent Company for the year by the weighted average number of common shares outstanding after giving retroactive effect for any stock dividends, stock options or reverse stock splits during the period.

Diluted EPS is computed by dividing net income attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares and bonds. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, then such convertible preferred shares would be deemed dilutive. Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

#### Foreign Currency Transactions and Translations

The functional and presentation currency of each the Parent Company and its subsidiaries joint ventures and associates is the Philippine Peso, except for the Foreign Currency Deposit Unit (FCDU) of EWBC. For financial reporting purposes, the monetary assets and liabilities of the FCDU and the foreign currency-denominated monetary assets and liabilities of the Group are translated in Philippine Peso based on the closing rate prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rate at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign currency-denominated assets and liabilities of the Group are credited to or charged against operations in the period in which the rates change. Exchange differences arising from translation of the accounts of the FCDU to Philippine peso as the presentation currency are taken to the consolidated statement of comprehensive income under “Translation adjustments” account.





Nonmonetary items that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### Fiduciary Activities

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

#### Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 assessment 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. When the Group expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They 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 are disclosed when an inflow of economic benefits is probable.

#### Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is one that provides products or services within a particular economic environment that is subject to risks and returns that are different from those segments operating in other economic environments. The Group's operations are organized according to the nature of products and services provided. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and (e) if applicable, the nature of the regulatory environment. Financial information on business segments is presented in Note 35.

#### Events After the 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 when material in the consolidated financial statements.

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### **3. Material Accounting Judgments and Estimates**

The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any change in



estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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 the circumstances.

#### Judgments

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

*a. Evaluation of business model for managing financial assets and sale of investment securities at amortized cost*

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match expected cash outflows and maintain adequate level of high-quality liquid assets while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

The Group's business model allows for financial assets to be hold-to-collect (HTC) contractual cash flows even when sales of certain financial assets occur. PFRS 9, however, emphasizes that if more than infrequent and more than insignificant sales are made out of a portfolio of financial assets carried at amortized cost, the entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers the following to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with HTC business model if the Group can explain the reason for those sales and why those sales do not reflect a change in the Group's objective for the business model:

- sales or derecognition of debt instrument under any of the circumstances spelled out under the relevant BSP Circulars on PFRS 9;
- sales in preparation for funding a potential aberrant behavior in the depositors' withdrawal pattern triggered by news of massive withdrawals or massive withdrawal already experienced by other systemically important banks in the industry;
- sales attributable to an anticipated or in reaction to major events in the local and/or international arena that may adversely affect the collectability of the debt instrument and seen to prospectively affect adversely the behavior of deposits or creditors; and
- sales that the Asset-Liability Management Committee (ALCO) deems appropriate to be consistent with managing the Group's balance sheet based upon but are not limited to the set risk limits and target ratios that have been approved by the BOD.

*b. Testing the cash flow characteristics of financial assets*

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.



*c. Revenue recognition - Real estate operation*

- *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 purchase application form and official receipts considering collection from buyer, 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 historical experience with customers and pricing of the property. Management regularly evaluates the historical cancellations, 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 from sale of lots, condominium and residential units 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.

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.

*d. Contingencies and provisions*

In the normal course of business, the Group is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material effect on the Group's financial position and results of operations.

*e. Determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates*

The Group has assessed whether it has any uncertain tax position. The Group applies significant judgment in identifying uncertainties over its income tax treatments. The Group determined, based on its tax compliance review, in consultation with its tax counsel, that it is probable that its uncertain income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.



*f. Adoption of a 'no tax' regime for FILRT*

As a Real Estate Investment Trust (REIT) entity, FILRT can choose to operate within one of two tax regimes (i.e., a 'full tax' regime or a 'no tax' regime). The REIT entity can effectively operate under a 'no tax' regime provided that it meets certain conditions (e.g., listing status, minimum required dividend payments). A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income tax-free entity.

As of December 31, 2024 and 2023, FILRT met the provisions of the REIT law and complies with the 90% dividend distribution requirement. FILRT has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a "no-tax" regime. FILRT did not recognize any deferred taxes in 2024 and 2023.

*g. Determination of joint control over investments in joint ventures*

Control is presumed to exist when an investor 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. On the other hand, joint control is presumed to exist when the investors contractually agree on the sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Based on the provisions of the joint venture arrangements, the parties to the joint venture arrangements have to agree in order for any resolution to be passed relating to the joint venture entity's relevant activities. This joint arrangement is classified as a joint venture since the parties have rights to the net assets of the joint venture entity.

*h. Accounting for the acquisition of NPHI and CRC*

In determining whether a transaction or an event is a business combination, the Group assessed whether the assets acquired and liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. Further, a business consists of inputs and processes applied to those inputs that have the ability to create outputs. Based on the provisions of the Share Purchase Agreement to acquire 100% shares of NPHI and CRC (see Note 1), the Group assessed that the acquisition does not constitute a business. In making the judgment, the Group considered that it lacks two (2) of the three (3) components required to meet the definition of a business (i.e., processes and output). While the Group acquired inputs (i.e., land), the Group did not acquire any processes. As such, the transaction was accounted for as an acquisition of an asset and the entire consideration was recognized as part of "Land and land development" under "Real estate inventories" line item in the consolidated statement of financial position (see Note 14).

Management's Use of Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the 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:

*a. Revenue recognition and measure of progress for real estate sales*

The Group's revenue recognition policy requires 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 POC are measured principally on the basis of physical completion of real estate project.



For the years ended December 31, 2024, 2023 and 2022, the sales of lots, condominium and residential units amounted to ₱17,567.0 million ₱16,094.8 million and ₱13,314.7 million, respectively.

*b. Determining transaction price of sale of real estate*

The Group determines whether a contract contains a significant financing component by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfer the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing effective interest rate. The Group applied practical expedient by not adjusting the effect of financing component when the period when the entity transfers a promised good or service to a customer and when the customer pays for the good or service will be one year or less. The Group determined that its transaction price on certain sales of real estate recognized over time includes significant financing component.

*c. Evaluation of impairment of loans and receivables, contract assets, financial assets at FVOCI and investment securities at amortized cost*

*Real estate operations*

The Group uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) is initially based on the Group's historical observed default rates. The Group will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (e.g., GDP and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's contract receivables and contract assets is disclosed in Notes 7 and 13.

*Banking and financial services*

In 2024 and 2023, the Group made some enhancements and updates in the ECL model as follows:

- updating of the coverage data for the historical components of the model, thus, incorporating the impact of the post-pandemic recovery;
- refinements to the segmentation that further granularizes and therefore, differentiates between borrower behavior
- refinements to the framework for the selection of the base, best and worst economic outlook to be applied to ECL and their corresponding weights or likelihood of occurrence; and
- refinements to the staging criteria of consumer and corporate loans.



The measurement of credit losses under PFRS 9 across all categories of financial assets requires significant judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a SICR. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and interdependencies. Significant elements of the models include, among others:

- segmenting the Group's credit risk exposures;
- the Group's definition of default;
- determining the method to estimate ECL;
- identifying exposures with significant deterioration in credit quality;
- determining assumptions to be used in the ECL model such as the counterparty credit risk rating;
- the expected life of the financial asset and expected recoveries from defaulted accounts; and
- incorporating forward-looking information (called overlays) in calculating ECL.

The carrying values of loans and receivables and the related allowance are disclosed in Note 9, while the carrying values of debt financial assets at FVOCI and amortized cost and their related allowances are disclosed in Note 12. Factors considered in doing the impairment assessment are discussed further in Note 37.

#### *Power and utility operations*

The Group uses a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information.

As of December 31, 2024 and 2023, the carrying value of loans and receivables amounted to ₱4,789.1 million and ₱4,862.0 million, respectively (see Note 10).

#### *d. Estimating NRV of real estate inventories*

The Group adjusts the cost of its real estate inventories costs to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have significantly increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2024 and 2023, the carrying value of real estate inventories amounted to ₱78,900.3 million and ₱81,004.4 million, respectively (see Note 14). No impairment losses were recognized since the carrying values are lower than NRV for the years ended December 31, 2024, 2023 and 2022.



*e. Evaluation of impairment of goodwill and branch licenses*

Goodwill and branch licenses are tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill and branch licenses is based on VIU calculations that use a discounted cash flow model. The cash flows are derived from the forecast as approved by the BOD and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset base of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the, revenue growth rates gross margins and terminal growth rates used.

Goodwill from acquisition of PSHC and subsidiaries (sugar business)

The pre-tax discount rates used were 7.5% and 7.9% in 2024 and 2023, respectively. The growth rate used beyond the five-year forecast projection was 0.50% in 2024 and 2023. This was based on expected areas to be harvested and the total harvest per area.

Goodwill from various bank acquisitions and branch licenses

Future cash flows from CGUs were estimated based on the theoretical annual income of the CGU. Key assumptions in VIU calculation of the CGUs are most sensitive to: (a) interest margin; (b) discount rates; (c) market share during the budget period; and (d) projected growth rates used to extrapolate cash flows beyond the budget period. The pre-tax discount rate used was 12.3% for American International Group, Inc. Philam Savings Bank Group (AIGPASB), EWRB, Standard Chartered Bank (SCB) and Ecology Savings Bank, Inc. (ESBI) in 2024 and 2023. The average growth rate was derived from average increase in annual income during the last 5 years, while growth rate used to extrapolate cash flows beyond the forecast 5-year period is 6.00% as of December 31, 2024 and 2023.

Goodwill from acquisition of FILRT

The pre-tax discount rates used were 9.40% and 9.6% in 2024 and 2023, respectively. The growth rates used beyond the forecast period for different cash-generating units is 4.0% and 3.8% in 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the Group has determined that its goodwill and branch licenses are not impaired. The carrying values of goodwill and branch licenses amounted to ₱10,381.2 million and ₱2,167.6 million, respectively, as of December 31, 2024 and 2023 (see Notes 4 and 20).

*f. Evaluation of impairment of nonfinancial assets (other than goodwill and branch licenses)*

The Group reviews property, plant and equipment, investment properties, investments in joint ventures and associate and other nonfinancial assets for impairment of value. This includes considering certain indications of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

If such indications are present, and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to recoverable amount. The recoverable amount is calculated as the higher of the asset's fair value less cost to sell, or its VIU.

The fair value less cost to sell is the amount to be received from the sale of an asset in an arm's length transaction, while VIU is the present value of estimated future cash flows expected to arise from the nonfinancial assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.



In 2024, 2023 and 2022, the Group recognized provision for probable losses and, as of December 31, 2024 and 2023, the carrying values of the Group's nonfinancial assets are included in Notes 16, 17, 18 and 20 to the consolidated financial statements.

g. *Recognition of deferred tax assets*

The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets 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 assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized. Further details are provided in Note 34.

h. *Fair value of derivatives*

Management applies valuation techniques to determine the fair value of derivatives that are not quoted in active market. Valuation techniques are used to determine fair values which are validated and periodically reviewed by qualified independent personnel. All models are reviewed before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, the models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to develop estimates and assumptions. Changes in assumptions about these factors could affect reported fair values of derivatives. The Group uses judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Fair value measurements of financial instruments (including derivatives) as of December 31, 2024 and 2023 are disclosed in Note 36.

#### 4. Goodwill and Business Combinations

As of December 31, 2024 and 2023, goodwill arising from business combinations in the Group's consolidated statements of financial position consists of (amounts in thousands):

|                                                                                      |                    |
|--------------------------------------------------------------------------------------|--------------------|
| PSHC                                                                                 | ₱6,177,310         |
| Standard Chartered Bank (SCB) Philippines' retail banking business,<br>QMIS and ASIA | 2,560,561          |
| EWRB and Green Bank, Inc. (GBI)                                                      | 397,474            |
| FILRT                                                                                | 326,553            |
| Other bank acquisitions                                                              | 919,254            |
|                                                                                      | <u>₱10,381,152</u> |

*Goodwill from acquisition of PSHC and subsidiaries*

In June 2007, the Parent Company acquired from ALGI 100.0% interest in PSHC in exchange for its own shares. The acquisition of PSHC includes its wholly owned subsidiaries, DSCC, CSCC and HYSFC (the sugar business). The acquisition was accounted for as a business combination and resulted in recognition of goodwill. The value assigned to the sugar business was based on the valuation done by a third-party professional firm, based on factors and assumptions considered relevant at that time. As of December 31, 2024 and 2023, goodwill from the acquisition of PSHC amounted to ₱6,177.3 million.

*Asset and share transfer agreement with SCB and SCMB Overseas Limited*

On May 6, 2016, EW entered into an Asset and Share Transfer Agreement (the Agreement) with SCB and SCMB Overseas Limited. The acquisition was approved by the BSP on August 8, 2016. On November 25, 2016, after satisfying all the conditions under the Agreement, the transfer of assets and liabilities was completed. This resulted in goodwill amounting to ₱2,560.6 million.





*Goodwill from acquisitions of EWRB and GBI*

In 2011, the acquisition of GBI resulted in goodwill amounting to ₱374.0 million. In 2012, the acquisition of EWRB resulted in goodwill amounting ₱23.5 million. In October 2013, the branches coming from GBI were combined with the branch operations of EWRB. Consequently, the goodwill from the acquisition of EWRB and GBI were allocated to the branch operations of EWRB, which is considered as a single CGU for purposes of impairment testing.

*Goodwill from acquisition of FILRT*

In February 2010, FLI acquired 40.0% interests in FILRT from another stockholder to obtain full control of the joint venture. The acquisition resulted in FILRT becoming wholly owned subsidiary of FLI. The acquisition of the joint venture partner's interest was accounted for as business combination and resulted in recognition of goodwill amounting to ₱326.6 million.

*Goodwill from other bank acquisitions*

The business combination between EWBC and American International Group, Inc. Philam Savings Bank (AIGPASB) in 2009 resulted in goodwill amounting to ₱769.0 million, which has been allocated to the auto and credit cards lending unit acquired from AIGPASB.

The business combination between EWBC and Ecology Savings Banks, Inc. (ESBI) in 2003 resulted in goodwill amounting to ₱172.8 million, which has been allocated to various branches acquired from ESBI. As of December 31, 2024 and 2023, the carrying amount of goodwill, after impairment of ₱22.6 million recognized in prior years, amounted to ₱150.2 million.

## 5. Subsidiaries with Noncontrolling Interests

The noncontrolling interests in the immediate Parent Company's partially owned subsidiaries as of December 31, as disclosed in Note 2, follows:

|       | 2024  | 2023  |
|-------|-------|-------|
| EWBC  | 22.1% | 22.1% |
| FLI   | 28.6  | 35.1  |
| FILRT | 48.9  | 36.7  |
| FBCI  | 45.0  | 45.0  |
| FAC   | 40.0  | 40.0  |
| PDDC  | 40.0  | 40.0  |
| FSMCI | 40.0  | 40.0  |
| TSNC  | 2.0   | 2.0   |
| CDC   | 5.0   | 5.0   |
| FAI   | 5.7   | 5.7   |

Capped Voluntary Tender Offer

The increase in the noncontrolling interest in FILRT in 2024 is mainly due to FLI's voluntary tender offer where FLI offered 0.32 FILRT shares for every 1.0 FLI shares.

On December 11, 2024, FLI settled its Capped Voluntary Tender Offer, which was filed on October 2, 2024. FLI has reacquired a total of 1,866,000,000 common shares in exchange for 597,120,000 FILRT common shares. As a result of the voluntary tender offer, FLI's interest in FILRT decreased to 51.1% and this resulted to transfer of ₱1,033.6 million from "Retained earnings" to "Noncontrolling interests" in the consolidated statement of changes in equity.



FLI's voluntary tender offer further resulted to increase in FDC's ownership interest to 71.4% as of December 31, 2024.

#### Additional Investments

On May 2 and March 12, 2024, FDC purchased 125,153,960 and 120,000,000 FLI shares for a total consideration of ₱81.8 million and ₱82.6 million, respectively. These resulted to an increase in the FDC's ownership interest from 64.9% to 65.4% and from 65.4% to 65.9% in March and May 2024, respectively. The related decrease in noncontrolling interests and increase in retained earnings amounted to ₱859.1 million and ₱688.4 million, respectively, in 2024.

#### Dividend Declarations

Total dividends declared and paid to noncontrolling interests follow:

|       | Total Dividends Declared |           |            | Share of Noncontrolling Interests |          |          |
|-------|--------------------------|-----------|------------|-----------------------------------|----------|----------|
|       | 2024                     | 2023      | 2022       | 2024                              | 2023     | 2022     |
| FLI   | <b>₱1,216,488</b>        | ₱875,871  | ₱1,142,939 | <b>₱419,365</b>                   | ₱306,704 | ₱405,213 |
| EWBC  | <b>1,214,986</b>         | 922,491   | 899,991    | <b>269,094</b>                    | 203,871  | 198,898  |
| FILRT | <b>1,237,873</b>         | 1,389,549 | 1,976,682  | <b>454,671</b>                    | 510,381  | 726,035  |
| FAC   | <b>350,000</b>           | 375,000   | 60,000     | <b>140,000</b>                    | 150,000  | 24,000   |
| PDDC  | <b>100,000</b>           | —         | —          | <b>40,000</b>                     | —        | —        |

The summarized financial information of EWBC and FLI, with material noncontrolling interests, are provided below. This information is based on amounts after consolidation but before intercompany eliminations.

#### *Summarized Statements of Financial Position as of December 31, 2024 and 2023*

|                                                          | 2024                |                      | 2023               |                    |
|----------------------------------------------------------|---------------------|----------------------|--------------------|--------------------|
|                                                          | FLI                 | EW                   | FLI                | EW                 |
|                                                          | (In Thousands)      |                      |                    |                    |
| <b>Assets:</b>                                           |                     |                      |                    |                    |
| Cash and cash equivalents                                | <b>₱3,984,191</b>   | <b>₱42,233,263</b>   | ₱5,732,008         | ₱44,452,833        |
| Loans and receivables                                    | <b>5,741,674</b>    | <b>336,410,619</b>   | 5,302,885          | 296,615,470        |
| Financial assets at FVPL                                 | —                   | <b>9,174,276</b>     | —                  | 4,112,322          |
| Financial assets at FVOCI                                | <b>15,535</b>       | <b>29,004,906</b>    | 15,535             | 18,483,960         |
| Investment securities at amortized cost                  | —                   | <b>81,922,750</b>    | —                  | 75,401,019         |
| Contract assets                                          | <b>8,439,093</b>    | —                    | 9,783,769          | —                  |
| Real estate inventories                                  | <b>43,991,685</b>   | —                    | 45,642,483         | —                  |
| Investment properties                                    | <b>25,975,429</b>   | <b>1,161,268</b>     | 79,750,724         | 975,600            |
| Property and equipment                                   | <b>5,812,719</b>    | <b>7,400,080</b>     | 5,673,012          | 7,164,358          |
| Investment in a joint venture                            | —                   | <b>1,125,395</b>     | —                  | 993,166            |
| Investment in associates                                 | <b>5,321,210</b>    | —                    | 5,219,900          | —                  |
| Deferred tax assets - net                                | <b>96,032</b>       | <b>4,085,435</b>     | 48,483             | 4,098,880          |
| Goodwill                                                 | <b>4,567,242</b>    | <b>3,877,289</b>     | 4,567,242          | 3,877,289          |
| Other assets                                             | <b>17,893,805</b>   | <b>8,342,567</b>     | 15,597,691         | 8,030,421          |
| <b>Liabilities:</b>                                      |                     |                      |                    |                    |
| Deposit liabilities                                      | —                   | <b>(386,399,033)</b> | —                  | (356,534,662)      |
| Bills and acceptance payable                             | —                   | <b>(40,117,180)</b>  | —                  | (15,403,706)       |
| Accounts payable, accrued expenses and other liabilities | <b>(22,826,680)</b> | <b>(17,395,084)</b>  | (20,851,645)       | (17,298,914)       |
| Contract liabilities                                     | <b>(610,413)</b>    | <b>(853,211)</b>     | (2,006,651)        | (839,437)          |
| Retirement liabilities                                   | <b>(398,736)</b>    | <b>(629,676)</b>     | (437,193)          | (582,930)          |
| Income tax payable                                       | <b>(71,732)</b>     | <b>(200,466)</b>     | (83,263)           | (297,166)          |
| Long-term and short-term debt                            | <b>(77,889,232)</b> | —                    | (74,456,439)       | —                  |
| Lease liability                                          | <b>(6,930,338)</b>  | <b>(6,076,170)</b>   | (6,719,861)        | (6,073,341)        |
| Deferred tax liabilities - net                           | <b>(4,817,004)</b>  | —                    | (5,649,153)        | —                  |
| <b>Total Equity</b>                                      | <b>₱93,335,512</b>  | <b>₱73,067,027</b>   | <b>₱94,271,872</b> | <b>₱67,175,162</b> |



|                                          | 2024               |                    | 2023        |             |
|------------------------------------------|--------------------|--------------------|-------------|-------------|
|                                          | FLI                | EW                 | FLI         | EW          |
|                                          | (In Thousands)     |                    |             |             |
| <b>Attributable to:</b>                  |                    |                    |             |             |
| Equity holders of the Parent Company     | <b>₱69,571,073</b> | <b>₱56,886,507</b> | ₱70,088,279 | ₱52,299,566 |
| Noncontrolling interests                 | <b>21,047,239</b>  | <b>16,180,521</b>  | 21,801,932  | 14,875,596  |
| Noncontrolling interests in subsidiaries | <b>2,717,203</b>   | —                  | 2,381,661   | —           |

*Summarized Statements of Comprehensive Income for the Years Ended December 31, 2024 and 2023*

|                                                             | 2024                |                     | 2023         |              |
|-------------------------------------------------------------|---------------------|---------------------|--------------|--------------|
|                                                             | FLI                 | EW                  | FLI          | EW           |
|                                                             | (In Thousands)      |                     |              |              |
| Revenues and other income                                   | <b>₱24,086,862</b>  | <b>₱51,247,127</b>  | ₱22,312,327  | ₱41,997,156  |
| Equity in net income (loss) of associates and joint venture | <b>359,036</b>      | <b>112,745</b>      | 242,007      | (152,335)    |
| Costs and operating expenses                                | <b>(15,119,780)</b> | <b>(41,843,954)</b> | (15,178,558) | (34,317,755) |
| Interest and other finance charges                          | <b>(3,685,747)</b>  | —                   | (2,434,393)  | —            |
| Income before income tax                                    | <b>5,640,371</b>    | <b>9,515,917</b>    | 4,941,385    | 7,527,066    |
| Provision for income tax                                    | <b>(1,004,635)</b>  | <b>(1,908,351)</b>  | (645,339)    | (1,443,770)  |
| Net income                                                  | <b>4,635,736</b>    | <b>7,607,566</b>    | 4,296,046    | 6,083,296    |
| Other comprehensive loss                                    | —                   | <b>(500,716)</b>    | (20,644)     | 979,787      |
| Total comprehensive income                                  | <b>₱4,635,736</b>   | <b>₱7,106,850</b>   | ₱4,275,380   | ₱7,063,083   |
| Attributable to noncontrolling interests:                   |                     |                     |              |              |
| Net income                                                  | <b>₱467,268</b>     | <b>₱—</b>           | ₱530,656     | <b>₱—</b>    |
| Total comprehensive income                                  | <b>467,268</b>      | —                   | 530,295      | (143,506)    |
| Dividends paid to noncontrolling interests                  | <b>634,671</b>      | —                   | 667,223      | —            |

*Summarized Statements of Cash Flow Information for the Years Ended December 31, 2024 and 2023*

|                                           | 2024                |                      | 2023        |               |
|-------------------------------------------|---------------------|----------------------|-------------|---------------|
|                                           | FLI                 | EW                   | FLI         | EW            |
|                                           | (In Thousands)      |                      |             |               |
| Cash flows from (used in):                |                     |                      |             |               |
| Operating activities                      | <b>₱7,014,527</b>   | <b>(₱17,375,653)</b> | ₱9,192,735  | (₱6,591,718)  |
| Investing activities                      | <b>(4,788,412)</b>  | <b>(7,061,023)</b>   | (4,343,655) | (11,276,949)  |
| Financing activities                      | <b>(3,973,932)</b>  | <b>22,217,106</b>    | (5,736,207) | 2,955,051     |
| Net decrease in cash and cash equivalents | <b>(₱1,747,817)</b> | <b>(₱2,219,570)</b>  | (₱887,127)  | (₱14,913,616) |

The entire proceeds from FILRT's listing and any subsequent sale thereafter, shall be used in accordance with its reinvestment plan. As a REIT entity, FILRT is subject to externally imposed capital requirements from its debt covenants and based on the requirements of the Aggregate Leverage Limit under the REIT Implementing Rules and Regulations (IRR). Per Section 8 of the REIT IRR issued by the SEC, the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its Deposited Property; provided, however, that the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its Deposited Property. Provided, further, that in no case shall a Fund Manager, borrow for the REIT from any of the funds under its management.



## 6. Cash and Cash Equivalents

This account consists of:

|                                   | 2024               | 2023        |
|-----------------------------------|--------------------|-------------|
|                                   | (In Thousands)     |             |
| Cash                              | <b>₱9,538,307</b>  | ₱13,112,008 |
| Short-term placements             | <b>12,184,783</b>  | 12,302,781  |
| Due from BSP (Note 21)            | <b>27,361,439</b>  | 16,171,987  |
| Due from other banks              | <b>2,469,290</b>   | 2,469,290   |
| Interbank loans receivable (IBLR) | <b>763,554</b>     | 4,906,080   |
|                                   | <b>₱52,317,373</b> | ₱48,962,146 |

Cash includes cash on hand and in banks. Cash in banks earn interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three (3) months and earn interest at the respective short-term deposit rates. Interest income earned on the Group's cash and cash equivalents amounted to ₱242.7 million, ₱221.8 million and ₱175.2 million in 2024, 2023 and 2022, respectively (see Note 27).

Interest earned on the Group's Due from BSP, Due from other banks and IBLR amounted to ₱237.2 million, ₱390.5 million and ₱527.2 million in 2024, 2023 and 2022, respectively (see Note 35).

## 7. Loans and Receivables - Real Estate Operations

This account consists of:

|                                                                | 2024                   |                       |                    | 2023                   |                       |            |
|----------------------------------------------------------------|------------------------|-----------------------|--------------------|------------------------|-----------------------|------------|
|                                                                | Due Within<br>One Year | Due After<br>One Year | Total              | Due Within<br>One Year | Due After<br>One Year | Total      |
|                                                                | (In Thousands)         |                       |                    |                        |                       |            |
| Contracts receivable                                           | <b>₱4,717,975</b>      | <b>₱—</b>             | <b>₱4,717,975</b>  | ₱3,582,421             | <b>₱—</b>             | ₱3,582,421 |
| Receivables from tenants                                       | <b>2,784,809</b>       | —                     | <b>2,784,809</b>   | 2,495,211              | —                     | 2,495,211  |
| Advances to officers and employees                             | <b>442,440</b>         | —                     | <b>442,440</b>     | 437,634                | —                     | 437,634    |
| Receivable from government and other<br>financial institutions | <b>557,958</b>         | —                     | <b>557,958</b>     | 566,778                | —                     | 566,778    |
| Receivables from buyers                                        | <b>442,412</b>         | —                     | <b>442,412</b>     | 414,993                | —                     | 437,634    |
| Receivable from sale of joint<br>venture lots                  | <b>1,364,028</b>       | —                     | <b>1,364,028</b>   | 862,358                | —                     | 862,358    |
| Receivables from Homeowners<br>Associations (HOA)              | <b>115,837</b>         | —                     | <b>115,837</b>     | 168,525                | —                     | 168,525    |
| Due from related parties (Note 26)                             | <b>6,496</b>           | —                     | <b>6,496</b>       | 24,032                 | —                     | 24,032     |
| Others                                                         | <b>1,067,310</b>       | —                     | <b>1,067,310</b>   | 828,384                | —                     | 828,384    |
|                                                                | <b>11,499,265</b>      | —                     | <b>11,499,265</b>  | 9,380,336              | —                     | 9,380,336  |
| Less allowance for ECL                                         | <b>114,380</b>         | —                     | <b>114,380</b>     | 94,561                 | —                     | 94,561     |
|                                                                | <b>₱11,384,885</b>     | <b>₱—</b>             | <b>₱11,384,885</b> | ₱9,285,775             | <b>₱—</b>             | ₱9,285,775 |

Contracts receivables are collectible within the year. These receivables arising from real estate sales are collateralized by the corresponding real estate properties sold.

Interest income recognized on contracts receivable and others amounted to ₱199.5 million, ₱174.0 million and ₱178.6 million in 2024, 2023 and 2022, respectively (see Note 27). Interest rates on contracts receivable range from 11.5% to 19.0% per annum in 2024, 2023 and 2022.



The Group has a mortgage insurance contract with Philippine Guarantee Corporation, a government insurance company for a retail guaranty line. As of December 31, 2024 and 2023, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱193.6 million and ₱361.5 million, respectively.

As of December 31, 2024 and 2023, the remaining unutilized guaranty line amounted to ₱1.4 billion.

Receivables from tenants represent charges to tenants for rentals and utilities which are normally collectible within one (1) year.

Advances to officers and employees are advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon accomplishment of the purposes for which the advances were granted.

Receivables from government and other financial institutions pertain to government and bank-financed real estate sales. These are collectible within one (1) year.

Receivables from buyers mainly pertain to advances for fit-out funds and other advances relating to insurance and other expenses chargeable to buyers.

Receivables from HOA represent claims of the Group's projects for the payments of expenses on behalf of the associations.

Others represent receivable from service fees and advances for selling, marketing and administrative expenses of international sales offices arising from the ordinary course of business which are liquidated upon accomplishment of the purposes for which the advances were granted, among others. Movements in allowance for ECL on receivables from tenants and HOA, which were specifically identified as impaired, follow:

|                              | 2024            | 2023    |
|------------------------------|-----------------|---------|
|                              | (In Thousands)  |         |
| Balance at beginning of year | <b>₱94,561</b>  | ₱47,725 |
| Provisions (Note 29)         | <b>19,819</b>   | 46,836  |
| Balance at end of year       | <b>₱114,380</b> | ₱94,561 |

## 8. Loans and Receivables - Hospitality Operations

This account consists of:

|                                    | 2024            | 2023     |
|------------------------------------|-----------------|----------|
|                                    | (In Thousands)  |          |
| Trade receivables                  | <b>₱295,761</b> | ₱145,729 |
| Advances to officers and employees | <b>7,134</b>    | 7,098    |
| Others (Note 26)                   | <b>93,242</b>   | 94,743   |
|                                    | <b>₱396,137</b> | ₱247,570 |

Trade receivables pertain to receivables from credit card companies, travel agents and corporate guests, which are noninterest bearing and are collectible within one (1) year.



Advances to officers and employees refer to advances for travel, sales and marketing expenses, insurance and other expenses arising from ordinary course of business. These are liquidated within seven (7) days after actual use of the advances.

## 9. Loans and Receivables - Banking and Financial Services

This account consists of:

|                              | 2024                | 2023         |
|------------------------------|---------------------|--------------|
|                              | (In Thousands)      |              |
| Receivables from customers*: |                     |              |
| Consumer lending             | <b>₱266,602,986</b> | ₱230,111,973 |
| Corporate lending            | <b>47,254,031</b>   | 44,530,303   |
|                              | <b>313,857,017</b>  | 274,642,276  |
| Unamortized premium          | <b>7,497,247</b>    | 6,873,004    |
|                              | <b>321,354,264</b>  | 281,515,280  |
| Other receivables            | <b>13,585,843</b>   | 11,661,815   |
|                              | <b>334,940,107</b>  | 293,177,095  |
| Less allowance for ECL       | <b>11,480,756</b>   | 11,923,717   |
|                              | <b>₱323,459,351</b> | ₱281,253,378 |

*\*Net of unamortized modification loss of ₱150.9 million and ₱336.5 million as of December 31, 2024 and 2023, respectively.*

Consumer lending receivables include gross credit card receivables amounting to ₱73,590.7 million and ₱53,912.9 million as of December 31, 2024 and 2023, respectively.

Receivables from customers consist of:

|                                                               | 2024                | 2023         |
|---------------------------------------------------------------|---------------------|--------------|
|                                                               | (In Thousands)      |              |
| Loans and discounts                                           | <b>₱307,846,815</b> | ₱268,415,166 |
| Customers' liabilities under letters of credit/trust receipts | <b>5,075,728</b>    | 4,989,399    |
| Bills purchased                                               | <b>934,474</b>      | 1,237,711    |
|                                                               | <b>₱313,857,017</b> | ₱274,642,276 |

Interest income from these loans and receivables amounted to ₱36,029.4 million, ₱29,222.5 million and ₱21,942.9 million in 2024, 2023 and 2022, respectively (see Note 35).

Movements in allowance for ECL on receivables from customers, which were collectively identified as impaired, follow:

|                              | 2024               | 2023        |
|------------------------------|--------------------|-------------|
|                              | (In Thousands)     |             |
| Balance at beginning of year | <b>₱11,923,717</b> | ₱12,230,550 |
| Provisions (Note 29)         | <b>9,195,589</b>   | 6,612,135   |
| Write off                    | <b>(9,638,550)</b> | (6,918,968) |
| Balance at end of year       | <b>₱11,480,756</b> | ₱11,923,717 |



Provision for credit losses on loans and receivables of the Bank amounted to ₱9.1 billion, ₱6.5 billion, ₱4.8 billion in 2024, 2023 and 2022, respectively (see Note 29).

## 10. Loans and Receivables - Power and Utility Operations

This account consists of:

|                                    | 2024              | 2023       |
|------------------------------------|-------------------|------------|
|                                    | (In Thousands)    |            |
| Trade receivables                  | <b>₱5,376,210</b> | ₱5,230,296 |
| Due from related parties (Note 26) | <b>51</b>         | 10,380     |
| Other receivables                  | <b>42,661</b>     | 10,811     |
|                                    | <b>5,418,922</b>  | 5,251,487  |
| Less allowance for ECL (Note 29)   | <b>629,839</b>    | 389,525    |
|                                    | <b>₱4,789,083</b> | ₱4,861,962 |

Trade receivables pertain to receivables from electric cooperative for the transmitted power and receivables from water charges. These receivables are noninterest-bearing and are due every 25th of the month of the immediately succeeding billing period.

The allowance pertains to the receivables that were specifically identified as impaired as of December 31, 2024 and 2023.

Other receivables pertain mainly to advances to officers and employees, which will be liquidated or charged against salary.

Movements in allowance for ECL on trade receivables, which were specifically identified as impaired, as of December 31 follow:

|                                        | 2024            | 2023     |
|----------------------------------------|-----------------|----------|
|                                        | (In Thousands)  |          |
| Balance at beginning of year           | <b>₱389,525</b> | ₱398,760 |
| Provisions for (reversal of) (Note 29) | <b>240,314</b>  | (9,235)  |
| Balance at end of year                 | <b>₱629,839</b> | ₱389,525 |

In 2024 and 2023, additional restructuring agreements were entered by the Group. The restructured amounts shall be paid through monthly installments for a period of one (1) year and shall not bear any interest. Loss on restructured receivables amounted to ₱10.7 million in 2023 (nil in 2024 and 2022).

The trade receivables are subject to late payment interest rate to 3.0% per month based on 360-day year term. The related interest earned on these receivables amounted to ₱61.1 million, ₱163.7 million, ₱105.1 million in 2024, 2023 and 2022, respectively (see Note 27).



## 11. Loans Receivables - Sugar Operations

This account consists of:

|                          | 2024            | 2023            |
|--------------------------|-----------------|-----------------|
|                          | (In Thousands)  |                 |
| Trade receivables        | ₱37,131         | ₱31,999         |
| Advances to:             |                 |                 |
| Sugar planters (Note 33) | 136,092         | 122,213         |
| Officers and employees   | 5,189           | 4,327           |
|                          | 178,412         | 158,539         |
| Less allowance for ECL   | 24,704          | 23,900          |
|                          | <b>₱153,708</b> | <b>₱134,639</b> |

Advances to sugar planters pertain to various incentives (i.e., fertilizers, canepoints and tractor services). These are usually offset against the planter's share of sales proceeds.

Advances to officers and employees represent advances for travel, marketing and other expenses, loans availed by employees and officers, including educational and loans arising from ordinary course of business. These are liquidated upon the accomplishment of the purposes for which the advances were granted or deducted from the salaries of officers and employees.

As of December 31, 2024 and 2023, loans and receivables from sugar operations are collectible within one (1) year.

Movements in the allowance for ECL on advances to sugar planters, which were specifically identified to be impaired, as of December 31 follow:

|                              | 2024           | 2023           |
|------------------------------|----------------|----------------|
|                              | (In Thousands) |                |
| Balance at beginning of year | ₱23,900        | ₱22,571        |
| Provisions (Note 29)         | 18,371         | 18,371         |
| Write-off                    | (17,567)       | (17,042)       |
| Balance at end of year       | <b>₱24,704</b> | <b>₱23,900</b> |

## 12. Financial Assets at Fair Value through Profit or Loss, Financial Assets at Fair Value through Other Comprehensive Income, and Investment Securities at Amortized Cost

The Group has the following trading and investment securities:

### Financial Assets at FVPL

This account consists of:

|                       | 2024              | 2023              |
|-----------------------|-------------------|-------------------|
|                       | (In Thousands)    |                   |
| Government securities | ₱9,163,963        | ₱4,058,236        |
| Equity securities     | 10,312            | 10,379            |
| Private bonds         | —                 | 43,707            |
|                       | <b>₱9,174,275</b> | <b>₱4,112,322</b> |





As of December 31, 2024 and 2023, financial assets at FVPL include net unrealized gain (loss) amounting to (P241.38) million and P249.4 million, respectively.

In 2024, 2023 and 2022, the yield rates ranged from 3.2% to 8.4%, 3.9% to 8.0% and 3.0% to 7.8%, respectively.

#### Financial Assets at FVOCI

This account consists of:

|                            | 2024               | 2023        |
|----------------------------|--------------------|-------------|
|                            | (In Thousands)     |             |
| Government debt securities | <b>P21,762,659</b> | P11,731,842 |
| Private bonds              | <b>7,227,180</b>   | 6,737,050   |
| Quoted equity securities   | <b>946,710</b>     | 906,183     |
| Unquoted equity securities | <b>47,060</b>      | 36,350      |
|                            | <b>P29,983,609</b> | P19,411,425 |

In 2024, 2023, and 2022, the interest rates of financial assets at FVOCI range from 0.1% to 8.3%.

The rollforward of revaluation reserve on financial assets at FVOCI is as follows:

|                                                    | 2024              | 2023         |
|----------------------------------------------------|-------------------|--------------|
|                                                    | (In Thousands)    |              |
| Balance at beginning of year                       | <b>(P518,425)</b> | (P1,773,792) |
| Changes in fair value of financial assets at FVOCI | <b>(333,525)</b>  | 1,255,367    |
| Balance at end of year                             | <b>(P851,950)</b> | (P518,425)   |

The cumulative net unrealized loss on financial assets at FVOCI (net of the share of noncontrolling interests) presented as “Revaluation reserve on financial assets at FVOCI” amounted to P547.8 million and P302.6 million as of December 31, 2024 and 2023, respectively.

#### Investment Securities at Amortized Cost

This account consists of:

|                                      | 2024               | 2023        |
|--------------------------------------|--------------------|-------------|
|                                      | (In Thousands)     |             |
| Government securities                | <b>P80,137,018</b> | P71,836,021 |
| Private bonds                        | <b>1,785,732</b>   | 3,575,706   |
|                                      | <b>81,922,750</b>  | 75,411,727  |
| Less allowance for impairment losses | —                  | 10,708      |
|                                      | <b>P81,922,750</b> | P75,401,019 |

Peso-denominated government bonds have effective interest rates ranging from 5.0% to 8.0% in 2024, 5.0% to 8.0% in 2023 and 5.0% to 7.1% in 2022. Foreign currency-denominated bonds have EIRs ranging from 4.4% to 6.7% in 2024, 5.0% to 7.1% in 2023 and 2.8% to 6.2% in 2022.

Interest income on trading and investment securities amounted to P5,464.0 million, P4,330.1 million and P3,182.5 million in 2024, 2023 and 2022, respectively (see Note 35).



Trading and securities gain (loss) of the Group on financial assets at FVPL, financial assets at FVOCI, futures and interest rate swaps consist of (see Note 27):

|                           | 2024            | 2023           | 2022       |
|---------------------------|-----------------|----------------|------------|
|                           |                 | (In Thousands) |            |
| Financial assets at FVPL  | <b>₱74,891</b>  | ₱266,982       | (₱314,511) |
| Financial assets at FVOCI | <b>367,980</b>  | —              | (104,575)  |
| US treasury futures       | <b>(41,727)</b> | 70,845         | 23,448     |
| Interest rate swaps       | <b>(6)</b>      | —              | —          |
|                           | <b>₱401,138</b> | ₱337,827       | (₱395,638) |

### 13. Contract Balances

#### Contract Assets and Contract Liabilities

As of December 31, 2024 and 2023, the Group's contract assets amounted to ₱8,436.6 million and ₱9,867.6 million, respectively, while contract liabilities amounted to ₱3,156.4 million and ₱2,996.9 million, respectively.

Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as contracts receivable. This is reclassified to contracts receivable when the monthly amortization of the customer is already due for collection.

In 2024 and 2023, the Group entered into an Agreement for Purchase of Contract Assets with local banks. The banks agreed to buy the contract assets on a without recourse basis, and the Group agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. In 2024 and 2023, total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱11.7 billion and ₱5.4 billion, respectively.

Contract liabilities amounting to ₱2,108.4 million and ₱2,019.1 million as of December 31, 2024 and 2023, respectively, pertains to collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred by the Group based on POC.

Contract liabilities also include deferred credit card and loyalty point, membership fees and dues and deferred exclusive bancassurance access fee amounting to ₱853.2 million and ₱839.4 million, as of December 31, 2024 and 2023, respectively.

Contract liabilities amounting to ₱194.8 million and ₱138.4 million as of December 31, 2024 and 2023, respectively, include deposits received from guests for hotel services.

The movement in contract liability is mainly due to revenue recognition of completed performance obligations. The amount of revenue recognized in 2024 and 2023 from amounts included in contract liabilities at the beginning of the year amounted to ₱450.3 million and ₱767.4 million, respectively.

#### Performance Obligation

Information about the Group's performance obligations are summarized below:

##### *Real estate operations*

The 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 may cover either the (a) lot; (b) house and lot; and (c) condominium unit. There is one performance obligation in each of these contracts. The 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 purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment of 20% to 30% of the contract price spread over a certain period (e.g., one (1) to two (2) years) at a fixed monthly payment with the 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 two (2) 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 to either a contract asset or contract liability.

After the delivery of the completed real estate unit. The Group provides one year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Group 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, 2024 and 2023 amounted to ₱3.1 billion and ₱2.9 billion, respectively. Performance obligation for the transaction price amounting to ₱2.8 billion and ₱2.5 billion will be satisfied within one year as of December 31, 2024 and 2023, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one (1) year relate to the continuous development of the Group's real estate projects. The Group's mid-rise condominium units and high-rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

#### *Hospitality operations*

The Group's hospitality operations deal with guests who are required to pay hotel room charges which cover room services, or room services and meals. The Group concluded that providing room services and selling of meals are two (2) distinct performance obligation. The hotel room rate is fixed and has no variable consideration. In allocating the hotel room charges, the Group considers the cost plus a predetermined margin for the meals and assigns the remaining transaction price to revenue from room services.

Guests usually pay in advance either in full or partially to guarantee reservation. Guests are required to settle all outstanding bills before check-out. Corporate accounts and travel agencies are required to pay 30 days from billing date.

Revenue from golf operations includes golf playing rights dues, green fees, golf cart rentals and other fees. Revenue from golf operations are recognized over the period the related services are rendered.

Revenue from other operating departments include services availed by guest related to spa, sports, leisure, guest transportation, laundry and telephone and internet connections. These are recognized as revenue when the related services are rendered.



*Banking and financial services*

Interest income is recognized for all financial instruments measured at amortized cost and interest-bearing financial instruments classified as FVPL. Interest income is recorded at the EIR. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as interest income.

Award credits under customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated between the award credits and the other components of the sale. Income generated from customer loyalty programmes is recognized as “Service charges, penalties, fees and commissions” under “Other income” in the consolidated statement of income.

Service charges, fees and commission income are recognized only upon collection or accrued when there is a reasonable degree of certainty as to its collectability. These fees are generally payable within one (1) year.

*Power and utility operations*

Power revenues consist of revenue from generated power and power purchased from wholesale electricity spot market (WESM) and from sale of retail electricity. Revenue from power generation pertains to the operation of the 3x135 megawatts (MW) Circulating Fluidized Bed Coal Thermal Power Plant while revenue from sale of retail electricity (non-generation) pertains to the sale to customers of electricity purchased from Wholesale Electricity Spot Market (WESM) which is sold to customers at contract price.

The Group entered into Electric Power Purchase Agreement (EPPA) and retail supply contracts (RSC) with two (2) identified performance obligations: (i) to deliver electric power to customers, and (ii) provide ancillary services to customers. These two (2) performances obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer. Revenue is recognized over time using output method in the period actual capacity is generated since the customer consumes the benefit from the performance of the related dispatch of energy.

As a practical expedient allowed under PFRS 15, the Group recognizes power revenue in the amount to which the Group has a right to invoice since the Group bills a fixed amount for every MW of electricity delivered. The transaction price allocated to the remaining performance obligation is not separately disclosed as the Group recognizes revenue from the satisfaction of the performance obligation in the amount to which the Group has a right to invoice.

Some contracts with customers provide unspecified quantity of energy and/or includes provisional ERC rates, and volume and prompt payment discounts that give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

As indicated in the EPPA and RSC, the customer is required to settle within 25 days after the billing cut-off date. In case of delay in payments, a penalty of 3.0% per month is charged for the amount due for the duration of delay. The RSC would typically require a customer to pay a security deposit equivalent to projected highest monthly power bill for the first contract year of the contract to serve as a guarantee for payment of obligation, with the excess to be returned to the customer.



While the EPPA provides for a fixed fee for every MW of electricity delivered, this fee cannot be billed by the Company to the customers without the approval of ERC.

The Group considers the price differential as a variable consideration as it is susceptible to factor outside the entity's influence (i.e., approval of ERC of the rates and manner of recovery). Pending receipt of the final ERC-approved rates, the Group only recognizes revenue from price differential once the final approved rate is granted by ERC, including the applicable recovery scheme. The Group recognizes power revenue based on ERC-approved rates, or time-of-use rates when there are no ERC-approved rates.

The Group assessed that it is acting as the principal in its RSC arrangements with customers. The Group has assessed that it has the control over the specified good or service before it is transferred to the customers as evidenced by the Power Supply Agreement (PSA) with power suppliers. The Group assessed that it is primarily responsible for providing the services to the customers, has the latitude in establishing prices, and bears the customer's credit risk for the amount of receivable from the customers.

#### *Sugar operations*

The Group enters into milling contracts with various planters, which provide for profit-sharing between the planters and the Group of the sugar and molasses produced in the sugar mill. The milling contracts are effective for a period of 15 agricultural crop years, subject to extension of another 15 crop years at the option of the Group (see Note 33).

Revenue from processing of the planters' sugarcane to raw sugar (milling) and planter's and other third party's raw sugar into refined sugar (tolling) is recognized over time as the customer receives the benefit from the performance of the related service.

Revenue from sugar sales is recognized at a point when control over the sugar and molasses are transferred to the customer through the issuance of invoice or when actual payment is received.

#### Cost to Obtain Contracts and Contract Fulfillment Assets

The rollforward of the cost to obtain contract included in other assets is as follows:

|                                  | 2024             | 2023      |
|----------------------------------|------------------|-----------|
|                                  | (In Thousands)   |           |
| Balance at beginning of year     | <b>₱367,514</b>  | ₱473,852  |
| Additions                        | <b>734,410</b>   | 632,296   |
| Amortization (Note 29)           | <b>(811,308)</b> | (738,634) |
| Balance at end of year (Note 20) | <b>₱290,616</b>  | ₱367,514  |

Amortization of cost to obtain contract is recognized as part of "Commission" under "Expenses" in the consolidated statements of income.

For the years ended December 31, 2024 and 2023, additions of contract fulfillment assets amounted to ₱732.1 million and ₱648.7 million, respectively, while amortization of contract fulfillment costs amounted to ₱1.0 billion and ₱1.07 billion, respectively. Contract fulfillment assets is included as part of real estate inventories.



The Group reviews its major contracts to identify indicators of impairment of contract fulfillment assets by comparing the carrying amount of the asset 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 used the same principles as it does to determine the contract transaction price.

In line with the Group's accounting policy, as set out in Note 2, if a contract or specific performance obligation has exhibited marginal profitability or other indicators of impairment, judgement was applied to ascertain whether 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 on cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

#### 14. Real Estate Inventories

This account consists of:

|                                                  | 2024               | 2023        |
|--------------------------------------------------|--------------------|-------------|
|                                                  | (In Thousands)     |             |
| Real estate inventories - at cost                |                    |             |
| Lots, condominium and residential units for sale | <b>₱46,893,492</b> | ₱47,726,560 |
| Land and land development                        | <b>32,006,824</b>  | 33,277,853  |
|                                                  | <b>₱78,900,316</b> | ₱81,004,413 |

A summary of the movement in lots, condominium and residential units for sale is set out below:

|                                                                                       | 2024               | 2023        |
|---------------------------------------------------------------------------------------|--------------------|-------------|
|                                                                                       | (In Thousands)     |             |
| Balances at beginning of year                                                         | <b>₱47,726,560</b> | ₱46,681,349 |
| Effect of adoption of IFRIC Agenda Decision on PAS 23, <i>Borrowing Cost</i> (Note 2) | <b>(6,226,710)</b> | —           |
| Balance at January 1, as adjusted                                                     | <b>41,499,850</b>  | 46,681,349  |
| Construction/development costs incurred                                               | <b>12,300,446</b>  | 7,682,932   |
| Transfer from land and land development                                               | <b>805,103</b>     | 648,649     |
| Transfer from investment properties (Note 16)                                         | <b>42,952</b>      | —           |
| Capitalized borrowing costs (Note 24)                                                 | —                  | 699,846     |
| Addition through asset acquisition (Notes 1 and 3)                                    | —                  | 452,578     |
| Land acquired during the year                                                         | —                  | 95,531      |
| Costs of inventories sold (Note 28)                                                   | <b>(7,754,859)</b> | (8,534,325) |
| Balances at end of year                                                               | <b>₱46,893,492</b> | ₱47,726,560 |

Capitalized borrowing costs amounted to nil, ₱699.8 million, and ₱576.1 million in 2024, 2023 and 2022, respectively. The capitalization rates used were 5.2% and 4.7% in 2023 and 2022, respectively.



A summary of the movements in land and land development is set out below:

|                                                                 | 2024               | 2023        |
|-----------------------------------------------------------------|--------------------|-------------|
|                                                                 | (In Thousands)     |             |
| Balance at beginning of year                                    | <b>₱33,277,853</b> | ₱32,978,012 |
| Site development and incidental costs                           | <b>1,071,201</b>   | 897,379     |
| Land acquisitions (Notes 1 and 3)                               | <b>52,668</b>      | 51,111      |
| Transferred to lots, condominium and residential units for sale | <b>(805,103)</b>   | (648,649)   |
| Transferred to investment properties (Note 16)                  | <b>(1,589,795)</b> | —           |
| Balance at end of year                                          | <b>₱32,006,824</b> | ₱33,277,853 |

Borrowing costs capitalized as part of land and land development costs, where activities necessary to prepare it for its intended use is ongoing, amounted to ₱766.2 million, ₱620.2 million and ₱430.6 million in 2024, 2023 and 2022, respectively (see Note 24). Capitalization rates used were 5.5% in 2024, 5.2% in 2023 and 4.7% in 2022.

## 15. Coal, Spare Parts and Other Inventories

This account consists of:

|                                   | 2024              | 2023       |
|-----------------------------------|-------------------|------------|
|                                   | (In Thousands)    |            |
| Power inventories - at cost       |                   |            |
| Spare parts                       | <b>₱748,493</b>   | ₱473,789   |
| Coal                              | <b>647,422</b>    | 697,350    |
| Fuel and others                   | <b>189,261</b>    | 151,313    |
|                                   | <b>1,585,176</b>  | 1,322,452  |
| Sugar inventories                 |                   |            |
| Materials and supplies - at NRV   | <b>233,972</b>    | 52,503     |
| Sugar and molasses - at cost      | <b>482,633</b>    | 192,721    |
|                                   | <b>716,605</b>    | 245,224    |
| Hospitality inventories - at cost |                   |            |
| Food and beverage                 | <b>47,533</b>     | 41,329     |
| Others                            | <b>47,740</b>     | 56,767     |
|                                   | <b>95,273</b>     | 98,096     |
|                                   | <b>₱2,397,054</b> | ₱1,665,772 |

These inventories are not pledged or used as collateral to secure any obligation as of December 31, 2024 and 2023.



## 16. Investment Properties

The rollforward analysis of this account as of December 31 follows:

| 2024                                                 |                    |                            |                                     |                          |                   |                     |
|------------------------------------------------------|--------------------|----------------------------|-------------------------------------|--------------------------|-------------------|---------------------|
|                                                      | Land               | Buildings and Improvements | Furniture, Fixtures and Machineries | Construction in Progress | ROU Assets        | Total               |
| (In Thousands)                                       |                    |                            |                                     |                          |                   |                     |
| <b>Cost</b>                                          |                    |                            |                                     |                          |                   |                     |
| Balances at beginning of year                        | ₱36,306,376        | ₱32,559,764                | ₱407,783                            | ₱35,980,496              | ₱3,951,410        | ₱109,205,829        |
| Additions                                            | 457,165            | 2,062,328                  | 42,170                              | 3,315,357                | —                 | 5,877,020           |
| Disposals/transfers/others (Notes 14 and 17)         | 1,570,983          | (291,559)                  | —                                   | —                        | (39,986)          | 1,239,438           |
| Balances at end of year                              | 38,334,524         | 34,330,533                 | 449,953                             | 39,295,853               | 3,911,424         | 116,322,287         |
| <b>Accumulated depreciation and amortization</b>     |                    |                            |                                     |                          |                   |                     |
| Balances at beginning of year                        | —                  | 9,806,502                  | 396,713                             | —                        | 688,748           | 10,891,963          |
| Depreciation and amortization (Notes 28 and 29)      | —                  | 1,322,077                  | 26,651                              | —                        | 174,161           | 1,522,889           |
| Disposals/reclassifications/others (Notes 14 and 17) | —                  | 245,731                    | (8,541)                             | —                        | (29,993)          | 207,197             |
| Balances at end of year                              | —                  | 11,374,310                 | 414,823                             | —                        | 832,916           | 12,622,049          |
| <b>Accumulated impairment loss</b>                   |                    |                            |                                     |                          |                   |                     |
| Balances at beginning of year                        | 63,405             | 10,183                     | —                                   | —                        | —                 | 73,588              |
| Provision for probable losses (Note 29)              | 11,110             | 2,551                      | —                                   | —                        | —                 | 13,661              |
| Disposals/transfers (Note 17)                        | (20,161)           | (7,890)                    | —                                   | —                        | —                 | (28,051)            |
| Balances at end of year                              | 54,354             | 4,844                      | —                                   | —                        | —                 | 59,198              |
| <b>Net book values</b>                               | <b>₱38,280,170</b> | <b>₱22,951,379</b>         | <b>₱ 35,130</b>                     | <b>₱39,295,853</b>       | <b>₱3,078,508</b> | <b>₱103,641,040</b> |

| 2023                                             |                    |                            |                                     |                          |                   |                    |
|--------------------------------------------------|--------------------|----------------------------|-------------------------------------|--------------------------|-------------------|--------------------|
|                                                  | Land               | Buildings and Improvements | Furniture, Fixtures and Machineries | Construction in Progress | ROU Assets        | Total              |
| (In Thousands)                                   |                    |                            |                                     |                          |                   |                    |
| <b>Cost</b>                                      |                    |                            |                                     |                          |                   |                    |
| Balances at beginning of year                    | ₱36,668,361        | ₱29,329,777                | ₱504,093                            | ₱34,327,269              | ₱3,832,614        | ₱104,662,114       |
| Additions                                        | 220,437            | 3,305,836                  | 25,769                              | 1,653,227                | 200,169           | 5,405,438          |
| Disposals/reclassifications/others (Note 17)     | (582,422)          | (75,849)                   | (122,079)                           | —                        | (81,373)          | (861,723)          |
| Balances at end of year                          | 36,306,376         | 32,559,764                 | 407,783                             | 35,980,496               | 3,951,410         | 109,205,829        |
| <b>Accumulated depreciation and amortization</b> |                    |                            |                                     |                          |                   |                    |
| Balances at beginning of year                    | —                  | 8,175,724                  | 377,478                             | —                        | 535,000           | 9,088,202          |
| Depreciation and amortization (Notes 28 and 29)  | —                  | 1,681,261                  | 19,235                              | —                        | 153,748           | 1,854,244          |
| Disposals/reclassifications/others (Note 17)     | —                  | (50,483)                   | —                                   | —                        | —                 | (50,483)           |
| Balances at end of year                          | —                  | 9,806,502                  | 396,713                             | —                        | 688,748           | 10,891,963         |
| <b>Accumulated impairment loss</b>               |                    |                            |                                     |                          |                   |                    |
| Balances at beginning of year                    | 57,592             | 12,954                     | —                                   | —                        | —                 | 70,546             |
| Provision for probable losses (Note 29)          | 14,261             | 1,725                      | —                                   | —                        | —                 | 15,986             |
| Disposals                                        | (8,448)            | (4,496)                    | —                                   | —                        | —                 | (12,944)           |
| Balances at end of year                          | 63,405             | 10,183                     | —                                   | —                        | —                 | 73,588             |
| <b>Net book values</b>                           | <b>₱36,242,971</b> | <b>₱22,743,079</b>         | <b>₱11,070</b>                      | <b>₱35,980,496</b>       | <b>₱3,262,662</b> | <b>₱98,240,278</b> |

The Group's investment properties include land and buildings utilized in mall operations, real estate properties and land improvements acquired in settlement of loans and receivables from banking operations, and other properties held for long-term rental yields and for capital appreciation.

Construction-in-progress pertains to buildings under construction to be leased as retail and office spaces upon completion.

Borrowing costs capitalized as part investment properties amounted to ₱1,439.0 million, ₱944.8 million and ₱858.3 million in 2024, 2023 and 2022, respectively (see Note 24). Capitalization rates used ranged from 4.3% to 6.6% in 2024, 4.3% to 6.7% and 3.6% to 6.1% in 2024, 2023 and 2022, respectively.

The aggregate fair value of the Group's investment properties amounted to ₱350.4 billion as of December 31, 2024. The fair values are based on third party appraisals performed for certain assets by an SEC-accredited independent appraiser and management appraisal updated using current and year-end values and assumptions. The fair value of buildings was determined using the income





approach based on discounted cash flow analysis. The fair value of land was determined using the income approach based on discounted cash flow analysis and market approach.

Under income approach, all expected cash flow from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. Under market approach, the fair value of investment properties was determined on the basis of recent sales of similar properties in the same areas as the investment properties, taking into account the economic conditions prevailing at the time the valuations were made.

The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertain to lease income growth rate and discount rate. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement while a change in the assumption used for the lease income growth rate is accompanied by a directionally similar change in the fair value of the Group's investment properties.

The Group has no restrictions on the realizability of the investment properties.

Rental and related services revenues from investment properties amounted to ₱8,020.7 million, ₱7,208.4 million and ₱6,441.6 million in 2024, 2023 and 2022, respectively (see Note 35). Costs of rental and related services (excluding amortization of BTO rights) from investment properties amounted to ₱3,473.3 million, ₱2,754.0 million and ₱2,193.4 million in 2024, 2023 and 2022, respectively (see Note 28).

The Group's investment properties are not pledged or used as collateral to secure any obligation as of December 31, 2024 and 2023

## 17. Property, Plant and Equipment

The rollforward analysis of this account as of December 31 follows:

|                                                                   | 2024               |                                    |                         |                          |                                                  |                        |                          |                   |                    |
|-------------------------------------------------------------------|--------------------|------------------------------------|-------------------------|--------------------------|--------------------------------------------------|------------------------|--------------------------|-------------------|--------------------|
|                                                                   | Land and Buildings | Coal Thermal Power Plant (Note 24) | Machinery and Equipment | Transportation Equipment | Furniture and Fixtures & Communication Equipment | Leasehold Improvements | Construction in Progress | ROU Assets        | Total              |
|                                                                   | (In Thousands)     |                                    |                         |                          |                                                  |                        |                          |                   |                    |
| <b>Cost</b>                                                       |                    |                                    |                         |                          |                                                  |                        |                          |                   |                    |
| Balances at beginning of year                                     | ₱11,999,634        | ₱30,519,847                        | ₱7,682,688              | ₱422,674                 | ₱10,722,073                                      | ₱4,643,056             | ₱3,062,972               | ₱9,394,307        | ₱78,447,251        |
| Additions                                                         | 403,003            | —                                  | 481,768                 | 35,267                   | 767,863                                          | 372,589                | 3,120,144                | 1,067,260         | 6,247,894          |
| Transfers/others (Note 16)                                        | (214,391)          | (73,268)                           | 326,790                 | (52,453)                 | 569,990                                          | (195,565)              | (123,754)                | (5,911)           | 231,438            |
| Balances at end of year                                           | 12,188,246         | 30,446,579                         | 8,491,246               | 405,488                  | 12,059,926                                       | 4,820,080              | 6,059,362                | 10,455,656        | 84,926,583         |
| <b>Accumulated depreciation, amortization and impairment loss</b> |                    |                                    |                         |                          |                                                  |                        |                          |                   |                    |
| Balances at beginning of year                                     | 3,131,258          | 7,883,666                          | 4,307,011               | 329,867                  | 4,538,713                                        | 3,759,203              | —                        | 5,243,649         | 29,193,367         |
| Depreciation and amortization (Notes 28 and 29)                   | 241,789            | 1,150,731                          | 289,883                 | 39,474                   | 683,393                                          | 93,512                 | —                        | 1,059,071         | 3,557,853          |
| Transfers/others (Note 16)                                        | 441,662            | (39,242)                           | 269,412                 | (61,031)                 | (239,609)                                        | (86,638)               | —                        | —                 | 284,554            |
| Balances at end of year                                           | 3,814,709          | 8,995,155                          | 4,866,306               | 308,310                  | 4,982,497                                        | 3,766,077              | —                        | 6,302,720         | 33,035,774         |
| <b>Net book value</b>                                             | <b>₱8,373,537</b>  | <b>₱21,451,424</b>                 | <b>₱3,624,940</b>       | <b>₱97,178</b>           | <b>₱7,077,429</b>                                | <b>₱1,054,003</b>      | <b>₱6,059,362</b>        | <b>₱4,152,936</b> | <b>₱51,890,809</b> |



|                                                            | 2023               |                                    |                         |                          |                                                  |                        |                          |            |             |
|------------------------------------------------------------|--------------------|------------------------------------|-------------------------|--------------------------|--------------------------------------------------|------------------------|--------------------------|------------|-------------|
|                                                            | Land and Buildings | Coal Thermal Power Plant (Note 24) | Machinery and Equipment | Transportation Equipment | Furniture and Fixtures & Communication Equipment | Leasehold Improvements | Construction in Progress | ROU Assets | Total       |
|                                                            | (In Thousands)     |                                    |                         |                          |                                                  |                        |                          |            |             |
| Cost                                                       |                    |                                    |                         |                          |                                                  |                        |                          |            |             |
| Balances at beginning of year                              | ₱12,612,348        | ₱30,048,664                        | ₱7,375,047              | ₱359,269                 | ₱10,143,664                                      | ₱4,500,605             | ₱2,569,661               | ₱8,374,545 | ₱75,983,803 |
| Additions                                                  | 138,151            | 247,674                            | 307,641                 | 63,405                   | 597,075                                          | 150,062                | 716,820                  | 1,019,762  | 3,240,590   |
| Transfers/others (Note 16)                                 | (750,865)          | 223,509                            | —                       | —                        | (18,666)                                         | (7,611)                | (223,509)                | —          | (777,142)   |
| Balances at end of year                                    | 11,999,634         | 30,519,847                         | 7,682,688               | 422,674                  | 10,722,073                                       | 4,643,056              | 3,062,972                | 9,394,307  | 78,447,251  |
| Accumulated depreciation, amortization and impairment loss |                    |                                    |                         |                          |                                                  |                        |                          |            |             |
| Balances at beginning of year                              | 3,810,452          | 6,791,644                          | 4,043,729               | 303,156                  | 4,231,896                                        | 3,711,515              | —                        | 3,808,082  | 26,700,474  |
| Depreciation and amortization (Notes 28 and 29)            | 187,284            | 1,092,022                          | 263,282                 | 26,711                   | 325,862                                          | 47,688                 | —                        | 1,435,567  | 3,378,416   |
| Transfers/others (Note 16)                                 | (866,478)          | —                                  | —                       | —                        | (19,045)                                         | —                      | —                        | —          | (885,523)   |
| Balances at end of year                                    | 3,131,258          | 7,883,666                          | 4,307,011               | 329,867                  | 4,538,713                                        | 3,759,203              | —                        | 5,243,649  | 29,193,367  |
| Net book value                                             | ₱8,868,376         | ₱22,636,181                        | ₱3,375,677              | ₱92,807                  | ₱6,183,360                                       | ₱883,853               | ₱3,062,972               | ₱4,150,658 | ₱49,253,884 |

Construction in progress pertains to buildings under construction which will be used in the operations of the Group. These are not depreciated until such time as the relevant assets are completed and put into operational use.

Construction in progress consists primarily of construction costs, professional services, including architectural and construction management and expenses in relation to the major renovations and landscaping of the Group's hospitality buildings.

#### *Typhoon Odette*

Certain portions of the resort in Mactan, Cebu were physically damaged by Typhoon Odette when it made landfall in December 2021 resulting in halted operations beginning December 16, 2021. The resort has since reopened partially its specialty food and beverage outlet and guest rooms from February and April 2022, respectively, until July 2022 when its renovation and rehabilitation have commenced simultaneously. The property is covered by insurance.

Certain properties, plant and equipment are used as collateral to secure loans as of December 31, 2024 and 2023 (see Note 24).

## 18. Investments in Joint Ventures and Associate

The carrying value of the Group's investments in joint ventures and associate as of December 31 follows:

|                                      | 2024           | 2023       |
|--------------------------------------|----------------|------------|
|                                      | (In Thousands) |            |
| <i>Investments in joint ventures</i> |                |            |
| EWAL                                 | ₱1,125,394     | ₱993,166   |
| SAPI                                 | 454,732        | 454,375    |
| FREE                                 | 32,833         | 34,314     |
| PROMEI                               | 8,399          | 12,038     |
| IPI                                  | 6,749          | 6,749      |
| FHOWI                                | 4,516          | 31,602     |
|                                      | 1,632,623      | 1,532,244  |
| Less allowance for impairment losses | 64,034         | 64,034     |
|                                      | 1,568,589      | 1,468,210  |
| <i>Investment in an associate</i>    |                |            |
| LIPAD                                | 442,250        | 438,926    |
|                                      | ₱2,010,839     | ₱1,907,136 |



### Investments in Joint Ventures

Below is a summary of certain financial information concerning these individually immaterial joint ventures:

|                                                   | 2024               | 2023        |
|---------------------------------------------------|--------------------|-------------|
|                                                   | (In Thousands)     |             |
| <b>Acquisition cost</b>                           |                    |             |
| Balance at beginning of year                      | <b>₱4,215,458</b>  | ₱4,001,260  |
| Additions                                         | —                  | 216,000     |
| Reclassification due to step-acquisition (Note 1) | —                  | (1,802)     |
| Balance at end of year                            | <b>4,215,458</b>   | 4,215,458   |
| <b>Accumulated share in net loss</b>              |                    |             |
| Balance at beginning of year                      | <b>(2,684,463)</b> | (2,530,080) |
| Share in net gain (loss) (Note 29)                | <b>112,309</b>     | (125,146)   |
| Reclassification due to step-acquisition (Note 1) | —                  | (29,237)    |
| Balance at end of year                            | <b>(2,572,154)</b> | (2,684,463) |
| <b>Accumulated share in OCI</b>                   |                    |             |
| Balance at beginning of year                      | <b>1,249</b>       | 724         |
| Share in OCI                                      | <b>(11,930)</b>    | 525         |
| Balance of end of year                            | <b>(10,681)</b>    | 1,249       |
|                                                   | <b>₱1,632,623</b>  | ₱1,532,244  |

### *EWAL*

On May 28, 2015, EWBC and Ageas Insurance International N.V. (“Ageas”) entered into a joint venture agreement to form EWAL to engage in the life insurance business with a capitalization of ₱2,010.0 million and with ultimate ownership interest of EWBC of 50.0% less 1 share. EWBC’s initial investment amounted to ₱500.0 million. The joint venture agreement provided certain conditions that should be satisfied for the consummation of the agreement, which include among others, obtaining all the required regulatory approvals. In October 2015, the SEC approved the registration of EWAL. The registered office address of EWAL is at One World Place, 32nd Street, Bonifacio Global City, Taguig City.

In November 2015, EWAL and EWBC entered into a 20-year exclusive distribution agreement. Under the distribution agreement, EWAL will have exclusive access to the branch network of EWBC for the distribution of its insurance products (the exclusive bancassurance access). Under the joint venture agreement, within a period of seven (7) years from consummation, the joint venture entity may at any time request for additional funding from EWBC and Ageas. EWBC and Ageas each infused additional capital to EWAL amounting to ₱216.0 million and ₱575.0 million in 2022, respectively.

Share in net income (loss) of EWAL amounted to ₱112.7 million, (₱152.3 million) and (₱228.6 million) in 2024, 2023 and 2022, respectively (see Note 29).

Total costs of investment in EW Ageas Life amounted to ₱3,511.0 million with carrying value of ₱1,125.4 million and ₱993.2 million, respectively, as of December 31, 2024 and 2023.

### *SAPI*

SAPI was incorporated on December 16, 2019 to engage in developing, constructing, establishing, operating, leasing, maintaining, rehabilitating and/or managing commercial, recreational facilities, retail centers, residential, office buildings, mixed-use development, infrastructure and other related activities. The incorporation of SAPI was in pursuant to a joint venture agreement between FAI and



Mitsubishi Corporation, a public company located in Japan, on October 3, 2019, with 60% and 40% ownership interest over SAPI, respectively.

As of December 31, 2024, SAPI has not started its commercial operations.

Share in net income (loss) of SAPI amounted to ₱0.4 million, (₱5.9 million) and ₱6.2 million in 2024, 2023 and 2022, respectively.

Total costs of investment in SAPI amounted to ₱573.9 million, with carrying value of ₱454.7 million and ₱454.4 million as of December 31, 2024 and 2023, respectively.

#### *FHOWI*

On August 20, 2019, FDC and Hitachi Aqua-tech Engineering Pte. Ltd. (Hitachi) entered into a joint venture agreement to form FHOWI with the primary purpose of operating waterwork, sewerage and sanitation systems and services. On October 29, 2019, FHOWI was incorporated with 60.0% owned by FDC and 40.0% owned by Hitachi. The registered office address of FHOWI is at Unit D, 11/F Cyber Sigma Building, Lawton Avenue, McKinley West, Barangay Fort Bonifacio, 1630 Taguig City, Metro Manila.

The costs of investment in FHOWI amounted to ₱20.7 million, with carrying value ₱4.5 million and ₱31.6 million as of December 31, 2024 and 2023, respectively.

#### *PROMEI*

On July 4, 2019, PROMEI, a joint venture company with ENGIE was incorporated to operate, maintain and repair existing and future technical systems, including but not limited to heating, ventilation and air conditioning systems and distributed energy systems, and implement new technologies in connection with saving energy and reducing operating costs. PROMEI is 47.5% owned by FDC and 52.5% owned by ENGIE. The registered office address of PROMEI is at Unit 2103, The Orient Square, F. Ortigas, Jr. Rd. Ortigas Centre, San Antonio, Pasig city. The costs of investment in PROMEI amounted to ₱12.0 million, with carrying value ₱8.4 million and ₱12.0 million as of December 31, 2024 and 2023, respectively.

#### *FREE*

On October 16, 2018, FDCUI entered into a joint venture agreement with ENGIE Services Philippines (ENGIE) to incorporate FREE. On November 22, 2018, FREE was incorporated in which the group owns 60% of the outstanding shares. Its primary purpose is to engage in the business of installation and/or operation of renewable energy systems/facilities including batteries utilize renewable energy resources.

The costs of investment in FREE amounted to ₱37.5 million, with carrying value ₱34.3 million and ₱32.8 million as of December 31, 2024 and 2023, respectively.

#### *IPI*

On October 31, 2019, FDC and Investree SG entered into a joint venture agreement to form IPI to engage in the business of software integration and providing IT solution. On May 6, 2020, IPI was incorporated. IPI is 50.0% owned by FDC and 50.0% owned by Investree SG. Subsequently, on March 26, 2021, FDC entered into a Deed of Assignment to sell its 50% ownership in IPI to FDEV amounting to ₱6.5 million.

The office address of IPI is at Unit 3012, Park Triangle Corporate Plaza North, 32nd Street corner 11th Avenue Brgy. Fort Bonifacio, Bonifacio, Taguig.



The costs of investment in IPI amounted to ₱64.0 million, carrying value of ₱6.7 million as of December 31, 2024 and 2023.

In 2023, FDEV determined that its investment in IPI is subject for impairment since the operating partner is no longer willing to provide additional capital infusion which resulted to impairment losses amounting to ₱64.0 million. FDEV also impaired its advances to IPI amounting to ₱42.8 million (see Note 29).

#### *CHI*

CHI is a joint venture between FDC and Archipelago International Pte. Ltd. (AIPL), a corporation registered in Singapore. CHI was incorporated in the Philippines and is operating as the management entity of the Group's hotels including Crimson Filinvest City Manila, Crimson Resort and Spa Mactan, Quest Hotel and Conference Center (QHCC) Cebu, QHCC Clark and Mimosa Golf Clark, Crimson Resort and Spa Boracay, Quest Hotel Tagaytay and Timberland Highlands Resort. CHI is 60.0% owned by FDC and 40.0% owned by AIPL. The registered office address of CHI is at 8th Floor, Vector Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City.

On October 2, 2023, Archipelago International Pte. Ltd., (AIPL) entered into a Deed of Assignment for its 40% ownership in CHI for a total consideration of ₱50.0 million. This resulted to FDC's 100% ownership interest in CHI as of December 31, 2024 and 2023 (see Note 1).

The cost of investment in CHI amounted to ₱1.8 million as of December 31, 2022. The Group's share in net income of CHI amounted to ₱19.0 million from January 1, 2023 to October 1, 2023 and ₱7.5 million in 2022 (see Note 29).

#### Investment in an Associate

##### *LIPAD*

On February 18, 2019, LIPAD was incorporated to engage in the operation and maintenance of airports. LIPAD is owned 42.5% by FDC, 33.0% by JG Summit Holdings Inc. (JGSHI), 15.0% by Changi Airports Philippines (I) Pte. Ltd. (CAP) and 9.5% by the Philippine Airport Ground Support Solutions, Inc. (PAGSSI) (collectively referred to as "North Luzon Airport Consortium" or "NLAC").

On January 21, 2019, NLAC signed the contract that grants a 25-year concession to the consortium to develop the commercial assets, operate and maintain project facilities and fit-out the new terminal in Clark.

LIPAD's commercial operations started on August 16, 2019 upon the transfer of the operations and maintenance of Clark International Airport (CIA). On June 7, 2021, the FDC signed a Shareholders' Agreement (SHA) with JG Summit Holdings Inc., Philippine Airport Ground Support Solutions Inc. and Changi Airports Philippines (I) Pte. Ltd. In connection with their ownership interest. Based on the SHA, the Group continues to have a significant influence in LIPAD.

The registered office address of LIPAD is at Clark Field, Clark Freeport Zone, Andres Bonifacio Avenue, Clark Special Economic Zone, Dau, Mabalacat City, Pampanga.



The movements in the investment in LIPAD is summarized below:

|                                      | 2024            | 2023            |
|--------------------------------------|-----------------|-----------------|
|                                      | (In Thousands)  |                 |
| <b>Acquisition cost</b>              | <b>₱595,000</b> | <b>₱595,000</b> |
| <b>Accumulated share in net loss</b> |                 |                 |
| Balance at beginning of year         | (156,074)       | (134,247)       |
| Share in net income (loss) (Note 29) | 3,324           | (21,827)        |
| Balance at end of year               | (152,750)       | (156,074)       |
|                                      | <b>₱442,250</b> | <b>₱438,926</b> |

The joint ventures and associate have no contingent liabilities or capital commitments as of December 31, 2024 and 2023.

## 19. Trust Operations

Securities and other properties held by EWBC in fiduciary or agency capacity for clients and beneficiaries are not included in the accompanying consolidated statements of financial position since these are not assets of EWBC. The combined trust and managed funds operated by the Trust Department of EWBC amounted to ₱69.1 billion and ₱61.5 billion as of December 31, 2024 and 2023, respectively.

Government securities with a total face value of ₱765.0 million and ₱610.0 million as of December 31, 2024 and 2023, respectively, are deposited with the BSP in compliance with current banking regulations related to EWBC's trust functions. These government securities are recorded as part of investment securities at FVTPL and at amortized costs as of December 31, 2024 and 2023.

In accordance with BSP regulations, 10.0% of the profits realized by EWBC from its trust operations are appropriated to surplus reserves. The yearly appropriation is required until the surplus reserves for trust operations amounts to 20.0% of EWBC's authorized capital stock.

EWBC's income from its trust operations amounted ₱137.2 million, ₱126.7 million and ₱121.2 million in 2024, 2023 and 2022, respectively (see Note 27).

## 20. Other Assets

This account consists of:

|                                         | 2024              | 2023       |
|-----------------------------------------|-------------------|------------|
|                                         | (In Thousands)    |            |
| <b>Intangible assets</b>                |                   |            |
| BTO rights (Note 33)                    | <b>₱6,240,240</b> | ₱6,296,211 |
| Branch licenses                         | <b>2,167,600</b>  | 2,167,600  |
| Capitalized software                    | <b>1,011,007</b>  | 822,738    |
| Customer relationship and core deposits | <b>96,327</b>     | 106,446    |
|                                         | <b>9,515,174</b>  | 9,392,995  |

(Forward)



|                                                | 2024               | 2023        |
|------------------------------------------------|--------------------|-------------|
|                                                | (In Thousands)     |             |
| Restricted cash (Note 24)                      | <b>₱5,972,986</b>  | ₱6,250,087  |
| Input taxes                                    | <b>4,642,449</b>   | 4,456,467   |
| Advances to contractors and suppliers          | <b>3,915,716</b>   | 2,413,916   |
| Creditable withholding taxes                   | <b>3,036,684</b>   | 2,075,731   |
| Repossessioned assets                          | <b>2,427,304</b>   | 2,022,310   |
| Prepaid expenses                               | <b>2,294,610</b>   | 2,174,632   |
| Deposits                                       | <b>769,523</b>     | 624,092     |
| Card acquisition cost                          | <b>512,704</b>     | 409,531     |
| Construction materials and supplies            | <b>507,371</b>     | 456,367     |
| Cost to obtain contracts (Note 13)             | <b>290,616</b>     | 367,514     |
| Deferred costs                                 | <b>287,164</b>     | 293,482     |
| Advances to joint venture partners             | <b>258,718</b>     | 311,157     |
| Equity on car plan                             | <b>180,371</b>     | 162,658     |
| Short-term deposits                            | <b>179,750</b>     | 96,332      |
| Investment in bonds                            | <b>150,000</b>     | 150,000     |
| Margin account                                 | <b>137,853</b>     | 167,996     |
| Stationery and supplies on hand                | <b>129,688</b>     | 78,517      |
| Documentary stamps                             | <b>121,322</b>     | 192,146     |
| Derivative assets (Notes 36, 37 and 38)        | <b>83,133</b>      | 21,812      |
| Deposits to suppliers                          | <b>71,867</b>      | 49,030      |
| Biological assets (Notes 28 and 33)            | <b>46,958</b>      | 38,518      |
| Interoffice items                              | <b>7,088</b>       | 2,460       |
| Others                                         | <b>1,287,533</b>   | 1,264,280   |
|                                                | <b>36,826,582</b>  | 33,472,030  |
| Less allowance for impairment losses (Note 29) | <b>176,971</b>     | 157,456     |
|                                                | <b>₱36,649,611</b> | ₱33,314,574 |

a. Intangible assets include:

*BTO Rights*

BTO rights pertain to the cost related to the BTO agreement with The Province of Cebu (Cebu Province) entered on March 26, 2012. The BTO project relates to the development, construction, and operation of the Business Process Outsourcing (BPO) Complex by the Group at the land properties owned by Cebu Province located at Salinas, Lahug, Cebu City.

In 2024, 2023 and 2022, related amortization recognized as part of Cost of rental and related services amounted to ₱140.7 million, ₱70.6 million and ₱173.1 million, respectively (see Note 28). Related rent income amounting to ₱466.1 million, ₱455.5 million and ₱290.6 million in 2024, 2023 and 2022, respectively, was recognized as part of “Rental and related services revenues” in the consolidated statements of income.

Interest incurred capitalized amounted to ₱64.8 million, ₱90.7 million and ₱46.3 million in 2024, 2023 and 2022, respectively

*Branch licenses*

As of December 31, 2024 and 2023, branch licenses amounting to ₱2,167.6 million represents:

- one (1) branch license acquired by EWBC from the BSP amounting to ₱0.20 million in 2015;
- 25 branch licenses acquired by EWBC from the BSP amounting to ₱505.20 million in 2014;
- 10 branch licenses acquired by EWBC from the BSP amounting to ₱214.80 million in 2013;



- 42 branch licenses acquired by EWBC from the BSP amounting to ₱822.00 million in 2012; and
- 46 branch licenses acquired by EWBC from the acquisition of GBI amounting to ₱625.40 million in 2011.

*Capitalized software*

Capitalized software pertains to costs of computer software licenses and programs acquired by the Group for its banking and power and utility operations.

*Customer relationship and core deposits*

The business combination between EWBC and AIGPASB in 2009 resulted in the acquisition of customer relationship and core deposits amounting to ₱154.6 million and ₱40.4 million, respectively.

The business combination between EWBC and SCB in 2016 resulted in the acquisition of core deposits amounting to ₱64.7 million.

The rollforward analysis of the Group's intangible assets with finite lives as of December 31 follows:

|                                 | 2024              |                      |                                         |                   |
|---------------------------------|-------------------|----------------------|-----------------------------------------|-------------------|
|                                 | BTO Rights        | Capitalized Software | Customer Relationship and Core Deposits | Total             |
|                                 | (In Thousands)    |                      |                                         |                   |
| <b>Cost</b>                     |                   |                      |                                         |                   |
| Balances at beginning of year   | ₱6,863,079        | ₱2,678,913           | ₱264,500                                | ₱9,806,492        |
| Additions                       | 84,717            | 436,439              | —                                       | 521,156           |
| Balances at end of year         | 6,947,796         | 3,115,352            | 264,500                                 | 10,327,648        |
| <b>Accumulated amortization</b> |                   |                      |                                         |                   |
| Balances at beginning of year   | 566,868           | 1,856,175            | 158,054                                 | 2,581,097         |
| Amortization (Notes 28 and 29)  | 140,688           | 248,170              | 10,119                                  | 398,977           |
| Balances at end of year         | 707,556           | 2,104,345            | 168,173                                 | 2,980,074         |
| <b>Net book value</b>           | <b>₱6,240,240</b> | <b>₱1,011,007</b>    | <b>₱96,327</b>                          | <b>₱7,347,574</b> |

|                                 | 2023              |                      |                                         |                   |
|---------------------------------|-------------------|----------------------|-----------------------------------------|-------------------|
|                                 | BTO Rights        | Capitalized Software | Customer Relationship and Core Deposits | Total             |
|                                 | (In Thousands)    |                      |                                         |                   |
| <b>Cost</b>                     |                   |                      |                                         |                   |
| Balances at beginning of year   | ₱5,997,831        | ₱2,432,253           | ₱264,500                                | ₱8,694,584        |
| Additions                       | 865,248           | 246,660              | —                                       | 1,111,908         |
| Balances at end of year         | 6,863,079         | 2,678,913            | 264,500                                 | 9,806,492         |
| <b>Accumulated amortization</b> |                   |                      |                                         |                   |
| Balances at beginning of year   | 496,263           | 1,663,463            | 143,628                                 | 2,303,354         |
| Amortization (Notes 28 and 29)  | 70,605            | 192,712              | 14,426                                  | 277,743           |
| Balances at end of year         | 566,868           | 1,856,175            | 158,054                                 | 2,581,097         |
| <b>Net book value</b>           | <b>₱6,296,211</b> | <b>₱822,738</b>      | <b>₱106,446</b>                         | <b>₱7,225,395</b> |

- Restricted cash pertains to funds intended for debt repayment and is not available to management for any disbursement transactions other than its specified purpose (see Note 24).
- Input taxes represent the value-added tax (VAT) due or paid on purchases of goods and services subjected to VAT that the Group can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT on sale of goods and services subjected to VAT.





- d. Advances to contractors and suppliers represent downpayment to contractors and suppliers which will be applied against future billings for development and construction contracts.
- e. Creditable withholding taxes are taxes withheld by the withholding agents from payment to the Group which are creditable against the income tax payable
- f. Repossessed assets pertain to other foreclosed properties which do not qualify as land and building.

The movements in this account are as follows:

|                                            | 2024              | 2023              |
|--------------------------------------------|-------------------|-------------------|
|                                            | (In Thousands)    |                   |
| <b>Cost</b>                                |                   |                   |
| Balances at beginning of year              | ₱2,316,579        | ₱1,222,755        |
| Additions                                  | 6,329,959         | 3,993,505         |
| Disposals/Others                           | (5,862,489)       | (2,899,681)       |
| Balances at end of year                    | 2,784,049         | 2,316,579         |
| <b>Accumulated Depreciation</b>            |                   |                   |
| Balances at beginning of year              | 291,373           | 255,385           |
| Depreciation and amortization              | 603,738           | 297,679           |
| Disposals                                  | (541,486)         | (261,691)         |
| Balances at end of year                    | 353,625           | 291,373           |
| <b>Net book value, gross of impairment</b> | <b>2,430,424</b>  | <b>2,025,206</b>  |
| <b>Accumulated impairment losses</b>       |                   |                   |
| Balances at beginning of year              | 2,896             | 1,291             |
| Provisions (Note 29)                       | 3,032             | 4,561             |
| Disposals                                  | (2,808)           | (2,956)           |
| Balances at end of year                    | 3,120             | 2,896             |
| <b>Net book value, net of impairment</b>   | <b>₱2,427,304</b> | <b>₱2,022,310</b> |

The Group recognized net loss from the disposal of its repossessed assets amounting to ₱416.1 million, ₱425.2 million and ₱266.3 million in 2024, 2023 and 2022, respectively. This is included in "Gain (loss) on sale of assets" under "Other income" in the consolidated statement of income (see Note 27).

- g. Prepaid expenses consist of prepayments for commission, taxes and licenses, rentals and insurance on leases, marketing fees, advertising and promotions.
- h. Deposits include advances to sellers for the purchase of land prior to issuance of contract to sell, security deposits rental deposit. EWBC's refundable deposits with Master Card and Visa related to its credit card business and FLI's deposits in escrow for payments of raw land pending finalization of contract to sell.
- i. Card acquisition costs represent capitalized commissions paid to third-party brokers for successfully originated credit card accounts, and are amortized over two (2) years, which is the average relationship life with customers.
- j. Construction materials and supplies pertain to inventories to be used in the construction and maintenance of projects.



- k. Deferred costs pertain to incurred expenditures related to project development and site preparation.
- l. Advances to joint venture partners are advances (e.g., for property taxes and permits) and are normally applied against the share of the joint venture partners from the sale of the joint venture properties.
- m. Short-term deposits pertain to cash placements with maturity of more than three (3) months up to 12 months and earn interest at prevailing market rates.
- n. Investment in bonds consist of a 5-year, non-interest bearing, Class A Senior Notes with a face amount of ₱150.0 million issued by a third party special purpose trust fund duly registered with the BSP invested by the Group on December 19, 2022.
- o. Biological assets incurred expenditures consist of sugarcane crops.

The rollforward of the Group's biological assets as of December 31 follows:

|                               | 2024           | 2023      |
|-------------------------------|----------------|-----------|
|                               | (In Thousands) |           |
| Balances at beginning of year | ₱38,518        | ₱20,916   |
| Additions (Note 28)           | 97,596         | 168,149   |
| Costs of sales (Note 28)      | (89,156)       | (150,547) |
| Balances at end of year       | ₱46,958        | ₱38,518   |

The following table shows the estimated physical quantities of the Group's biological assets and raw sugar production:

|                                  | 2024           | 2023   |
|----------------------------------|----------------|--------|
|                                  | (In Thousands) |        |
| Sugarcane crops (in metric tons) | 23,031         | 41,747 |
| Raw sugar (in 50-kilogram bag)   | 39,847         | 68,578 |

There are no restrictions on the Group's biological assets as of December 31, 2024 and 2023.

## 21. Deposit Liabilities

This account consists of:

|         | 2024           | 2023         |
|---------|----------------|--------------|
|         | (In Thousands) |              |
| Time    | ₱74,175,348    | ₱64,126,014  |
| Savings | 164,197,890    | 152,641,165  |
| Demand  | 134,169,558    | 122,014,133  |
|         | ₱372,542,796   | ₱338,781,312 |



Under existing BSP regulations, non-FCDU deposit liabilities of EWBC are subject to unified reserve requirements equivalent to 9.5% (under BSP Circulars 1082 and 1092) as at December 31, 2024 and 2023.

On the other hand, EWRB is required to maintain regular reserves equivalent to 1.0% and 2.0% demand and savings deposits in 2024 and 2023, respectively.

As of December 31, 2024 and 2023, EWBC and EWRB are in compliance with such regulations. As of December 31, 2024 and 2023, due from BSP (see Note 6) amounting to ₱17,058.8 million and ₱9,171.3 million, respectively, were set aside as reserves for deposit liabilities, as reported to the BSP.

As of December 31, 2024 and 2023, 19.7% and 17.9% of the total deposit liabilities are subject to periodic interest repricing.

The remaining deposit liabilities earn annual fixed interest rates ranging from 0.01% to 1.35% in 2024, and from 0.01% to 2.5% in 2023 and 2022.

The Group's interest expense on deposit liabilities amounted to ₱6,614.2 million, ₱4,880.4 million and ₱2,060.3 million in 2024, 2023 and 2022, respectively (see Note 28).

As of December 31, 2024 and 2023, the current portion of deposit liabilities amounted to ₱372,658.4 million and ₱338,185.3 million, respectively.

Long-term negotiable certificates of deposits (LTNCDs) are subject to required reserves of 4.00% if issued under BSP Circular No. 304, and 7.00% if issued under BSP Circular No. 842.

The movements in unamortized net discount as of LTNCDs December 31 follow:

|                              | 2024           | 2023    |
|------------------------------|----------------|---------|
|                              | (In Thousands) |         |
| Balance at beginning of year | ₱—             | ₱3,466  |
| Amortization during the year | —              | (3,466) |
| Balance at end of year       | ₱—             | ₱—      |

## 22. Bills and Acceptances Payable

This account consists of borrowings from:

|                         | 2024           | 2023        |
|-------------------------|----------------|-------------|
|                         | (In Thousands) |             |
| SSURA                   | ₱38,215,086    | ₱14,663,678 |
| Interbank call loans    | 983,365        | 728,116     |
| Interbank term loans    | 867,675        | —           |
| Outstanding acceptances | 51,054         | 11,912      |
|                         | ₱40,117,180    | ₱15,403,706 |



The following are the fair value of government debt securities (see Note 12) pledged and transferred under SSURA transactions of the Group:

|                                         | 2024               |                    | 2023        |             |
|-----------------------------------------|--------------------|--------------------|-------------|-------------|
|                                         | Face value         | Fair value         | Face value  | Fair value  |
| Investment securities at amortized cost | <b>₱39,009,231</b> | <b>₱35,900,499</b> | ₱17,687,183 | ₱17,202,332 |
| Financial assets at FVTOCI              | <b>4,894,416</b>   | <b>4,318,831</b>   | —           | —           |

The Group's borrowings are subject to annual interest rates ranging from 3.4% to 6.2% in 2024 and 4.6% to 5.9% in 2023 and 2.7% to 5.0% in 2022.

The Group's interest expense on bills and acceptances payable amounted to ₱1.4 billion in 2024, ₱744.8 million in 2023, and ₱0.4 million in 2022.

The Group entered into repurchase agreements to fund its operation amounting to ₱43.9 billion and ₱18.4 billion in 2024 and 2023, respectively. This excess liquidity is currently deployed in very liquid short-term assets.

The Group's interest expense on SSURA amounted to ₱1.2 billion, ₱674.1 million and ₱74.7 million in 2024, 2023 and 2022, respectively.

## 23. Accounts Payable, Accrued Expenses and Other Liabilities

The details of this account follow:

|                                   | 2024                   |                       |                    | 2023                   |                       |                    |
|-----------------------------------|------------------------|-----------------------|--------------------|------------------------|-----------------------|--------------------|
|                                   | Due Within<br>One Year | Due After<br>One Year | Total              | Due Within<br>One Year | Due After<br>One Year | Total              |
| (In Thousands)                    |                        |                       |                    |                        |                       |                    |
| Accounts payable                  | <b>₱16,891,992</b>     | <b>₱8,083,269</b>     | <b>₱24,975,261</b> | ₱12,519,413            | ₱4,263,763            | ₱16,783,176        |
| Accrued expenses                  | <b>9,427,566</b>       | <b>600,073</b>        | <b>10,027,639</b>  | 9,546,884              | —                     | 9,546,884          |
| Deposits from tenants             | <b>3,641,919</b>       | <b>1,805,809</b>      | <b>5,447,728</b>   | 4,539,055              | 1,645,028             | 6,184,083          |
| Retention fee payable             | <b>2,805,644</b>       | <b>889,104</b>        | <b>3,694,748</b>   | 2,551,557              | 548,521               | 3,100,078          |
| Deferred revenues                 | <b>1,414,266</b>       | <b>622,409</b>        | <b>2,036,675</b>   | 597,243                | 251,015               | 848,258            |
| Accrued interest                  | <b>1,983,366</b>       | —                     | <b>1,983,366</b>   | 1,793,825              | —                     | 1,793,825          |
| Deposits for registration         | <b>239,726</b>         | <b>1,731,707</b>      | <b>1,971,433</b>   | 2,414,005              | 1,573,499             | 3,987,504          |
| Asset retirement obligation (ARO) | —                      | <b>803,681</b>        | <b>803,681</b>     | —                      | 753,895               | 753,895            |
| Due to related parties (Note 26)  | <b>322,906</b>         | —                     | <b>322,906</b>     | 856,199                | —                     | 856,199            |
| Provision for unused credit lines | <b>252,209</b>         | —                     | <b>252,209</b>     | 463,860                | —                     | 463,860            |
| Derivative liabilities            | <b>59,230</b>          | —                     | <b>59,230</b>      | 103,083                | —                     | 103,083            |
| Payment orders payable            | <b>1,208</b>           | —                     | <b>1,208</b>       | 12,232                 | —                     | 12,232             |
| Other payables                    | <b>2,211,201</b>       | <b>114,095</b>        | <b>2,325,296</b>   | 1,995,751              | 460,118               | 2,455,869          |
|                                   | <b>₱39,251,233</b>     | <b>₱14,650,147</b>    | <b>₱53,901,380</b> | <b>₱37,393,107</b>     | <b>₱9,495,839</b>     | <b>₱46,888,946</b> |

- Accounts payable include the outstanding balance of the purchase price for raw land, investment properties and property, plant and equipment acquired by the Group and payable upon completion of certain requirements and on agreed scheduled payment date.
- Accrued expenses pertain to various operating expenses incurred by the Group in the course of business such as unbilled construction cost related to ongoing projects, salaries and wages, securities and janitorial, management and professional fees, rent, power, light and water, among others.
- Deposits from tenants are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.



- d. Retention fee payable pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.
- e. Deposits for registration pertain to amounts collected from buyers for payment of registration of real estate properties. This account is charged for costs incurred related to transfer of title to buyers.
- f. ARO is related to the Group's lease agreement with Philippine Veterans Investment Development Corporation (PHIVIDEC) Industrial Estate to restore the property (where its coal thermal power plant is situated) to its original condition and to bear the cost of dismantling and restoration at the end of the lease term. ARO is accreted over the lease term and the related interest expense recognized amounted to ₱55.3 million, ₱48.7 million and ₱50.0 million in 2024, 2023 and 2022, respectively (see Note 29).
- g. Provision for unused credit lines pertains to ECL related to loan commitments without outstanding drawn amounts.
- h. Other payables include withholding taxes, output VAT payables, interest on restructured loans and deferred rental income.

## 24. Long-term and Short-term Debt

This account consists of the following respective borrowings of the Group and their contractual settlement dates:

|                                                                                                                        | 2024                | 2023         |
|------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|
|                                                                                                                        | (In Thousands)      |              |
| Parent Company                                                                                                         |                     |              |
| Bank loans                                                                                                             |                     |              |
| Philippine peso - with fixed interest rates ranging from 4.3% to 6.0% per annum with varying maturity dates up to 2028 | <b>₱18,207,363</b>  | ₱18,886,453  |
| Philippine peso bonds                                                                                                  | <b>9,918,241</b>    | 8,799,207    |
|                                                                                                                        | <b>28,125,604</b>   | 27,685,660   |
| Subsidiaries                                                                                                           |                     |              |
| Loans from banks and other institutions:                                                                               |                     |              |
| Philippine peso - with interest rates ranging from 4.3% to 7.6% with varying maturity dates up to 2034                 | <b>61,575,220</b>   | 56,159,036   |
| Bonds:                                                                                                                 |                     |              |
| Philippine peso bonds                                                                                                  | <b>35,856,588</b>   | 37,468,512   |
| Foreign currency bonds                                                                                                 | <b>11,773,828</b>   | 11,058,736   |
|                                                                                                                        | <b>109,205,636</b>  | 104,686,284  |
|                                                                                                                        | <b>₱137,331,240</b> | ₱132,371,944 |



Below are the current and noncurrent portions of the long-term and short-term debt:

|            | 2024                | 2023         |
|------------|---------------------|--------------|
|            | (In Thousands)      |              |
| Current    | <b>₱47,952,041</b>  | ₱29,528,806  |
| Noncurrent | <b>89,379,199</b>   | 102,843,138  |
|            | <b>₱137,331,240</b> | ₱132,371,944 |

As of December 31, 2024 and 2023, short-term debt, presented under current portion amounted to ₱150.0 million and ₱180.5 million, respectively.

The other details on foregoing long-term and short-term debt of the Group follow:

#### FDC

##### *Fixed rate bonds*

On February 7, 2024, FDC issued fixed rate bonds with aggregate principal amount of ₱10.0 billion 2.5-year bonds with interest of 6.32% per annum due in 2026. Interest is payable quarterly in arrears starting on May 7, 2024. As of December 31, 2024, ₱9.9 billion of these bonds payable remain outstanding.

On January 14, 2014, FDC issued fixed rate bonds with aggregate principal amount of ₱8.8 billion 10-year bonds with interest of 6.15% per annum which was due and paid in 2024.

##### *Term loans*

The fixed-rate loans availed by FDC bear interest ranging from 4.47% to 5.43% per annum. The term loans availed by FDC that are subject to floating interest set every 90-days payable in arrears. As of December 31, 2024 and 2023, ₱18.2 billion and ₱18.8 billion of these term loans remain outstanding, respectively.

#### FLI

##### *Fixed-rate bonds*

On November 8, 2013, FLI issued fixed rate bonds with aggregate principal amount of ₱7.0 billion comprised of ₱4.3 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.7 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. On November 8, 2023, FLI paid the remaining balance amounting to ₱2.7 billion.

On December 4, 2014, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.0 billion comprising of ₱5.3 billion, 7-year fixed rate bonds due in 2021 and ₱1.7 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum. As of December 31, 2023, ₱1.7 billion of the related bonds payable remain outstanding (nil in 2024).

On August 20, 2015, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.0 billion comprising of ₱7.0 billion, 7-year fixed rate bonds due in 2022 and ₱1.0 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum, while the 10-year bonds have a fixed rate of 5.71% per annum. FLI paid the ₱7.0 billion bonds on August 20, 2022. As of December 31, 2024 and 2023, ₱1.0 billion of the related bonds payable remain outstanding.



On July 7, 2017, FILRT issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱6.00 billion and term of five and a half (5.5) years due in 2023. The bonds carry a fixed rate of 5.05% per annum, payable quarterly in arrears starting on October 7, 2017. On January 9, 2023, FILRT paid the outstanding bonds payable balance amounting to ₱6.0 billion.

On November 18, 2020, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.10 billion comprising of ₱6.3 billion, 3-year fixed rate bonds due in 2023 and ₱1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum. On November 18, 2023, FLI paid ₱6.3 billion of the outstanding bonds payable. As of December 31, 2024 and 2023, ₱1.8 billion of the related bonds payable remain outstanding.

On December 21, 2021, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.0 billion, 4-year fixed rate bonds due in 2025 and ₱5.0 billion, 6-year fixed rate bonds due in 2027. The 4-year bonds carry a fixed rate of 4.5300% per annum, while the 6-year bonds have a fixed rate of 5.2579% per annum. As of December 31, 2024 and 2023, ₱10.0 billion of these bonds payable remain outstanding.

On June 23, 2022, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.90 billion comprising of ₱8.9 billion, 3-year fixed rate bonds due in 2025 and ₱3.0 billion, 5-year fixed rate bonds due in 2027. The 3-year bonds carry a fixed rate of 5.3455% per annum, while the 5-year bonds have a fixed rate of 6.4146% per annum. As of December 31, 2024 and 2023, ₱11.9 billion of these bonds payable remain outstanding.

On December 1, 2023, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.4 billion which are 3.5-year fixed rate bonds due in 2027. The bonds carry a fixed rate of 6.9829% per annum. As of December 31, 2024 and 2023, ₱11.4 billion of these bonds payable remain outstanding.

Unamortized debt issuance cost on bonds payable amounted to ₱238.8 million and ₱236.9 million as of December 31, 2024 and 2023, respectively. Accretion included as part of Interest expense amounted to ₱88.1 million in 2024, ₱21.3 million in 2023 and ₱27.4 million in 2022 (see Note 29).

#### *Developmental loans*

Developmental loans from local banks will mature on various dates up to 2028. These Peso-denominated loans bear floating interest rates, which are repriced quarterly, semi-annually or annually based on either 3-month, 6-month or 1-year Bloomberg Valuation (BVAL), or Reverse Repurchase Rate (RRP), plus margin, per annum.

Additional loans availed in 2024, 2023 and 2022 amounted to ₱38.1 billion, ₱24.7 billion and ₱12.8 billion, respectively. These include availment of short-term loans payable amounting to ₱11.5 billion, ₱16.5 billion and ₱10.3 billion in 2024, 2023 and 2022, respectively. Principal payments made in 2024, 2023 and 2022 amounted to ₱32.9 billion, ₱20.5 billion and ₱12.2 billion, respectively.

#### FAI

The fixed-rate loans availed by FAI bear interest ranging from 3.8% to 5.0% per annum. The term loans availed by FAI that are subject to floating interest set every 90-days payable in arrears has a one-time option to change interest to fixed rate anytime during the life of the loan.



## EWBC

### *Bonds payable*

On February 10, 2020, EWBC issued 4.5% fixed-rate bonds with issue price at 100.0% face value. The bonds will bear interest at the rate of 4.5% per annum from and including February 21, 2020 to but excluding: (a) February 21, 2023, such date being the maturity date (if the pre-termination option is not exercised); or (b) the pre-termination date (if the pre-termination option is exercised), and the interest will be payable quarterly in arrears at the end of each interest period on February 21, August 21 and November 21 of each year commencing in 2020.

In 2023, the bonds matured at 100.0% of their face value and the related interest expense amounted to ₱23.3 million.

### *Lower Tier 2 Unsecured Subordinated Notes Due 2027*

On February 20, 2017, EWRB issued 5.5% coupon rate Lower Tier 2 unsecured subordinated note (the 2027 Notes) with par value of ₱1,250.0 million, maturing on August 20, 2027 but callable on August 20, 2022.

Unless the 2027 Notes are previously redeemed, the 2027 Notes are repayable to the Noteholders at 100.0% of their face value or at par on the maturity date of August 20, 2027.

From and including the issue date to, but excluding the optional redemption date of August 20, 2022, the 2027 Notes bear interest at the rate of 5.5% per annum and shall be payable quarterly in arrears on February 20, May 20, August 20, and November 20 of each year, which commenced on February 20, 2017. Unless the 2027 Notes are previously redeemed, the interest rate will be reset at the equivalent of the prevailing 5-year BVAL at reset date plus initial spread (i.e., the difference between the initial interest rate and the prevailing 5-year BVAL at the pricing date of the initial tranche), commencing on August 20, 2022.

The 2027 Notes are redeemable at the option of EWRB, in whole but not in part, on the call option date at 100.0% of the face value plus accrued but unpaid interest, subject to the following conditions:

- a. EWRB has obtained prior written approval and complied with the requirements of the BSP prior to redemption of the 2027 Notes;
- b. the 2027 Notes are replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of EWRB, or
- c. EWRB demonstrates that its capital position is above the minimum capital requirements after redemption is exercised;
- d. EWRB is not in breach of (and would not, following such redemption, be in breach) of applicable regulatory capital requirements (including regulatory capital buffers);
- e. EWRB is solvent at the time of redemption of the 2027 Notes and immediately thereafter.

Furthermore, upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event, the EWRB may, subject to compliance with BSP rules and BSP approval, and upon prior approval of the BSP and with prior written notice to the Noteholders on record, redeem all and not less than all of the outstanding 2027 Notes prior to the stated maturity by paying the Noteholder the Redemption Option Amount which, (a) in the case of a Tax Redemption Event is an amount equal to 100.0% of the face value of the 2027 Notes plus accrued interest at the interest rate relating to the then current interest period up to but excluding the date of such redemption, and (b) in the case of a Regulatory Redemption Event is an amount equal to 100.0% of the face value of the 2027 Notes plus accrued interest at the interest rate relating to the then current Interest Period up to but excluding the date of such redemption (the "Redemption Option Date").





The 2027 Notes have a loss absorption feature which means that the 2027 Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Event. Non-viability is defined as a deviation from a certain level of Common Equity Tier 1 (CET1) Ratio or inability of the EWRB to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. A Non-Viability Event is deemed to have occurred when EWRB is considered non-viable as determined by the BSP.

Upon the occurrence of a Non-Viability Event, EWRB shall write-down the principal amount of the 2025 Notes to the extent required by the BSP, which could go to as low as zero. Additional Tier 1 (AT1) capital instruments shall be utilized first before Tier 2 capital instruments are written down, until the viability of the Issuer is re-established. In the event EWRB does not have AT1 capital instruments, then the write-down shall automatically apply to Tier 2 capital.

Loss absorption feature is subject to the following conditions:

- a. the principal amount of all series of Tier 1 Loss Absorbing Instruments outstanding having been Written-Down to zero or converted into common equity of EW (where possible) irrevocably, in accordance with, and to the extent possible pursuant to, their terms (the "Tier 1 Write-Down")
- b. the Tier 1 Write-Down having been insufficient to cure the Non-Viability Event
- c. EW giving the relevant Non-Viability Notice to the Public Trustee and the Registrar and Paying Agent

Each Noteholder irrevocably agrees and acknowledges that it may not exercise or claim any right of set-off in respect of any amount owed to it by EWRB arising under or in connection with the 2027 Notes and it shall, to the fullest extent permitted by applicable law, waive and be deemed to have waived all such rights of set-off.

On June 24, 2022, the EWRB's Board of Directors unanimously approved under Resolution No. 002-007 EWRB 2022 the exercise of the Call Option for TIER2 on August 22, 2022. Issued principal is ₱1.25 billion at 5.5% coupon rate with 385 noteholders. On August 1, 2022, BSP approved the exercise of the call option. Redemption date was on August 20, 2022 and was settled on August 22, 2022.

The Group's interest expense on subordinated debt amounted to nil in 2024 and 2023 and ₱44.7 million in 2022 (see Note 28).

#### FMPC

FMPC entered into loan facility agreements with local financial institutions to partially finance the construction and operation of the 405 MW CFB coal thermal power plant located inside the PHIVIDEC Industrial Estate in Villanueva, Misamis Oriental.

These loan facility agreements provide for a scheduled loan availments within a certain period. These loans are payable in 42 quarterly variable payments. The first installment will be due 42 months from initial availment date or six (6) months from the project completion date, whichever comes first. These loans bear interest of 7-year BVAL (subject to repricing on the 7th year from initial availment date), plus applicable credit spread.

These loans are secured with real properties and real rights, inclusive of FMPC's buildings and other improvements amounting to ₱21,761.3 million and ₱22,887.0 million as of December 31, 2024 and 2023, respectively, and its rights provided under certain agreements (e.g., EPPAs, insurance and lease contracts), chattels, movables and personal properties.



These loans bear interest from 4.7% to 6.4% per annum, subject to repricing after the 7th from initial loan avallment until maturity date. Interest is payable quarterly in arrears to start at the end of the first quarter from the date of the release of the loan.

#### FDCI

##### *USD200.0 Million Fixed-rate Bonds*

On September 17, 2020, the Group issued through FDCI fixed-rate 5-year bonds with original issuance amount of USD200.0 million. The bonds bear a fixed interest rate of 4.13% per annum, payable semi-annually in arrears.

The Group's long-term and short-term debt are unsecured and no assets are held as collateral for these debts, except for the loans of FMPC. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio of 2.0x to 4.0x; debt service coverage ratio of 1.0x to 1.1x; interest coverage ratio of 2.0x to 3.0x; and minimum current ratio of 2.0x based on the definitions of such ratios in the respective loan agreements.

As of December 31, 2024 and 2023, the Group has not been cited as in default on its outstanding loan obligation.

Total interest incurred on these long-term and short-term debt, including amortization of transaction costs follow:

|                                                            | 2024              | 2023       | 2022       |
|------------------------------------------------------------|-------------------|------------|------------|
|                                                            | (In Thousands)    |            |            |
| Interest expense                                           |                   |            |            |
| Real estate operations (Note 29)                           | <b>₱3,153,379</b> | ₱1,628,904 | ₱1,683,944 |
| Hospitality operations (Note 29)                           | <b>318,632</b>    | 386,428    | 253,842    |
| Power and utility operations (Note 29)                     | <b>571,546</b>    | 641,994    | 904,062    |
| Sugar operations (Note 29)                                 | <b>30,524</b>     | 14,784     | 6,946      |
| Other operations (Notes 28 and 29)                         | <b>1,975,739</b>  | 1,677,705  | 1,760,915  |
|                                                            | <b>6,049,820</b>  | 4,349,815  | 4,609,709  |
| Total capitalized borrowing costs<br>(Notes 14, 16 and 20) | <b>2,269,974</b>  | 2,355,529  | 1,911,293  |
|                                                            | <b>₱8,319,794</b> | ₱6,705,344 | ₱6,521,002 |

## 25. Equity

#### Capital Stock

On December 22, 1982, the Philippine SEC approved the Parent Company's registration of 5.3 million shares, divided into 5.2 million Class A shares, and 100,000 class B shares with par value of ₱10.0 per share.

On April 13, 1992, the Philippine SEC approved the Parent Company's registration of 144,575,000 common shares with par value of ₱10.0 per share.

On March 10, 1993, the Philippine SEC approved the reduction of par value from ₱10.0 to ₱5.0 per share of the Parent Company's common shares which at that time consisted of ₱1.5 billion authorized common stocks divided into 90,000,000 shares of Class "A" common shares and 60,000,000 shares of Class "B" common shares.



On December 20, 1993, the stockholders approved the reduction of the par value per share from ₱5.0 to ₱1.0 and to unclassify the Parent Company's capital stock.

On October 15, 2010, the stockholders and BOD of the Parent Company approved the increase in its authorized capital stock from ₱10.0 billion, consisting of 10.0 billion common shares with par value of ₱1.0 per share to ₱17.0 billion, consisting of 15.0 billion common shares with par value of ₱1.0 per share and 2.0 billion non-voting and redeemable preferred shares with par value of ₱1.0 per share. Article Seven of the Amended Articles of Incorporation of the Parent Company was amended to effect the increase in the authorized capital stock of the Parent Company.

On August 19, 2011, Philippine SEC approved the increase in the authorized capital stock of the Parent Company.

The preferred shares have the following features:

- a) not entitled to any voting right or privilege, except in those cases expressly provided by law;
- b) redeemable subject to the terms and conditions to be fixed by the BOD;
- c) entitled to dividends at the rate to be determined by the BOD prior to the issuance of shares, to be payable out of the surplus profits of the Corporation so long as the preferred shares are outstanding; and
- d) may be subject to such other additional terms and conditions to be fixed by the BOD.

As of December 31, 2024 and 2023, authorized capital stock of the Parent Company is 15.0 billion common shares with par value of ₱1.0 per share and 2.0 billion non-voting redeemable preferred shares with par value of ₱1.0 per share.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31:

|                          | Number<br>of Shares<br>Registered<br>(In Thousands) | Number<br>of holders<br>of securities<br>as of year end |
|--------------------------|-----------------------------------------------------|---------------------------------------------------------|
| December 31, 2022        | 8,648,463                                           | 4,005                                                   |
| Movements                | —                                                   | (7)                                                     |
| December 31, 2023        | 8,648,463                                           | 3,998                                                   |
| Movements                | —                                                   | (22)                                                    |
| <b>December 31, 2024</b> | <b>8,648,463</b>                                    | <b>3,976</b>                                            |

*Note: Exclusive of 671,409,400 treasury shares (see Note 31) as of December 31, 2024 and 2023.*

#### Treasury Shares

There was no movement in treasury shares for the years ended December 31, 2024 and 2023.

#### Dividend Declarations

On April 26, 2024, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.10346 per share for every common share of record as of May 20, 2024 and paid on June 11, 2024.

On April 28, 2023, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.06534 per share for every common share of record as of May 22, 2023 and paid on June 14, 2023.



On April 29, 2022, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱606.6 or ₱0.07014 per share for every common share of record as of May 20, 2022 and paid on June 14, 2022.

#### Retained Earnings

Retained earnings include undistributed earnings representing accumulated equity in net earnings of subsidiaries and joint ventures amounting to ₱112,247.8 million and ₱103,985.5 million as of December 31, 2024 and 2023, respectively, which are not available for dividend declaration until received in the form of dividends from such subsidiaries and associates.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury amounting to ₱3,614.5 million as of December 31, 2024 and 2023.

#### Capital Management

The Group monitors its capital and cash positions and manages its expenditures and disbursements. Furthermore, the Group may also, from time to time seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2024, 2023 and 2022.

Capital management of each segment within the group are further discussed in Note 37.

The Group monitors capital using debt-to-equity ratio, which is the long-term and short-term debt divided by total equity.

|                                         | 2024                | 2023         |
|-----------------------------------------|---------------------|--------------|
|                                         | (In Thousands)      |              |
| Long-term and short-term debt (Note 24) | <b>₱137,331,240</b> | ₱132,371,944 |
| Total equity                            | <b>186,380,506</b>  | 177,691,875  |
| Debt-to-equity ratio                    | <b>0.74:1:00</b>    | 0.74:1:00    |

The Group is subject to externally imposed capital requirements due its loan covenants (see Note 24).

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## 26. Related Party Transactions

The Group has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as 'Affiliates'). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches 10% of the Group's total consolidated assets shall be subject to the review by the RPT Committee.



Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions (“Policy”). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Unless otherwise stated, outstanding balances at year-end are unsecured, interest-free and require settlement in cash. As of December 31, 2024 and 2023, the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant transactions with related parties are as follows:

- a. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱135.4 million, ₱93.5 million and ₱93.9 million in 2024, 2023 and 2022, respectively. Post-employment benefits of key management personnel amounted to ₱30.1 million, ₱20.7 million and ₱20.5 million in 2024, 2023 and 2022, respectively.
- b. Other transactions with related parties include noninterest-bearing cash advances and various charges to and from non-consolidated affiliates for management fees, rent, share of expenses and commission charges. Transactions with related parties are normally settled in cash.

The amounts and the balances arising from the foregoing significant related party transactions are as follows:

|                                         |                   | 2024                                           |                                                                                                                                                               |                             |
|-----------------------------------------|-------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
|                                         | Amount/<br>Volume | Outstanding<br>Balance<br>Due from<br>(Due to) | Terms                                                                                                                                                         | Conditions                  |
| (In Thousands)                          |                   |                                                |                                                                                                                                                               |                             |
| <b>Due from related parties</b>         |                   |                                                |                                                                                                                                                               |                             |
| Real estate operations (Note 7)         |                   |                                                |                                                                                                                                                               |                             |
| Ultimate Parent Company <sup>(a)</sup>  | ₱–                | ₱320                                           | Noninterest-bearing,<br>collectible on demand                                                                                                                 | Unsecured, no<br>impairment |
| Affiliates: (Notes 7, 8 and 10)         |                   |                                                | Noninterest-bearing and<br>due on demand, except<br>for ₱53.0 million loan<br>subject to interest rate of<br>3.5% to 3.8% due within 1<br>year <sup>(b)</sup> | Unsecured, no<br>impairment |
| Share in expenses                       | 29,686            | 99,469                                         |                                                                                                                                                               |                             |
|                                         |                   | ₱99,789                                        |                                                                                                                                                               |                             |
| <b>Due to related parties (Note 23)</b> |                   |                                                |                                                                                                                                                               |                             |
| Affiliates                              |                   |                                                |                                                                                                                                                               |                             |
| Share in expenses <sup>(a)</sup>        | ₱–                | (₱212,566)                                     | Noninterest-bearing,                                                                                                                                          |                             |
| Management fee <sup>(c)</sup>           | 46,961            | (110,340)                                      | payable on demand                                                                                                                                             | Unsecured                   |
|                                         |                   | (₱322,906)                                     |                                                                                                                                                               |                             |

(a) Share in Group expenses

(b) Availment of loan payable, with interest at prevailing market rate

(c) Management fee charged to hospitality operations by a joint venture.



| 2023                                   |                   |                                                |                                                                                                                                                               |                             |
|----------------------------------------|-------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
|                                        | Amount/<br>Volume | Outstanding<br>Balance<br>Due from<br>(Due to) | Terms                                                                                                                                                         | Conditions                  |
| (In Thousands)                         |                   |                                                |                                                                                                                                                               |                             |
| Due from related parties               |                   |                                                |                                                                                                                                                               |                             |
| Real estate operations (Note 7)        |                   |                                                |                                                                                                                                                               |                             |
| Ultimate Parent Company <sup>(a)</sup> | (P360)            | P320                                           | Noninterest-bearing,<br>collectible on demand                                                                                                                 | Unsecured, no<br>impairment |
| Affiliates: (Notes 7, 8 and 10)        |                   |                                                | Noninterest-bearing and<br>due on demand, except<br>for P53.0 million loan<br>subject to interest rate of<br>3.5% to 3.8% due within 1<br>year <sup>(b)</sup> | Unsecured, no<br>impairment |
| Share in expenses                      | 69,597            | 129,155                                        |                                                                                                                                                               |                             |
|                                        |                   | <b>P129,475</b>                                |                                                                                                                                                               |                             |
| Due to related parties (Note 23)       |                   |                                                |                                                                                                                                                               |                             |
| Affiliates                             |                   |                                                |                                                                                                                                                               |                             |
| Share in expenses <sup>(a)</sup>       | P-                | (P792,820)                                     | Noninterest-bearing,                                                                                                                                          |                             |
| Management fee <sup>(c)</sup>          | 217,461           | (63,379)                                       | payable on demand                                                                                                                                             | Unsecured                   |
|                                        |                   | <b>(P856,199)</b>                              |                                                                                                                                                               |                             |

(a) Share in Group expenses

(b) Availment of loan payable, with interest at prevailing market rate

(c) Management fee charged to hospitality operations by a joint venture.

#### Transactions with Retirement Plans

Certain post-employment benefit plans are considered as related parties. The Group's retirement plan is in the form of a trust administered by the EWBC's Trust Division under the supervision of the Retirement Committee.

The values of the assets of the fund held by EWBC are as follows (see Note 30):

|                           | 2024              | 2023       |
|---------------------------|-------------------|------------|
|                           | (In Thousands)    |            |
| Cash and cash equivalents | <b>P516,487</b>   | P450,032   |
| Equity instruments        | <b>877,538</b>    | 731,196    |
| Debt instruments          | <b>86,367</b>     | 101,471    |
| Others                    | <b>1,925</b>      | 1,462      |
|                           | <b>P1,482,317</b> | P1,284,161 |

The following are the amounts recognized by the retirement plan arising from its transactions with EWBC for the years ended December 31, 2024, 2023 and 2022.

|                                             | 2024          | 2023   | 2022      |
|---------------------------------------------|---------------|--------|-----------|
| Trust fees                                  | <b>P4,673</b> | P3,524 | P3,490    |
| Interest income on savings deposit          | <b>17,371</b> | 2,746  | 1,213     |
| Interest income on investments in LTNCD     | <b>4,611</b>  | 6,162  | 6,825     |
| Gain (loss) on investments in equity shares | <b>69,675</b> | 87,315 | (104,360) |



## 27. Other Income

Other income from real estate operations consists of:

|                                                                                       | 2024              | 2023       | 2022       |
|---------------------------------------------------------------------------------------|-------------------|------------|------------|
|                                                                                       | (In Thousands)    |            |            |
| Interest income on cash and cash equivalents and contract receivables (Notes 6 and 7) | <b>₱388,317</b>   | ₱344,229   | ₱254,304   |
| Processing fees                                                                       | <b>229,167</b>    | 277,026    | 322,850    |
| Management fees                                                                       | <b>678,323</b>    | 304,350    | 88,380     |
| Forfeited reservations and payments                                                   | <b>166,947</b>    | 92,854     | 114,937    |
| Service income                                                                        | <b>155,304</b>    | 305,767    | —          |
| Income from amusement centers, parking and other lease related activities             | <b>96,795</b>     | 25,386     | 453        |
| Water supply income                                                                   | <b>84,346</b>     | 95,344     | 82,685     |
| Sewer treatment services                                                              | <b>64,120</b>     | 43,472     | 41,327     |
| Parking fees                                                                          | <b>15,248</b>     | 30,533     | 59,850     |
| Slot rental fees                                                                      | <b>14,282</b>     | 5,629      | 2,416      |
| Others                                                                                | <b>133,513</b>    | 122,986    | 213,507    |
|                                                                                       | <b>₱2,026,362</b> | ₱1,647,576 | ₱1,180,709 |

Others include membership and maintenance dues, parking fees, late payment charges, gain on sale or exchange of properties and slot rental fees.

Other income from hospitality operations consists of:

|                          | 2024            | 2023     | 2022   |
|--------------------------|-----------------|----------|--------|
|                          | (In Thousands)  |          |        |
| Interest income (Note 6) | <b>₱5,035</b>   | ₱1,606   | ₱2,198 |
| Others                   | <b>547,863</b>  | 562,307  | 1,997  |
|                          | <b>₱552,898</b> | ₱563,913 | ₱4,195 |

Others include insurance fees, bagging fees, and other miscellaneous income.

Other income - net from banking and financial services consist of:

|                                                          | 2024              | 2023       | 2022       |
|----------------------------------------------------------|-------------------|------------|------------|
|                                                          | (In Thousands)    |            |            |
| Service charges, penalties, fees and commissions         | <b>₱5,850,127</b> | ₱4,769,438 | ₱3,780,805 |
| Gain on asset foreclosure and <i>dacion</i> transactions | <b>1,191,284</b>  | 614,532    | (9,446)    |
| Recovery on written-off assets                           | <b>1,031,633</b>  | 504,817    | 469,030    |
| Foreign currency exchange gains - net                    | <b>746,220</b>    | 655,790    | 571,169    |
| Trading and securities gain (loss) - net (Note 12)       | <b>401,138</b>    | 337,827    | (395,638)  |
| Trust income (Note 19)                                   | <b>137,166</b>    | 126,733    | 121,233    |
| Gain (loss) on sale of assets (Notes 16, 17 and 20)      | <b>(688,094)</b>  | 183,080    | 105,349    |
| Others                                                   | <b>262,625</b>    | 237,019    | 269,858    |
|                                                          | <b>₱8,932,099</b> | ₱7,429,236 | ₱4,912,360 |



Other income from power and utility operations consist of:

|                                  | 2024            | 2023           | 2022     |
|----------------------------------|-----------------|----------------|----------|
|                                  |                 | (In Thousands) |          |
| Interest income (Notes 6 and 10) | <b>₱108,906</b> | ₱213,695       | ₱121,534 |
| Others                           | <b>21,329</b>   | 144,541        | 17,525   |
|                                  | <b>₱130,235</b> | ₱358,236       | ₱139,059 |

Other income from sugar operations consist of:

|                               | 2024           | 2023           | 2022    |
|-------------------------------|----------------|----------------|---------|
|                               |                | (In Thousands) |         |
| Fertilizers assistance income | <b>₱2,691</b>  | ₱8,693         | ₱13,687 |
| Storage income                | <b>2,298</b>   | 362            | 570     |
| Interest income (Note 6)      | <b>1,090</b>   | 3,813          | 275     |
| Handling income - net         | <b>586</b>     | 682            | 1,073   |
| Diesel mark-up                | —              | 4,839          | 7,619   |
| Others                        | <b>36,420</b>  | 31,667         | 55,585  |
|                               | <b>₱43,085</b> | ₱50,056        | ₱78,809 |

Fertilizer assistance income and diesel mark-up pertain to income from sale of fertilizer and diesel to planters of sugarcane.

Storage and handling income pertains to income from sugar storage and handling services provided to planters of sugarcane.

Conversion rights income pertain to reclassification of rights over issued quedans as directed by the Sugar Regulatory Administration.

Others include insurance fees, bagging fees and other miscellaneous income from bidding of quedans.

## 28. Costs

Costs of sale of lots, condominium and residential units consists of:

|                                                      | 2024              | 2023           | 2022       |
|------------------------------------------------------|-------------------|----------------|------------|
|                                                      |                   | (In Thousands) |            |
| Lots, condominium and residential units<br>(Note 14) | <b>₱7,754,859</b> | ₱8,534,325     | ₱7,521,107 |

Costs of rental and related services consists of:

|                                      | 2024              | 2023           | 2022       |
|--------------------------------------|-------------------|----------------|------------|
|                                      |                   | (In Thousands) |            |
| Mall operations                      | <b>₱2,171,762</b> | ₱1,524,681     | ₱1,354,837 |
| Depreciation (Note 16)               | <b>1,283,852</b>  | 1,201,601      | 832,097    |
| Amortization of BTO Rights (Note 20) | <b>140,688</b>    | 70,605         | 173,129    |
| Others                               | <b>17,652</b>     | 27,721         | 6,477      |
|                                      | <b>₱3,613,954</b> | ₱2,824,608     | ₱2,366,540 |

Others pertain to outside services, repairs and maintenance and association dues.





Costs of hospitality operations consists of:

|                                         | 2024              | 2023           | 2022       |
|-----------------------------------------|-------------------|----------------|------------|
|                                         |                   | (In Thousands) |            |
| Salaries, wages and employee benefits   | <b>₱690,476</b>   | ₱343,910       | ₱275,167   |
| Food and beverage (Note 15)             | <b>467,050</b>    | 414,304        | 285,228    |
| Depreciation and amortization (Note 17) | <b>331,132</b>    | 258,770        | 270,320    |
| Utilities                               | <b>300,831</b>    | 284,211        | 197,031    |
| Cleaning supplies                       | <b>85,472</b>     | 54,865         | 27,405     |
| Guest laundry and linen                 | <b>37,133</b>     | 41,506         | 15,577     |
| Contract services                       | <b>29,900</b>     | 18,615         | 4,922      |
| Guest amenities                         | <b>23,265</b>     | 42,804         | 39,334     |
| Complimentary food and services         | <b>19,071</b>     | 25,058         | 12,122     |
| Kitchen fuels                           | <b>17,759</b>     | 4,718          | 1,446      |
| Guest transportation                    | <b>15,252</b>     | 1,382          | 62         |
| Equipment rental                        | <b>4,573</b>      | 7,022          | 3,265      |
| Others                                  | <b>504,428</b>    | 330,678        | 202,337    |
|                                         | <b>₱2,526,342</b> | ₱1,827,843     | ₱1,334,216 |

Others include dive shop operating expenses, spa expenses, office supplies, banquet expenses, landscaping, cable services and other various expenses for the operations of the other operating departments of the hotel.

Costs of banking and financial services consists of:

|                                                                         | 2024              | 2023           | 2022       |
|-------------------------------------------------------------------------|-------------------|----------------|------------|
|                                                                         |                   | (In Thousands) |            |
| Interest on:                                                            |                   |                |            |
| Deposit liabilities (Note 21)                                           | <b>₱6,614,213</b> | ₱4,880,390     | ₱2,060,300 |
| Subordinated debt, bills payable and other borrowings (Notes 22 and 24) | <b>1,804,535</b>  | 1,105,974      | 533,540    |
|                                                                         | <b>₱8,418,748</b> | ₱5,986,364     | ₱2,593,840 |

Costs of power and utility operations consists of:

|                                         | 2024               | 2023           | 2022       |
|-----------------------------------------|--------------------|----------------|------------|
|                                         |                    | (In Thousands) |            |
| Coal and fuel cost (Note 15)            | <b>₱7,439,747</b>  | ₱8,226,820     | ₱6,923,491 |
| Purchase of electricity                 | <b>7,083,590</b>   | 2,090,570      | 172,007    |
| Depreciation and amortization (Note 17) | <b>1,172,531</b>   | 1,198,509      | 1,139,662  |
| Distribution and wheeling fees          | <b>321,832</b>     | 30,042         | 20,101     |
| Maintenance cost                        | <b>267,169</b>     | 231,672        | 165,681    |
| Material cost                           | <b>213,180</b>     | 135,693        | 124,982    |
| Salaries, wages and employee benefits   | <b>147,144</b>     | 121,040        | 113,396    |
| Outside services                        | <b>35,922</b>      | 18,219         | 33,038     |
| Others                                  | <b>10,042</b>      | 8,034          | 8,433      |
|                                         | <b>₱16,691,157</b> | ₱12,060,599    | ₱8,700,791 |



Costs of sugar operations consists of:

|                                             | 2024              | 2023           | 2022       |
|---------------------------------------------|-------------------|----------------|------------|
|                                             |                   | (In Thousands) |            |
| Costs of sugarcane purchases                | <b>₱2,773,401</b> | ₱2,110,531     | ₱2,302,878 |
| Fair value of raw sugar                     | <b>1,552,688</b>  | 1,287,310      | 663,573    |
| Repairs and maintenance                     | <b>204,224</b>    | 201,810        | 171,475    |
| Depreciation and amortization (Note 17)     | <b>116,753</b>    | 124,010        | 141,860    |
| Salaries, wages and employee benefits       | <b>110,289</b>    | 130,870        | 126,602    |
| Materials and supplies (Note 15)            | <b>86,650</b>     | 97,826         | 137,582    |
| Outside services                            | <b>46,818</b>     | 82,564         | 123,958    |
| Cane hauling                                | <b>36,896</b>     | 19,550         | 20,124     |
| Communications, light and water             | <b>20,754</b>     | 28,853         | 31,752     |
| Rent (Note 32)                              | <b>1,225</b>      | 11,391         | 10,152     |
| Others                                      | <b>90,448</b>     | 30,086         | 37,717     |
| Cost of goods manufactured                  | <b>5,040,146</b>  | 4,124,801      | 3,767,673  |
| Increase in:                                |                   |                |            |
| Sugar and molasses inventories<br>(Note 15) | <b>(289,912)</b>  | (45,801)       | (204,525)  |
| Biological assets (Note 20)                 | <b>(8,440)</b>    | (17,602)       | (8,372)    |
|                                             | <b>₱4,741,794</b> | ₱4,061,398     | ₱3,554,776 |

Costs of other operations pertains to FDCI's interest expense on fixed-rate dollar bonds amounting to ₱515.7 million, ₱470.3 million and ₱459.4 million in 2024, 2023 and 2022, respectively (see Note 24).

## 29. Expenses

Expenses of real estate operations consists of:

|                                                    | 2024              | 2023           | 2022       |
|----------------------------------------------------|-------------------|----------------|------------|
|                                                    |                   | (In Thousands) |            |
| <b>Interest expense from:</b>                      |                   |                |            |
| Long-term and short-term debt (Note 24)            | <b>₱3,153,379</b> | ₱1,628,904     | ₱1,683,944 |
| Lease liabilities (Note 32)                        | <b>501,508</b>    | 489,388        | 146,351    |
|                                                    | <b>3,654,887</b>  | 2,118,292      | 1,830,295  |
| <b>General and administrative</b>                  |                   |                |            |
| Salaries, wages and employee benefits              | <b>1,609,953</b>  | 1,318,095      | 1,009,939  |
| Taxes and licenses                                 | <b>577,686</b>    | 536,788        | 433,606    |
| Outside services                                   | <b>493,856</b>    | 267,236        | 378,735    |
| Depreciation and amortization<br>(Notes 16 and 17) | <b>480,876</b>    | 459,603        | 572,056    |
| Repairs and maintenance                            | <b>285,129</b>    | 377,482        | 378,510    |
| Travel and transportation                          | <b>162,010</b>    | 151,783        | 136,450    |
| Entertainment, amusement and recreation            | <b>103,732</b>    | 101,557        | 89,416     |
| Utilities and communication                        | <b>95,260</b>     | 106,084        | 84,640     |
| Insurance                                          | <b>45,793</b>     | 38,675         | 45,933     |

(Forward)



|                                        | 2024           | 2023       | 2022       |
|----------------------------------------|----------------|------------|------------|
|                                        | (In Thousands) |            |            |
| Rent (Note 32)                         | ₱24,353        | ₱26,078    | ₱22,707    |
| Provision for probable losses (Note 7) | 19,819         | 46,836     | 2,747      |
| Others                                 | 4,798          | 180,412    | 222,536    |
|                                        | 3,903,265      | 3,610,629  | 3,377,275  |
| <b>Marketing expenses</b>              |                |            |            |
| Commission                             | 910,333        | 800,207    | 722,734    |
| Selling, advertising and promotions    | 418,762        | 259,408    | 154,318    |
| Service fees                           | 239,895        | 142,740    | 175,299    |
| Sales office direct costs              | 61,455         | 50,669     | 117,599    |
| Others                                 | 121,283        | 235,603    | 42,255     |
|                                        | 1,751,728      | 1,488,627  | 1,212,205  |
|                                        | ₱9,309,880     | ₱7,217,548 | ₱6,419,775 |

Other general and administrative expenses include postage, freight, office supplies, association dues and other charges.

Expenses of hospitality operations consist of:

|                                              | 2024           | 2023       | 2022       |
|----------------------------------------------|----------------|------------|------------|
|                                              | (In Thousands) |            |            |
| <b>Interest expense from:</b>                |                |            |            |
| Long-term and short-term debt (Note 24)      | ₱318,632       | ₱386,428   | ₱253,842   |
| Lease liabilities (Note 32)                  | 112,222        | 24,310     | 114,642    |
|                                              | 430,854        | 410,738    | 368,484    |
| <b>General and administrative</b>            |                |            |            |
| Salaries, wages and employee benefits        | 283,171        | 208,188    | 167,672    |
| Management fees (Note 26)                    | 177,596        | 153,145    | 92,348     |
| Outside services                             | 86,138         | 56,326     | 46,089     |
| Repairs and maintenance                      | 67,900         | 63,034     | 48,263     |
| Depreciation and amortization (Note 17)      | 53,429         | 81,974     | 84,624     |
| Corporate office reimbursable                | 46,162         | 11,227     | 9,133      |
| Association dues                             | 45,485         | 38,193     | 11,897     |
| Credit card commission                       | 34,436         | 34,985     | 26,230     |
| Insurance                                    | 33,229         | 30,250     | 13,376     |
| Taxes and licenses                           | 28,808         | 22,326     | 27,646     |
| Travel and transportation                    | 19,467         | 20,943     | 17,484     |
| Utilities                                    | 17,297         | 28,243     | 71,545     |
| Rent (Note 32)                               | 4,700          | 19,922     | —          |
| Representation and entertainment             | 8,734          | 8,844      | 5,833      |
| Others                                       | 70,905         | 170,395    | 173,786    |
|                                              | 977,457        | 947,995    | 795,926    |
| Marketing expenses                           | 41,269         | 52,814     | 35,507     |
| Share in net gain of joint venture (Note 18) | —              | (18,985)   | (7,521)    |
|                                              | ₱1,449,580     | ₱1,392,562 | ₱1,192,396 |



Expenses of banking and financial services consist of:

|                                                                                                | 2024               | 2023        | 2022        |
|------------------------------------------------------------------------------------------------|--------------------|-------------|-------------|
|                                                                                                | (In Thousands)     |             |             |
| Interest expense from lease liabilities<br>(Note 32)                                           | <b>₱380,600</b>    | ₱137,695    | ₱–          |
| <b>General and administrative</b>                                                              |                    |             |             |
| Salaries, wages and employee<br>benefits                                                       | <b>8,823,741</b>   | 7,458,354   | 5,966,958   |
| Taxes and licenses                                                                             | <b>3,040,218</b>   | 2,492,079   | 1,888,699   |
| Depreciation and amortization<br>(Notes 16, 17 and 20)                                         | <b>2,085,276</b>   | 1,611,811   | 1,914,969   |
| Service charges, fees and<br>commission                                                        | <b>1,330,961</b>   | 941,749     | 622,911     |
| Technological fees                                                                             | <b>1,155,325</b>   | 1,109,621   | 834,096     |
| Outside services                                                                               | <b>1,149,951</b>   | 1,146,492   | 876,674     |
| Brokerage fees                                                                                 | <b>1,094,594</b>   | 932,117     | 1,070,788   |
| Advertising                                                                                    | <b>970,460</b>     | 919,956     | 430,733     |
| Insurance                                                                                      | <b>863,353</b>     | 777,671     | 756,892     |
| Postage, telephone and telegraph                                                               | <b>568,288</b>     | 474,085     | 439,073     |
| Rent (Note 32)                                                                                 | <b>418,459</b>     | 368,424     | 258,413     |
| Repairs and maintenance                                                                        | <b>360,611</b>     | 328,441     | 282,614     |
| Amortization of capitalized software,<br>customer relationships and core<br>deposits (Note 20) | <b>258,290</b>     | 199,647     | 181,433     |
| Utilities                                                                                      | <b>246,191</b>     | 249,126     | 229,368     |
| Travel and transportation                                                                      | <b>218,170</b>     | 199,544     | 181,645     |
| Stationery and supplies                                                                        | <b>161,581</b>     | 218,344     | 150,749     |
| Entertainment, amusement and<br>recreation                                                     | <b>51,108</b>      | 46,377      | 43,863      |
| Others                                                                                         | <b>211,331</b>     | 455,784     | 788,728     |
|                                                                                                | <b>23,007,908</b>  | 19,929,622  | 16,918,606  |
| Provision for probable losses<br>(Notes 9 and 16)                                              | <b>9,579,702</b>   | 7,688,252   | 4,950,614   |
| Share in net loss (gain) of a joint<br>venture (Note 18)                                       | <b>(112,745)</b>   | 152,335     | 228,619     |
|                                                                                                | <b>₱32,855,465</b> | ₱27,907,904 | ₱22,097,839 |

Others include payments for subscriptions, membership fees, trainings, donations and contributions, delivery and freight expenses, fines, penalties, other charges and clearing fees.

Expenses of power and utility operations consist of:

|                                         | 2024            | 2023     | 2024      |
|-----------------------------------------|-----------------|----------|-----------|
|                                         | (In Thousands)  |          |           |
| <b>Interest expense from:</b>           |                 |          |           |
| Long-term and short-term debt (Note 24) | <b>₱571,546</b> | ₱641,994 | ₱904,062  |
| Lease liabilities (Note 32)             | <b>64,493</b>   | 106,272  | 47,403    |
| Asset retirement obligation (Note 23)   | <b>55,354</b>   | 48,736   | 49,959    |
|                                         | <b>691,393</b>  | 797,002  | 1,001,424 |

(Forward)



|                                                                             | 2024           | 2023       | 2024       |
|-----------------------------------------------------------------------------|----------------|------------|------------|
|                                                                             | (In Thousands) |            |            |
| <b>General and administrative</b>                                           |                |            |            |
| Insurance                                                                   | ₱372,718       | ₱327,819   | ₱262,338   |
| Taxes and licenses                                                          | 338,279        | 331,885    | 352,854    |
| Provision (reversal of provision) for probable losses (Notes 10, 23 and 33) | 321,181        | (9,219)    | 116,523    |
| Salaries, wages and employee benefits                                       | 250,296        | 266,700    | 190,092    |
| Outside services                                                            | 94,907         | 89,222     | 88,582     |
| Depreciation and amortization (Notes 17 and 20)                             | 70,874         | 83,219     | 98,916     |
| Professional fee                                                            | 53,899         | 20,304     | 27,304     |
| Repairs and maintenance                                                     | 35,741         | 25,000     | 19,039     |
| Travel and transportation                                                   | 34,964         | 31,734     | 20,151     |
| Representation and entertainment                                            | 27,972         | 22,170     | 18,382     |
| Utilities                                                                   | 12,130         | 21,234     | 10,759     |
| Rent (Note 32)                                                              | 13,577         | 12,100     | 5,318      |
| Others                                                                      | 37,787         | 131,901    | 52,814     |
|                                                                             | 1,664,325      | 1,354,069  | 1,263,072  |
|                                                                             | ₱2,355,718     | ₱2,151,071 | ₱2,264,496 |

Others include office supplies, freight and handling costs, contribution and donation, dues and subscription and financial assistance to host communities.

Expenses of sugar operations consist of:

| cc                                      | 2024           | 2023     | 2022     |
|-----------------------------------------|----------------|----------|----------|
|                                         | (In Thousands) |          |          |
| <b>Interest expense from:</b>           |                |          |          |
| Long-term and short-term debt (Note 24) | ₱30,524        | ₱14,784  | ₱6,946   |
| Lease liabilities (Note 32)             | —              | 1,152    | 1,216    |
|                                         | 30,524         | 15,936   | 8,162    |
| <b>General and administrative</b>       |                |          |          |
| Salaries, wages and employee benefits   | 52,187         | 41,539   | 35,289   |
| Taxes and licenses                      | 21,480         | 27,883   | 16,720   |
| Outside services                        | 25,479         | 21,021   | 26,827   |
| Provision for probable losses (Note 11) | 18,371         | 18,371   | 18,371   |
| Supplies                                | 6,846          | 8,331    | 11,596   |
| Travel and transportation               | 9,451          | 8,471    | 7,770    |
| Entertainment, amusement and recreation | 4,933          | 6,267    | 5,266    |
| Communication                           | 6,385          | 5,016    | 6,195    |
| Depreciation and amortization (Note 17) | 5,516          | 4,761    | 2,460    |
| Repairs and maintenance                 | 5,732          | 4,644    | 338      |
| Write-off of receivable                 | 2,715          | —        | 5,573    |
| Others                                  | 12,364         | 21,756   | 15,735   |
|                                         | 171,459        | 168,060  | 152,140  |
|                                         | ₱201,983       | ₱183,996 | ₱160,302 |



Expenses of other operations consists of:

|                                                       | 2024              | 2023       | 2022       |
|-------------------------------------------------------|-------------------|------------|------------|
|                                                       | (In Thousands)    |            |            |
| <b>Interest expense from:</b>                         |                   |            |            |
| Long-term and short-term debt (Note 24)               | <b>₱1,459,995</b> | ₱1,207,433 | ₱1,301,522 |
| Lease liabilities (Note 32)                           | <b>3,418</b>      | 7,827      | —          |
|                                                       | <b>1,463,413</b>  | 1,215,260  | 1,301,522  |
| <b>General and administrative</b>                     |                   |            |            |
| Salaries, wages, and employee benefits                | <b>412,225</b>    | 517,275    | 204,049    |
| Outside services                                      | <b>129,304</b>    | 84,561     | 108,414    |
| Entertainment, amusement and recreation               | <b>30,595</b>     | 29,445     | 25,937     |
| Depreciation and amortization (Note 16)               | <b>63,205</b>     | 18,769     | 8,077      |
| Repairs and maintenance                               | <b>53,277</b>     | 29,040     | 19,952     |
| Travel and transportation                             | <b>49,414</b>     | 41,232     | 27,797     |
| Rent (Note 32)                                        | <b>43,033</b>     | 8,553      | —          |
| Taxes and licenses                                    | <b>24,843</b>     | 71,781     | 17,630     |
| Impairment losses (Note 18)                           | —                 | 106,884    | —          |
| Provision for probable losses (Note 33)               | —                 | —          | 163,191    |
| Others                                                | <b>112,983</b>    | 529,387    | (220,509)  |
|                                                       | <b>918,879</b>    | 1,436,927  | 354,538    |
| Share in net loss (gain) of an associate<br>(Note 18) | <b>(3,324)</b>    | 21,827     | 99,636     |
|                                                       | <b>₱2,378,968</b> | ₱2,674,014 | ₱1,755,697 |

Others include foreign exchange gain.

### 30. Retirement Plan

The Group has a funded, noncontributory defined benefit retirement plan (the “Plan”) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service. The funds are administered by the Group’s Treasurer under the supervision of the Board of Trustees of the Plan and are responsible for investment strategy of the Plan. RA 7641 requires a provision for retirement pay to qualified private sector employees provided that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary.



Changes to the net retirement liabilities recognized in the consolidated statements of financial position are as follows:

|                                                                   | 2024                                               |                                           |                                    |
|-------------------------------------------------------------------|----------------------------------------------------|-------------------------------------------|------------------------------------|
|                                                                   | Present Value Of<br>Defined Benefit<br>Obligations | Fair Value Of<br>Plan Assets<br>(Note 26) | Net Defined<br>Benefit Liabilities |
|                                                                   | (In Thousands)                                     |                                           |                                    |
| Balances as at January 1, 2024                                    | ₱3,087,629                                         | ₱1,512,601                                | ₱1,575,028                         |
| Net benefit costs in profit or loss                               |                                                    |                                           |                                    |
| Current service cost                                              | 335,362                                            | –                                         | 335,362                            |
| Net interest                                                      | 158,932                                            | 81,215                                    | 77,717                             |
|                                                                   | 494,294                                            | 81,215                                    | 413,079                            |
| Remeasurements in other comprehensive income                      |                                                    |                                           |                                    |
| Actuarial changes arising from experience adjustments             | 88,996                                             | –                                         | 88,996                             |
| Actuarial changes arising from changes in financial assumptions   | (12,920)                                           | –                                         | (12,920)                           |
| Return on plan assets (excluding amount included in net interest) | –                                                  | 36,171                                    | (36,171)                           |
|                                                                   | 76,076                                             | 36,171                                    | 39,905                             |
| Benefits paid                                                     | (310,766)                                          | (310,766)                                 | –                                  |
| Contributions                                                     | –                                                  | 367,568                                   | (367,568)                          |
| Balances as of December 31, 2024                                  | ₱3,347,233                                         | ₱1,686,789                                | ₱1,660,444                         |

|                                                                   | 2023                                               |                                           |                                    |
|-------------------------------------------------------------------|----------------------------------------------------|-------------------------------------------|------------------------------------|
|                                                                   | Present Value Of<br>Defined Benefit<br>Obligations | Fair Value Of<br>Plan Assets<br>(Note 26) | Net Defined<br>Benefit Liabilities |
|                                                                   | (In Thousands)                                     |                                           |                                    |
| Balances as at January 1, 2023                                    | ₱2,866,785                                         | ₱1,195,624                                | ₱1,671,161                         |
| Net benefit costs in profit or loss                               |                                                    |                                           |                                    |
| Current service cost                                              | 225,683                                            | –                                         | 225,683                            |
| Net interest                                                      | 164,199                                            | 79,554                                    | 84,645                             |
|                                                                   | 389,882                                            | 79,554                                    | 310,328                            |
| Remeasurements in other comprehensive income                      |                                                    |                                           |                                    |
| Return on plan assets (excluding amount included in net interest) | 27,552                                             | 18,873                                    | 8,679                              |
| Actuarial changes arising from experience adjustments             | (53,998)                                           | –                                         | (53,998)                           |
| Actuarial changes arising from changes in financial assumptions   | 128,976                                            | –                                         | 128,976                            |
|                                                                   | 102,530                                            | 18,873                                    | 83,657                             |
| Benefits paid                                                     | (271,568)                                          | (291,116)                                 | 19,548                             |
| Contributions                                                     | –                                                  | 509,666                                   | (509,666)                          |
| Balances as of December 31, 2023                                  | ₱3,087,629                                         | ₱1,512,601                                | ₱1,575,028                         |



The fair value of plan assets by each class are as follows:

|                                  | 2024              | 2023              |
|----------------------------------|-------------------|-------------------|
|                                  | (In Thousands)    |                   |
| Cash and cash equivalents        | <b>₱705,785</b>   | <b>₱526,163</b>   |
| Debt instruments:                |                   |                   |
| Private securities               | <b>873,973</b>    | 858,792           |
| Government securities            | <b>18,738</b>     | 5,914             |
| Equity instruments:              |                   |                   |
| Financial services               | <b>55,920</b>     | 84,587            |
| Real estate                      | <b>30,447</b>     | 35,416            |
| Others                           | <b>1,926</b>      | 1,729             |
| <b>Fair value of plan assets</b> | <b>₱1,686,789</b> | <b>₱1,512,601</b> |

The Group's plan assets are carried at fair value. The fair value of investments in equity and debt securities are based on quoted price in the active market. The fair value of other assets and liabilities, which include deposits in banks, accrued interest and other receivables, and trust fee payables, approximate their carrying amount due to the short-term nature of these accounts.

The plan assets are diversified investments and are not exposed to concentration risk.

Each year, an Asset-Liability Matching Study (ALMS) is performed with the result being analyzed in terms of risk-and-return profiles. As of December 31, 2024 and 2023, EWBC's investment strategy consists of 54.0% of equity instruments, 8.0% of debt instruments and 37.0% cash and 59.0% of equity instruments, 11.0% of debt instruments, and 29.0% cash, respectively.

The Group expects to contribute ₱376.0 million to the plan in 2025.

The cost of defined benefit retirement plans as well as the present value of the benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension benefits includes discount rates of 4.9% to 5.1% and salary increase of 4.0% to 5.0% in 2024, 2023 and 2022.

If the discount rate would be 100 basis points lower, the defined benefit obligation would increase by ₱281.0 million and ₱114.0 million in 2024 and 2023, respectively. If the discount rate would be 100 basis points higher, the defined benefit obligation would decrease by ₱322.4 million and ₱98.5 million in 2024 and 2023, respectively.

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the Defined Benefit Obligation (DBO) at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the DBO.

Shown below is the maturity analysis of the undiscounted benefit payments of the Group:

|                                | 2024             | 2023            |
|--------------------------------|------------------|-----------------|
|                                | (In Thousands)   |                 |
| Less than 1 year               | <b>₱387,941</b>  | <b>₱301,032</b> |
| More than 1 year up to 5 years | <b>1,250,827</b> | 1,062,713       |
| More than 5 years and beyond   | <b>9,188,219</b> | 8,510,265       |





### 31. Earnings Per Share

The following reflects the income and share data used in the basic EPS computations:

|                                                              | 2024                                     | 2023       | 2022       |
|--------------------------------------------------------------|------------------------------------------|------------|------------|
|                                                              | (In Thousands, Except Per Share Figures) |            |            |
| a. Net income - attributable to equity holders of the parent | <b>₱12,131,320</b>                       | ₱8,947,468 | ₱5,650,674 |
| b. Weighted average number of outstanding common shares      | <b>8,648,463</b>                         | 8,648,463  | 8,648,463  |
| Basic/Diluted EPS (a/b)                                      | <b>₱1.40</b>                             | ₱1.03      | ₱0.65      |

There were no potential dilutive shares in 2024, 2023 and 2022.

Treasury shares of 671,409,400 shares are deducted from the total outstanding shares in computing the weighted average number of outstanding common shares (see Note 25).

### 32. Lease Commitments

#### *Operating leases - Group as Lessor*

The Group has future minimum rental receivables under renewable operating leases as of December 31 as follows:

|                                        | 2024               | 2023        |
|----------------------------------------|--------------------|-------------|
|                                        | (In Thousands)     |             |
| Within 1 year                          | <b>₱4,441,658</b>  | ₱4,385,147  |
| After 1 year but not more than 5 years | <b>11,374,381</b>  | 10,103,486  |
| More than 5 years                      | <b>20,857,118</b>  | 18,011,009  |
|                                        | <b>₱36,673,157</b> | ₱32,499,642 |

The Group entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms for commercial malls are renewable within one year, except for anchor tenants with terms ranging from five (5) to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants amounted to ₱502.3 million, ₱457.3 million and ₱391.6 million in 2024, 2023 and 2022, respectively. In 2023 and 2022, the Group granted rental concessions to its tenants amounting to ₱70.8 million and ₱314.8 million in 2023 and 2022, respectively. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative Group variable lease payments and reported as reduction of lease income in 2023 and 2022.

#### *Operating leases - Group as Lessee*

The Group has lease contracts for various items of properties, machinery, vehicles and other equipment. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has entered into various lease arrangements with lease terms ranging from four (4) to 52 years.



The rollforward analysis of ROU assets as of December 31 follows:

| 2024                                   |                   |                 |                       |                   |
|----------------------------------------|-------------------|-----------------|-----------------------|-------------------|
|                                        | Building          | Machinery       | Investment Properties | Total             |
| (In Thousands)                         |                   |                 |                       |                   |
| <b>Cost</b>                            |                   |                 |                       |                   |
| Balances at beginning of year          | ₱9,099,862        | ₱294,445        | ₱3,951,410            | ₱13,345,717       |
| Additions                              | 1,067,260         | —               | —                     | 1,067,260         |
| Disposals/terminations/others          | —                 | (5,911)         | (39,986)              | (45,897)          |
| Balances at end of year                | 10,167,122        | 288,534         | 3,911,424             | 14,367,080        |
| <b>Accumulated Amortization</b>        |                   |                 |                       |                   |
| Balances at beginning of year          | 5,096,176         | 147,473         | 688,748               | 5,932,397         |
| Amortization (Notes 17, 18, 28 and 29) | 1,044,823         | 14,248          | 174,161               | 1,233,232         |
| Disposals/terminations/others          | —                 | —               | (29,993)              | (29,993)          |
| Balances at end of year                | 6,140,999         | 161,721         | 832,916               | 7,135,636         |
| <b>Net Book Values</b>                 | <b>₱4,026,123</b> | <b>₱126,813</b> | <b>₱3,078,508</b>     | <b>₱7,231,444</b> |

| 2023                                   |                   |                 |                       |                  |
|----------------------------------------|-------------------|-----------------|-----------------------|------------------|
|                                        | Building          | Machinery       | Investment Properties | Total            |
| (In Thousands)                         |                   |                 |                       |                  |
| <b>Cost</b>                            |                   |                 |                       |                  |
| Balances at beginning of year          | ₱8,206,696        | ₱167,849        | ₱3,832,614            | ₱12,207,159      |
| Additions                              | 893,166           | 126,596         | 200,169               | 1,219,931        |
| Disposals/terminations/others          | —                 | —               | (81,373)              | (81,373)         |
| Balances at end of year                | 9,099,862         | 294,445         | 3,951,410             | 13,345,717       |
| <b>Accumulated Amortization</b>        |                   |                 |                       |                  |
| Balances at beginning of year          | 3,673,166         | 134,916         | 535,000               | 4,343,082        |
| Amortization (Notes 17, 18, 28 and 29) | 1,423,010         | 12,557          | 153,748               | 1,589,315        |
| Balances at end of year                | 5,096,176         | 147,473         | 688,748               | 5,932,397        |
| <b>Net Book Values</b>                 | <b>₱4,003,686</b> | <b>₱146,972</b> | <b>₱3,262,662</b>     | <b>7,413,320</b> |

The rollforward analysis of lease liabilities as of December 31 follows:

|                                         | 2024        | 2023        |
|-----------------------------------------|-------------|-------------|
| (In Thousands)                          |             |             |
| Balance at beginning of year            | ₱8,454,337  | ₱7,238,419  |
| Additions                               | 1,265,231   | 2,448,432   |
| Accretion of interest expense (Note 29) | 1,062,241   | 766,645     |
| Payments                                | (1,739,243) | (1,999,158) |
| Balance at end of year                  | ₱9,042,566  | ₱8,454,337  |

|                                            |           |            |
|--------------------------------------------|-----------|------------|
| Lease liabilities - current portion        | ₱818,093  | ₱1,325,059 |
| Lease liabilities - net of current portion | 8,224,473 | 7,129,278  |



The following are the amounts recognized in the consolidated statements of income:

|                                                                                                     | 2024              | 2023       |
|-----------------------------------------------------------------------------------------------------|-------------------|------------|
|                                                                                                     | (In Thousands)    |            |
| Amortization expense of ROU assets<br>(Notes 28 and 29)                                             | <b>₱1,233,232</b> | ₱1,589,315 |
| Interest expense on lease liabilities (Note 29)                                                     | <b>1,062,241</b>  | 766,645    |
| Variable lease payments and expenses relating to<br>leases of low-value assets and short-term lease | <b>504,122</b>    | 618,370    |

The Group has lease contracts for land that contains variable payments based on a certain percentage of gross rental income of the commercial centers. These terms are negotiated by management for certain commercial spaces without steady customer demand. Management's objective is to align the lease expense with the revenue earned.

The significant leases entered into by the Group are as follows:

EWBC leases several premises occupied by its head office and branches. Some leases are subject to annual escalation of 5.0% to 10.0% and for periods ranging from five (5) to 15 years, renewable upon mutual agreement of both parties.

FMPC entered into a noncancellable lease agreement with PHIVIDE Industrial Authority (PIA) for the lease of undivided parcel of lands containing an aggregate area of 844,921 square meters to be used for its business of power generation, supply and distribution with a term of 25 years, exclusive of 3-year construction period. Construction period and lease period commenced on August 18, 2013 and August 18, 2016, respectively. The lease agreement can be renewed for another 25 years upon expiration at the option of FDC Misamis subject to mutually agreed terms and conditions.

In 2016, FMI entered into a 50-year lease agreement with CDC for the lease of 201.6 hectares of land and hotel properties (the Mimosa Leisure Estate), renewable for another 25 years. Land component of the lease is accounted for as an operating lease.

#### *Rental agreements*

The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space; (b) provisioning of water and electricity; (c) provision of air conditioning and CUSA services; and (d) administration fee.

Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations is recognized when services are rendered. The tenant is required to settle within seven (7) to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3.0% to 36.0% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.



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### 33. Contingencies and Commitments

#### *Contingencies and provisions*

The Group is involved in various legal actions, claims and contingencies incident to its ordinary course of the business. Management believes that any amount the Group may have to pay in connection with any of these matters would not have a material adverse effect on the Group's financial position or operating results. The information normally required by PAS 37, *Provision, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of the proceedings.

#### PSHC

In connection with an ongoing case, PSHC has posted a standby letter of credit issued by a reputable bank to be the security for any judgment in the case. In August 2017, the Regional Trial Court (RTC) issued a decision in favor of the plaintiff.

On February 15, 2019, the Court of Appeals issued a decision which partially granted the appeal and modified the actual damages in favor of the plaintiff. The plaintiff has filed a Motion for Partial Reconsideration of the said decision of Court of Appeals. PSHC filed its Comment on such Motion on July 8, 2019. On November 12, 2019, the Court of Appeals issued a resolution denying the Motion for Partial Reconsideration filed by Coca-Cola. Coca-Cola thus filed a petition for review, dated January 3, 2020, with the Supreme Court, to assail the Court of Appeal's decision.

On August 23, 2023, the Supreme Court denied Coca-Cola's petition for review of the Court of Appeal's decision. Coca-Cola filed a Motion for Partial Reconsideration dated April 10, 2024, and PSHC filed its comments. Finally, Coca-Cola filed, on September 9, 2024, a Respectful Motion for Early Resolution as of September 6, 2024, praying for the immediate resolution of the case. As of March 19, 2025, the case is pending resolution.

#### FDCUI

In relation to the termination of Independent Power Purchase Administrator (IPPA) contracts, certain liabilities arose, the settlement of which is currently under dispute. The parties submitted their Closing Memoranda and Reply Memoranda on November 13, 2024 and December 13, 2024, respectively. Under Procedural Order No. 1, the Tribunal has 90 days from the submission of the Reply Memoranda, subject for a 30 day extension. As of March 19, 2025, the potential outcome of the said claims cannot be reliably determined.

#### EWBC

EWBC has several loan related suits and claims that remain unsettled. It is not practicable to estimate the potential financial impact of these contingencies. However, in the opinion of the management, the suits and claims, if decided adversely, will not involve sums having a material effect on the consolidated financial statements.



The following is a summary of contingencies and commitments of EWBC at their Peso-equivalent contractual amounts arising from off-balance sheet items of EWBC:

|                                     | 2024                | 2023         |
|-------------------------------------|---------------------|--------------|
|                                     | (In Thousands)      |              |
| Unused credit line - credit cards   | <b>₱233,044,768</b> | ₱190,658,891 |
| Trust department accounts (Note 30) | <b>69,077,325</b>   | 61,529,662   |
| Broker customer securities          | <b>44,896,595</b>   | 40,840,802   |
| Forward exchange sold               | <b>12,468,110</b>   | 7,640,848    |
| Forward exchange bought             | <b>10,770,896</b>   | 4,721,303    |
| Spot exchange bought                | <b>5,009,551</b>    | 3,978,326    |
| Unused commercial letters of credit | <b>5,528,713</b>    | 3,509,978    |
| Spot exchange sold                  | <b>4,446,192</b>    | 11,991,023   |
| Inward bills for collection         | <b>689,585</b>      | 512,802      |
| Outstanding guarantees              | <b>181,527</b>      | 496,103      |
| Treasurer/cashier/manager's checks  | <b>77,605</b>       | 461,311      |
| Late deposits/payments received     | <b>3,173</b>        | 8,103        |
| Outward bills for collection        | <b>5,604</b>        | 4,398        |
| Items held for safekeeping          | <b>773</b>          | 934          |
| Others                              | <b>187</b>          | 167          |

#### *Commitments*

##### FLI

##### *BTO Agreement with Cebu Province*

In connection with the BTO Agreement with the Cebu Province, the Group is committed to develop and construct a BPO Complex on the properties owned by Cebu Province located at Salinas, Lahug, Cebu City and transfer the ownership of the BPO Complex to the Cebu Province upon completion in exchange for the right to operate and manage the BPO Complex for the entire term of the agreement and its renewal (see Note 20).

##### *Capital Commitments and Obligations*

The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱6.3 billion and ₱6.4 billion as of December 31, 2024 and 2023, respectively.

##### *Assignment of Development Rights under a BTO Agreement*

On June 26, 2015, FLI and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to FLI. In consideration of this assignment, FLI paid upfront fee amounting to ₱50.0 million and ₱150.0 million in 2016 and 2015, respectively. On January 30, 2024, FLI and the Province of Cebu entered into an Amendment Agreement to the BTO Agreement, recognizing the full assignment not only of the rights and benefits but also the obligations under the BTO Agreement in favor of FLI as the successor proponent to the contemplated project development. As of December 31, 2024, project construction has not started due to pending approval from Cebu Province on the cleared site. Thus, the upfront fee is recorded as part of "Other assets" in the consolidated statement of financial position (see Note 20).

##### *Development Agreement with BCDA*

In 2015, FLI won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, FLI paid the ₱160.0 million bid premium representing the right to own 55% of the equity on



the joint venture company to be formed with BCDA.

On February 11, 2016, FLI incorporated FCGC Corporation, the entity that will handle the development of the New Clark City (NCC) Project, formerly Clark Green City Project. The bid premium is presented as part of investment properties in the consolidated financial statements (see Note 16). On March 16, 2016, FCGC and BCDA incorporated FBCI.

FCGC subscribed to FBCI 282,880,000 shares at par value amounting to ₱282.9 million. On the other hand, BCDA subscribed to 231,000,000 shares amounting ₱231.0 million and paid its subscription thru the assignment of a 50-year Development and Usufructuary Rights (DUR) over the parcel of land where the NCC project will be developed. FBCI is 55%-owned by FCGCC and 45%-owned by BCDA.

### PSHC

#### *Milling Contracts*

DSCC and CCCC (Millers) have milling contracts with various planters which provide for a certain sharing ratio between the Millers and the planters for the resulting sugar and molasses produced in their respective sugar mills. The milling contracts are effective for a period of 15 agricultural crop years, subject to an extension of another 15 crop years at the option of the Millers.

#### *Development Agreements*

HYSFC entered into several Development Agreements (the Agreements) with various landowners for the development and cultivation of certain parcels of agricultural land for sugarcane production. The Agreements are effective for periods of 15 agricultural crop years and renewable for such additional periods under conditions mutually agreed upon by the parties. Under the Agreements, HYSFC shall have the rights and authority to enter into possession of the properties, and to do all acts, deeds, matter and things necessary for its proper and profitable development, cultivation and improvement as viable sugarcane plantation.

Other provisions of the Agreements follow:

- HYSFC shall furnish necessary management expertise, equipment and technology for the agricultural development and cultivation;
- Parties shall be entitled to receive from the income derived from the property during the effectivity of the Agreements;
- HYSFC shall advance to the other party in the Agreements a portion of the latter's share in the profits from the Agreements;
- After satisfying the advance in full, the succeeding annual share in the profits of the other party in the Agreements shall be paid on the first day of the crop year following complete deduction of advances made; and
- The remaining amount in the income from the property shall pertain to the HYSFC as its share in the income on the agricultural development undertaken.

Impacted by the development agreements are the advances to planters and biological assets recorded in the consolidated statements of financial position. The carrying values of the Group's advances to sugar planters included in "Loans and receivables" (see Note 11) and biological assets included in "Other assets" (see Note 20) in the consolidated statements of financial position, amounted to ₱136.1 million and ₱47.0 million, respectively, as of December 31, 2024 and ₱122.2 million and ₱38.5 million, respectively, as of December 31, 2023.



### 34. Income Tax

The components of the Group's net deferred tax assets follow:

|                                                               | 2024              | 2023              |
|---------------------------------------------------------------|-------------------|-------------------|
|                                                               | (In Thousands)    |                   |
| <b>Deferred tax assets on:</b>                                |                   |                   |
| Allowance for impairment and credit losses                    | ₱2,943,507        | ₱3,025,561        |
| Provision for accruals                                        | 860,631           | 631,558           |
| Difference in depreciation method                             | 607,183           | 607,183           |
| Lease liabilities                                             | 333,926           | 302,561           |
| Provision for retirement and unamortized<br>past service cost | 274,903           | 230,727           |
| Depreciation of assets foreclosed or actioned                 | 202,487           | 182,187           |
| Unrealized foreign exchange loss                              | 51,195            | —                 |
| Advance rentals                                               | 49,359            | 45,753            |
| Effects of modification loss                                  | 41,091            | 84,899            |
| NOLCO                                                         | 1,641             | 1,089             |
| Others                                                        | 817,333           | 942,606           |
|                                                               | <b>6,183,256</b>  | <b>6,054,124</b>  |
| <b>Deferred tax liabilities on:</b>                           |                   |                   |
| Branch license acquired from business combination             | (156,350)         | (156,350)         |
| Unrealized foreign exchange gain                              | (117,496)         | (12,226)          |
| Remeasurement of EW Ageas Life shares (JV)                    | (83,958)          | (83,958)          |
| Revaluation increment on land                                 | (16,547)          | (16,547)          |
| ROU assets                                                    | (5,425)           | (107,310)         |
| Unrealized trading gains                                      | (5,022)           | (14,178)          |
| Others                                                        | (6,816)           | (34,609)          |
|                                                               | <b>(391,614)</b>  | <b>(425,178)</b>  |
|                                                               | <b>₱5,791,642</b> | <b>₱5,628,946</b> |

The components of the Group's net deferred tax liabilities follow:

|                                                                                                          | 2024              | 2023              |
|----------------------------------------------------------------------------------------------------------|-------------------|-------------------|
|                                                                                                          | (In Thousands)    |                   |
| <b>Deferred tax liabilities on:</b>                                                                      |                   |                   |
| Capitalized borrowing costs                                                                              | ₱3,054,778        | ₱4,375,705        |
| Deemed cost revaluation increment in investment<br>properties and property, plant and equipment          | 3,583,767         | 3,974,933         |
| Excess of real estate revenue based on financial<br>accounting policy over revenue based on tax<br>rules | 2,739,695         | 1,893,872         |
| ROU assets                                                                                               | 998,756           | 1,056,544         |
| Others                                                                                                   | 703,720           | 807,777           |
|                                                                                                          | <b>11,080,716</b> | <b>12,108,831</b> |

(Forward)



|                                                               | 2024                | 2023         |
|---------------------------------------------------------------|---------------------|--------------|
|                                                               | (In Thousands)      |              |
| <b>Deferred tax assets on:</b>                                |                     |              |
| Lease liabilities                                             | <b>(₱1,094,074)</b> | (₱1,171,652) |
| NOLCO                                                         | <b>(523,985)</b>    | (323,611)    |
| MCIT                                                          | <b>(152,573)</b>    | (149,457)    |
| Remeasurement losses on retirement plan                       | <b>(114,863)</b>    | (127,345)    |
| Provision for retirement and unamortized<br>past service cost | <b>(25,287)</b>     | (25,287)     |
| Allowance for ECL                                             | <b>(10,243)</b>     | (10,243)     |
| Others                                                        | <b>(51,441)</b>     | (19,673)     |
|                                                               | <b>(1,972,466)</b>  | (1,827,268)  |
|                                                               | <b>₱9,108,250</b>   | ₱10,281,563  |

The Group did not recognize deferred tax assets on the following temporary differences, NOLCO, and MCIT since management believes that their carryforward benefits may not be realized.

|                       | 2024              | 2023       |
|-----------------------|-------------------|------------|
|                       | (In Thousands)    |            |
| NOLCO                 | <b>₱6,821,795</b> | ₱5,905,369 |
| Provisions/Accruals   | <b>1,724,118</b>  | 1,724,118  |
| Allowance for ECL     | <b>160,187</b>    | 160,187    |
| Excess MCIT over RCIT | <b>18,743</b>     | 12,524     |

The carryforward benefits of the NOLCO, which can be claimed as deductions from the regular taxable income, and MCIT which can be claimed as deduction from income tax due are as follows:

| Year Incurred | NOLCO             | MCIT            | Expiry Year |
|---------------|-------------------|-----------------|-------------|
|               | (In Thousands)    |                 |             |
| 2024          | ₱2,891,615        | ₱10,613         | 2027        |
| 2023          | 2,120,886         | 152,640         | 2026        |
| 2022          | 1,335,251         | 8,063           | 2025        |
| 2021          | 3,447,133         | —               | 2026        |
|               | <b>₱9,794,885</b> | <b>₱171,316</b> |             |

The following are the movements in NOLCO and MCIT:

|                                  | NOLCO             |             | MCIT           |          |
|----------------------------------|-------------------|-------------|----------------|----------|
|                                  | 2024              | 2023        | 2024           | 2023     |
|                                  | (In Thousands)    |             |                |          |
| Balances at beginning<br>of year | <b>₱6,903,270</b> | ₱7,119,250  | <b>₱8,800</b>  | ₱16,836  |
| Additions                        | <b>2,918,940</b>  | 2,120,885   | <b>7,497</b>   | 3,183    |
| Expired/applied                  | <b>(27,325)</b>   | (2,336,865) | <b>(5,051)</b> | (11,219) |
| Balances at end of year          | <b>₱9,794,885</b> | ₱6,903,270  | <b>₱11,246</b> | ₱8,800   |

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(b) 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. NOLCO incurred before





taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

The reconciliation of the provision for income tax computed at the statutory tax rate to the actual provision for income tax follows:

|                                                                   | 2024              | 2023        | 2022       |
|-------------------------------------------------------------------|-------------------|-------------|------------|
|                                                                   | (In Thousands)    |             |            |
| Income tax at statutory rate                                      | <b>₱5,138,826</b> | ₱3,875,323  | ₱2,672,886 |
| Adjustments for:                                                  |                   |             |            |
| Nondeductible expenses                                            | <b>1,784,168</b>  | 2,058,417   | 1,527,594  |
| Movements in unrecognized deferred tax assets                     | <b>28,322</b>     | 207,039     | 1,104,164  |
| Tax-exempt realized gross profit on sold socialized housing units | —                 | 9,344       | (10,761)   |
| Rent income covered by Philippine Economic Zone Authority (PEZA)  | <b>(44,674)</b>   | (287,678)   | (203,170)  |
| Income subjected to final tax                                     | <b>(104,108)</b>  | (32,310)    | (123,736)  |
| Income tax holiday availed                                        | <b>(260,830)</b>  | (344,923)   | (620,628)  |
| Nontaxable income and tax-exempt from regular banking unit        | <b>(670,823)</b>  | (1,005,806) | (570,946)  |
| Tax-exempt income on FCDU                                         | <b>(897,195)</b>  | (744,264)   | (882,788)  |
| Others                                                            | <b>(116,734)</b>  | (370,659)   | (503,730)  |
|                                                                   | <b>₱4,856,952</b> | ₱3,364,483  | ₱2,388,885 |

Under Philippine tax laws, the regular banking unit of EWBC is subject to percentage and other taxes (presented as taxes and licenses in the cost of banking and financial services in the consolidated statements of income) as well as income taxes. Percentage and other taxes consist principally of gross receipt tax and documentary stamp taxes.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is generally subject to 10.00% gross income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units is taxed at 15.00%. RA No. 9294, which became effective in May 2004, provides that the income derived by the FCDU from foreign currency transactions with non-residents, Offshore Banking Units (OBUs), local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

### 35. Segment Information

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources to segments.



Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss, which in certain respects, are measured similarly as net income in the consolidated financial statements.

The chief operating decision-maker has been identified as the Executive Committee. This committee reviews the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group does not report its results based on geographical segments because the Group currently operates only in the Philippines. The Group's revenues are earned in the Philippines.

There were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers as of and for the years ended December 31, 2024, 2023 and 2022.

The Group derives its revenues from the following reportable segments:

*Real estate operations*

This involves acquisition of land, planning and development of large-scale fully integrated residential communities as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings. This segment also involves operations and management of cinema and mall, property management and leasing of commercial and office spaces.

*Hospitality operations*

This involves operation of hotels, including management of resorts, villas, golf course, service apartment and other services for the pleasure, comfort and convenience of guests in said establishments under its management.

*Banking and financial services*

This involves a wide range of financial services to consumer and corporate clients which includes deposit-taking, loan and trade finance, treasury, trust services, credit cards, cash management, custodial services, insurance services and leasing and finance. The business units in this segment consist of retail banking, corporate banking, consumer banking, and treasury and trust.

*Power and utility operations*

This involves operation of power plants and supply of power to off-takers and also includes retail electricity supply operations. This segment also involves maintenance, operation and management of waterworks system for distribution and supply of potable water to domestic, commercial, and industrial users.

*Sugar operations*

This involves operation of agricultural lands for planting and cultivating farm products, operation of a complete sugar central for the purpose of milling or converting sugar canes to centrifugal or refined sugar and selling of sugar.



*Other operations*

This involves other operations of the Parent Company including FDCI, CTI, FDEV and SPI. FDCI was incorporated to facilitate the Group's issuance of foreign currency-denominated bonds while CTI is engaged in providing computer and information technology services. FDEV was organized to engage in the business of a holding company and invest in technology-based business entities while SPI was incorporated to provide technical and business process services.

The financial information on the operations of these business segments as shown below are based on the measurement principles that are similar with those used in measuring the assets, liabilities, income and expenses in the consolidated financial statements which is in accordance with PFRS Accounting Standards, except for the Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).



| December 31, 2024                   |                           |                           |                                      |                     |                     |                     |              |                        |              |
|-------------------------------------|---------------------------|---------------------------|--------------------------------------|---------------------|---------------------|---------------------|--------------|------------------------|--------------|
|                                     | Real Estate<br>Operations | Hospitality<br>Operations | Banking and<br>Financial<br>Services | Power<br>Operations | Sugar<br>Operations | Other<br>Operations | Combined     | Eliminating<br>Entries | Consolidated |
| (In Thousands)                      |                           |                           |                                      |                     |                     |                     |              |                        |              |
| <b>Revenues</b>                     |                           |                           |                                      |                     |                     |                     |              |                        |              |
| External customers                  | ₱26,053,789               | ₱3,763,329                | ₱ 41,730,563                         | ₱24,397,973         | ₱5,815,205          | ₱—                  | ₱101,760,859 | ₱—                     | ₱101,760,859 |
| Inter-segment                       | 504,835                   | —                         | 597,343                              | 1,375,809           | —                   | —                   | 2,477,987    | (2,477,987)            | —            |
|                                     | 26,558,624                | 3,763,329                 | 42,327,906                           | 25,773,782          | 5,815,205           | —                   | 104,238,846  | (2,477,987)            | 101,760,859  |
| <b>Other income</b>                 | 10,027,959                | 560,808                   | 8,919,220                            | 164,809             | 47,108              | —                   | 19,719,904   | (8,035,225)            | 11,684,679   |
|                                     | ₱36,586,583               | ₱4,324,137                | ₱51,247,126                          | ₱25,938,591         | ₱5,862,313          | ₱—                  | ₱123,958,750 | (₱10,513,212)          | ₱113,445,538 |
| <b>EBITDA</b>                       | ₱13,768,882               | ₱914,444                  | ₱12,247,117                          | ₱7,444,190          | ₱1,067,377          | ₱3,142,241          | ₱38,581,309  | (₱4,775,130)           | ₱33,806,179  |
| <b>Net income (loss)</b>            | ₱6,330,067                | (₱3,779)                  | ₱7,607,566                           | ₱3,951,067          | ₱764,722            | ₱778,859            | ₱19,428,502  | (₱3,730,149)           | ₱15,698,353  |
| <b>Assets</b>                       |                           |                           |                                      |                     |                     |                     |              |                        |              |
| Operating assets                    | ₱250,907,475              | ₱17,426,016               | ₱524,737,848                         | ₱38,955,539         | ₱3,260,950          | ₱89,405,384         | ₱924,693,212 | (₱111,012,964)         | ₱813,680,248 |
| Less deferred tax assets - net      | 102,006                   | 309,298                   | 4,085,435                            | 836,156             | 110,889             | 87,048              | 5,530,832    | 260,810                | 5,791,642    |
| Net operating assets                | ₱250,805,469              | ₱17,116,718               | ₱520,652,413                         | ₱38,119,383         | ₱3,150,061          | ₱89,318,336         | ₱919,162,380 | (₱111,273,774)         | ₱807,888,606 |
| <b>Liabilities</b>                  |                           |                           |                                      |                     |                     |                     |              |                        |              |
| Operating liabilities               | ₱129,298,179              | ₱13,417,947               | ₱451,670,820                         | ₱24,608,086         | ₱567,494            | ₱47,738,906         | ₱667,301,432 | (₱40,001,690)          | ₱627,299,742 |
| Less deferred tax liabilities - net | 8,434,100                 | 165,227                   | —                                    | 48,980              | —                   | 2,450               | 8,650,757    | 457,493                | 9,108,250    |
| Net operating liabilities           | ₱120,864,079              | ₱13,252,720               | ₱451,670,820                         | ₱24,559,106         | ₱567,494            | ₱47,736,456         | ₱658,650,675 | (₱40,459,183)          | ₱618,191,492 |
| December 31, 2023                   |                           |                           |                                      |                     |                     |                     |              |                        |              |
|                                     | Real Estate<br>Operations | Hospitality<br>Operations | Banking and<br>Financial<br>Services | Power<br>Operations | Sugar<br>Operations | Other<br>Operations | Combined     | Eliminating<br>Entries | Consolidated |
| (In Thousands)                      |                           |                           |                                      |                     |                     |                     |              |                        |              |
| <b>Revenues</b>                     |                           |                           |                                      |                     |                     |                     |              |                        |              |
| External customers                  | ₱23,758,661               | ₱2,856,543                | ₱33,943,051                          | ₱17,207,202         | ₱5,027,067          | ₱—                  | ₱82,792,524  | ₱—                     | ₱82,792,524  |
| Inter-segment                       | 563,841                   | —                         | 627,117                              | 1,462,363           | 169,594             | —                   | 2,822,915    | (2,822,915)            | —            |
|                                     | ₱24,322,502               | ₱2,856,543                | ₱34,570,168                          | ₱18,669,565         | ₱5,196,661          | —                   | ₱85,615,439  | (₱2,822,915)           | ₱82,792,524  |
| <b>Other income</b>                 | 7,076,840                 | 704,083                   | 7,785,357                            | 415,936             | 58,172              | —                   | 16,040,388   | (5,991,371)            | 10,049,017   |
|                                     | ₱31,399,342               | ₱3,560,626                | ₱42,355,525                          | ₱19,085,501         | ₱5,254,833          | —                   | ₱101,655,827 | (₱8,814,286)           | ₱92,841,541  |
| <b>EBITDA</b>                       | ₱10,994,632               | ₱926,594                  | ₱9,252,886                           | ₱5,507,135          | ₱980,223            | ₱3,166,975          | ₱30,828,445  | (₱4,957,677)           | ₱25,870,768  |
| <b>Net income (loss)</b>            | ₱5,562,613                | (₱52,006)                 | ₱6,083,296                           | ₱2,512,123          | ₱621,450            | ₱952,368            | ₱15,679,844  | (₱3,543,034)           | ₱12,136,810  |



| December 31, 2023                   |                            |                           |                                      |                     |                     |                     |              |                        |              |
|-------------------------------------|----------------------------|---------------------------|--------------------------------------|---------------------|---------------------|---------------------|--------------|------------------------|--------------|
|                                     | Real Estate<br>Operations  | Hospitality<br>Operations | Banking and<br>Financial<br>Services | Power<br>Operations | Sugar<br>Operations | Other<br>Operations | Combined     | Eliminating<br>Entries | Consolidated |
| (In Thousands)                      |                            |                           |                                      |                     |                     |                     |              |                        |              |
| Assets                              |                            |                           |                                      |                     |                     |                     |              |                        |              |
| Operating assets                    | ₱245,812,029               | ₱14,780,326               | ₱464,205,319                         | ₱36,807,927         | ₱2,895,694          | ₱88,487,652         | ₱852,988,947 | (₱118,054,914)         | ₱734,934,033 |
| Less deferred tax assets - net      | 52,220                     | 309,354                   | 4,098,880                            | 761,746             | 84,527              | 62,252              | 5,368,979    | 259,967                | 5,628,946    |
| Net operating assets                | ₱245,759,809               | ₱14,470,972               | ₱460,106,439                         | ₱36,046,181         | ₱2,811,167          | ₱88,425,400         | ₱847,619,968 | (₱118,314,881)         | ₱729,305,087 |
| Liabilities                         |                            |                           |                                      |                     |                     |                     |              |                        |              |
| Operating liabilities               | ₱123,234,132               | ₱11,278,953               | ₱397,030,156                         | ₱25,301,776         | ₱621,589            | ₱46,714,763         | ₱604,181,369 | (₱46,939,211)          | ₱557,242,158 |
| Less deferred tax liabilities - net | 9,923,955                  | 2,286,914                 | 6,073,341                            | 2,103,189           | —                   | 336,182             | 20,723,581   | (10,442,018)           | 10,281,563   |
| Net operating liabilities           | ₱113,310,177               | ₱8,992,039                | ₱390,956,815                         | ₱23,198,587         | ₱621,589            | ₱46,378,581         | ₱583,457,788 | (₱36,497,193)          | ₱546,960,595 |
| December 31, 2022                   |                            |                           |                                      |                     |                     |                     |              |                        |              |
|                                     | Real Estate<br>Operations) | Hospitality<br>Operations | Banking and<br>Financial<br>Services | Power<br>Operations | Sugar<br>Operations | Other<br>Operations | Combined     | Eliminating<br>Entries | Consolidated |
| (In Thousands)                      |                            |                           |                                      |                     |                     |                     |              |                        |              |
| Revenues                            |                            |                           |                                      |                     |                     |                     |              |                        |              |
| External customers                  | ₱20,046,855                | ₱1,928,979                | ₱25,652,661                          | ₱12,899,789         | ₱4,280,178          | ₱—                  | ₱64,808,460  | ₱—                     | ₱64,808,460  |
| Inter-segment                       | 584,063                    | —                         | 467,665                              | 1,181,637           | (217,398)           | —                   | 2,015,967    | (2,015,967)            | —            |
|                                     | ₱20,630,918                | ₱1,928,979                | ₱26,120,326                          | ₱14,081,426         | ₱4,062,780          | —                   | ₱66,824,427  | (₱2,015,967)           | ₱64,808,460  |
| Other income                        | 2,507,716                  | 39,775                    | 5,259,776                            | 222,756             | 65,057              | 2,393,727           | 10,488,807   | (4,173,675)            | 6,315,132    |
|                                     | ₱23,135,634                | ₱1,968,754                | ₱31,380,102                          | ₱14,304,182         | ₱4,127,837          | ₱2,393,727          | ₱77,313,234  | (₱6,189,642)           | ₱71,123,592  |
| EBITDA                              | ₱8,338,406                 | (₱44,764)                 | ₱8,565,990                           | ₱4,300,344          | ₱559,812            | ₱1,925,129          | ₱23,647,657  | (₱2,888,482)           | ₱20,759,174  |
| Net income (loss)                   | ₱4,004,395                 | (₱645,176)                | ₱4,966,098                           | ₱2,014,604          | ₱309,220            | (₱124,128)          | ₱10,525,013  | (₱2,222,353)           | ₱8,302,660   |
| Assets                              |                            |                           |                                      |                     |                     |                     |              |                        |              |
| Operating assets                    | ₱239,305,327               | ₱13,852,233               | ₱429,029,192                         | ₱35,067,326         | ₱2,616,541          | ₱81,257,703         | ₱801,128,322 | (₱114,307,713)         | ₱686,820,609 |
| Less deferred tax assets - net      | 94,908                     | 129,435                   | 3,906,672                            | 618,461             | 99,166              | 59,108              | 4,907,751    | 259,966                | 5,167,717    |
| Net operating assets                | ₱239,210,419               | ₱13,722,798               | ₱425,122,520                         | ₱34,448,865         | ₱2,517,375          | ₱81,198,595         | ₱796,220,571 | (₱114,567,679)         | ₱682,464,786 |
| Liabilities                         |                            |                           |                                      |                     |                     |                     |              |                        |              |
| Operating liabilities               | ₱120,192,177               | ₱11,401,439               | ₱360,336,994                         | ₱25,366,302         | ₱996,113            | ₱47,566,086         | ₱565,859,111 | (₱44,898,544)          | ₱521,148,567 |
| Less deferred tax liabilities - net | 9,451,709                  | 127,087                   | —                                    | 8,263               | 3,650               | 53                  | 9,590,762    | 542,230                | 10,132,992   |
| Net operating liabilities           | ₱110,740,468               | ₱11,274,352               | ₱360,336,994                         | ₱25,358,039         | ₱992,463            | ₱47,566,033         | ₱556,268,349 | (₱44,440,879)          | ₱511,827,470 |



The Group's chief operating decision-maker also uses net income per segment after elimination in assessing performance of the identified reportable segments, as follows:

|                                | Net Income<br>(Loss) Before<br>Elimination | Eliminating<br>Entries | Net Income<br>(Loss) After<br>Elimination |
|--------------------------------|--------------------------------------------|------------------------|-------------------------------------------|
| (In Thousands)                 |                                            |                        |                                           |
| <b>December 31, 2024</b>       |                                            |                        |                                           |
| Real estate operations         | <b>₱6,330,067</b>                          | <b>(₱622,954)</b>      | <b>₱5,707,113</b>                         |
| Hospitality operations         | <b>(3,779)</b>                             | <b>269,292</b>         | <b>265,513</b>                            |
| Banking and financial services | <b>7,607,566</b>                           | <b>(130,356)</b>       | <b>7,477,210</b>                          |
| Power and utility operations   | <b>3,951,067</b>                           | <b>352,498</b>         | <b>4,303,565</b>                          |
| Sugar operations               | <b>764,722</b>                             | <b>(71)</b>            | <b>764,651</b>                            |
| Other operations               | <b>778,859</b>                             | <b>(3,598,558)</b>     | <b>(2,819,699)</b>                        |
|                                | <b>₱19,428,502</b>                         | <b>(₱3,730,149)</b>    | <b>₱15,698,353</b>                        |
| <b>December 31, 2023</b>       |                                            |                        |                                           |
| Real estate operations         | <b>₱5,562,613</b>                          | <b>(₱25,004)</b>       | <b>₱5,537,609</b>                         |
| Hospitality operations         | <b>(52,006)</b>                            | <b>157,668</b>         | <b>105,662</b>                            |
| Banking and financial services | <b>6,083,296</b>                           | <b>(144,223)</b>       | <b>5,939,073</b>                          |
| Power and utility operations   | <b>2,512,123</b>                           | <b>322,437</b>         | <b>2,834,560</b>                          |
| Sugar operations               | <b>621,450</b>                             | <b>(16,035)</b>        | <b>605,415</b>                            |
| Other operations               | <b>952,368</b>                             | <b>(3,837,877)</b>     | <b>(2,885,509)</b>                        |
|                                | <b>₱15,679,844</b>                         | <b>(₱3,543,034)</b>    | <b>₱12,136,810</b>                        |
| <b>December 31, 2022</b>       |                                            |                        |                                           |
| Real estate operations         | <b>₱4,004,395</b>                          | <b>₱93,144</b>         | <b>₱4,097,539</b>                         |
| Hospitality operations         | <b>(645,176)</b>                           | <b>44,830</b>          | <b>(600,346)</b>                          |
| Banking and financial services | <b>4,966,098</b>                           | <b>(526,040)</b>       | <b>4,440,058</b>                          |
| Power and utility operations   | <b>2,014,604</b>                           | <b>173,839</b>         | <b>2,188,443</b>                          |
| Sugar operations               | <b>309,220</b>                             | <b>158,708</b>         | <b>467,928</b>                            |
| Other operations               | <b>(124,128)</b>                           | <b>(2,166,834)</b>     | <b>(2,290,962)</b>                        |
|                                | <b>₱10,525,013</b>                         | <b>(₱2,222,353)</b>    | <b>₱8,302,660</b>                         |

The following table shows a reconciliation of the total EBITDA to total income before income tax:

|                                                    | 2024               | 2023               | 2022               |
|----------------------------------------------------|--------------------|--------------------|--------------------|
| (In Thousands)                                     |                    |                    |                    |
| EBITDA for reportable segments                     | <b>₱33,806,179</b> | <b>₱25,870,768</b> | <b>₱20,759,175</b> |
| Depreciation and amortization<br>(Notes 28 and 29) | <b>(6,083,458)</b> | <b>(5,204,280)</b> | <b>(5,368,958)</b> |
| Operating profit                                   | <b>27,722,721</b>  | <b>20,666,488</b>  | <b>15,390,217</b>  |
| Interest expense (Note 29)*                        | <b>(7,167,416)</b> | <b>(5,165,195)</b> | <b>(4,698,672)</b> |
| Income before income tax                           | <b>₱20,555,305</b> | <b>₱15,501,293</b> | <b>₱10,691,545</b> |

\* Excluding financial liability on lease contract.



Disaggregated Revenue Information:

The Group derives revenue from the transfer of goods and services over time and at a point in time, in different product types and other geographical location within the Philippines.

*Real estate operations*

Disaggregation of each source of revenue from contracts with customers are presented below:

|                                                                                                                 | 2024               | 2023        | 2022        |
|-----------------------------------------------------------------------------------------------------------------|--------------------|-------------|-------------|
|                                                                                                                 | (In Thousands)     |             |             |
| <b>Real Estate Sales by Product Type</b>                                                                        |                    |             |             |
| Lots, condominium and residential units                                                                         | <b>₱17,567,000</b> | ₱16,094,806 | ₱13,314,664 |
|                                                                                                                 | <b>17,567,000</b>  | 16,094,806  | 13,314,664  |
| <b>Cinema Operations by Type of Goods or Services</b> (included as part of Rental and related services revenue) |                    |             |             |
| Theater and parking sales                                                                                       | <b>248,461</b>     | 214,452     | 163,853     |
| Snack bar sales                                                                                                 | <b>15,188</b>      | 14,066      | 8,871       |
|                                                                                                                 | <b>263,649</b>     | 228,518     | 172,724     |
| <b>Tenant Dues</b>                                                                                              |                    |             |             |
| Office leasing                                                                                                  | <b>1,176,240</b>   | 1,149,383   | 1,158,229   |
| Mall operations                                                                                                 | <b>415,697</b>     | 379,197     | 344,514     |
|                                                                                                                 | <b>1,591,937</b>   | 1,528,580   | 1,502,743   |
| <b>Total Revenue from Contracts with Customers</b>                                                              | <b>19,422,586</b>  | 17,851,904  | 14,990,131  |
| <b>Rental and related services</b>                                                                              |                    |             |             |
| Office leasing                                                                                                  | <b>3,334,270</b>   | 3,568,857   | 3,450,151   |
| Mall and retail                                                                                                 | <b>2,800,403</b>   | 2,010,394   | 1,444,721   |
| Land lease                                                                                                      | <b>496,530</b>     | 327,506     | 161,850     |
|                                                                                                                 | <b>6,631,203</b>   | 5,906,757   | 5,056,722   |
| <b>Total Revenue</b>                                                                                            | <b>₱26,053,789</b> | ₱23,758,661 | ₱20,046,853 |

The Group's real estate sales and theater sales are revenue from contracts with customers recognized over time while revenue from snack bar sales and parking sales are recognized at a point in time.

*Hospitality operations*

Disaggregation of each source of revenue from contracts with customers are presented below:

|                                                    | 2024              | 2023       | 2022       |
|----------------------------------------------------|-------------------|------------|------------|
|                                                    | (In Thousands)    |            |            |
| <b>Hospitality Operations by Type of Services</b>  |                   |            |            |
| Rooms services                                     | <b>₱2,148,246</b> | ₱1,559,733 | ₱941,107   |
| Golf operations related services                   | <b>405,465</b>    | 383,635    | 214,328    |
| Other operating departments                        | <b>144,514</b>    | 141,189    | 68,376     |
|                                                    | <b>2,698,225</b>  | 2,084,557  | 1,223,811  |
| <b>Sale of Goods by Product Type</b>               |                   |            |            |
| Food and beverage                                  | <b>1,065,104</b>  | 771,986    | 705,168    |
| <b>Total Revenue from Contracts with Customers</b> | <b>₱3,763,329</b> | ₱2,856,543 | ₱1,928,979 |



The Group recognizes revenue from room services and services of other operating department over time while revenue from sale of food and beverage, souvenirs and others are recognized at a point in time.

*Banking and financial services*

Disaggregation of each source of revenue from banking and financial services are presented below:

|                                                                                 | 2024               | 2023        | 2022        |
|---------------------------------------------------------------------------------|--------------------|-------------|-------------|
|                                                                                 | (In Thousands)     |             |             |
| <b>Interest Income</b>                                                          |                    |             |             |
| Loans and receivables (Note 9)                                                  | <b>₱36,029,391</b> | ₱29,222,542 | ₱21,942,930 |
| Financial assets at FVOCI and investment securities at amortized cost (Note 12) | <b>4,937,096</b>   | 4,109,779   | 3,018,589   |
| Financial assets as FVPL (Note 12)                                              | <b>526,901</b>     | 220,277     | 163,904     |
| Due from other banks and IBLR (Note 6)                                          | <b>237,175</b>     | 390,453     | 527,238     |
|                                                                                 | <b>₱41,730,563</b> | ₱33,943,051 | ₱25,652,661 |

*Power and utility operations*

Disaggregation of each source of revenue from contracts with customers are presented below:

|                                                    | 2024               | 2023        | 2022        |
|----------------------------------------------------|--------------------|-------------|-------------|
|                                                    | (In Thousands)     |             |             |
| <b>Revenue by Type of Services</b>                 |                    |             |             |
| Generated power                                    | <b>₱24,378,438</b> | ₱17,207,202 | ₱12,819,596 |
| Retail electricity supply                          | <b>19,535</b>      | —           | 80,193      |
| <b>Total Revenue from Contracts with Customers</b> | <b>₱24,397,973</b> | ₱17,207,202 | ₱12,899,789 |

The Group's revenue from generated power and retail electricity supply is recognized over time.

*Sugar operations*

Disaggregation of each source of revenue from contracts with customers are presented below:

|                                                    | 2024              | 2023       | 2022       |
|----------------------------------------------------|-------------------|------------|------------|
|                                                    | (In Thousands)    |            |            |
| <b>By Product Type</b>                             |                   |            |            |
| Raw sugar                                          | <b>₱3,908,740</b> | ₱3,193,067 | ₱2,749,335 |
| Milling revenues                                   | <b>1,432,612</b>  | 1,427,184  | 1,170,153  |
| Refined sugar                                      | <b>473,358</b>    | 317,912    | 43,360     |
| Molasses                                           | <b>476</b>        | 88,904     | 326,637    |
| Others                                             | <b>19</b>         | —          | (9,307)    |
| <b>Total Revenue from Contracts with Customers</b> | <b>₱5,815,205</b> | ₱5,027,067 | ₱4,280,178 |

The Group's revenue from raw sugar, refined sugar and molasses is recognized at the point when control of the goods is transferred to customers.





### 36. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Group's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

| 2024                                                               |                |              |                                          |                                         |                                           |
|--------------------------------------------------------------------|----------------|--------------|------------------------------------------|-----------------------------------------|-------------------------------------------|
| Fair Value                                                         |                |              |                                          |                                         |                                           |
|                                                                    | Carrying Value | Total        | Quoted Prices in Active Market (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| (In Thousands)                                                     |                |              |                                          |                                         |                                           |
| Assets measured at fair value                                      |                |              |                                          |                                         |                                           |
| Financial assets                                                   |                |              |                                          |                                         |                                           |
| Financial assets at FVPL (Note 12)                                 |                |              |                                          |                                         |                                           |
| Government securities                                              | ₱9,163,963     | ₱9,163,963   | ₱9,163,963                               | ₱—                                      | ₱—                                        |
| Equity securities                                                  | 10,312         | 10,312       | 10,312                                   | —                                       | —                                         |
|                                                                    | 9,174,275      | 9,174,275    | 9,174,275                                | —                                       | —                                         |
| Derivative assets (Note 20)                                        | 83,133         | 83,133       | —                                        | 83,133                                  | —                                         |
| Financial assets at FVOCI (Note 12)                                |                |              |                                          |                                         |                                           |
| Government debt securities                                         | 21,762,659     | 21,762,659   | 21,762,659                               | —                                       | —                                         |
| Private bonds                                                      | 7,227,180      | 7,227,180    | 7,227,180                                | —                                       | —                                         |
| Quoted equity securities including club shares                     | 946,710        | 946,710      | 946,710                                  | —                                       | —                                         |
| Unquoted equity securities                                         | 47,060         | 47,060       | 47,060                                   | —                                       | —                                         |
|                                                                    | 29,983,609     | 29,983,609   | 29,983,609                               | —                                       | —                                         |
| Assets for which fair values are disclosed                         |                |              |                                          |                                         |                                           |
| Financial assets                                                   |                |              |                                          |                                         |                                           |
| Investment securities at amortized cost (Note 12)                  |                |              |                                          |                                         |                                           |
| Government securities                                              | 80,137,018     | 73,471,550   | 73,471,550                               | —                                       | —                                         |
| Private bonds                                                      | 1,785,732      | 1,814,434    | 1,814,434                                | —                                       | —                                         |
|                                                                    | 81,922,750     | 75,285,984   | 75,285,984                               | —                                       | —                                         |
| Loans and receivables                                              |                |              |                                          |                                         |                                           |
| Banking and financial services (Note 9)                            |                |              |                                          |                                         |                                           |
| Corporate lending                                                  | 47,254,031     | 48,883,619   | —                                        | —                                       | 48,883,619                                |
| Consumer lending                                                   | 266,602,986    | 299,537,284  | —                                        | —                                       | 299,537,284                               |
| Unquoted debt securities                                           | 9,799,939      | 11,074,399   | —                                        | —                                       | 11,074,399                                |
|                                                                    | 323,656,956    | 359,495,302  | —                                        | —                                       | 359,495,302                               |
| Real estate operations (Note 7)                                    |                |              |                                          |                                         |                                           |
| Contracts receivable                                               | 4,717,975      | 4,717,975    | —                                        | —                                       | 4,717,975                                 |
| Receivables from tenants                                           | 2,784,809      | 2,784,809    | —                                        | —                                       | 2,784,809                                 |
|                                                                    | 7,502,784      | 7,502,784    | —                                        | —                                       | 7,502,784                                 |
| Nonfinancial assets                                                |                |              |                                          |                                         |                                           |
| Investment properties (Note 16)                                    | 103,641,040    | 350,466,426  | —                                        | —                                       | 350,466,426                               |
| Total assets                                                       | ₱555,964,547   | ₱831,991,513 | ₱114,443,868                             | ₱83,133                                 | ₱717,464,512                              |
| Liabilities measured at fair value                                 |                |              |                                          |                                         |                                           |
| Financial liabilities                                              |                |              |                                          |                                         |                                           |
| Derivative liabilities (Note 23)                                   | ₱—             | ₱—           | ₱—                                       | ₱—                                      | ₱—                                        |
| Liabilities for which fair values are disclosed                    |                |              |                                          |                                         |                                           |
| Financial liabilities at amortized costs                           |                |              |                                          |                                         |                                           |
| Deposit liabilities (Note 21)                                      |                |              |                                          |                                         |                                           |
| Time                                                               | 74,175,348     | 74,175,348   | —                                        | —                                       | 74,175,348                                |
| Savings                                                            | 164,197,890    | 164,197,890  | —                                        | —                                       | 164,197,890                               |
| Demand                                                             | 134,169,558    | 134,169,558  | —                                        | —                                       | 134,169,558                               |
|                                                                    | 372,542,796    | 372,542,796  | —                                        | —                                       | 372,542,796                               |
| Accounts payable, accrued expenses and other liabilities (Note 23) |                |              |                                          |                                         |                                           |
| Accounts payable                                                   | 24,975,262     | 24,975,262   | —                                        | —                                       | 24,975,262                                |
| Retention fee payable                                              | 3,694,748      | 3,694,748    | —                                        | —                                       | 3,694,748                                 |
| Deposits for registration                                          | 1,971,433      | 1,971,433    | —                                        | —                                       | 1,971,433                                 |
|                                                                    | 30,641,443     | 30,641,443   | —                                        | —                                       | 30,641,443                                |
| Lease liabilities (Note 32)                                        | 9,042,566      | 9,042,566    | —                                        | —                                       | 9,042,566                                 |
| Long-term and short-term debt (Note 24)                            | 137,331,240    | 131,762,987  | —                                        | —                                       | 131,762,987                               |
|                                                                    | ₱549,558,045   | ₱543,989,792 | ₱—                                       | ₱—                                      | ₱543,989,792                              |



|                                                                    | 2023           |              |                                          |                                         |                                           |
|--------------------------------------------------------------------|----------------|--------------|------------------------------------------|-----------------------------------------|-------------------------------------------|
|                                                                    | Fair Value     |              |                                          |                                         |                                           |
|                                                                    | Carrying Value | Total        | Quoted Prices in Active Market (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| (In Thousands)                                                     |                |              |                                          |                                         |                                           |
| Assets measured at fair value                                      |                |              |                                          |                                         |                                           |
| Financial assets                                                   |                |              |                                          |                                         |                                           |
| Financial assets at FVPL (Note 12)                                 |                |              |                                          |                                         |                                           |
| Government securities                                              | P4,058,236     | P4,058,236   | P4,058,236                               | P–                                      | P–                                        |
| Private bonds                                                      | 43,707         | 43,707       | 43,707                                   | –                                       | –                                         |
| Equity securities                                                  | 10,379         | 10,379       | 10,379                                   | –                                       | –                                         |
|                                                                    | 4,112,322      | 4,112,322    | 4,112,322                                | –                                       | –                                         |
| Derivative assets (Note 20)                                        | 21,812         | 21,812       | –                                        | 21,812                                  | –                                         |
| Financial assets at FVOCI (Note 12)                                |                |              |                                          |                                         |                                           |
| Government debt securities                                         | 11,731,843     | 11,731,843   | 11,731,843                               | –                                       | –                                         |
| Private bonds                                                      | 6,737,050      | 6,737,050    | 6,737,050                                | –                                       | –                                         |
| Quoted equity securities including club shares                     | 906,182        | 906,182      | 906,182                                  | –                                       | –                                         |
| Unquoted equity securities                                         | 36,350         | 36,350       | 36,350                                   | –                                       | –                                         |
|                                                                    | 19,411,425     | 19,411,425   | 19,411,425                               | –                                       | –                                         |
| Assets for which fair values are disclosed                         |                |              |                                          |                                         |                                           |
| Financial assets                                                   |                |              |                                          |                                         |                                           |
| Investment securities at amortized cost (Note 12)                  |                |              |                                          |                                         |                                           |
| Government securities                                              | 71,825,991     | 69,271,962   | 69,271,962                               | –                                       | –                                         |
| Private bonds                                                      | 3,575,028      | 3,710,044    | 3,710,044                                | –                                       | –                                         |
|                                                                    | 75,401,019     | 72,982,006   | 72,982,006                               | –                                       | –                                         |
| Loans and receivables                                              |                |              |                                          |                                         |                                           |
| Banking and financial services (Note 9)                            |                |              |                                          |                                         |                                           |
| Corporate lending                                                  | 42,342,410     | 44,192,824   | –                                        | –                                       | 44,192,824                                |
| Consumer lending                                                   | 228,933,071    | 259,601,838  | –                                        | –                                       | 259,601,838                               |
| Unquoted debt securities                                           | 9,977,897      | 11,661,816   | –                                        | –                                       | 11,661,816                                |
|                                                                    | 281,253,378    | 315,456,478  | –                                        | –                                       | 315,456,478                               |
| Real estate operations (Note 7)                                    |                |              |                                          |                                         |                                           |
| Contracts receivable                                               | 3,582,421      | 3,582,421    | –                                        | –                                       | 3,582,421                                 |
| Receivables from tenants                                           | 2,495,211      | 2,495,211    | –                                        | –                                       | 2,495,211                                 |
|                                                                    | 6,077,632      | 6,077,632    | –                                        | –                                       | 6,077,632                                 |
| Nonfinancial assets                                                |                |              |                                          |                                         |                                           |
| Investment properties (Note 16)                                    | 98,240,278     | 336,297,865  | –                                        | –                                       | 336,297,865                               |
| Total assets                                                       | P482,850,295   | P756,789,261 | P98,935,474                              | P21,812                                 | P657,831,975                              |
| Liabilities measured at fair value                                 |                |              |                                          |                                         |                                           |
| Financial liabilities                                              |                |              |                                          |                                         |                                           |
| Derivative liabilities (Note 23)                                   | P103,083       | P103,083     | P–                                       | P103,083                                | P–                                        |
| Liabilities for which fair values are disclosed                    |                |              |                                          |                                         |                                           |
| Financial liabilities at amortized costs                           |                |              |                                          |                                         |                                           |
| Deposit liabilities (Note 21)                                      |                |              |                                          |                                         |                                           |
| Time                                                               | 64,126,014     | 64,126,014   | –                                        | –                                       | 64,126,014                                |
| Savings                                                            | 152,641,165    | 152,641,165  | –                                        | –                                       | 152,641,165                               |
| Demand                                                             | 122,014,133    | 122,014,133  | –                                        | –                                       | 122,014,133                               |
|                                                                    | 338,781,312    | 338,781,312  | –                                        | –                                       | 338,781,312                               |
| Accounts payable, accrued expenses and other liabilities (Note 23) |                |              |                                          |                                         |                                           |
| Accounts payable                                                   | 16,783,176     | 15,702,609   | –                                        | –                                       | 15,702,609                                |
| Retention fee payable                                              | 3,100,078      | 2,900,638    | –                                        | –                                       | 2,900,638                                 |
| Deposits for registration                                          | 3,987,504      | 3,730,616    | –                                        | –                                       | 3,730,616                                 |
|                                                                    | 23,870,758     | 22,333,863   | –                                        | –                                       | 22,333,863                                |
| Lease liabilities (Note 32)                                        | 8,454,337      | 10,213,638   | –                                        | –                                       | 10,213,638                                |
| Long-term and short-term debt (Note 24)                            | 132,371,944    | 159,917,812  | –                                        | –                                       | 159,917,812                               |
|                                                                    | P503,581,434   | P531,349,708 | P–                                       | P103,083                                | P531,246,625                              |



The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

- *Financial assets at FVPL:* Fair value is based on quoted prices as of reporting dates.
- *Loans and receivables:* Fair values of loans and receivables is based on the discounted value of future cash flows using the prevailing interest rates and current incremental lending rates for similar types of receivables for real estate operations and banking and financial services, respectively. Interest rate used was 11.5% - 19.0% in 2024 and 2023. Carrying amounts of cash and cash equivalents approximate fair values considering that these consist mostly of overnight deposits and floating rate placements.
- *Debt securities:* Fair values are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.
- *Equity securities:* Fair values of quoted equity securities are based on quoted market prices.
- *Deposit liabilities:* Fair values of liabilities approximate their carrying amounts due either to the demand nature or the relatively short-term maturities of these liabilities except for time deposit liabilities whose fair value are estimated using the discounted cash flow methodology using EWBC's IBR for similar borrowings with maturities consistent with those remaining for the liability being valued.
- *Bills and acceptances payable:* The carrying amounts approximate fair values due to short-term nature of transactions.
- *Accounts payable, accrued expenses and other liabilities:* On accounts due within 1 year, the fair value of accounts payable, accrued expenses and other liabilities approximates the carrying amounts. On accounts due for more than 1 year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables. Interest rate used was 6.83% and 6.18% in 2024 and 2023, respectively.
- *Derivative instruments:* Fair values of derivative instruments, mainly forwards and swaps, are valued using a valuation technique with market observable inputs. The most frequently applied valuation technique is forward pricing, which uses present value calculations. The model incorporates various inputs including the foreign exchange rates and interest rate curves prevailing at the statement of financial position date.
- *Long-term and short-term debt:* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable risk free rates for similar types of loans adjusted for credit risk. The discount rates used range from 4.2% to 7.0% and 4.5% to 7.2% as of December 31, 2024 and 2023, respectively. Long-term debt subjected to quarterly repricing and short-term debt are not discounted since it approximates fair value.

During the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



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### 37. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost, loans from financial institutions, mortgage and contracts receivables and other receivables. The main purpose of these financial instruments is to raise financing for the Group's operations. 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.

#### Banking and Financial Operations

##### *Risk management*

To ensure that corporate goals and objectives and business and risk strategies are achieved, EW utilizes a risk management process that is applied throughout the organization in executing all business activities. Employees' functions and roles fall into 1 of the 3 categories where risk must be managed in the business units, operating units and governance units.

EWBC's activities are principally related to the use of financial instruments and are exposed to credit risk, liquidity risk, operational risk and market risk, the latter being subdivided into trading and non-trading risks. Forming part of a coherent risk management system are the risk concepts, control tools, analytical models, statistical methodologies, historical researches and market analysis, which are being employed by EWBC. These tools support the key risk process that involves identifying, measuring, controlling and monitoring risks.

##### *Risk management structure*

###### a. BOD

EWBC's risk culture is practiced and observed across EWBC putting the prime responsibility on the BOD. It establishes the risk culture and the risk management organization and incorporates the risk process as an essential part of the strategic plan of EWBC. The BOD approves EWBC's articulation of risk appetite which is used internally to help management understand the tolerance for risk in each of the major risk categories, its measurement and key controls available that influence EWBC's level of risk taking. All risk management policies and policy amendments, risk-taking limits such as but not limited to credit and trade transactions, market risk limits, counterparty limits, trader's limits and activities are based on EWBC's established approving authorities which are approved by EWBC's BOD. At a high level, the BOD also approves EWBC's framework for managing risk.

###### b. Executive Committee

This is a board level committee, which reviews the bank-wide credit strategy, profile and performance. It approves the credit risk-taking activities based on EWBC's established approving authorities and likewise reviews and endorses credit-granting activities, including the Internal Credit Risk Rating System.

###### c. Loan and Investments Committee

This committee is headed by the Chairman of EWBC whose primary responsibility is to oversee EWBC's credit risk-taking activities and overall adherence to the credit risk management framework, review business/credit risk strategies, quality and profitability of EWBC's credit portfolio and recommend changes to the credit evaluation process, credit risk acceptance criteria and the minimum and target return per credit or investment transaction. All credit risk-taking



activities based on EWBC's established approving authorities are evaluated and approved by this committee.

It establishes an infrastructure by ensuring business units have the right systems and adequate and competent manpower support to effectively manage its credit risk.

d. ALCO

ALCO, a management level committee, meets on a weekly basis and is responsible for the overall management of EWBC's market, liquidity, and financial position related risks. It monitors EWBC's liquidity position and reviews the impact of strategic decisions on liquidity. It is responsible for managing liquidity risks and ensuring exposures remain within established tolerance levels. The ALCO's primary responsibilities include, among others, (a) ensuring that EW and each business unit holds sufficient liquid assets of appropriate quality and in appropriate currencies to meet short-term funding and regulatory requirements, (b) managing financial position and ensuring that business strategies are consistent with its liquidity, capital and funding strategies, (c) establishing asset and/or liability pricing policies that are consistent with the financial position objectives, (d) recommending market and liquidity risk limits to the Risk Management Committee (RMC) and BOD and I approving the assumptions used in contingency and funding plans. It also reviews cash flow forecasts, stress testing scenarios and results, and implements liquidity limits and guidelines.

e. RMC

RMC is a BOD level committee that convenes monthly and is primarily responsible in assisting the BOD in managing the EWBC's risk-taking activities. This is performed by the committee by institutionalizing risk policies and overseeing EWBC's risk management system. It develops and recommends risk appetite and tolerances for the EWBC's major risk exposures to the BOD. Risk management principles, strategies, framework, policies, processes, and initiatives and any modifications and amendments thereto are reviewed and approved by RMC. It oversees and reports to the BOD the effectiveness of the risk management system, overall risk profile, and compliance with the risk appetite and tolerances that the Board approved.

f. Audit Committee (Audit Com)

The Audit Com assists the BOD in fulfilling its responsibilities for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide reasonable assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It is tasked to discuss with management EWBC's major risk exposures and ensures accountability on the part of management to monitor and control such exposures including EWBC's risk assessment and risk management policies. The Audit Com oversees the internal audit function and is responsible for monitoring and reviewing its effectiveness while ensuring its independence.

g. Corporate Governance and Compliance Committee (CGCC)

The CGCC leads the Parent Company in defining and fulfilling the corporate governance policies and attaining best practices while overseeing the implementation of EWBC's compliance program, money laundering and terrorist financing prevention program and ensuring that regulatory compliance issues are resolved expeditiously. In addition to its governance role, the CGCC also assumes the nomination function whereby it reviews and evaluates the qualifications of all persons nominated to the BOD, all direct reports of the President and Chief Executive Officer (CEO), Heads of Governance Units regardless of rank, and other positions of EWBC requiring appointment by the BOD. The committee oversees the annual performance evaluation of the BOD, its committees, and individual directors and conducts an annual self-evaluation of its



performance as prescribed under and in accordance with the Corporate Governance Manual and SEC Code of Corporate Governance for Publicly Listed Companies.

h. RPT Committee

The RPT Committee assists the BOD in ensuring that the transactions with related parties of EWBC are handled in a sound and prudent manner, with integrity and in compliance with the applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders. It also ensures that related party transactions are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged by such transactions.

i. Asset Impairment Committee (AIC)

AIC is a management level committee that convenes monthly in a year, and shall officially represent EWBC's source of experienced credit judgement insofar as the asset impairment exercise is concerned. This experienced credit judgment is tapped to provide guidance under the following, but not limited to, conditions: 1) The result of the calculation is assessed to be unreasonable that it is considered as not fairly representative of EWBC's historical experience, current, and prospective credit condition or other conditions deemed relevant in reasonably determining EWBC's assets' recoverable value; 2) There is an adverse change in the prevailing or foreseen prospective economic condition relative to the embedded presumption in the existing impairment framework; and 3) The data set in the calculation parameters is not available or insufficient to complete the calculation.

j. Risk Management Division (RMD)

RMD performs an independent risk governance function within EWBC. RMD is tasked with identifying, measuring, controlling and monitoring existing and emerging risks inherent in EWBC's overall portfolio (on- or off-balance sheet). RMD develops and employs risk assessment tools to facilitate risk identification, analysis and measurement. It is responsible for developing and implementing the framework for policies and practices to assess and manage enterprise-wide market, credit, operational, and all other risks of EWBC.

It also develops and endorses risk tolerance limits for BOD approval, as endorsed by the RMC, and monitors compliance with approved risk tolerance limits. Finally, it regularly appraises the BOD, through the RMC, the results of its risk monitoring.

k. Internal Audit (IA)

IA provides an independent assessment of the adequacy of EWBC's internal controls, risk management, governance framework and execution/operational practices. Internal audit activities are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA) and the Code of Ethics. IA has an adopted a risk assessment methodology, which provides a sound basis in the selection of areas of coverage and frequency of audit for the preparation of the annual audit plan. IA employs a risk-based audit approach that examines both the adequacy of the policies and EWBC's compliance with the procedures while assuring audit coverage of the areas identified as representing the greatest current risk. It discusses the results of assessments with management, and reports its findings and recommendations to the Audit Com. IA's activities are suitably designed to provide the BOD with reasonable assurance that significant financial and operating information is materially complete, reliable and accurate; internal resources are adequately protected; and employee performance is in compliance with EWBC's policies, standards, procedures and applicable laws and regulations.



1. Compliance Division

Compliance Division is vested with the responsibility of overseeing the design of EWBC's Compliance Program and coordinating its effective implementation towards the sound management of Business and Compliance Risks. It also manages the implementation of the Money Laundering and Terrorist Financing Program. Its mandate is to ensure that EWBC is compliant with relevant and applicable laws, rules, regulations, codes of conduct and standards of good practice while avoiding an overly risk-averse environment that inhibits business growth. It serves as EWBC's central point of contact with banking regulators.

The major risk types identified by Group are disclosed in the following section:

Credit Risk

Credit risk refers to the potential loss of earnings or capital arising from an obligor/s, customer/s or counterparty's failure to perform and/or to meet the terms of any contract with EWBC. Credit risks may last for the entire tenor and set at the full amount of a transaction and, in some cases, may exceed the original principal exposures. The risk may arise from lending, trade financing, trading, investments and other activities undertaken by EWBC. To identify and assess this risk, EWBC has: 1) approval process per borrower or business and/or product segment; 2) structured and standardized credit rating for corporate, credit cards, auto and mortgage loans, and risk acceptance criteria for other consumer loans. For large corporate credit transactions, EWBC has a comprehensive procedure for credit evaluation, risk assessment and well-defined concentration limits, which are established for each type of borrower. EWBC's credit risk is managed at the portfolio level, which may be on an overall or by product perspective.

*Credit concentration*

Excessive concentration of lending plays a significant role in the weakening of asset quality. EWBC reduces this risk by diversifying its loan portfolio across various sectors and borrowers. EWBC believes that good diversification across economic sectors and geographic areas, among others, will enable it to ride through business cycles without causing undue harm to its asset quality.

EWBC's loan portfolio is in line with EWBC's policy of not having significant concentrations of exposure to specific industries or group of borrowers. Management of concentration of risk is by client/counterparty, by industry sector and by geographical location. For risk concentration monitoring purposes, the financial assets are broadly categorized into loans and receivables, loans and advances to banks, and investment securities. EWBC ensures compliance with BSP's limit on exposure to any single person or group of connected persons by closely monitoring large exposures and top 20 borrowers for both single and group accounts.

Aside from ensuring compliance with BSP's limit on exposures to any single person or group of connected persons, it is EWBC's policy to keep the expected loss (determined based on the credit risk rating of the account) of large exposure accounts to, at most, one percent (1.0%) of their aggregate outstanding balance. This is to maintain the quality of EWBC's large exposures. With this, accounts with better risk grades are given priority in terms of being granted a bigger share in EWBC's loan facilities.

Aligned with the Manual of Regulations for Banks definition, EWBC considers its loan portfolio concentrated if it has exposures of more than thirty percent (30.0%) to an industry. In addition to the Concentration Ratio, the Herfindahl-Hirschman Index was implemented by the Bank, where the concentration threshold is set at 0.15.



### Credit Concentration Profile as of December 31, 2024 and 2023

#### Maximum exposure to credit risk

The following table shows EWBC's maximum exposure to credit risk, before and after taking into account any collateral held or other credit enhancements:

|                                                     | 2024                                |                              |                                    |                              | 2023                                |                              |                                    |                              |
|-----------------------------------------------------|-------------------------------------|------------------------------|------------------------------------|------------------------------|-------------------------------------|------------------------------|------------------------------------|------------------------------|
|                                                     | Maximum Exposure to Credit Risk [A] | Fair Value of Collateral [B] | Financial Effect of Collateral [C] | Net Exposure [D] = [A] - [C] | Maximum Exposure to Credit Risk [A] | Fair Value of Collateral [B] | Financial Effect of Collateral [C] | Net Exposure [D] = [A] - [C] |
| (In Thousands)                                      |                                     |                              |                                    |                              |                                     |                              |                                    |                              |
| Securities purchased under resell agreement (SPURA) | P-                                  | P-                           | P-                                 | P-                           | P15,976,310                         | P15,976,310                  | P15,976,310                        | P-                           |
| <b>Loans and receivables</b>                        |                                     |                              |                                    |                              |                                     |                              |                                    |                              |
| Receivables from customers*                         |                                     |                              |                                    |                              |                                     |                              |                                    |                              |
| Corporate lending                                   | 59,952,576                          | 27,054,782                   | 9,257,985                          | 50,694,591                   | 59,632,224                          | 26,694,071                   | 8,851,633                          | 50,780,591                   |
| Consumer lending                                    | 274,352,956                         | 98,913,632                   | 78,179,415                         | 196,173,541                  | 237,245,146                         | 92,740,786                   | 71,702,992                         | 165,542,154                  |
|                                                     | <b>P334,305,532</b>                 | <b>P125,968,414</b>          | <b>P87,437,400</b>                 | <b>P246,868,132</b>          | <b>P312,853,680</b>                 | <b>P135,411,167</b>          | <b>P96,530,935</b>                 | <b>P216,322,745</b>          |

\*Excludes unamortized premium

For off-balance sheet items, the figures presented below as reported to BSP summarize EWBC's maximum exposure to credit risk:

|                                   | 2024                      |                          |                          |                        |                     | 2023                      |                          |                          |                        |                     |
|-----------------------------------|---------------------------|--------------------------|--------------------------|------------------------|---------------------|---------------------------|--------------------------|--------------------------|------------------------|---------------------|
|                                   | Notional Principal Amount | Credit Conversion Factor | Credit Equivalent Amount | Credit Risk Mitigation | Net Credit Exposure | Notional Principal Amount | Credit Conversion Factor | Credit Equivalent Amount | Credit Risk Mitigation | Net Credit Exposure |
| (In Thousands)                    |                           |                          |                          |                        |                     |                           |                          |                          |                        |                     |
| <b>Off-balance sheet items*</b>   |                           |                          |                          |                        |                     |                           |                          |                          |                        |                     |
| Direct credit substitutes         | P178,487                  | 100%                     | P178,487                 | P-                     | P178,487            | P434,151                  | 100%                     | P434,151                 | P-                     | P434,151            |
| Transaction-related contingencies | 4,919,003                 | 50%                      | 2,459,502                | -                      | 2,459,502           | 3,087,808                 | 50%                      | 1,543,904                | -                      | 1,543,904           |
| Guarantees                        | 3,040                     | 20%                      | 608                      | -                      | 608                 | 91,216                    | 20%                      | 18,243                   | -                      | 18,243              |
| Letters of credit                 | 609,710                   | 20%                      | 121,942                  | -                      | 121,942             | 392,906                   | 20%                      | 78,581                   | -                      | 78,581              |
|                                   | <b>P5,710,240</b>         |                          | <b>P2,760,539</b>        | <b>P-</b>              | <b>P2,760,539</b>   | <b>P4,006,081</b>         |                          | <b>P2,074,879</b>        | <b>P-</b>              | <b>P2,074,879</b>   |

\*For all other off-balance sheet exposures, credit conversion factor is 0.00%.

#### Collateral and other credit enhancements

Collaterals are taken into consideration during the loan application process as they offer an alternative way of collecting from the client should a default occur. The percentage of loan value attached to the collateral offered is part of EWBC's lending guidelines. Such percentages take into account safety margins for foreign exchange rate exposure/fluctuations, interest rate exposure, and price volatility.

Collaterals are valued according to existing credit policy standards and, following the latest appraisal report, serve as the basis for the amount of the secured loan facility. Premium security items are collaterals that have the effect of reducing the estimated credit risk for a facility. The primary consideration for enhancements falling under such category is the ease of converting them to cash.

EWBC is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral. It is EWBC's policy to dispose foreclosed assets in an orderly fashion. The proceeds of the sale of the foreclosed assets, included under 'Investment properties', are used to reduce or repay the outstanding claim. In general, EWBC does not occupy repossessed properties for business use.

As part of EWBC's risk control on security/collateral documentation, standard documents are made for each security type and deviation from the pro-forma documents are subject to legal review prior to implementation.





### *Credit collaterals profile*

The table below provides the collateral profile of the outstanding loan portfolio of EWBC:

|                   | 2024         |        | 2023         |        |
|-------------------|--------------|--------|--------------|--------|
|                   | Gross Amount | %      | Gross Amount | %      |
| Loans secured by: |              |        |              |        |
| Chattel           | ₱87,345,635  | 26.13  | ₱81,558,366  | 27.47  |
| Real Estate       | 23,483,527   | 7.02   | 22,569,967   | 7.60   |
| Others*           | 15,337,228   | 4.59   | 15,516,687   | 5.23   |
|                   | 126,166,390  | 37.74  | 119,645,020  | 40.30  |
|                   | 208,139,142  | 62.26  | 177,232,351  | 59.70  |
| Unsecured         | ₱334,305,532 | 100.00 | ₱296,877,371 | 100.00 |

\*Consists of government securities, corporate bonds, shares of stock, hold-out on deposits, assignment of receivables etc.

The credit exposures, after due consideration of the allowed credit enhancements, are considered the maximum credit exposure to any client or counterparty.

As for the computation of credit risk weights, hold-out on deposits with EWBC, Home Guaranty cover, and Philippine sovereign guarantees are the only credit risk mitigants considered as eligible.

### *Large Exposures and Top 20 Borrowers*

The table below summarizes the top 20 borrowers and large exposures of EWBC:

|                                        | 2024             |                 |                  |                 |
|----------------------------------------|------------------|-----------------|------------------|-----------------|
|                                        | Top 20 Borrowers |                 | Large Exposures* |                 |
|                                        | Single Borrowers | Group Borrowers | Single Borrowers | Group Borrowers |
| Aggregate Exposure (In Billions)       | ₱26,301,306      | ₱29,408,995     | —                | ₱12,227,344     |
| Composite Risk Rating                  | 4.42             | 4.42            | —                | 4.00            |
| Total Expected Loss/Aggregate Exposure | 0.40%            | 0.42%           | —                | 0.01%           |

\*Large exposures refer to exposures to a counterparty or a group of related counterparties equal to or greater than 10.0% of EWBC's qualifying capital.

|                                        | 2023             |                 |                  |                 |
|----------------------------------------|------------------|-----------------|------------------|-----------------|
|                                        | Top 20 Borrowers |                 | Large Exposures* |                 |
|                                        | Single Borrowers | Group Borrowers | Single Borrowers | Group Borrowers |
| Aggregate Exposure (In Billions)       | ₱27,788,038      | ₱29,125,122     | ₱7,487,500       | ₱12,286,823     |
| Composite Risk Rating                  | 3.15             | 3.39            | 1.00             | 1.00            |
| Total Expected Loss/Aggregate Exposure | 3.22%            | 1.39%           | 0.01%            | 0.01%           |

\*Large exposures refer to exposures to a counterparty or a group of related counterparties equal to or greater than 10.0% of EWBC's qualifying capital.



### Concentration by Industry

An industry sector analysis of the financial assets of EWBC follows:

|                                                                                                                              | 2024                  |       |                                    |                            |                              |                     |
|------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------|------------------------------------|----------------------------|------------------------------|---------------------|
|                                                                                                                              | Loans and Receivables |       | Loans and<br>Advances to<br>Banks* | Investment<br>Securities** | Other Financial<br>Assets*** | Total               |
|                                                                                                                              | Amount                | %     |                                    |                            |                              |                     |
| Activities of households as employers and undifferentiated goods-and-services-producing activities of households for own use | P245,981,909          | 70.67 | P-                                 | P-                         | P-                           | P245,981,909        |
| Real estate, renting and business activity                                                                                   | 24,158,158            | 6.94  | -                                  | 15,068                     | -                            | 24,173,226          |
| Wholesale and retail trade, repair of motor vehicles                                                                         | 24,349,576            | 7.00  | -                                  | -                          | -                            | 24,349,576          |
| Financial intermediaries                                                                                                     | 11,275,946            | 3.24  | 32,875,659                         | 543,369                    | -                            | 44,694,974          |
| Education                                                                                                                    | 11,354,519            | 3.26  | -                                  | -                          | -                            | 11,354,519          |
| Manufacturing                                                                                                                | 7,498,635             | 2.15  | -                                  | 100                        | -                            | 7,498,735           |
| Electricity, gas, steam and air-conditioning supply                                                                          | 6,685,576             | 1.92  | -                                  | 2,575,869                  | -                            | 9,261,445           |
| Other service activities                                                                                                     | 5,714,031             | 1.64  | -                                  | 1,147,480                  | -                            | 6,861,511           |
| Accommodation and food service activities                                                                                    | 2,354,096             | 0.68  | -                                  | 561,633                    | -                            | 2,915,729           |
| Transportation and storage                                                                                                   | 1,802,273             | 0.52  | -                                  | -                          | -                            | 1,802,273           |
| Government and foreign sovereign                                                                                             | 1,876,518             | 0.54  | -                                  | 111,074,777                | -                            | 112,951,295         |
| Construction                                                                                                                 | 1,846,242             | 0.53  | -                                  | -                          | -                            | 1,846,242           |
| Agriculture, fisheries and forestry                                                                                          | 1,007,156             | 0.29  | -                                  | -                          | -                            | 1,007,156           |
| Administrative and support service activities                                                                                | 694,475               | 0.20  | -                                  | -                          | -                            | 694,475             |
| Holding                                                                                                                      | 75,432                | 0.02  | -                                  | 4,194,772                  | -                            | 4,270,204           |
| Others****                                                                                                                   | 1,414,438             | 0.40  | -                                  | -                          | 559,934                      | 1,974,372           |
|                                                                                                                              | 348,088,980           | 100   | 32,875,659                         | 120,113,068                | 559,934                      | 501,637,641         |
| Allowance for credit losses                                                                                                  | 11,480,756            | -     | 1,327                              | 11,136                     | -                            | 11,493,219          |
| <b>Total</b>                                                                                                                 | <b>P336,608,224</b>   |       | <b>P32,874,332</b>                 | <b>P120,101,932</b>        | <b>P559,934</b>              | <b>P490,144,422</b> |

\* Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA

\*\* Includes financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost.

\*\*\* Includes other financial assets presented under 'Other assets'

\*\*\*\* Includes Arts and recreation activities, mining and quarrying, human health and social activities, and information and communication.

|                                                                                                                              | 2023                  |        |                                    |                            |                              |                     |
|------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------|------------------------------------|----------------------------|------------------------------|---------------------|
|                                                                                                                              | Loans and Receivables |        | Loans and<br>Advances to<br>Banks* | Investment<br>Securities** | Other Financial<br>Assets*** | Total               |
|                                                                                                                              | Amount                | %      |                                    |                            |                              |                     |
| Activities of households as employers and undifferentiated goods-and-services-producing activities of households for own use | P212,499,312          | 68.87  | P-                                 | P-                         | P-                           | P212,499,312        |
| Real estate, renting and business activity                                                                                   | 24,703,996            | 8.01   | -                                  | 15,068                     | -                            | 24,719,064          |
| Wholesale and retail trade, repair of motor vehicles                                                                         | 22,786,921            | 7.39   | -                                  | -                          | -                            | 22,786,921          |
| Financial intermediaries                                                                                                     | 10,022,249            | 3.25   | 35,083,516                         | 2,411,398                  | -                            | 47,517,163          |
| Education                                                                                                                    | 9,803,173             | 3.18   | -                                  | -                          | -                            | 9,803,173           |
| Manufacturing                                                                                                                | 7,449,135             | 2.41   | -                                  | 166                        | -                            | 7,449,301           |
| Electricity, gas, steam and air-conditioning supply                                                                          | 7,128,870             | 2.31   | -                                  | 2,399,382                  | -                            | 9,528,252           |
| Other service activities                                                                                                     | 3,736,544             | 1.21   | -                                  | 1,071,840                  | -                            | 4,808,384           |
| Accommodation and food service activities                                                                                    | 2,466,181             | 0.80   | -                                  | 519,648                    | -                            | 2,985,829           |
| Transportation and storage                                                                                                   | 2,136,776             | 0.69   | -                                  | -                          | -                            | 2,136,776           |
| Government and foreign sovereign                                                                                             | 1,535,700             | 0.50   | -                                  | 87,626,099                 | -                            | 89,161,799          |
| Construction                                                                                                                 | 1,509,341             | 0.49   | -                                  | -                          | -                            | 1,509,341           |
| Agriculture, fisheries and forestry                                                                                          | 829,046               | 0.27   | -                                  | -                          | -                            | 829,046             |
| Administrative and support service activities                                                                                | 550,605               | 0.18   | -                                  | -                          | -                            | 550,605             |
| Holding                                                                                                                      | 72,204                | 0.02   | -                                  | 3,964,409                  | -                            | 4,036,613           |
| Others****                                                                                                                   | 1,309,133             | 0.42   | -                                  | -                          | 643,853                      | 1,952,986           |
|                                                                                                                              | 308,539,186           | 100.00 | 35,083,516                         | 98,008,010                 | 643,853                      | 442,274,565         |
| Allowance for credit losses (Note 15)                                                                                        | 11,923,717            | -      | 821                                | 10,708                     | -                            | 11,935,246          |
| <b>Total</b>                                                                                                                 | <b>P296,615,469</b>   |        | <b>P35,082,695</b>                 | <b>P97,997,302</b>         | <b>P643,853</b>              | <b>P430,339,319</b> |

\* Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA

\*\* Includes financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost.

\*\*\* Includes other financial assets presented under 'Other assets'

\*\*\*\* Includes Arts and recreation activities, mining and quarrying, human health and social activities, and information and communication.



### Geographic segmentation

The distribution of EWBC's financial assets and credit commitment items by geographic region as of December 31, 2024 and 2023 follows:

|                              | 2024                  |                              |                         |                           |              |
|------------------------------|-----------------------|------------------------------|-------------------------|---------------------------|--------------|
|                              | Loans and Receivables | Loans and Advances to Banks* | Investment Securities** | Other Financial Assets*** | Total        |
| Philippines                  | P347,529,910          | P30,144,848                  | P102,736,831            | P503,722                  | P480,915,311 |
| Asia (excluding Philippines) | 286,432               | 346,037                      | 13,576,130              | —                         | 14,208,599   |
| Australia                    | —                     | 39,337                       | —                       | —                         | 39,337       |
| Europe                       | 22,365                | 565,822                      | 3,789,810               | 15,356                    | 4,393,353    |
| North America                | 52,668                | —                            | 10,297                  | —                         | 62,965       |
| USA                          | —                     | 1,779,615                    | —                       | 40,856                    | 1,820,471    |
|                              | 347,891,375           | 32,875,659                   | 120,113,068             | 559,934                   | 501,440,036  |
| Allowance for credit losses  | 11,480,756            | 1,327                        | 11,136                  | —                         | 11,493,219   |
|                              | P336,410,619          | P32,874,332                  | P120,101,932            | P559,934                  | P489,946,817 |

\* Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA

\*\* Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.

\*\*\* Includes other financial assets presented under 'Other assets'

|                              | 2023                  |                              |                         |                           |              |
|------------------------------|-----------------------|------------------------------|-------------------------|---------------------------|--------------|
|                              | Loans and Receivables | Loans and Advances to Banks* | Investment Securities** | Other Financial Assets*** | Total        |
| Philippines                  | P308,190,548          | P33,405,685                  | P81,520,409             | P639,562                  | P423,756,204 |
| Asia (excluding Philippines) | 279,347               | 661,626                      | 13,198,807              | —                         | 14,139,780   |
| Australia                    | —                     | 73,293                       | —                       | —                         | 73,293       |
| Europe                       | 21,534                | 164,522                      | 2,022,107               | 4,272                     | 2,212,435    |
| North America                | 47,757                | —                            | 1,266,686               | —                         | 1,314,443    |
| USA                          | —                     | 778,390                      | —                       | 19                        | 778,409      |
|                              | 308,539,186           | 35,083,516                   | 98,008,009              | 643,853                   | 442,274,564  |
| Allowance for credit losses  | 11,923,717            | 821                          | 10,708                  | —                         | 11,935,246   |
|                              | P296,615,470          | P35,082,695                  | P97,997,301             | P643,853                  | P430,339,319 |

\* Includes Due from BSP, Due from Other Banks and IBLR.

\*\* Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.

\*\*\* Includes other financial assets presented under 'Other assets' and commitments and contingent accounts

The following summarizes EWBC's credit risk management practices and the relevant quantitative and qualitative financial information regarding the credit exposures according to EWBC's portfolios:

### Internal Credit Risk Rating System

EWBC's employs a credit scoring system for borrowers to assess risks relating to the borrower and the loan exposure. Borrower risk is evaluated by considering (a) quantitative factors, such as financial condition and (b) qualitative factors, such as management quality and industry outlook.

For corporate loans, the financial condition assessment focuses on profitability, liquidity, working capital management, and leverage. Management quality determination is based on the borrower's strategies, management competence and skills, and management of banking relationship while industry outlook is evaluated based on its importance to the economy, growth, industry structure and relevant government policies. Based on these factors, each borrower is assigned a Borrower Risk Rating (BRR), that ranges from 1 to 6. A borrower may be downgraded when it exhibits the characteristics of a classified account described below, in which case it will be assigned a risk rating ranging from 7 to 10.

The BRR for each borrower is reviewed annually. A more frequent review is warranted in cases where the borrower has a higher risk profile or when there are extraordinary or adverse developments affecting the borrower, the industry and/or the Philippine economy.



The following is a brief explanation of EWBC's risk grades:

| Rating | Description  | Account/Borrower Characteristics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | Excellent    | <ul style="list-style-type: none"> <li>• low probability of going into default within the coming year; very high debt service capacity and balance sheets show no sign of any weakness</li> <li>• has ready access to adequate funding sources</li> <li>• high degree of stability, substance and diversity</li> <li>• of the highest quality under virtual economic conditions</li> </ul>                                                                                                                      |
| 2      | Strong       | <ul style="list-style-type: none"> <li>• low probability of going into default in the coming year</li> <li>• access to money markets is relatively good</li> <li>• business remains viable under normal market conditions</li> <li>• strong market position with a history of successful financial performance</li> <li>• financials show adequate cash flows for debt servicing and generally conservative balance sheets</li> </ul>                                                                           |
| 3      | Good         | <ul style="list-style-type: none"> <li>• sound but may be susceptible, to a limited extent, to cyclical changes in the markets in which they operate</li> <li>• financial performance is good and capacity to service debt remains comfortable</li> <li>• cash flows remain healthy and critical balance sheet ratios are at par with industry norms</li> <li>• reported profits in the past three years and expected to sustain profitability in the coming year</li> </ul>                                    |
| 4      | Satisfactory | <ul style="list-style-type: none"> <li>• clear risk elements exist and probability of going into default is somewhat greater, as reflected in the volatility of earnings and overall performance</li> <li>• normally have limited access to public financial markets</li> <li>• able to withstand normal business cycles, but expected to deteriorate beyond acceptable levels under prolonged unfavorable economic period</li> <li>• combination of reasonably sound asset and cash flow protection</li> </ul> |
| 5      | Acceptable   | <ul style="list-style-type: none"> <li>• risk elements for the EWBC are sufficiently pronounced, but would still be able to withstand normal business cycles</li> <li>• immediate deterioration beyond acceptable levels is expected given prolonged unfavorable economic period</li> <li>• there is sufficient cash flow either historically or expected in the future in spite of economic downturn combined with asset protection</li> </ul>                                                                 |



| Rating | Description     | Account/Borrower Characteristics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5B     | Acceptable      | <ul style="list-style-type: none"> <li>financial condition hard to ascertain due to weak validation of financial statements coupled by funding leakages to other business interests whose financial condition is generally unknown</li> <li>continuous decline in revenues and margins due to competition</li> <li>substantial or unexplained build-up in borrowings with banks financing bulk of working capital and capex requirements coupled by substantial dividends pay-outs</li> <li>chronically tight cash flows with operating income negative or barely enough for debt servicing</li> <li>with past record of past due loans with other banks, cancelled credit cards and court cases</li> </ul>                                                                                                                                                                                                                                    |
| 6      | Watchlist       | <ul style="list-style-type: none"> <li>with identified disruptions that may negatively affect performance but are likely to be resolved within the year</li> <li>deteriorating revenue, net income, margins, and sustained increase in debt levels despite a slowdown in business activity</li> <li>diversion of fund to non-core or start-up businesses and other investments that are known to be unprofitable or high risk</li> <li>past due on interest and/or principal for <math>\leq 30</math> days and the delinquency is deemed temporary in nature</li> <li>account is still in current status but already restructured but no payment experience yet or requesting for payment deferments or loan restructuring</li> <li>with temporary cashflow pressures arising from unexpected circumstances but are likely to be resolved once these adverse events are mitigated or resolved.</li> </ul>                                      |
| 7      | Special Mention | <ul style="list-style-type: none"> <li>past due on interest and/or principal payments up to 90 days and the delinquency is not temporary in nature</li> <li>intermittent delays or inadequate repayment of principal, interest or amortizations</li> <li>past due account that is already requesting for payment deferments or loan restructuring</li> <li>restructured account that has yet to meet the required track record of sustained payments</li> <li>continuous renewal/extension without reduction in principal and lines with all creditors maxed-out and no clear source of repayment due to chronic tightness in cashflows</li> <li>prolonged contraction in the business brought by adverse economic or market conditions resulting in net losses and affecting its capacity to pay</li> <li>deficiency in documentation which have not been rectified within an agreed period of time unless for justifiable reasons</li> </ul> |



| Rating | Description | Account/Borrower Characteristics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8      | Substandard | <ul style="list-style-type: none"> <li>• NPL or with chronic delays in payment because of unstable cashflow or with no definite commitment to pay or restructure</li> <li>• loans have already been restructured but conditions have not been fully met or tenor has been renegotiated</li> <li>• net loss for the last 2 years that have wiped out capital and business sustainability is a concern unless a major turnaround in business occurs.</li> <li>• due to difficulty in generating cashflows to service debt, repayment of the loans depends on non-operating sources such as collateral, personal funds or other assets</li> <li>• breach of key financial covenants that will have a significant effect on the borrower's capacity to pay</li> </ul>                                                                                                                                                                                              |
| 9      | Doubtful    | <ul style="list-style-type: none"> <li>• business heavily affected by environmental, economic, health, regulatory issues to the point that closure or bankruptcy is becoming imminent</li> <li>• business is almost bankrupt and the only possible solution are either merger, acquisition, capital infusion or refinancing plans which are still being worked-out</li> <li>• business closure is imminent due to challenging business conditions such as substantial loss of market share, unsalable products due to obsolescence, tight competition and influx of cheap substitutes</li> <li>• with uncertainty if the Parent Company could find leviabile assets or if there are other assets that can be liquidated, full recovery of principal remains uncertain due to marketability and other outstanding claims</li> <li>• client is difficult to coordinate with and is non-responsive to demand letters sent</li> <li>• Legal cases filed</li> </ul> |
| 10     | Loss        | <ul style="list-style-type: none"> <li>• business is non-operational and loans are considered absolutely uncollectible due to presence of fraud and major build-up of claims and litigation</li> <li>• borrower's whereabouts unknown or insolvent or earning power-impaired and guarantors are insolvent or guarantee not financially supported</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

It is EWBC's policy to maintain accurate and consistent risk ratings across the corporate credit portfolio. This facilitates a focused management of the applicable risk and the comparison of credit exposures across all lines of businesses, geographic regions, and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the EWBC's rating policy. The risk ratings are assessed and updated regularly.

The consumer loan portfolio of EWBC is composed of the following product lines: credit cards, auto, mortgage, salary, personal and branch loans. Each of these products has established credit risk guidelines and systems for managing credit risk across all business. For credit cards, auto and mortgage loans, application and behavioral scoring models are in place that primarily consider demographic variables and payment behavior, respectively, for the assessment of the likelihood of default by the borrower. For the other consumer loans, minimum risk acceptance criteria was set for



each portfolio according to the nature of the product and the target market, and is used for the evaluation of the credit quality of borrowers at origination.

For purposes of comparison of different exposure types, the credit portfolios of EWBC are benchmarked against marketable corporate debt securities (using the S&P global study on corporate exposures) based on credit risk rating and corresponding PDs.

EWBC assigns credit risk using the following credit score masterscale:

| <b>Credit quality</b> | <b>Description</b>                                                                                                                      | <b>Credit rating</b>                                    |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Investment Grade      | These accounts are of the highest quality and are likely to meet financial obligations.                                                 | AAA to AA+<br>AA<br>AA-<br>A+<br>A<br>A-<br>BBB+<br>BBB |
| Standard Grade        | These accounts may be vulnerable to adverse business, financial and economic conditions but are expected to meet financial obligations. | BBB-<br>BB+<br>BB<br>BB-<br>B+<br>B<br>B-               |
| Substandard Grade     | These accounts are vulnerable to non-payment but for which default has not yet occurred.                                                | CCC+ to C-                                              |
| Non-Performing        | These refer to accounts which are in default or those that demonstrate objective evidence of impairment.                                | Default                                                 |

#### External Ratings

EWBC also uses external ratings, such as Standard & Poor's, Moody's, and Fitch, to evaluate its counterparties and in its assignment of credit risk weights to its banking book exposures.

Transactions falling under this category are normally of the following nature: placements with other banks, money market lending, debt security investments, and to some extent, equity security investments.



*Credit Rating Grades of Gross Carrying Amounts of Financial Assets*

The credit quality by class of EWBC's loans and receivables (gross of allowance for credit losses and unamortized premium) as of December 31, 2024 and 2023 are as follows:

|                               | 2024                  |                    |                    |                     |
|-------------------------------|-----------------------|--------------------|--------------------|---------------------|
|                               | Gross carrying amount |                    |                    | Total               |
|                               | Stage 1               | Stage 2            | Stage 3            |                     |
| <b>Corporate loans*</b>       |                       |                    |                    |                     |
| Investment Grade              | ₱21,361,349           | ₱–                 | ₱–                 | ₱21,361,349         |
| Standard Grade                | 35,978,401            | 491,268            | –                  | 36,469,669          |
| Substandard Grade             | –                     | 39,925             | –                  | 39,925              |
| Non-Performing                | –                     | –                  | 2,086,025          | 2,086,025           |
|                               | 57,339,750            | 531,193            | 2,086,025          | 59,956,968          |
| <b>Auto loans</b>             |                       |                    |                    |                     |
| Investment Grade              | 2,302,737             | –                  | –                  | 2,302,737           |
| Standard Grade                | 69,775,372            | 919,476            | –                  | 70,694,848          |
| Substandard Grade             | 40,404                | 2,647,021          | –                  | 2,687,425           |
| Non-Performing                | –                     | –                  | 5,499,466          | 5,499,466           |
|                               | 72,118,513            | 3,566,497          | 5,499,466          | 81,184,476          |
| <b>Credit cards</b>           |                       |                    |                    |                     |
| Investment Grade              | 1,273                 | –                  | –                  | 1,273               |
| Standard Grade                | 67,747,527            | 627,487            | –                  | 68,375,014          |
| Substandard Grade             | 408,297               | 2,453,652          | –                  | 2,861,949           |
| Non-Performing                | –                     | –                  | 2,352,497          | 2,352,497           |
|                               | 68,157,097            | 3,081,139          | 2,352,497          | 73,590,733          |
| <b>Mortgage loans</b>         |                       |                    |                    |                     |
| Investment Grade              | –                     | –                  | –                  | –                   |
| Standard Grade                | 17,745,951            | 222,750            | –                  | 17,968,701          |
| Substandard Grade             | –                     | 1,096,225          | –                  | 1,096,225           |
| Non-Performing                | –                     | –                  | 1,070,550          | 1,070,550           |
|                               | 17,745,951            | 1,318,975          | 1,070,550          | 20,135,476          |
| <b>Other Consumer Loans**</b> |                       |                    |                    |                     |
| Investment Grade              | 57,328                | –                  | –                  | 57,328              |
| Standard Grade                | 84,487,459            | 100,696            | –                  | 84,588,155          |
| Substandard Grade             | 3,948                 | 3,470,377          | –                  | 3,474,325           |
| Non-Performing                | –                     | –                  | 3,820,824          | 3,820,824           |
|                               | 84,548,735            | 3,571,073          | 3,820,824          | 91,940,632          |
| <b>Other receivables***</b>   |                       |                    |                    |                     |
| Investment Grade              | 2,090,154             | –                  | –                  | 2,090,154           |
| Standard Grade                | 10,751,454            | 140,633            | –                  | 10,892,087          |
| Substandard Grade             | 5,599                 | 442,713            | –                  | 448,312             |
| Non-Performing                | –                     | –                  | 294,225            | 294,225             |
|                               | 12,847,207            | 583,346            | 294,225            | 13,724,778          |
| <b>Total</b>                  | <b>₱312,757,253</b>   | <b>₱12,652,223</b> | <b>₱15,123,587</b> | <b>₱340,533,063</b> |

\*Include Corporate loans and emerging enterprise loans

\*\*Include Branch loans, DepEd loans, Employee loans, Salary loans, Personal loans

\*\*\*Include Accrued interest receivables, Accounts receivables and Sales contract receivables.

|                         | 2023                  |           |           |             |
|-------------------------|-----------------------|-----------|-----------|-------------|
|                         | Gross carrying amount |           |           | Total       |
|                         | Stage 1               | Stage 2   | Stage 3   |             |
| <b>Corporate loans*</b> |                       |           |           |             |
| Investment Grade        | ₱13,138,763           | ₱–        | ₱–        | ₱13,138,763 |
| Standard Grade          | 39,691,941            | 2,675,587 | –         | 42,367,528  |
| Substandard Grade       | –                     | 1,252,173 | –         | 1,252,173   |
| Non-Performing          | –                     | –         | 2,873,673 | 2,873,673   |
|                         | 52,830,704            | 3,927,760 | 2,873,673 | 59,632,137  |

(Forward)





|                               | 2023                  |                    |                    |                     |
|-------------------------------|-----------------------|--------------------|--------------------|---------------------|
|                               | Gross carrying amount |                    |                    | Total               |
|                               | Stage 1               | Stage 2            | Stage 3            |                     |
| <b>Auto loans</b>             |                       |                    |                    |                     |
| Investment Grade              |                       |                    |                    |                     |
| Standard Grade                | ₱63,254,410           | ₱8,230,182         | ₱–                 | ₱71,484,592         |
| Substandard Grade             | –                     | 111,930            | –                  | 111,930             |
| Non-Performing                | –                     | –                  | 6,460,330          | 6,460,330           |
|                               | 63,254,410            | 8,342,112          | 6,460,330          | 78,056,852          |
| <b>Credit cards</b>           |                       |                    |                    |                     |
| Investment Grade              | 5,561                 | –                  | –                  | 5,561               |
| Standard Grade                | 44,346,509            | 4,581,719          | –                  | 48,928,228          |
| Substandard Grade             | 259,076               | 2,586,912          | –                  | 2,845,988           |
| Non-Performing                | –                     | –                  | 2,133,105          | 2,133,105           |
|                               | 44,611,146            | 7,168,631          | 2,133,105          | 53,912,882          |
| <b>Mortgage loans</b>         |                       |                    |                    |                     |
| Investment Grade              | –                     | –                  | –                  | –                   |
| Standard Grade                | 16,590,136            | 3,977              | –                  | 16,594,113          |
| Substandard Grade             | –                     | 2,197,154          | –                  | 2,197,154           |
| Non-Performing                | –                     | –                  | 1,250,576          | 1,250,576           |
|                               | 16,590,136            | 2,201,131          | 1,250,576          | 20,041,843          |
| <b>Other Consumer Loans**</b> |                       |                    |                    |                     |
| Investment Grade              |                       |                    |                    |                     |
| Standard Grade                | 71,113,855            | 44,705             | –                  | 71,158,560          |
| Substandard Grade             | –                     | 3,865,551          | –                  | 3,865,551           |
| Non-Performing                | –                     | –                  | 3,673,003          | 3,673,003           |
|                               | 71,113,855            | 3,910,256          | 3,673,003          | 78,697,114          |
| <b>Other receivables***</b>   |                       |                    |                    |                     |
| Investment Grade              | 1,737,956             | –                  | –                  | 1,737,956           |
| Standard Grade                | 5,812,495             | 757,769            | –                  | 6,570,264           |
| Substandard Grade             | 3,695                 | 647,636            | –                  | 651,331             |
| Non-Performing                | –                     | –                  | 2,643,685          | 2,643,685           |
|                               | 7,554,146             | 1,405,405          | 2,643,685          | 11,603,236          |
| <b>Total</b>                  | <b>₱255,954,397</b>   | <b>₱26,955,295</b> | <b>₱19,034,372</b> | <b>₱301,944,064</b> |

\*Include Corporate loans and emerging enterprise loans

\*\*Include Branch loans, DepEd loans, Employee loans, Salary loans, Personal loans

\*\*\*Include Accrued interest receivables, Accounts receivables and Sales contract receivables.

The credit quality by class of EWBC's financial assets other than loans and receivables (gross of allowance for credit losses) as of December 31, 2024 and 2023 are as follows:

| Credit Score                                 | 2024                  |           |         |             |
|----------------------------------------------|-----------------------|-----------|---------|-------------|
|                                              | Gross carrying amount |           |         | Total       |
|                                              | Stage 1               | Stage 2   | Stage 3 |             |
| <b>Due from BSP</b>                          |                       |           |         |             |
| Investment Grade                             | ₱27,361,439           | ₱–        | ₱–      | ₱27,361,439 |
|                                              | 27,361,439            | –         | –       | 27,361,439  |
| <b>Due from other banks</b>                  |                       |           |         |             |
| Investment Grade                             | 4,750,666             | –         | –       | 4,750,666   |
|                                              | 4,750,666             | –         | –       | 4,750,666   |
| <b>Interbank loans receivables and SPURA</b> |                       |           |         |             |
| Investment Grade                             | 763,554               | –         | –       | 763,554     |
|                                              | 763,554               | –         | –       | 763,554     |
| <b>Financial assets at FVPL</b>              |                       |           |         |             |
| Investment Grade                             | 9,174,276             | –         | –       | 9,174,276   |
|                                              | 9,174,276             | –         | –       | 9,174,276   |
| <b>Financial assets at FVOCI</b>             |                       |           |         |             |
| Investment Grade                             | 26,823,393            | –         | –       | 26,823,393  |
| Standard Grade                               | 523,376               | 1,658,137 | –       | 2,181,513   |
|                                              | 27,346,769            | 1,658,137 | –       | 29,004,906  |

(Forward)



| Credit Score                                   | 2024                  |                   |                 |                     |
|------------------------------------------------|-----------------------|-------------------|-----------------|---------------------|
|                                                | Gross carrying amount |                   |                 | Total               |
|                                                | Stage 1               | Stage 2           | Stage 3         |                     |
| <b>Investment securities at amortized cost</b> |                       |                   |                 |                     |
| Investment Grade                               | ₱80,321,744           | ₱–                | ₱–              | ₱80,321,744         |
| Standard Grade                                 | –                     | 1,612,142         | –               | 1,612,142           |
|                                                | 80,321,744            | 1,612,142         | –               | 81,933,886          |
| <b>Other financial assets (Note 14)</b>        |                       |                   |                 |                     |
| Standard Grade                                 | 83,133                | –                 | –               | 83,133              |
| Non-Performing                                 | –                     | –                 | 617,366         | 617,366             |
|                                                | 83,133                | –                 | 617,366         | 700,499             |
| <b>Total</b>                                   | <b>₱149,801,581</b>   | <b>₱3,270,279</b> | <b>₱617,366</b> | <b>₱153,689,226</b> |

\*Includes security deposits, derivative assets, deposit to suppliers, returned cash and other cash items (RCOCI)

| Credit Score                                   | 2023                  |                   |                 |                     |
|------------------------------------------------|-----------------------|-------------------|-----------------|---------------------|
|                                                | Gross carrying amount |                   |                 | Total               |
|                                                | Stage 1               | Stage 2           | Stage 3         |                     |
| <b>Due from BSP</b>                            |                       |                   |                 |                     |
| Investment Grade                               | ₱16,171,987           | ₱–                | ₱–              | ₱16,171,987         |
|                                                | 16,171,987            | –                 | –               | 16,171,987          |
| <b>Due from other banks</b>                    |                       |                   |                 |                     |
| Investment Grade                               | 2,470,111             | –                 | –               | 2,470,111           |
|                                                | 2,470,111             | –                 | –               | 2,470,111           |
| <b>IBLR and SPURA</b>                          |                       |                   |                 |                     |
| Investment Grade                               | 16,441,418            | –                 | –               | 16,441,418          |
|                                                | 16,441,418            | –                 | –               | 16,441,418          |
| <b>Financial assets at FVTPL</b>               |                       |                   |                 |                     |
| Investment Grade                               | 4,112,322             | –                 | –               | 4,112,322           |
|                                                | 4,112,322             | –                 | –               | 4,112,322           |
| <b>Financial assets at FVTOCI</b>              |                       |                   |                 |                     |
| Investment Grade                               | 16,668,957            | –                 | –               | 16,668,957          |
| Standard Grade                                 | 263,722               | 1,551,281         | –               | 1,815,003           |
|                                                | 16,932,680            | 1,551,281         | –               | 18,483,960          |
| <b>Investment securities at amortized cost</b> |                       |                   |                 |                     |
| Investment Grade                               | 74,857,384            | –                 | –               | 74,857,384          |
| Standard Grade                                 | –                     | 554,343           | –               | 554,343             |
|                                                | 74,857,384            | 554,343           | –               | 75,411,727          |
| <b>Other financial assets*</b>                 |                       |                   |                 |                     |
| Standard Grade                                 | 21,812                | –                 | –               | 21,812              |
| Non-performing                                 | –                     | –                 | 622,041         | 622,041             |
|                                                | 21,812                | –                 | 622,041         | 643,853             |
| <b>Total</b>                                   | <b>₱131,007,714</b>   | <b>₱2,105,624</b> | <b>₱622,041</b> | <b>₱133,735,378</b> |

\*Includes security deposits, derivative assets, downpayments and advanced payments, returned cash and other cash items (RCOCI)

### Analysis of movements of gross carrying amounts

The movements in the EWBC's total loans and receivables (excluding unamortized premium and allowance for credit and impairment losses) in 2024 and 2023 follow:

|                                                                                   | 2024                |                    |                    |                     |
|-----------------------------------------------------------------------------------|---------------------|--------------------|--------------------|---------------------|
|                                                                                   | Stage 1             | Stage 2            | Stage 3            | Total               |
| Balance at beginning of year                                                      | ₱255,512,620        | ₱26,675,910        | ₱19,477,653        | ₱301,666,183        |
| Newly originated assets that remained in Stage 1 as at December 31, 2024          | 339,607,760         | –                  | –                  | 339,607,760         |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | –                   | 8,605,997          | 3,425,763          | 12,031,760          |
| Movements in receivable balance                                                   | (280,475,679)       | (13,104,215)       | (9,979,218)        | (303,559,112)       |
| Write-offs                                                                        | (2,499,196)         | (1,968,373)        | (4,884,893)        | (9,352,462)         |
| Transfers from Stage 1                                                            | (9,579,677)         | 5,003,854          | 4,575,823          | –                   |
| Transfers from Stage 2                                                            | 9,040,941           | (12,359,865)       | 3,318,924          | –                   |
| Transfers from Stage 3                                                            | 668,618             | 85,061             | (753,679)          | –                   |
| <b>Balance at end of year</b>                                                     | <b>₱312,275,387</b> | <b>₱12,938,369</b> | <b>₱15,180,373</b> | <b>₱340,394,129</b> |



|                                                                                   | 2023         |              |             |               |
|-----------------------------------------------------------------------------------|--------------|--------------|-------------|---------------|
|                                                                                   | Stage 1      | Stage 2      | Stage 3     | Total         |
| Balances at beginning of year                                                     | ₱184,310,393 | ₱60,381,569  | ₱21,622,156 | ₱266,314,118  |
| Newly originated assets that remained in Stage 1 as at December 31, 2022          | 143,212,293  | —            | —           | 143,212,293   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022 | —            | 8,738,090    | 3,637,960   | 12,376,050    |
| Movements in receivable balance                                                   | (66,206,667) | (40,420,538) | (6,786,267) | (113,413,472) |
| Write-offs                                                                        | (768,776)    | (1,128,026)  | (4,926,005) | (6,822,807)   |
| Transfers from Stage 1                                                            | (15,560,268) | 12,068,311   | 3,491,957   | —             |
| Transfers from Stage 2                                                            | 9,744,459    | (13,265,558) | 3,521,099   | —             |
| Transfers from Stage 3                                                            | 781,187      | 302,061      | (1,083,248) | —             |
| Balances at end of year                                                           | ₱255,512,621 | ₱26,675,909  | ₱19,477,652 | ₱301,666,182  |

The breakdown of the total gross carrying amounts of the EWBC's loans and receivables (before taking into account any allowance for credit and impairment losses, and unamortized premium) in 2024 and 2023 is as follows:

|                                                                                   | 2024                  |             |             |               |
|-----------------------------------------------------------------------------------|-----------------------|-------------|-------------|---------------|
|                                                                                   | Gross carrying amount |             |             |               |
|                                                                                   | Stage 1               | Stage 2     | Stage 3     | Total         |
| <b>Corporate loans*</b>                                                           |                       |             |             |               |
| Balance at beginning of year                                                      | ₱52,839,509           | ₱3,918,194  | ₱2,873,648  | ₱59,631,351   |
| Newly originated assets that remained in Stage 1 as at December 31, 2024          | 144,514,898           | —           | —           | 144,514,898   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | —                     | 3,132,907   | 290,504     | 3,423,411     |
| Movements in receivable balance                                                   | (140,962,099)         | (5,518,954) | (147,979)   | (146,629,032) |
| Write-offs                                                                        | —                     | —           | (1,077,558) | (1,077,558)   |
| Transfers from Stage 1                                                            | (16,995)              | —           | 16,995      | —             |
| Transfers from Stage 2                                                            | 600,349               | (650,349)   | 50,000      | —             |
| Transfers from Stage 3                                                            | 5,504                 | 7,979       | (13,483)    | —             |
| Balance at end of year                                                            | 56,981,166            | 889,777     | 1,992,127   | 59,863,070    |
| <b>Auto loans</b>                                                                 |                       |             |             |               |
| Balance at beginning of year                                                      | 63,120,779            | 8,292,879   | 6,402,225   | 77,815,883    |
| Newly originated assets that remained in Stage 1 as at December 31, 2024          | 32,618,677            | —           | —           | 32,618,677    |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | —                     | 1,001,217   | 926,497     | 1,927,714     |
| Movements in receivable balance                                                   | (23,083,753)          | (2,873,348) | (3,675,549) | (29,632,650)  |
| Write-offs                                                                        | (10,261)              | (1,794)     | (1,533,092) | (1,545,147)   |
| Transfers from Stage 1                                                            | (3,834,127)           | 2,139,222   | 1,694,905   | —             |
| Transfers from Stage 2                                                            | 3,175,986             | (5,005,592) | 1,829,606   | —             |
| Transfers from Stage 3                                                            | 131,201               | 13,913      | (145,114)   | —             |
| Balance at end of year                                                            | 72,118,502            | 3,566,497   | 5,499,478   | 81,184,477    |
| <b>Credit cards</b>                                                               |                       |             |             |               |
| Balance at beginning of year                                                      | 44,611,146            | 7,168,631   | 2,133,105   | 53,912,882    |
| Newly originated assets that remained in Stage 1 as at December 31, 2024          | 64,662,080            | —           | —           | 64,662,080    |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | —                     | 1,506,284   | 934,988     | 2,441,272     |
| Movements in receivable balance                                                   | (40,518,327)          | (800,997)   | (567,228)   | (41,886,552)  |
| Write-offs                                                                        | (1,924,645)           | (1,774,507) | (1,639,796) | (5,338,948)   |
| Transfers from Stage 1                                                            | (2,627,763)           | 1,398,765   | 1,228,998   | —             |
| Transfers from Stage 2                                                            | 3,865,628             | (4,432,641) | 567,013     | —             |
| Transfers from Stage 3                                                            | 288,977               | 15,606      | (304,583)   | —             |
| Balance at end of year                                                            | 68,357,096            | 3,081,141   | 2,352,497   | 73,790,734    |
| <b>Mortgage loans</b>                                                             |                       |             |             |               |
| Balance at beginning of year                                                      | 16,520,548            | 2,184,297   | 1,242,980   | 19,947,825    |
| Newly originated assets that remained in Stage 1 as at December 31, 2024          | 2,999,064             | —           | —           | 2,999,064     |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | —                     | 39,551      | 33,351      | 72,902        |
| Movements in receivable balance                                                   | (2,417,796)           | (238,339)   | (228,180)   | (2,884,315)   |
| Write-offs                                                                        | —                     | —           | —           | —             |

(Forward)



|                                                                                   | 2024                  |             |             |              |
|-----------------------------------------------------------------------------------|-----------------------|-------------|-------------|--------------|
|                                                                                   | Gross carrying amount |             |             |              |
|                                                                                   | Stage 1               | Stage 2     | Stage 3     | Total        |
| Transfers from Stage 1                                                            | (P456,250)            | P382,745    | P73,505     | P-           |
| Transfers from Stage 2                                                            | 946,928               | (1,074,982) | 128,054     | -            |
| Transfers from Stage 3                                                            | 153,457               | 25,703      | (179,160)   | -            |
| Balance at end of year                                                            | 17,745,951            | 1,318,975   | 1,070,550   | 20,135,476   |
| <b>Other consumer loans**</b>                                                     |                       |             |             |              |
| Balance at beginning of year                                                      | 71,113,653            | 3,910,234   | 3,672,541   | 78,696,428   |
| Newly originated assets that remained in Stage 1 as at December 31, 2024          | 85,627,133            | -           | -           | 85,627,133   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | -                     | 2,610,917   | 1,145,849   | 3,756,766    |
| Movements in receivable balance                                                   | (69,546,770)          | (3,033,473) | (2,153,630) | (74,733,873) |
| Write-offs                                                                        | (564,290)             | (192,073)   | (649,459)   | (1,405,822)  |
| Transfers from Stage 1                                                            | (2,348,528)           | 962,458     | 1,386,070   | -            |
| Transfers from Stage 2                                                            | 185,081               | (708,895)   | 523,814     | -            |
| Transfers from Stage 3                                                            | 82,871                | 21,488      | (104,359)   | -            |
| Balance at end of year                                                            | 84,549,150            | 3,570,656   | 3,820,826   | 91,940,632   |
| <b>Other receivables***</b>                                                       |                       |             |             |              |
| Balance at beginning of year                                                      | 7,306,985             | 1,201,675   | 3,153,154   | 11,661,814   |
| Newly originated assets that remained in Stage 1 as at December 31, 2024          | 9,385,908             | -           | -           | 9,385,908    |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | -                     | 315,121     | 94,574      | 409,695      |
| Movements in receivable balance                                                   | (3,946,935)           | (639,104)   | (3,206,652) | (7,792,691)  |
| Write-offs                                                                        | -                     | -           | (28,776)    | (28,776)     |
| Transfers from Stage 1                                                            | (296,014)             | 120,664     | 175,350     | -            |
| Transfers from Stage 2                                                            | 266,969               | (487,406)   | 220,437     | -            |
| Transfers from Stage 3                                                            | 6,608                 | 372         | (6,980)     | -            |
| Balance at end of year                                                            | 12,723,521            | 511,322     | 401,107     | 13,635,950   |
|                                                                                   | P312,475,386          | P12,938,368 | P15,136,585 | P340,550,339 |

\*Include Corporate loans and emerging enterprise loans

\*\*Include Branch loans, DepEd loans, Employee loans, Salary loans and Personal loans

\*\*\*Include Accrued interest receivables, Accounts receivables and Sales contract receivables.

|                                                                                   | 2023                  |              |             |              |
|-----------------------------------------------------------------------------------|-----------------------|--------------|-------------|--------------|
|                                                                                   | Gross carrying amount |              |             |              |
|                                                                                   | Stage 1               | Stage 2      | Stage 3     | Total        |
| <b>Corporate loans*</b>                                                           |                       |              |             |              |
| Balance at beginning of year                                                      | P30,226,610           | P35,545,224  | P3,028,676  | P68,800,510  |
| Newly originated assets that remained in Stage 1 as at December 31, 2023          | 35,182,953            | -            | -           | 35,182,953   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | -                     | 3,440,459    | 165,502     | 3,605,961    |
| Movements in receivable balance                                                   | (16,772,816)          | (30,864,176) | (321,081)   | (47,958,073) |
| Write-offs                                                                        | -                     | -            | -           | -            |
| Transfers from Stage 1                                                            | (3,004)               | 2,741        | 263         | -            |
| Transfers from Stage 2                                                            | 4,205,766             | (4,284,684)  | 78,918      | -            |
| Transfers from Stage 3                                                            | -                     | 78,630       | (78,630)    | -            |
| Balance at end of year                                                            | 52,839,509            | 3,918,194    | 2,873,648   | 59,631,351   |
| <b>Auto loans</b>                                                                 |                       |              |             |              |
| Balance at beginning of year                                                      | 45,859,274            | 9,686,640    | 8,137,870   | 63,683,784   |
| Newly originated assets that remained in Stage 1 as at December 31, 2023          | 36,725,878            | -            | -           | 36,725,878   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | -                     | 1,648,556    | 842,018     | 2,490,574    |
| Movements in receivable balance                                                   | (15,369,254)          | (4,609,609)  | (3,873,581) | (23,852,444) |
| Write-offs                                                                        | -                     | -            | (1,231,909) | (1,231,909)  |
| Transfers from Stage 1                                                            | (7,268,585)           | 6,121,079    | 1,147,506   | -            |
| Transfers from Stage 2                                                            | 2,891,391             | (4,688,914)  | 1,797,523   | -            |
| Transfers from Stage 3                                                            | 282,075               | 135,127      | (417,202)   | -            |
| Balance at end of year                                                            | 63,120,779            | 8,292,879    | 6,402,225   | 77,815,883   |
| <b>Credit cards</b>                                                               |                       |              |             |              |
| Balance at beginning of year                                                      | 33,517,310            | 5,267,211    | 2,265,453   | 41,049,973   |
| Newly originated assets that remained in Stage 1 as at December 31, 2023          | 8,923,409             | -            | -           | 8,923,409    |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | -                     | 471,472      | 246,962     | 718,434      |
| Movements in receivable balance                                                   | 5,660,374             | 1,156,071    | 155,779     | 6,972,224    |
| Write-offs                                                                        | (577,285)             | (1,039,675)  | (2,134,198) | (3,751,158)  |

(Forward)



|                                                                                   | 2023                  |             |             |              |
|-----------------------------------------------------------------------------------|-----------------------|-------------|-------------|--------------|
|                                                                                   | Gross carrying amount |             |             |              |
|                                                                                   | Stage 1               | Stage 2     | Stage 3     | Total        |
| Transfers from Stage 1                                                            | (P4,513,317)          | P3,448,878  | P1,064,439  | P-           |
| Transfers from Stage 2                                                            | 1,488,554             | (2,143,301) | 654,747     | -            |
| Transfers from Stage 3                                                            | 112,102               | 7,975       | (120,077)   | -            |
| Balance at end of year                                                            | 44,611,146            | 7,168,631   | 2,133,105   | 53,912,881   |
| <b>Mortgage loans</b>                                                             |                       |             |             |              |
| Balance at beginning of year                                                      | 15,943,147            | 1,795,345   | 1,714,389   | 19,452,881   |
| Newly originated assets that remained in Stage 1 as at December 31, 2023          | 3,082,742             | -           | -           | 3,082,742    |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | -                     | 30,505      | 20,731      | 51,236       |
| Movements in receivable balance                                                   | (2,054,512)           | (278,057)   | (306,465)   | (2,639,034)  |
| Write-offs                                                                        | -                     | -           | -           | -            |
| Transfers from Stage 1                                                            | (1,352,972)           | 1,282,848   | 70,125      | -            |
| Transfers from Stage 2                                                            | 584,020               | (706,382)   | 122,362     | -            |
| Transfers from Stage 3                                                            | 318,124               | 60,038      | (378,162)   | -            |
| Balance at end of year                                                            | 16,520,548            | 2,184,297   | 1,242,980   | 19,947,825   |
| <b>Other consumer loans**</b>                                                     |                       |             |             |              |
| Balance at beginning of year                                                      | 51,462,976            | 6,265,761   | 4,010,822   | 61,739,559   |
| Newly originated assets that remained in Stage 1 as at December 31, 2023          | 55,474,967            | -           | -           | 55,474,967   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | -                     | 2,689,483   | 1,930,439   | 4,619,922    |
| Movements in receivable balance                                                   | (33,981,861)          | (4,902,200) | (2,449,205) | (41,333,266) |
| Write-offs                                                                        | (191,491)             | (88,351)    | (1,524,912) | (1,804,754)  |
| Transfers from Stage 1                                                            | (1,994,552)           | 860,385     | 1,134,167   | -            |
| Transfers from Stage 2                                                            | 282,083               | (933,474)   | 651,391     | -            |
| Transfers from Stage 3                                                            | 61,531                | 18,630      | (80,161)    | -            |
| Balance at end of year                                                            | 71,113,653            | 3,910,234   | 3,672,541   | 78,696,428   |
| <b>Other receivables***</b>                                                       |                       |             |             |              |
| Balance at beginning of year                                                      | 7,301,076             | 1,821,389   | 2,464,947   | 11,587,412   |
| Newly originated assets that remained in Stage 1 as at December 31, 2023          | 3,822,344             | -           | -           | 3,822,344    |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | -                     | 457,615     | 432,308     | 889,923      |
| Movements in receivable balance                                                   | (3,688,598)           | (922,567)   | 8,286       | (4,602,879)  |
| Write-offs                                                                        | -                     | -           | (34,986)    | (34,986)     |
| Transfers from Stage 1                                                            | (427,837)             | 352,380     | 75,457      | -            |
| Transfers from Stage 2                                                            | 292,645               | (508,803)   | 216,158     | -            |
| Transfers from Stage 3                                                            | 7,355                 | 1,661       | (9,016)     | -            |
| Balance at end of year                                                            | 7,306,985             | 1,201,675   | 3,153,154   | 11,661,814   |
|                                                                                   | P255,512,620          | P26,675,910 | P19,477,653 | P301,666,183 |

\*Include Corporate loans and emerging enterprise loans

\*\*Include Branch loans, DepEd loans, Employee loans, Salary loans, Personal loans

\*\*\*Include Accrued interest receivables, Accounts receivables and Sales contract receivables.

### Credit risk weighting as of December 31, 2024 and 2023

#### Total Credit Risk Exposure after Risk Mitigation

The table below shows the different credit risk exposures of EWBC after credit risk mitigation, by risk weight applied in accordance with BSP Circular No. 538:

|                                                                            | 2024        |              |            |             |            |              |             |              |
|----------------------------------------------------------------------------|-------------|--------------|------------|-------------|------------|--------------|-------------|--------------|
|                                                                            | Capital     | Risk Buckets |            |             |            |              |             |              |
|                                                                            | Deduction   | 0%           | 20%        | 50%         | 75%        | 100%         | 150%        | Total        |
| Credit risk exposure after risk mitigation                                 |             |              |            |             |            |              |             |              |
| On-balance sheet assets                                                    | P12,896,069 | P65,108,264  | P1,763,312 | P87,298,086 | P5,168,532 | P316,770,754 | P13,313,498 | P489,422,446 |
| Off-balance sheet assets                                                   | –           | –            | –          | –           | –          | 2,760,539    | –           | 2,760,539    |
| Counterparty in the banking book (derivatives and repo-style transactions) | –           | –            | 171,739    | 2,414,932   | –          | –            | 2,586,672   | 5,173,343    |
|                                                                            | 12,896,069  | P65,108,264  | P1,935,051 | P89,713,018 | P5,168,532 | P319,531,293 | P15,900,170 | P494,595,789 |
| Credit Risk Weighted Assets                                                | P–          | P–           | P387,010   | P44,856,509 | P3,876,399 | P319,531,293 | P23,850,255 | P392,501,466 |



|                                                                            | 2023              |              |            |             |            |              |             |              |
|----------------------------------------------------------------------------|-------------------|--------------|------------|-------------|------------|--------------|-------------|--------------|
|                                                                            | Capital Deduction | Risk Buckets |            |             |            |              |             |              |
|                                                                            |                   | 0%           | 20%        | 50%         | 75%        | 100%         | 150%        | Total        |
| Credit risk exposure after risk mitigation                                 |                   |              |            |             |            |              |             |              |
| On-balance sheet assets                                                    | P–                | P66,987,927  | P3,217,431 | P74,056,036 | P9,192,168 | P273,792,753 | P11,808,702 | P439,055,017 |
| Off-balance sheet assets                                                   | –                 | –            | 484,122    | 3,087,808   | –          | 434,151      | –           | 4,006,081    |
| Counterparty in the banking book (derivatives and repo-style transactions) | –                 | 14,918,358   | 2,284,109  | 1,487,099   | 191,094    | 55,834       | –           | 18,936,495   |
|                                                                            | P–                | P81,906,285  | P5,985,662 | P78,630,943 | P9,383,262 | P274,282,738 | P11,808,702 | P461,997,593 |
| Credit Risk Weighted Assets                                                | P–                | P–           | P1,197,133 | P39,315,472 | P7,037,447 | P274,282,738 | P17,713,053 | P339,545,844 |

### Liquidity Risk

Liquidity risk is the risk that sufficient funds are unavailable to adequately meet all maturing liabilities, including demand deposits and off-balance sheet commitments. The main responsibility of daily asset liability management lies with EWBC's Treasury Group, specifically the Liquidity Desk, which are tasked to manage the balance sheet and have thorough understanding of the risk elements involved in the respective businesses. Only EWBC and EWRB are potentially exposed to liquidity risk exposures, where their liquidity risk management are monitored by their respective ALCOs. Resulting analysis of the balance sheet along with the recommendation is presented during the weekly ALCO meeting where deliberations, formulation of actions and decisions are made to minimize risk and maximize EWBC returns. Discussions include actions taken in the previous ALCO meeting, economic and market status and outlook, liquidity risk, pricing and interest rate structure, limit status and utilization. To ensure both EWBC and EWRB have sufficient liquidity at all times, the respective ALCO formulates a contingency funding plan which sets out the amount and the sources of funds (such as unutilized credit facilities) available to both entities and the circumstances under which such funds will be used.

By way of the Maximum Cumulative Outflow (MCO) limit, EWBC is able to manage its long-term liquidity risks by placing a cap on the outflow of cash on a cumulative basis. EWBC takes a multi-tiered approach to maintaining liquid assets. EWBC's principal source of liquidity is comprised of cash and other cash items (COCI), due from BSP, due from other banks and IBLR with maturities of less than one year. In addition to regulatory reserves, EWBC maintains a sufficient level of secondary reserves in the form of liquid assets such as short-term trading and investment securities that can be realized quickly.

### Analysis of financial assets and liabilities by remaining contractual maturities

The table below shows the maturity profile of the financial assets and liabilities of EWBC, based on its internal methodology that manages liquidity based on combined behavioral assumptions and contractual undiscounted cash flows:

|                                      | 2024        |               |                |                |                 |               | Total        |
|--------------------------------------|-------------|---------------|----------------|----------------|-----------------|---------------|--------------|
|                                      | On demand   | Up to 1 month | >1 to 3 months | >3 to 6 months | >6 to 12 months | Beyond 1 year |              |
| <b>Financial Assets</b>              |             |               |                |                |                 |               |              |
| Cash and cash equivalents*           | P41,471,036 | P763,554      | P-             | P-             | P-              | P-            | P42,234,590  |
| Investments and trading securities** | -           | 8,528         | 16,232         | 25,035         | 50,621          | 235,921,842   | 236,022,258  |
| Loans and receivables***             | 43,320,011  | 51,210,348    | 20,766,233     | 17,665,595     | 23,039,016      | 306,026,031   | 462,027,234  |
| Contingent assets                    | -           | 157,711       | -              | -              | -               | 404,935       | 562,646      |
|                                      | P84,791,047 | P52,140,141   | P20,782,465    | P17,690,630    | P23,089,637     | P542,352,808  | P740,846,728 |



| 2024                          |                     |                    |                    |                    |                    |                    |                     |
|-------------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
|                               | On demand           | Up to 1 month      | >1 to 3 months     | >3 to 6 months     | >6 to 12 months    | Beyond 1 year      | Total               |
| <b>Financial Liabilities</b>  |                     |                    |                    |                    |                    |                    |                     |
| Deposit liabilities****       | ₱311,596,413        | ₱56,690,497        | ₱36,674,337        | ₱13,239,405        | ₱11,768,169        | ₱4,532,334         | ₱434,501,155        |
| Bills and acceptances payable | —                   | 164,162            | 312,438            | 481,896            | 974,383            | 42,302,624         | 44,235,503          |
| Lease liability               | 5,853,895           | (873,999)          | 195,598            | 273,098            | 1,726,164          | 6,426,239          | 13,600,995          |
| Other liabilities             | —                   | —                  | —                  | —                  | 11,773,753         | 5,103,996          | 16,877,749          |
| Contingent liabilities*****   | —                   | 7,729              | 9,053              | 11,553             | 15,938             | —                  | 44,273              |
|                               | <b>₱317,450,308</b> | <b>₱55,988,389</b> | <b>₱37,191,426</b> | <b>₱14,005,952</b> | <b>₱26,258,407</b> | <b>₱58,365,193</b> | <b>₱509,259,675</b> |

\*Consists of cash and cash other items, due from BSP, due from other banks and Interbank loans receivables and SPURA

\*\*Consists of financial assets at FVPL, investment securities at amortized cost, financial assets at FVOCI and interest receivables from investment securities at amortized cost

\*\*\*Consists of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts and other assets classified as financial assets

\*\*\*\*Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities

\*\*\*\*\* Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines

| 2023                                 |                     |                    |                    |                    |                    |                     |                     |
|--------------------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
|                                      | On demand           | Up to 1 month      | >1 to 3 months     | >3 to 6 months     | >6 to 12 months    | Beyond 1 year       | Total               |
| <b>Financial Assets</b>              |                     |                    |                    |                    |                    |                     |                     |
| Cash and cash equivalents*           | ₱28,012,236         | ₱16,441,418        | ₱—                 | ₱—                 | ₱—                 | ₱—                  | ₱44,453,654         |
| Investments and trading securities** | —                   | 9,052              | 13,320             | 25,911             | 43,262             | 173,037,828         | 173,129,374         |
| Loans and receivables***             | 35,718,917          | 41,098,650         | 16,941,533         | 15,662,752         | 19,021,973         | 281,627,675         | 410,071,500         |
| Contingent assets                    | —                   | 78,453             | —                  | —                  | —                  | 397,405             | 475,858             |
|                                      | <b>₱63,731,153</b>  | <b>₱57,627,573</b> | <b>₱16,954,853</b> | <b>₱15,688,663</b> | <b>₱19,065,235</b> | <b>₱455,062,908</b> | <b>₱628,130,385</b> |
| <b>Financial Liabilities</b>         |                     |                    |                    |                    |                    |                     |                     |
| Deposit liabilities****              | ₱266,002,711        | ₱39,091,366        | ₱15,511,122        | ₱2,356,588         | ₱1,205,077         | ₱6,069,224          | ₱330,236,088        |
| Bills and acceptances payable        | —                   | 85,732             | 140,496            | 216,698            | 438,158            | 15,423,440          | 16,304,524          |
| Lease liability                      | 4,755,603           | 105,769            | 179,063            | 262,397            | 633,359            | 6,811,013           | 12,747,204          |
| Other liabilities                    | —                   | —                  | —                  | —                  | 10,723,873         | 36,017              | 10,759,890          |
| Contingent liabilities*****          | —                   | 8,221              | 13,402             | 14,482             | 19,273             | —                   | 55,378              |
|                                      | <b>₱270,758,314</b> | <b>₱39,291,088</b> | <b>₱15,844,083</b> | <b>₱2,850,165</b>  | <b>₱13,019,740</b> | <b>₱28,339,694</b>  | <b>₱370,103,084</b> |

\*Consists of cash and cash other items, due from BSP, due from other banks and Interbank loans receivables and SPURA

\*\*Consists of financial assets at FVPL, investment securities at amortized cost, financial assets at FVOCI and interest receivables from investment securities at amortized cost

\*\*\*Consists of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts and other assets classified as financial assets

\*\*\*\* Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities

\*\*\*\*\* Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines

EWBC manages liquidity by maintaining sufficient liquid assets in the form of cash and cash equivalents, investment securities and loan receivables. As of December 31, 2024 and 2023, ₱154.0 billion (36.83%) and ₱126.5 billion (34.06%), respectively, of EWBC's total gross loans and receivables had remaining maturities of less than 1 year. The total portfolio of trading and investment securities is comprised mostly of sovereign-issued securities that have high market liquidity. With the above presented liquidity profile, EWBC remains to be inhibited from liquidity risk that it cannot adequately manage.

### Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. EWBC treats exposures to market risk as either for trading or accrual/balance sheet exposure. The market risk for the trading portfolio is measured using Value at Risk (VaR). Interest rate risk of accrual portfolios in the Banking Book are measured using Earnings at Risk (EaR).

### Market Risk in the Trading Books

The Board has set limits on the level of market risk that may be accepted. VaR limits are applied at the instrument level and approved by the BOD based on, among other things, a business unit's capacity to manage price risks, the size and distribution of the aggregate exposure to price risks and the expected return relative to price risks.



EWBC applies the VaR methodology to assess the market sensitive positions held for trading and to estimate the potential economic loss based on parameters and assumptions. VaR is a method used in measuring market risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon.

#### *Objectives and Limitations of the VaR Methodology*

EW uses the VaR model of Bloomberg Portfolio Analytics using one-year historical data set to assess possible changes in the market value of the Fixed Income, Equities, and Foreign Exchange trading portfolio. VaR for the US Treasury Futures is measured using Historical Simulation using an internally developed Excel spreadsheet. The IRS and Foreign Exchange (FX) Forwards (Outright and forward leg of FX Swaps) trading portfolio's interest rate risk is measured using Monte Carlo VaR-using OPICS Risk Plus. The VaR models are designed to measure market risk in a normal market environment. The use of VaR has limitations because correlations and volatilities in market prices are based on historical data and VaR assumes that future price movements will follow a statistical distribution.

Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated.

VaR may also be under or overestimated due to assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, VaR only represents the risk of the portfolio at the close of each business day, and it does not account for any losses that may occur beyond the specified confidence level.

In practice, actual trading results will differ from the VaR calculation and the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR model, actual outcomes are monitored through hypothetical and actual backtesting to test the accuracy of the VaR model.

Stress testing provides a means of complementing VaR by simulating the potential loss impact on market risk positions from extreme market conditions, such as risk factor movements based on historical financial market stress conditions and scenarios adopted from the uniform stress testing framework of the BSP.

#### *VaR Assumptions*

The VaR that EWBC uses majority of its trading exposures is at 99.0% confidence level, while FX uses a confidence level of 90.0% with a premise that this potential loss estimate is not expected to be exceeded if the current market risk positions were to be held unchanged for a given holding period. Foreign exchange and US Treasury Futures VaR is measured using one (1) day holding period while fixed income VaR has a holding period of 5 days. Furthermore, EWBC's equity and IRS trading positions are assumed to be closed out in 10 days. The use of a 99.0% confidence level means that within the set time horizon, losses exceeding the VaR figure should occur, on average, not more than once every hundred days.

VaR is an integral part of EWBC's market risk management and encompasses investment positions held for trading. VaR exposures form part of the market risk monitoring which is reviewed daily against the limit approved by the Board. The trading activities are controlled through the Market Risk Limit (MRL), which is a dynamic risk limit anchored on the principle of risk and return which is adjusted by net trading gains (added in half) or losses (subtracted in whole). RMD reports compliance to the MRL and trader's VaR limits daily. If the MRL or individual trader's limit is exceeded, such





occurrence is promptly reported to the Treasurer, Chief Operating Officer, Chief Risk Officer and the President, and further to the Board through the RMC.

The table below pertains to interest rate risk of EWBC's fixed income trading portfolio.

|              | 2024            | 2023     |
|--------------|-----------------|----------|
|              | (In Thousands)  |          |
| Year-end VaR | <b>₱389,382</b> | ₱137,158 |
| Average VaR  | <b>360,218</b>  | 125,374  |
| Highest VaR  | <b>550,096</b>  | 237,091  |
| Lowest VaR   | <b>136,660</b>  | 15,639   |

The year-end VaR for 2024 was based on EWBC's fixed income trading book valued at ₱5.82 billion with average yields of 6.41% and 7.69% for the peso and foreign currency denominated bonds, respectively. Its average maturities are 12 years for the peso portfolio and 26 years for the foreign currency portfolio.

The year-end VaR for 2023 was based on EWBC's fixed income trading book valued at ₱4.06 billion with average yields of 6.22% and 7.16% for the peso and foreign currency denominated bonds, respectively. Its average maturities are 10 years for the peso portfolio and 26 years for the foreign currency portfolio.

The market risk in EWBC's US Treasury Futures trading positions is shown in the table below:

|              | 2024          | 2023    |
|--------------|---------------|---------|
| Year-end VaR | <b>₱—</b>     | ₱—      |
| Average VaR  | <b>2,969</b>  | 2,674   |
| Highest VaR  | <b>32,249</b> | 109,397 |
| Lowest VaR   | <b>—</b>      | —       |

#### Foreign Currency Risk

EW holds foreign currency denominated assets and liabilities, thus, fluctuations on the foreign exchange rate fluctuations can affect the financials and cash flows of EWBC. Managing the foreign exchange exposure is important for banks with exposures in foreign currencies. This includes purchase or sell of foreign currency to control the impact of changes in exchange rates on its financial position.

The table below pertains to foreign exchange risk of EWBC:

|              | 2024           | 2023    |
|--------------|----------------|---------|
| Year-end VaR | <b>₱31,095</b> | ₱27,318 |
| Average VaR  | <b>24,128</b>  | 23,885  |
| Highest VaR  | <b>63,301</b>  | 40,369  |
| Lowest VaR   | <b>3,816</b>   | 8,516   |

EWBC's foreign currency exposures emanate from its net open spot and forward FX purchase and sell transactions, and net foreign currency income accumulated over the years of its operations. Foreign currency-denominated deposits are generally used to fund EWBC's foreign currency-denominated loan and investment portfolio in the FCDU.



In the FCDU books, BSP requires banks to match the foreign currency assets with the foreign currency liabilities. Thus, banks are required to maintain at all times a 100.0% cover for their currency liabilities held through FCDU.

Total foreign currency position is monitored through the daily BSP FX position reports, which are subject to the overbought and oversold limits set by the BSP at 25.00% of qualifying capital or US\$150.00 million, whichever is lower.

The tables below summarize the exposure to foreign currencies of EWBC as of December 31, 2024 and 2023:

| 2024                      |                   |                  |                  |                  |                   |                   |
|---------------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|
|                           | USD               | CNY              | HKD              | JPY              | Other Currencies* | Total             |
| <b>Assets</b>             |                   |                  |                  |                  |                   |                   |
| Gross FX assets           | \$1,760,574       | \$15,615         | \$453            | \$10,524         | \$102,480         | \$1,889,646       |
| Contingent FX assets      | 188,424           | 13,969           | —                | —                | 70,410            | 272,803           |
|                           | 1,948,998         | 29,584           | 453              | 10,524           | 172,890           | 2,162,449         |
| <b>Liabilities</b>        |                   |                  |                  |                  |                   |                   |
| Gross FX liabilities      | 1,776,756         | 22,393           | 1,066            | 10,757           | 99,642            | 1,910,614         |
| Contingent FX liabilities | 207,778           | 9,566            | 1,030            | 1,300            | 72,730            | 292,404           |
|                           | 1,984,534         | 31,959           | 2,096            | 12,057           | 172,372           | 2,203,019         |
| <b>Net exposure</b>       | <b>(\$35,537)</b> | <b>(\$2,376)</b> | <b>(\$1,643)</b> | <b>(\$1,533)</b> | <b>\$518</b>      | <b>(\$40,571)</b> |

\*Other currencies include GBP, CAD, EUR, AUD, NZD and SGD.

| 2023                      |                   |                 |                  |                |                   |                   |
|---------------------------|-------------------|-----------------|------------------|----------------|-------------------|-------------------|
|                           | USD               | CNY             | HKD              | JPY            | Other Currencies* | Total             |
| <b>Assets</b>             |                   |                 |                  |                |                   |                   |
| Gross FX assets           | \$1,421,604       | \$3,225         | \$2,173          | \$17,117       | \$84,396          | \$1,528,515       |
| Contingent FX assets      | 121,750           | 24,853          | —                | 532            | 11,653            | \$ 158,789        |
|                           | 1,543,354         | 28,078          | 2,173            | 17,649         | 96,049            | 1,687,303         |
| <b>Liabilities</b>        |                   |                 |                  |                |                   |                   |
| Gross FX liabilities      | 1,336,366         | 26,606          | 3,025            | 16,239         | 40,319            | \$ 1,422,555      |
| Contingent FX liabilities | 299,769           | 96              | 222              | 409            | 56,386            | \$ 356,882        |
|                           | 1,636,135         | 26,702          | 3,247            | 16,648         | 96,705            | 1,779,438         |
| <b>Net exposure</b>       | <b>(\$92,781)</b> | <b>\$ 1,376</b> | <b>(\$1,074)</b> | <b>\$1,000</b> | <b>(\$656)</b>    | <b>(\$92,134)</b> |

\*Other currencies include GBP, HKD, AUD, CNY and NZD

EWBC's positions in other currencies are not individually significant.

The tables below indicate the sensitivity of the currencies which EWBC had significant exposures as of December 31, 2024 and 2023:

| 2024                                       |            |           |          |          |
|--------------------------------------------|------------|-----------|----------|----------|
| Foreign currency appreciates (depreciates) | USD        | CNY       | HKD      | JPY      |
| +10.00%                                    | (P205,563) | (P13,743) | (P9,503) | (P8,871) |
| -10.00%                                    | 205,563    | 13,743    | 9,503    | 8,871    |
| 2023                                       |            |           |          |          |
| Foreign currency appreciates (depreciates) | USD        | CNY       | HKD      | JPY      |
| +10.00%                                    | (P513,727) | P7,618    | (P5,945) | P5,539   |
| -10.00%                                    | 513,727    | (7,618)   | 5,945    | (5,539)  |



The analysis calculates the effect of a reasonably possible movement of the foreign currency rate against Peso, with all other variables held constant on the statement of income. A negative amount reflects a potential net reduction in statement of income while a positive amount reflects a net potential increase. The EWBC manages FX exposures that both impact the statements of income and equity.

### *Market Risk in the Banking Book*

#### *Interest Rate Risk*

Interest rate risk in the banking book (IRRBB) is inherent in EWBC's traditional banking activities that include taking deposits to invest or grant loans. The future cash flows from these activities are exposed to variations in interest rates, largely from mismatch in tenors and prices, IRRBB is measured with Earnings-at-Risk (EaR) which is a measure of the net interest income movement due to changes in prevailing interest rates and the balance sheet re-pricing profile of EWBC. The EaR limit is set as a function of EWBC's net interest margin (NIM). The EaR limit preserves EWBC's capital and competitive position by restricting the impact of interest rate sensitivities to NIM within the corridor of above average and within the first quartile of its peer banks. In measuring EaR, EWBC's interest re-pricing assets and liabilities are matched by re-pricing (or maturity if non-repricing) buckets covering tenors within a one-year horizon, and corresponding gaps determined. If positive gap is noted, it implies that an increase in interest rates will positively affect the net interest income. Conversely, a negative gap implies that an increase in interest rates will negatively affect the net interest income. The estimated nominal impact to the Bank's earnings is derived by multiplying the volatility of benchmark yields for each tenor bucket to the repricing gap profile. The result is compared vs EaR limit to monitor the compliance with the limit and is reported to the RMC on a monthly basis. Additionally, EaR limit is reviewed and updated annually to ensure its continued relevance and alignment with EWBC's financial targets, strategies, and overall risk appetite.

To complement EaR and provide Management a more holistic view, EWBC performs forward looking scenario and sensitivity analysis as well as stress testing activities to identify any vulnerabilities.

EWBC employs 3 methodologies in the conduct of stress testing a) economic/historical stress test which assumes a parallel shift in interest yield curves of 660.0 basis points for PhP-denominated assets and liabilities and 270.0 basis points for USD-denominated, b) uniform stress test, a regulatory-prescribed stress test, has 3 scenarios with assumed parallel shift in interest rates for both PhP (from 300.0 bps to 500.0 bps) and USD (from 100.0 bps to 300.0 bps), c) reverse stress test, which primarily measures the highest swing in interest rates that can potentially wipe out EWBC targeted net income and net interest income.

EW employs the Value-at-Risk (VaR) measurement for debt instruments categorized as fair value through other comprehensive income (FVOCI) to manage the potential threat of market fluctuations to its earnings and capital. Fixed income instruments at FVOCI are assets whose objective falls under both to collect contractual cash flows and/or sell the assets. Since fair value changes from items booked at FVOCI directly impact the equity, it is prudent to monitor and manage said risk where capital stability is sustained. The VaR assumptions and methodologies for FVOCI exposures are same as those used for the Trading Book. Similar to the Trading Book, EWBC has a MAT to control actual losses (composed of realized and unrealized losses) for its Banking Book.



The following tables provide for the average interest rates by period of re-pricing (or by period of maturity if there is no re-pricing) of EWBC as of December 31, 2024 and 2023:

|                               | 2024             |                         |                          |                           |            |
|-------------------------------|------------------|-------------------------|--------------------------|---------------------------|------------|
|                               | Up to<br>1 month | >1 month<br>to 3 months | >3 months<br>to 6 months | >6 months<br>to 12 months | >12 months |
| <b>RBU</b>                    |                  |                         |                          |                           |            |
| <i>Financial assets:</i>      |                  |                         |                          |                           |            |
| Cash and cash equivalents*    | 7.66%            | —                       | —                        | —                         | —          |
| Investment securities**       | —                | 5.13%                   | 4.85%                    | 5.63%                     | 5.04%      |
| Loans and receivables         | 7.13%            | 7.86%                   | 8.59%                    | 7.64%                     | 12.16%     |
| <i>Financial liabilities:</i> |                  |                         |                          |                           |            |
| Deposit liabilities           | 5.11%            | 5.18%                   | 4.91%                    | 4.15%                     | 4.29%      |
| Bills payable                 | 6.15%            | —                       | —                        | —                         | —          |
| Bonds payable                 | —                | —                       | —                        | —                         | —          |
| Subordinated debt             | —                | —                       | —                        | —                         | —          |
| <b>FCDU</b>                   |                  |                         |                          |                           |            |
| <i>Financial assets:</i>      |                  |                         |                          |                           |            |
| Cash and cash equivalents*    | 2.60%            | —                       | —                        | —                         | —          |
| Investment securities**       | 0.40%            | —                       | —                        | —                         | 4.82%      |
| Loans and receivables         | 6.72%            | 5.46%                   | 5.32%                    | 1.00%                     | —          |
| <i>Financial liabilities:</i> |                  |                         |                          |                           |            |
| Deposit liabilities           | 4.14%            | 3.94%                   | 3.64%                    | 2.74%                     | 3.21%      |
| Bills payable                 | 1.01%            | 1.30%                   | —                        | —                         | —          |

\*Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA

\*\*Pertain to financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost

|                               | 2023             |                         |                          |                           |            |
|-------------------------------|------------------|-------------------------|--------------------------|---------------------------|------------|
|                               | Up to<br>1 month | >1 month<br>to 3 months | >3 months<br>to 6 months | >6 months<br>to 12 months | >12 months |
| <b>RBU</b>                    |                  |                         |                          |                           |            |
| <i>Financial assets:</i>      |                  |                         |                          |                           |            |
| Cash and cash equivalents*    | 6.27%            | —                       | —                        | —                         | —          |
| Investment securities**       | —                | 5.13%                   | 4.88%                    | 4.85%                     | 4.95%      |
| Loans and receivables         | 7.24%            | 7.86%                   | 8.36%                    | 12.47%                    | 11.48%     |
| <i>Financial liabilities:</i> |                  |                         |                          |                           |            |
| Deposit liabilities           | 4.79%            | 4.42%                   | 3.71%                    | 3.58%                     | 3.97%      |
| Bills payable                 | —                | —                       | —                        | —                         | —          |
| Bonds payable                 | —                | —                       | —                        | —                         | —          |
| Subordinated debt             | —                | —                       | —                        | —                         | —          |
| <b>FCDU</b>                   |                  |                         |                          |                           |            |
| <i>Financial assets:</i>      |                  |                         |                          |                           |            |
| Cash and cash equivalents*    | 3.40%            | —                       | —                        | —                         | —          |
| Investment securities**       | 0.50%            | —                       | 4.88%                    | —                         | 4.69%      |
| Loans and receivables         | 4.97%            | 6.56%                   | 7.28%                    | —                         | —          |
| <i>Financial liabilities:</i> |                  |                         |                          |                           |            |
| Deposit liabilities           | 4.24%            | 3.98%                   | 3.91%                    | 3.41%                     | 2.70%      |
| Bills payable                 | 5.62%            | 5.76%                   | —                        | —                         | —          |

\*Pertain to Due from BSP, Due from other banks, IBLR

\*\*Pertain to financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost

The following tables provide for the interest rate re-pricing gap of EWBC as of December 31, 2024 and 2023:

|                                    | 2024                 |                     |                    |                    |                     | Total               |
|------------------------------------|----------------------|---------------------|--------------------|--------------------|---------------------|---------------------|
|                                    | Up to<br>1 month     | > 1 to<br>3 months  | > 3 to<br>6 months | >6 to<br>12 months | >12 months          |                     |
| <b>Financial assets</b>            |                      |                     |                    |                    |                     |                     |
| Cash and cash equivalents          | ₱7,013,554           | ₱–                  | ₱–                 | ₱–                 | ₱–                  | ₱7,013,554          |
| Investment securities              | 4,830,404            | 5,569,485           | 824,006            | 1,665,225          | 98,027,064          | 110,916,184         |
| Loans and receivables              | 26,711,397           | 22,938,042          | 18,388,301         | 26,341,170         | 149,909,224         | 244,288,134         |
| Contingent assets *                | –                    | –                   | –                  | –                  | –                   | –                   |
| <b>Total financial assets</b>      | <b>38,555,355</b>    | <b>28,507,527</b>   | <b>19,212,307</b>  | <b>28,006,395</b>  | <b>247,936,288</b>  | <b>362,217,872</b>  |
| <b>Financial liabilities</b>       |                      |                     |                    |                    |                     |                     |
| Deposit liabilities                | 73,726,880           | 30,867,697          | 5,664,978          | 6,797,796          | 218,844             | 117,276,194         |
| Bills and acceptances payable      | 34,833,199           | 3,161,135           | 2,071,792          | –                  | –                   | 40,066,126          |
| Contingent liabilities **          | 16,360               | 4,353               | –                  | –                  | –                   | 20,714              |
| <b>Total financial liabilities</b> | <b>108,576,439</b>   | <b>34,033,185</b>   | <b>7,736,770</b>   | <b>6,797,796</b>   | <b>218,844</b>      | <b>157,363,034</b>  |
| <b>Asset-liability gap</b>         | <b>(₱70,021,085)</b> | <b>(₱5,525,658)</b> | <b>₱11,475,537</b> | <b>₱21,208,599</b> | <b>₱247,717,443</b> | <b>₱204,854,838</b> |

\* Consist of Foreign Currency Swap and Forward Exchange

\*\*Consist of Foreign Currency Swap and Forward Exchange



|                                    | 2023                 |                     |                    |                      |                     | Total               |
|------------------------------------|----------------------|---------------------|--------------------|----------------------|---------------------|---------------------|
|                                    | Up to<br>1 month     | > 1 to<br>3 months  | > 3 to<br>6 months | >6 to<br>12 months   | >12 months          |                     |
| Financial assets                   |                      |                     |                    |                      |                     |                     |
| Cash and cash equivalents          | ₱23,441,418          | ₱—                  | ₱—                 | ₱—                   | ₱—                  | ₱23,441,418         |
| Investment securities              | 3,726,053            | 420,946             | 1,242,592          | 204,924              | 88,278,564          | 93,873,079          |
| Loans and receivables              | 25,979,730           | 19,028,841          | 16,043,044         | 24,440,951           | 131,550,191         | 217,042,757         |
| Contingent assets *                | 85,236               | —                   | —                  | —                    | —                   | 85,236              |
| <b>Total financial assets</b>      | <b>53,232,437</b>    | <b>19,449,787</b>   | <b>17,285,636</b>  | <b>24,645,875</b>    | <b>219,828,755</b>  | <b>334,442,490</b>  |
| Financial liabilities              |                      |                     |                    |                      |                     |                     |
| Deposit liabilities                | 103,959,463          | 18,970,205          | 2,190,854          | 80,195,307           | 5,927,246           | 211,243,075         |
| Bills and acceptances payable      | 12,766,190           | 2,625,604           | —                  | —                    | —                   | 15,391,794          |
| Contingent liabilities **          | —                    | 2,514               | —                  | —                    | —                   | 2,514               |
| <b>Total financial liabilities</b> | <b>116,725,653</b>   | <b>21,598,323</b>   | <b>2,190,854</b>   | <b>80,195,307</b>    | <b>5,927,246</b>    | <b>226,637,383</b>  |
| <b>Asset-liability gap</b>         | <b>(₱63,493,216)</b> | <b>(₱2,148,536)</b> | <b>₱15,094,782</b> | <b>(₱55,549,432)</b> | <b>₱213,901,509</b> | <b>₱107,805,108</b> |

\* Consist of Foreign Currency Swap and Forward Exchange

\*\*Consist of Foreign Currency Swap and Forward Exchange

EWBC also monitors its exposure to fluctuations in interest rates by using scenario analysis to estimate the impact of interest rate movements on its interest income. This is done by modeling the impact to EWBC's interest income and interest expenses of different parallel changes in the interest rate curve, assuming the parallel change only occurs once and the interest rate curve after the parallel change does not change again for the next 12 months.

The following table sets forth, for the period indicated, the impact of changes in interest rates on EWBC's non-trading net interest income. There is no other impact on EWBC's equity other than those already affecting the statements of income.

| Change in basis points | 2024              | 2023       |
|------------------------|-------------------|------------|
| +100.00 bps            | <b>(₱592,339)</b> | (₱670,912) |
| -100.00 bps            | <b>592,339</b>    | 670,912    |

#### *Change in Economic Value of Equity ( $\Delta$ EVE)*

EWBC employs change in EVE Model to measure the net present value (NPV) or prevailing value of the Bank's balance sheet cash flows at different interest rate shocks and stress scenarios.  $\Delta$  EVE is calculated by deducting the Base EVE which is the NPV of the Bank's balance sheet cashflows using the effective yield per contract from Shock EVE which is calculated using the BSP prescribed parallel shift in interest rates and the existing economic stress scenario as well as scenarios internally developed by EWBC.

EWBC's  $\Delta$ EVE stood at ₱2 billion or 3% of CET1as of December 31, 2024. Scenarios 2, 3, 4, and 6 resulted to positive shift in EVE while scenarios 1 and 5 resulted to decline in EVE with the largest impact occurring under Scenario 5, equivalent to around 27% of CET1. While the scenario highlights potential vulnerabilities, prevailing market conditions and interest rate projections do not indicate an imminent risk. On the contrary, the market is expecting rate cuts in the near-term albeit at slower pace than the forecasted. This anticipated easing of rates is expected to have a favorable impact on the EWBC's EVE.

#### Operational Risk

Operational risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal, compliance and reputational risks but excludes strategic risk.



Adopting the Basic Indicator Approach below, where computation is based on a percentage (in accordance with BSP-prescribed capital charge) of the average gross income for the past three years, it shows the total operational risk-weighted assets of EWBC (in thousands).

|      | 2024           | 2023    |
|------|----------------|---------|
| EWBC | <b>₱63,641</b> | ₱61,761 |

#### Other Risk Exposures

EWBC risk exposures other than credit, market, operational, and interest rate risk in the banking book, while existent, are deemed insignificant relative to the mentioned risks and if taken in isolation. Hence, management of these risks are instead collectively performed and made an integral part of EWBC's internal capital adequacy assessment process (ICAAP) and enterprise risk management initiatives.

#### Banking and Financial Services Capital Management

EWBC actively manages its capital to comply with regulatory requirements, enable growth targets, withstand plausible stress events and be at par with EWBC peers. The primary objective of EWBC's capital management is to ensure that it maintains adequate capital to cover risks inherent to its banking activities without prejudice to optimizing shareholders' value.

#### *Regulatory Qualifying Capital*

Under existing BSP regulations, the determination of EWBC's compliance with regulatory requirements and ratios is based on the amount of EWBC's 'unimpaired capital' (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies. In addition, the risk-based Capital Adequacy Ratio (CAR) of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.0% for both solo basis (head office and branches) and consolidated basis (EW and subsidiaries engaged in financial allied undertakings). Qualifying capital and risk-weighted assets are computed based on BSP regulations.

Effective January 1, 2014, EW complied with BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.0% and Tier 1 capital ratio of 7.5%. It also introduces a capital conservation buffer of 2.5% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.0% and these ratios shall be maintained at all times.

Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital. Capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), and before the effectivity of BSP Circular No. 781, shall be recognized as qualifying capital only until December 31, 2015. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

On June 27, 2014, the BSP issued Circular No. 839, *REST Limit for Real Estate Exposures* which provides the implementing guidelines on the prudential REST limit for universal, commercial, and thrift banks on their aggregate real estate exposures. EW should maintain CET1 and CAR levels at the regulatory prescribed minimums, on a solo and consolidated basis, even after the simulated results of a 25.0% write-off to EWBC's real estate exposures. These shall be complied with at all times.



The capital-to-risk assets ratio reported to the BSP as of December 31, 2024 and 2023 are shown in the table below:

|                      | 2024   | 2023   |
|----------------------|--------|--------|
| CET1 capital ratio   | 12.66% | 13.04% |
| Tier 1 capital ratio | 12.66% | 13.04% |
| Total capital ratio  | 13.44% | 13.84% |

The composition of the qualifying capital of EWBC is shown below:

|                           | 2024          | 2023    |
|---------------------------|---------------|---------|
|                           | (In Millions) |         |
| Qualifying capital        |               |         |
| Tier 1 capital            | ₱71,701       | ₱65,990 |
| CET1 capital              | 71,701        | 65,990  |
| Less: Required deductions | 12,896        | 12,384  |
| Net Tier 1 capital        | 58,805        | 53,606  |
| Tier 2 capital            | 3,625         | 3,296   |
| Total qualifying capital  | ₱62,430       | ₱56,902 |

The capital requirements of EWBC as of December 31, 2024 and 2023 are shown below:

|                            | 2024          | 2023     |
|----------------------------|---------------|----------|
|                            | (In Millions) |          |
| Capital requirements:      |               |          |
| Credit risk                | ₱390,114      | ₱339,496 |
| Market risk                | 10,619        | 9,839    |
| Operational risk           | 63,641        | 61,760   |
| Total capital requirements | ₱464,374      | ₱411,095 |

Qualifying capital and risk-weighted assets (RWA) are computed based on BSP regulations.

Under Basel III, the regulatory Gross Qualifying Capital of EW consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 comprises share capital, surplus (including current year profit), and other comprehensive income (cumulative foreign currency translation and net unrealized gains on financial assets at FVOCI). Required deductions include goodwill, intangible assets, investments in equity, deferred tax assets, defined benefit pension assets and unsecured credit accommodations to DOSRI and subsidiaries.

Tier 2 capital comprise of unsecured subordinated debts and general loan loss provision.

Risk-weighted assets are determined by assigning defined risk weights to the statement of financial position exposure and to the credit equivalent amounts of off-balance sheet exposures. Certain items are deducted from risk-weighted assets, such as the excess of general loan loss provision over the amount permitted to be included in Tier 2 capital. The risk weights vary from 0.0% to 150.0% depending on the type of exposure, with the risk weights of off-balance sheet exposures being subjected further to credit conversion factors.



Below is a summary of risk weights and selected exposure types:

| Risk weight | Exposure/Asset type*                                                                                                                                                                                                                                                                                        |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 0.0%        | Cash on hand; claims collateralized by securities issued by the national government, BSP; loans covered by the Trade and Investment Development Corporation of the Philippines; real estate mortgages covered by the Home Guarantee Corporation                                                             |
| 20.0%       | Cash and other cash items, claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality; claims guaranteed by foreign incorporated banks with the highest credit quality; loans to exporters to the extent guaranteed by Small Business Guarantee and Finance Corporation |
| 50. 0%      | Housing loans fully secured by first mortgage on residential property; Local Government Unit (LGU) bonds which are covered by Deed of Assignment of Internal Revenue allotment of the LGU and guaranteed by the LGU Guarantee Corporation                                                                   |
| 75.0%       | Direct loans of defined Small Medium Enterprise (SME) and microfinance loans portfolio; non-performing housing loans fully secured by first mortgage                                                                                                                                                        |
| 100. 0%     | All other assets (e.g., real estate assets) excluding those deducted from capital (e.g., deferred income tax)                                                                                                                                                                                               |
| 150.0%      | All non-performing loans (except non-performing housing loans fully secured by first mortgage) and all non-performing debt securities                                                                                                                                                                       |

\* Not all inclusive

With respect to off-balance sheet exposures, the exposure amount is multiplied by a credit conversion factor (CCF), ranging from 0.0% to 100.0%, to arrive at the credit equivalent amount, before the risk weight factor is multiplied to arrive at the risk-weighted exposure. Direct credit substitutes (e.g., guarantees) have a CCF of 100.0%, while items not involving credit risk has a CCF of 0.0%.

In the case of derivatives, the credit equivalent amount (against which the risk weight factor is multiplied to arrive at the risk-weighted exposure) is generally the sum of the current credit exposure or replacement cost (the positive fair value or zero if the fair value is negative or zero) and an estimate of the potential future credit exposure or add-on. The add-on ranges from 0.0% to 1.5% (interest rate-related) and from 1.0% to 7.5% (exchange rate-related), depending on the residual maturity of the contract. For credit-linked notes and similar instruments, the risk-weighted exposure is the higher of the exposure based on the risk weight of the issuer's collateral or the reference entity or entities.

The risk-weighted CAR is calculated by dividing the sum of its Tier 1 and Tier 2 capital, as defined under BSP regulations, by its risk-weighted assets. The risk-weighted assets, as defined by the BSP regulations, consist of all of the assets on the balance sheet at their respective book values, together with certain other off-balance sheet items, weighted by certain percentages depending on the risks associated with the type of assets.

The determination of compliance with regulatory requirements and ratios is based on the amount of EWBC's 'unimpaired capital' (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting practices which differ from PFRS in some respects.

EW has taken into consideration the impact of the foregoing requirements to ensure that the appropriate level and quality of capital are maintained on an ongoing basis.





The Group (Excluding EWBC)

*Interest rate risk*

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate. The Group's interest rate exposure management policy centers on reducing the Group's overall interest expense and exposure to changes in interest rates. The Group's policy is to manage its interest cost using a mix of fixed and floating interest-rate debts. The Group regularly monitors available loans in the market which is of cheaper interest rate and substitutes high-rate debts of the Group.

The Group's long-term debt with floating interest rate usually mature after three (3) months to five (5) years from the date of availment.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax and equity (through the impact on floating rate borrowings). There is no other impact on the Group's OCI other than those already affecting the profit and loss.

|             | Increase (Decrease) in<br>Bps | Effect on Income<br>Before Income Tax<br>(In Thousands) |
|-------------|-------------------------------|---------------------------------------------------------|
| <b>2024</b> | <b>+200</b>                   | <b>(P200,968)</b>                                       |
|             | <b>-200</b>                   | <b>200,968</b>                                          |
| <b>2023</b> | <b>+200</b>                   | <b>(173,361)</b>                                        |
|             | <b>-200</b>                   | <b>(73,361)</b>                                         |

The following table sets out the carrying amount by maturity of the Group's long-term debts that are exposed to interest rate risk:

|                                | 91-Day Treasury Bills plus 1% to 2% margin<br>(In Thousands) |              |                   |                |                   |                    |
|--------------------------------|--------------------------------------------------------------|--------------|-------------------|----------------|-------------------|--------------------|
|                                | Below 1 Year                                                 | 1 to 2 Years | >2 to 3 Years     | >3 to 4 Years  | Over 4 Years      | Total              |
| <b>As of December 31, 2024</b> | <b>P200,000</b>                                              | <b>P-</b>    | <b>P1,160,000</b> | <b>P50,100</b> | <b>P8,875,000</b> | <b>P10,285,100</b> |
| As of December 31, 2023        | 4,731,667                                                    | 3,000,000    | -                 | 1,160,000      | 50,100            | 8,941,767          |

*Liquidity risk*

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Group uses internally generated funds and available long-term and short-term credit facilities.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues. 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.



The following table summarizes the maturity profile of the Group's financial assets and contract assets held to manage liquidity as of December 31, 2024 and 2023 based on contractual undiscounted payments:

|                                                             | December 31, 2024 |                    |                    |                     |                     |              |             |
|-------------------------------------------------------------|-------------------|--------------------|--------------------|---------------------|---------------------|--------------|-------------|
|                                                             | On demand         | Less than 3 months | 3 months to 1 year | > 1 year to 3 years | >3 years to 5 years | Over 5 years | Total       |
| (In Thousands)                                              |                   |                    |                    |                     |                     |              |             |
| Financial assets at amortized cost                          |                   |                    |                    |                     |                     |              |             |
| Real Estate Operations                                      |                   |                    |                    |                     |                     |              |             |
| Cash and cash equivalents                                   | ₱4,112,151        | ₱1,640,076         | ₱—                 | ₱—                  | ₱—                  | ₱—           | ₱5,752,227  |
| Contracts receivable                                        | 4,717,975         | —                  | —                  | —                   | —                   | —            | 4,717,975   |
| Receivable from tenants                                     | 2,784,809         | —                  | —                  | —                   | —                   | —            | 2,784,809   |
| Receivable from HOA                                         | 115,837           | —                  | —                  | —                   | —                   | —            | 115,837     |
| Receivable from government and other financial institutions | 557,958           | —                  | —                  | —                   | —                   | —            | 557,958     |
| Receivable from buyers                                      | 442,412           | —                  | —                  | —                   | —                   | —            | 442,412     |
| Due from related parties                                    | 6,496             | —                  | —                  | —                   | —                   | —            | 6,496       |
| Others                                                      | 2,759,398         | —                  | —                  | —                   | —                   | —            | 2,759,398   |
|                                                             | 15,497,036        | 1,640,076          | —                  | —                   | —                   | —            | 17,137,112  |
| Hospitality Operations                                      |                   |                    |                    |                     |                     |              |             |
| Cash in banks                                               | 650,909           | 778,145            | —                  | —                   | —                   | —            | 1,429,054   |
| Trade receivables                                           | 295,761           | —                  | —                  | —                   | —                   | —            | 295,761     |
| Others                                                      | 100,376           | —                  | —                  | —                   | —                   | —            | 100,376     |
|                                                             | 1,047,046         | 778,145            | —                  | —                   | —                   | —            | 1,825,191   |
| Power Operations                                            |                   |                    |                    |                     |                     |              |             |
| Cash in banks                                               | 4,035,192         | 520,358            | —                  | —                   | —                   | —            | 4,555,550   |
| Trade receivables                                           | 4,746,371         | —                  | —                  | —                   | —                   | —            | 4,746,371   |
| Due from related parties                                    | 51                | —                  | —                  | —                   | —                   | —            | 51          |
| Others                                                      | 42,661            | —                  | —                  | —                   | —                   | —            | 42,661      |
|                                                             | 8,824,275         | 520,358            | —                  | —                   | —                   | —            | 9,344,633   |
| Sugar Operations                                            |                   |                    |                    |                     |                     |              |             |
| Cash in banks                                               | 615,334           | —                  | —                  | —                   | —                   | —            | 615,334     |
| Trade receivables                                           | 37,131            | —                  | —                  | —                   | —                   | —            | 37,131      |
| Others                                                      | 116,577           | —                  | —                  | —                   | —                   | —            | 116,577     |
|                                                             | 769,042           | —                  | —                  | —                   | —                   | —            | 769,042     |
| Other Operations                                            |                   |                    |                    |                     |                     |              |             |
| Cash and cash equivalents                                   | 2,341,978         | 9,246,204          | —                  | —                   | —                   | —            | 11,588,182  |
| Financial Assets at FVOCI                                   |                   |                    |                    |                     |                     |              |             |
| Investment in shares of stocks:                             |                   |                    |                    |                     |                     |              |             |
| Quoted                                                      | —                 | —                  | —                  | 946,710             | —                   | —            | 946,710     |
| Unquoted                                                    | —                 | —                  | —                  | 47,060              | —                   | —            | 47,060      |
|                                                             | —                 | —                  | —                  | 993,770             | —                   | —            | 993,770     |
| Total financial assets                                      | 28,479,377        | 12,184,783         | —                  | 993,770             | —                   | —            | 41,657,930  |
| Contract assets                                             | —                 | 1,446,495          | 4,339,484          | 1,846,887           | 463,962             | 339,786      | 8,436,614   |
|                                                             | ₱28,479,377       | ₱ 13,631,278       | ₱4,339,484         | ₱2,840,657          | ₱463,962            | ₱339,786     | ₱50,094,544 |

|                                                             | December 31, 2023 |                    |                    |                     |                     |              |            |
|-------------------------------------------------------------|-------------------|--------------------|--------------------|---------------------|---------------------|--------------|------------|
|                                                             | On demand         | Less than 3 months | 3 months to 1 year | > 1 year to 3 years | >3 years to 5 years | Over 5 years | Total      |
| (In Thousands)                                              |                   |                    |                    |                     |                     |              |            |
| Financial assets at amortized cost                          |                   |                    |                    |                     |                     |              |            |
| Real Estate Operations                                      |                   |                    |                    |                     |                     |              |            |
| Cash and cash equivalents                                   | ₱5,439,419        | ₱1,388,105         | ₱—                 | ₱—                  | ₱—                  | ₱—           | ₱6,827,524 |
| Contracts receivable                                        | 2,239,868         | —                  | —                  | —                   | —                   | —            | 2,239,868  |
| Receivable from tenants                                     | 2,495,211         | —                  | —                  | —                   | —                   | —            | 2,495,211  |
| Receivable from HOA                                         | 168,525           | —                  | —                  | —                   | —                   | —            | 168,525    |
| Receivable from government and other financial institutions | 566,778           | —                  | —                  | —                   | —                   | —            | 566,778    |
| Receivable from buyers                                      | 862,358           | —                  | —                  | —                   | —                   | —            | 862,358    |
| Due from related parties                                    | 24,032            | —                  | —                  | —                   | —                   | —            | 24,032     |
| Others                                                      | 828,384           | —                  | —                  | —                   | —                   | —            | 828,384    |
|                                                             | 12,624,575        | 1,388,105          | —                  | —                   | —                   | —            | 14,012,680 |
| Hospitality Operations                                      |                   |                    |                    |                     |                     |              |            |
| Cash in banks                                               | 544,652           | 856,748            | —                  | —                   | —                   | —            | 1,401,400  |
| Trade receivables                                           | 145,729           | —                  | —                  | —                   | —                   | —            | 145,729    |
| Others                                                      | 94,743            | —                  | —                  | —                   | —                   | —            | 94,743     |
|                                                             | 785,124           | 856,748            | —                  | —                   | —                   | —            | 1,641,872  |
| Power Operations                                            |                   |                    |                    |                     |                     |              |            |
| Cash in banks                                               | 2,881,802         | 282,980            | —                  | —                   | —                   | —            | 3,164,782  |
| Trade receivables                                           | —                 | 5,230,296          | —                  | —                   | —                   | —            | 5,230,296  |
| Due from related parties                                    | 10,380            | —                  | —                  | —                   | —                   | —            | 10,380     |
| Others                                                      | 10,811            | —                  | —                  | —                   | —                   | —            | 10,811     |
|                                                             | 2,902,993         | 5,513,276          | —                  | —                   | —                   | —            | 8,416,269  |
| Sugar Operations                                            |                   |                    |                    |                     |                     |              |            |
| Cash in banks                                               | 784,823           | —                  | —                  | —                   | —                   | —            | 784,823    |
| Trade receivables                                           | 31,999            | —                  | —                  | —                   | —                   | —            | 31,999     |
| Others                                                      | —                 | —                  | —                  | —                   | —                   | —            | —          |
|                                                             | 816,822           | —                  | —                  | —                   | —                   | —            | 816,822    |

(Forward)



|                                 | December 31, 2023 |                       |                       |                        |                        |              |             |
|---------------------------------|-------------------|-----------------------|-----------------------|------------------------|------------------------|--------------|-------------|
|                                 | On demand         | Less than<br>3 months | 3 months<br>to 1 year | > 1 year<br>to 3 years | >3 years<br>to 5 years | Over 5 years | Total       |
|                                 | (In Thousands)    |                       |                       |                        |                        |              |             |
| Other Operations                |                   |                       |                       |                        |                        |              |             |
| Cash and cash equivalents       | ₱ 309,186         | ₱ 9,774,948           | ₱—                    | ₱—                     | ₱—                     | ₱—           | ₱10,084,134 |
| Financial Assets at FVOCI       |                   |                       |                       |                        |                        |              |             |
| Investment in shares of stocks: |                   |                       |                       |                        |                        |              |             |
| Quoted                          | —                 | 1,056,182             | —                     | —                      | —                      | —            | 1,056,182   |
| Unquoted                        | —                 | 36,350                | —                     | —                      | —                      | —            | 36,350      |
|                                 | —                 | 1,092,532             | —                     | —                      | —                      | —            | 1,092,532   |
| Total financial assets          | 17,438,700        | 18,625,609            | —                     | —                      | —                      | —            | 36,064,309  |
| Contract assets                 | —                 | 1,186,457             | 3,559,370             | 991,671                | 440,571                | 3,605,700    | 9,783,769   |
|                                 | ₱17,438,700       | ₱19,812,066           | ₱3,559,370            | ₱991,671               | ₱440,571               | ₱3,605,700   | ₱45,848,078 |

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2024 and 2023 based on contractual undiscounted payments.

|                                                          | December 31, 2024 |                    |                    |                    |                     |              |              |
|----------------------------------------------------------|-------------------|--------------------|--------------------|--------------------|---------------------|--------------|--------------|
|                                                          | On demand         | Less than 3 months | 3 months to 1 year | >1 year to 3 years | >3 years to 5 years | Over 5 years | Total        |
|                                                          | (In Thousands)    |                    |                    |                    |                     |              |              |
| Accounts payable, accrued expenses and other liabilities |                   |                    |                    |                    |                     |              |              |
| Accounts payable                                         | ₱5,321,400        | ₱4,596,309         | ₱6,974,283         | ₱4,417,816         | ₱3,665,453          | ₱–           | ₱ 24,975,261 |
| Deposits from tenants                                    | –                 | 50,824             | 3,591,095          | 1,805,809          | –                   | –            | 5,447,728    |
| Retention fees payable                                   | 788,500           | 1,232,754          | 784,391            | 172,293            | 193,823             | 522,987      | 3,694,748    |
| Accrued expenses                                         | 7,596,106         | 1,831,460          | –                  | 600,073            | –                   | –            | 10,027,639   |
| Accrued interest                                         | 1,456,050         | 527,316            | –                  | –                  | –                   | –            | 1,983,366    |
| Due to related parties                                   | 322,906           | –                  | –                  | –                  | –                   | –            | 322,906      |
| Deposits for registration                                | –                 | 580                | 239,146            | 878,104            | 345,866             | 507,737      | 1,971,433    |
| Asset retirement obligation                              | –                 | –                  | –                  | –                  | –                   | 803,681      | 803,681      |
|                                                          | 15,484,962        | 8,239,243          | 11,588,915         | 7,874,095          | 4,205,142           | 1,834,405    | 49,226,762   |
| Long-term and short-term debt                            | –                 | 16,423,259         | 24,920,345         | 60,874,841         | 34,886,973          | 225,822      | 137,331,240  |
|                                                          | ₱15,484,962       | ₱24,662,502        | ₱ 36,509,260       | ₱68,748,936        | ₱ 39,092,115        | ₱2,060,227   | ₱186,558,002 |

|                                                          | December 31, 2023 |                    |                    |                    |                     |              |              |
|----------------------------------------------------------|-------------------|--------------------|--------------------|--------------------|---------------------|--------------|--------------|
|                                                          | On demand         | Less than 3 months | 3 months to 1 year | >1 year to 3 years | >3 years to 5 years | Over 5 years | Total        |
|                                                          | (In Thousands)    |                    |                    |                    |                     |              |              |
| Accounts payable, accrued expenses and other liabilities |                   |                    |                    |                    |                     |              |              |
| Accounts payable                                         | ₱3,706,433        | ₱3,201,396         | ₱4,857,690         | ₱2,742,342         | ₱2,275,316          | ₱–           | ₱16,783,177  |
| Deposits from tenants                                    | –                 | 63,344             | 4,475,711          | 1,645,028          | –                   | –            | 6,184,083    |
| Retention fees payable                                   | 717,091           | 1,121,112          | 713,354            | 106,294            | 119,577             | 322,650      | 3,100,078    |
| Accrued expenses                                         | 7,692,245         | 1,854,639          | –                  | –                  | –                   | –            | 9,546,884    |
| Accrued interest                                         | 1,316,902         | 476,923            | –                  | –                  | –                   | –            | 1,793,825    |
| Due to related parties                                   | 856,199           | –                  | –                  | –                  | –                   | –            | 856,199      |
| Deposits for registration                                | –                 | 5,845              | 2,408,160          | 797,880            | 314,268             | 461,350      | 3,987,503    |
| Asset retirement obligation                              | –                 | –                  | –                  | –                  | –                   | 753,895      | 753,895      |
|                                                          | 14,288,870        | 6,723,259          | 12,454,915         | 5,291,544          | 2,709,161           | 1,537,895    | 43,005,644   |
| Long-term and short-term debt                            | –                 | 17,458,465         | 26,491,148         | 64,711,962         | 37,086,001          | 240,056      | 145,987,633  |
|                                                          | ₱14,288,870       | ₱24,181,724        | ₱38,946,063        | ₱70,003,506        | ₱39,795,162         | ₱1,777,951   | ₱188,993,277 |

### Credit risk

It is the Group's policy that buyers who wish to avail the in-house financing scheme are subject to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk.

The credit risk on installment contract receivables is mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price. Applying the expected credit risk model did not result in the recognition of an impairment loss for all financial assets at amortized cost in 2024 and 2023. For accounts receivable from tenants, the exposure is mitigated to the extent of the security deposit.



With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets at amortized costs, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below shows the comparative summary of maximum credit risk exposure on assets as of December 31:

|                                                             | 2024           | 2023        |
|-------------------------------------------------------------|----------------|-------------|
|                                                             | (In Thousands) |             |
| <b>Loans and Receivables</b>                                |                |             |
| <b>Real Estate Operations</b>                               |                |             |
| Cash and cash equivalents                                   | ₱5,752,227     | ₱6,827,524  |
| Contracts receivable                                        | 4,717,975      | 2,239,868   |
| Receivable from tenants                                     | 2,784,809      | 2,495,211   |
| Receivable from buyers                                      | 442,412        | 168,525     |
| Receivable from government and other financial institutions | 557,958        | 566,778     |
| Receivables from HOA                                        | 115,837        | 862,358     |
| Due from related parties                                    | 6,496          | 24,032      |
| Others                                                      | 2,759,398      | 828,384     |
|                                                             | 17,137,112     | 14,012,680  |
| <b>Hospitality Operations</b>                               |                |             |
| Cash and cash equivalents                                   | 1,429,054      | 1,401,400   |
| Trade receivables                                           | 295,761        | 145,729     |
| Others                                                      | 100,376        | 94,743      |
|                                                             | 1,825,191      | 1,641,872   |
| <b>Power and Utility Operations</b>                         |                |             |
| Cash and cash equivalents                                   | 4,555,550      | 268,016     |
| Trade receivables                                           | 4,746,371      | 4,021,712   |
| Due from related parties                                    | 51             | 95          |
|                                                             | 9,301,972      | 4,289,823   |
| <b>Sugar Operations</b>                                     |                |             |
| Cash                                                        | 615,334        | 10,905      |
| Trade receivables                                           | 37,131         | 3,389       |
|                                                             | 652,465        | 14,294      |
| <b>Other Operations</b>                                     |                |             |
| Cash and cash equivalents                                   | 11,588,182     | 10,084,134  |
| Financial assets at FVOCI                                   |                |             |
| Quoted equity securities                                    | 946,710        | 906,182     |
| Unquoted equity securities                                  | 47,060         | 36,350      |
|                                                             | 993,770        | 942,532     |
|                                                             | ₱41,498,692    | ₱30,985,335 |



Meanwhile, the succeeding table shows the credit quality by class of asset for loan-related statement of financial position lines, based on the real estate operation's credit rating system as of December 31, 2024 and 2023, based on the Group's credit rating system.

|                                                             | 2024                          |                |                                   |             |
|-------------------------------------------------------------|-------------------------------|----------------|-----------------------------------|-------------|
|                                                             | Neither Past Due nor Impaired |                | Past Due or Individually Impaired | Total       |
|                                                             | High Grade                    | Standard Grade |                                   |             |
|                                                             |                               | (In Thousands) |                                   |             |
| Cash and cash equivalents                                   | ₱5,752,227                    | ₱—             | ₱—                                | ₱5,752,227  |
| Contract assets                                             | 8,436,614                     | —              | —                                 | 8,436,614   |
| Loans and receivables                                       |                               | —              | —                                 |             |
| Contracts receivable                                        | 4,717,975                     | —              | —                                 | 4,717,975   |
| Receivables from tenants                                    | 2,784,809                     | —              | —                                 | 2,784,809   |
| Receivables from homeowners' association                    | 442,412                       | —              | —                                 | 442,412     |
| Receivable from government and other financial institutions | 557,958                       | —              | —                                 | 557,958     |
| Receivables from buyers                                     | 115,837                       | —              | —                                 | 115,837     |
| Due from related parties                                    | 6,496                         | —              | —                                 | 6,496       |
| Others                                                      | 2,759,398                     | —              | —                                 | 2,759,398   |
|                                                             | ₱25,573,726                   | ₱—             | ₱—                                | ₱25,573,726 |

|                                                             | 2023                          |                |                                   |             |
|-------------------------------------------------------------|-------------------------------|----------------|-----------------------------------|-------------|
|                                                             | Neither Past Due nor Impaired |                | Past Due or Individually Impaired | Total       |
|                                                             | High Grade                    | Standard Grade |                                   |             |
|                                                             | (In Thousands)                |                |                                   |             |
| Cash and cash equivalents                                   | ₱6,827,524                    | ₱—             | ₱—                                | ₱6,827,524  |
| Contract assets                                             | 9,867,642                     | —              | —                                 | 9,867,642   |
| Loans and receivables                                       |                               |                |                                   |             |
| Contracts receivable                                        | 2,239,868                     | —              | —                                 | 2,239,868   |
| Receivables from tenants                                    | 2,495,211                     | —              | —                                 | 2,495,211   |
| Receivables from homeowners' association                    | 168,525                       | —              | —                                 | 168,525     |
| Receivable from government and other financial institutions | 566,778                       | —              | —                                 | 566,778     |
| Receivables from buyers                                     | 862,358                       | —              | —                                 | 862,358     |
| Due from related parties                                    | 24,032                        | —              | —                                 | 24,032      |
| Others                                                      | 828,384                       | —              | —                                 | 828,384     |
|                                                             | ₱23,880,322                   | ₱—             | ₱—                                | ₱23,880,322 |

The analysis of financial assets as of December 31, 2024 and 2024 is as follows:

|  | 2024                          |                           |               |               |                |               |          |          | Total |
|--|-------------------------------|---------------------------|---------------|---------------|----------------|---------------|----------|----------|-------|
|  | Neither past due nor impaired | Past due but not impaired |               |               |                |               | Subtotal | Impaired |       |
|  |                               | Less than 30 days         | 30 to 60 days | 61 to 90 days | 91 to 120 days | Over 120 days |          |          |       |
|  |                               |                           |               |               |                |               |          |          |       |
|  |                               |                           |               |               |                |               |          |          |       |
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|                                                             | 2023                          |                   |               |               |                |               |    | Subtotal | Impaired | Total          |
|-------------------------------------------------------------|-------------------------------|-------------------|---------------|---------------|----------------|---------------|----|----------|----------|----------------|
|                                                             | Neither past due nor impaired | Less than 30 days | 30 to 60 days | 61 to 90 days | 91 to 120 days | Over 120 days |    |          |          |                |
|                                                             |                               |                   |               |               |                |               |    |          |          | (In Thousands) |
| Cash and cash equivalents                                   | ₱6,827,524                    | ₱—                | ₱—            | ₱—            | ₱—             | ₱—            | ₱— | ₱—       | ₱—       | ₱6,827,524     |
| Contract assets                                             | 9,867,642                     | —                 | —             | —             | —              | —             | —  | —        | —        | 9,867,642      |
| Loans and receivables                                       |                               |                   |               |               |                |               |    |          |          |                |
| Contracts receivable                                        | 2,239,868                     | —                 | —             | —             | —              | —             | —  | —        | —        | 2,239,868      |
| Receivables from tenants                                    | 2,495,211                     | —                 | —             | —             | —              | —             | —  | —        | —        | 2,495,211      |
| Receivables from homeowners' association                    | 168,525                       | —                 | —             | —             | —              | —             | —  | —        | —        | 168,525        |
| Receivable from government and other financial institutions | 566,778                       | —                 | —             | —             | —              | —             | —  | —        | —        | 566,778        |
| Receivables from buyers                                     | 862,358                       | —                 | —             | —             | —              | —             | —  | —        | —        | 862,358        |
| Due from related parties                                    | 24,032                        | —                 | —             | —             | —              | —             | —  | —        | —        | 24,032         |
| Others                                                      | 828,384                       | —                 | —             | —             | —              | —             | —  | —        | —        | 828,384        |
|                                                             | ₱23,880,322                   | ₱—                | ₱—            | ₱—            | ₱—             | ₱—            | ₱— | ₱—       | ₱—       | ₱23,880,322    |

The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Group has not noted any extraordinary exposure which calls for a substandard grade classification.

For Power and utility operations, an impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than 90 days and are not subject to enforcement activity. The resulting allowance for ECL of ₱629.8 million and ₱389.5 million as of December 31, 2024 and 2023, respectively, pertains to receivables aged over 90 days.

#### *Real Estate Operation Capital Management*

Real estate operation's primary objective is to maintain its current sound financial condition and strong debt service capabilities as well as to continuously implement a prudent financial management program.

Real estate operation manage their capital structure and makes adjustments to it, in light of changes in economic conditions. It closely monitors its capital and cash positions and carefully manages its capital expenditures such as land acquisitions, constructions and project developments and fixed charges. Real estate operation prefers to enter into joint venture arrangements with landowners to develop land rather than purchasing land outright, which reduces its capital requirements and can increase returns. Furthermore, real estate operation may also, from time to time, seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

Real estate operation continues to fund its project developments using medium to long-term financing, which can help mitigate any negative effects of a sudden downturn in the Philippine economy or a sudden rise in interest rates.

Refer to Notes 5 and 24 for the discussion on externally imposed capital requirements on the Group's Real Estate operations.

#### *Hospitality Operations Capital Management*

Hospitality operation's primary objective is to improve the profitability and continuously implement a prudent financial management program. Capital and cash positions are closely monitored and expenditures and disbursements are carefully managed. Hospitality operation considers total equity as capital.



### *Power and Utility Operation*

Power operation's primary objective is to effectively manage its cash flow position. Cash flows are managed by ensuring that billings are prepared and delivered promptly and by working closely with electric cooperatives to ensure timely collection of receivables.

### *Sugar Operation Capital Management*

Sugar operation manages its capital structure and makes adjustments to it in light of changes in economic conditions. It closely monitors its capital and cash positions and carefully manages its expenditures and disbursements. Furthermore, sugar operation also, from time to time seeks other sources of funding, which may include internal or external borrowings depending on its financing needs and market conditions.

Sugar operation monitors capital using a gearing ratio which is total debt divided by total equity. Debt includes accounts payable, accrued expenses and other liabilities, income tax payable, due to related parties, short-term and long-term debt. The policy is to keep the gearing ratio not to exceed 2.0:1.0.

### Derivative Financial Instruments

The Group's freestanding derivative financial instruments, which mainly consist of foreign currency forward contracts and swaps, and interest rate swaps, are transactions not designated as hedges.

The table below sets out information about the Group's derivative financial instruments and the related fair value as of December 31, 2024 and 2023:

| <i>Foreign Currency Forward Contracts and Swaps</i> | <b>2024</b>      | <b>2023</b>     |
|-----------------------------------------------------|------------------|-----------------|
|                                                     | (In Thousands)   |                 |
| Notional amount                                     | <b>\$580,255</b> | \$410,853       |
| Derivative assets (Note 20)                         | <b>82,739</b>    | 21,812          |
| Derivative liabilities (Note 23)                    | <b>58,832</b>    | 103,083         |
| <br><i>Interest Rate Swaps</i>                      | <br><b>2024</b>  | <br><b>2023</b> |
| Notional amount                                     | <b>\$200,000</b> | \$—             |
| Derivative assets                                   | <b>393</b>       | —               |
| Derivative liabilities                              | <b>398</b>       | —               |

Fair value changes of foreign currency forwards and swaps are recognized as 'foreign exchange gain' in the consolidated statements of income while fair value changes of interest rate swaps and futures are recognized as part of 'trading and securities gain (loss)' in the consolidated statements of income.

The net movements in fair value changes of all derivative instruments are as follows:

|                                                      | <b>2024</b>      | <b>2023</b> |
|------------------------------------------------------|------------------|-------------|
| Derivative liabilities - net at beginning of year    | <b>(P81,271)</b> | (P89,085)   |
| Fair value of settled instruments                    | <b>105,175</b>   | 7,814       |
| Derivative assets (liabilities) - net at end of year | <b>P23,904</b>   | (P81,271)   |

Fair value changes of foreign currency forwards and swaps (not designated as accounting hedge) are recognized as Foreign exchange gain while fair value changes of interest rate swaps are recognized as Trading and securities gain as part of Other income from the financial banking and services.



### 38. Offsetting of Financial Assets and Financial Liabilities

The Group is required to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments subject to enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the succeeding tables.

#### Financial Assets

| December 31, 2024                                              |                                                   |                                                                        |                                                                                          |                                                                                                                                      |                                    |                              |
|----------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------|
| Financial assets recognized at end of reporting period by type | Gross carrying amounts (before offsetting)<br>[a] | Gross amounts offset in accordance with the offsetting criteria<br>[b] | Net amount presented in the consolidated statement of financial position<br>[a-b]<br>[c] | Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria |                                    | Net exposure<br>[c-d]<br>[e] |
|                                                                |                                                   |                                                                        |                                                                                          | Financial instruments<br>[d]                                                                                                         | Fair value of financial collateral |                              |
|                                                                |                                                   |                                                                        |                                                                                          |                                                                                                                                      |                                    |                              |
| (In Thousands)                                                 |                                                   |                                                                        |                                                                                          |                                                                                                                                      |                                    |                              |
| SPURA                                                          | P-                                                | P-                                                                     | P-                                                                                       | P-                                                                                                                                   | P-                                 | P-                           |
| Derivative assets (Note 20)                                    | 83,133                                            | -                                                                      | 83,133                                                                                   | -                                                                                                                                    | -                                  | 83,133                       |
|                                                                | P83,133                                           | P-                                                                     | P83,133                                                                                  | P-                                                                                                                                   | P-                                 | P83,133                      |
|                                                                |                                                   |                                                                        |                                                                                          |                                                                                                                                      |                                    |                              |
| December 31, 2023                                              |                                                   |                                                                        |                                                                                          |                                                                                                                                      |                                    |                              |
| Financial assets recognized at end of reporting period by type | Gross carrying amounts (before offsetting)<br>[a] | Gross amounts offset in accordance with the offsetting criteria<br>[b] | Net amount presented in the consolidated statement of financial position<br>[a-b]<br>[c] | Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria |                                    | Net exposure<br>[c-d]<br>[e] |
|                                                                |                                                   |                                                                        |                                                                                          | Financial instruments<br>[d]                                                                                                         | Fair value of financial collateral |                              |
|                                                                |                                                   |                                                                        |                                                                                          |                                                                                                                                      |                                    |                              |
| (In Thousands)                                                 |                                                   |                                                                        |                                                                                          |                                                                                                                                      |                                    |                              |
| SPURA                                                          | P15,976,310                                       | P-                                                                     | P15,976,310                                                                              | P-                                                                                                                                   | P15,976,310                        | P-                           |
| Derivative assets (Note 20)                                    | 21,812                                            | -                                                                      | 21,812                                                                                   | (1)                                                                                                                                  | -                                  | 21,812                       |
|                                                                | P15,998,122                                       | P-                                                                     | P15,998,122                                                                              | (P1)                                                                                                                                 | P15,976,310                        | P21,812                      |

#### Financial Liabilities

| December 31, 2024                                                            |                                                  |                                                                             |                                                                                                  |                                                                                                                                               |                                          |                       |
|------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------|
| Financial liabilities<br>recognized at<br>end of reporting<br>period by type | Gross carrying<br>amounts (before<br>offsetting) | Gross amounts<br>offset in<br>accordance with<br>the offsetting<br>criteria | Net amount<br>presented in the<br>consolidated<br>statement of<br>financial<br>position<br>[a-b] | Effect of remaining rights of set-off<br>(including rights to set off financial<br>collateral) that do not meet PAS 32<br>offsetting criteria |                                          | Net exposure<br>[c-d] |
|                                                                              |                                                  |                                                                             |                                                                                                  | Financial<br>instruments                                                                                                                      | Fair value of<br>financial<br>collateral |                       |
|                                                                              |                                                  |                                                                             | [a]                                                                                              | [b]                                                                                                                                           | [c]                                      |                       |
| (In Thousands)                                                               |                                                  |                                                                             |                                                                                                  |                                                                                                                                               |                                          |                       |
| Derivative liabilities<br>(Note 23)                                          | P–                                               | P–                                                                          | P–                                                                                               | P–                                                                                                                                            | P–                                       | P–                    |
| Bills payable                                                                | 40,117,180                                       | –                                                                           | 40,117,180                                                                                       | –                                                                                                                                             | –                                        | 40,117,180            |
| Total                                                                        | P40,117,180                                      | P–                                                                          | P40,117,180                                                                                      | P–                                                                                                                                            | P–                                       | P40,117,180           |
| December 31, 2023                                                            |                                                  |                                                                             |                                                                                                  |                                                                                                                                               |                                          |                       |
| Financial liabilities<br>recognized at<br>end of reporting<br>period by type | Gross carrying<br>amounts (before<br>offsetting) | Gross amounts<br>offset in<br>accordance with<br>the offsetting<br>criteria | Net amount<br>presented in the<br>consolidated<br>statement of<br>financial<br>position<br>[a-b] | Effect of remaining rights of set-off<br>(including rights to set off financial<br>collateral) that do not meet PAS 32<br>offsetting criteria |                                          | Net exposure<br>[c-d] |
|                                                                              |                                                  |                                                                             |                                                                                                  | Financial<br>instruments                                                                                                                      | Fair value of<br>financial<br>collateral |                       |
|                                                                              |                                                  |                                                                             | [a]                                                                                              | [b]                                                                                                                                           | [c]                                      |                       |
| (In Thousands)                                                               |                                                  |                                                                             |                                                                                                  |                                                                                                                                               |                                          |                       |
| Derivative liabilities<br>(Note 23)                                          | P103,083                                         | P–                                                                          | P103,083                                                                                         | P–                                                                                                                                            | P–                                       | P103,083              |
| Bills payable                                                                | 14,663,679                                       | –                                                                           | 14,663,679                                                                                       | –                                                                                                                                             | –                                        | 14,663,679            |
|                                                                              | P14,766,762                                      | P–                                                                          | P14,766,762                                                                                      | P–                                                                                                                                            | P–                                       | P14,766,762           |





The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. This includes amounts related to financial collateral both received and pledged, whether cash or non-cash collateral, excluding the extent of over-collateralization.

### 39. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities for the years ended December 31 follows:

| 2024                          |              |             |                                 |                     |              |
|-------------------------------|--------------|-------------|---------------------------------|---------------------|--------------|
|                               | January 1    | Cashflows   | Foreign<br>Exchange<br>Movement | Noncash<br>Movement | December 31  |
| (In Thousands)                |              |             |                                 |                     |              |
| Long-term and short-term debt | ₱132,371,944 | ₱4,373,929  | ₱718,000                        | (₱132,633)          | ₱137,331,240 |
| Bills and acceptance payable  | 15,403,706   | 24,713,474  | —                               | —                   | 40,117,180   |
| Lease liabilities             | 8,454,337    | (1,739,243) | —                               | 2,327,472           | 9,042,566    |
| Accrued interest              | 1,793,825    | (8,329,002) | —                               | 8,518,543           | 1,983,366    |
| Dividends payable             | —            | (2,217,872) | —                               | 2,217,872           | —            |
| Due to related parties        | 856,199      | (533,293)   | —                               | —                   | 322,906      |
|                               | ₱158,880,011 | ₱16,267,993 | ₱718,000                        | ₱12,931,254         | ₱188,797,258 |

| 2023                          |              |              |                                 |                     |              |
|-------------------------------|--------------|--------------|---------------------------------|---------------------|--------------|
|                               | January 1    | Cashflows    | Foreign<br>Exchange<br>Movement | Noncash<br>Movement | December 31  |
| (In Thousands)                |              |              |                                 |                     |              |
| Long-term and short-term debt | ₱137,224,888 | (₱5,379,278) | (₱55,000)                       | ₱581,334            | ₱132,371,944 |
| Bills and acceptance payable  | 6,761,456    | 8,444,195    | —                               | 198,055             | 15,403,706   |
| Lease liabilities             | 8,507,757    | (1,438,713)  | —                               | 1,385,293           | 8,454,337    |
| Accrued interest              | 1,712,390    | (7,546,485)  | —                               | 7,627,920           | 1,793,825    |
| Dividends payable             | —            | (1,736,047)  | —                               | 1,736,047           | —            |
| Due to related parties        | 44,903       | 18,476       | —                               | —                   | 63,379       |
|                               | ₱154,251,394 | (₱7,637,852) | (₱55,000)                       | ₱11,528,649         | ₱158,087,191 |

Noncash movements include the effects of declaration of dividends, amortization of debt issuance costs and accretion of lease liabilities (see Notes 24, 25 and 32).

The Group's noncash transactions affecting investing activities are as follows:

- Transfers from loans and receivables to investment properties as a result of foreclosures amounted to ₱273.9 million, ₱274.5 million and ₱101.4 million in 2024, 2023 and 2022, respectively, for EWBC (see Note 16).
- Transfers from loans and receivables to other repossessed assets as a result of foreclosures amounted to ₱6.3 billion, ₱4.0 billion and ₱4.6 billion in 2024, 2023 and 2022 respectively, for EWBC. Amounts mentioned are exclusive of loss on asset foreclosure and *dacion* transactions amounting to ₱1.2 billion, ₱614.5 million and ₱9.5 million in 2024, 2023 and 2022, respectively.
- Land and land developments previously under real estate inventories were reclassified to investment properties amounting to ₱1,589.8 million in 2024 (nil in 2023; see Notes 14 and 16).
- Reclassification from investment properties to real estate inventories amounting to ₱43.0 million in 2024 (see Notes 14 and 16).
- Purchases of investment properties in 2024 and 2023 which remain unpaid amounted to ₱2,348.9 million and ₱2,976.7 million, respectively (see Note 16).



#### 40. Maturity Analysis of Assets and Liabilities

The following tables show an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one (1) year and beyond one (1) year from the statement of financial position date:

|                                         | 2024                    |                     |                     | 2023                     |                     |                     |
|-----------------------------------------|-------------------------|---------------------|---------------------|--------------------------|---------------------|---------------------|
|                                         | Less than<br>12 months* | Over<br>12 months   | Total               | Less than<br>12 months** | Over<br>12 months   | Total               |
| (In Thousands)                          |                         |                     |                     |                          |                     |                     |
| <b>Assets</b>                           |                         |                     |                     |                          |                     |                     |
| Cash and other cash items               | <b>₱52,317,373</b>      | <b>₱—</b>           | <b>₱52,317,373</b>  | <b>₱48,962,146</b>       | <b>₱—</b>           | <b>₱48,962,146</b>  |
| Loans and receivables - net             |                         |                     |                     |                          |                     |                     |
| Real estate operations                  | 11,384,885              | —                   | 11,384,885          | 9,285,775                | —                   | 9,285,775           |
| Hospitality operations                  | 396,137                 | —                   | 396,137             | 247,570                  | —                   | 247,570             |
| Banking and financial services          | 123,646,621             | 199,812,730         | 323,459,351         | 142,245,138              | 139,008,240         | 281,253,378         |
| Power and utility operations            | 4,789,083               | —                   | 4,789,083           | 4,861,962                | —                   | 4,861,962           |
| Sugar operations                        | 153,708                 | —                   | 153,708             | 134,639                  | —                   | 134,639             |
| Financial assets at FVPL                | 9,174,275               | —                   | 9,174,275           | 4,112,322                | —                   | 4,112,322           |
| Financial assets at FVOCI               | 29,004,906              | 978,703             | 29,983,609          | 19,411,425               | —                   | 19,411,425          |
| Investment securities at amortized cost | 246,090                 | 81,676,660          | 81,922,750          | 520,066                  | 74,880,953          | 75,401,019          |
| Contract assets                         | 5,783,500               | 2,653,114           | 8,436,614           | 4,748,130                | 5,119,512           | 9,867,642           |
| Real estate inventories                 | 78,900,316              | —                   | 78,900,316          | 81,004,413               | —                   | 81,004,413          |
| Coal, spare parts and other inventories | 2,397,054               | —                   | 2,397,054           | 1,665,772                | —                   | 1,665,772           |
| Investment properties - net             | —                       | 103,641,040         | 103,641,040         | —                        | 98,240,278          | 98,240,278          |
| Property and equipment - net            | —                       | 51,890,809          | 51,890,809          | —                        | 49,253,884          | 49,253,884          |
| Investment in joint ventures            | —                       | 2,010,839           | 2,010,839           | —                        | 1,907,136           | 1,907,136           |
| Deferred tax assets - net               | —                       | 5,791,642           | 5,791,642           | —                        | 5,628,946           | 5,628,946           |
| Goodwill                                | —                       | 10,381,152          | 10,381,152          | —                        | 10,381,152          | 10,381,152          |
| Other assets                            | 26,847,272              | 9,802,339           | 36,649,611          | 23,316,940               | 9,997,634           | 33,314,574          |
|                                         | <b>₱345,041,220</b>     | <b>₱468,639,028</b> | <b>₱813,680,248</b> | <b>₱340,516,298</b>      | <b>₱394,417,735</b> | <b>₱734,934,033</b> |
| <b>Liabilities</b>                      |                         |                     |                     |                          |                     |                     |
| Deposit liabilities                     | <b>₱372,023,480</b>     | <b>₱519,316</b>     | <b>₱372,542,796</b> | <b>₱338,185,349</b>      | <b>₱595,963</b>     | <b>₱338,781,312</b> |
| Bills and acceptances payable           | 40,117,180              | —                   | 40,117,180          | 15,403,706               | —                   | 15,403,706          |
| Accounts payable and accrued expenses   | 39,251,233              | 14,650,147          | 53,901,380          | 37,393,107               | 9,495,839           | 46,888,946          |
| Contract liabilities                    | 2,427,964               | 728,461             | 3,156,425           | 2,786,400                | 210,452             | 2,996,852           |
| Long-term and short-term debt           | 47,952,041              | 89,379,199          | 137,331,240         | 29,528,806               | 102,843,138         | 132,371,944         |
| Income tax payable                      | 439,461                 | —                   | 439,461             | 488,470                  | —                   | 488,470             |
| Retirement liabilities                  | —                       | 1,660,444           | 1,660,444           | —                        | 1,575,028           | 1,575,028           |
| Lease liabilities                       | 818,093                 | 8,224,473           | 9,042,566           | 1,325,059                | 7,129,278           | 8,454,337           |
| Deferred tax liabilities - net          | —                       | 9,108,250           | 9,108,250           | —                        | 10,281,563          | 10,281,563          |
|                                         | <b>₱503,029,452</b>     | <b>₱124,270,290</b> | <b>₱627,299,742</b> | <b>₱425,110,897</b>      | <b>₱132,131,261</b> | <b>₱557,242,158</b> |

\*Includes current assets and current liabilities of EW amounting to ₱192,757,037 and ₱431,030,282 as of December 31, 2024, respectively.

\*\*Includes current assets and current liabilities of EW amounting to ₱194,266,208 and ₱370,944,909 as of December 31, 2023, respectively.

#### 41. Registrations with PEZA and CSEZ

On February 20, 2017, June 1, 2016, and April 21, 2016, respectively, FCMI, MCI and FMI were registered and granted a Permit-to-Operate as a Clark Freeport enterprises in Clark Clark-Subic Economic Zone (CSEZ). As a registered enterprise, FMI is entitled to a special tax rate of 5% of gross income and tax exemption and duty-free importation in certain purchases directly related to its business activities as approved by CDC.

On February 13, 2002, FLI, FAC and FILRT were registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of RA No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (Ecozone). The same shall be known as Filinvest Technology Park-Calamba.



Under the registration, FLI shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

On June 11, 2001, FAC was registered with PEZA as the developer/operator of PBCom Tower not entitled to any incentives. However, IT enterprises which shall locate in PBCom Tower shall be entitled to tax incentives pursuant to RA No. 7916.

On June 6, 2000, FILRT was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, it is also entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On December 15, 2015, PDDC was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, PDDC is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On July 3, 2019, FBCI was registered with PEZA as an ECOZONE developer/operator enterprise of New Clark City Phase I. As a registered enterprise, FBCI is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

FILRT, PDDC, FBCI are also entitled to zero percent (0%) value-added tax for sales made to ECOZONE enterprises.

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#### **42. Registrations with the Philippine Board of Investments (BOI)**

As a registered enterprise, certain entities within the Group are entitled to certain tax and nontax incentives, subject to certain conditions.

The Group registered New Leaf Phases 1A and 1B as New Developers of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226), and its validity ended on March 19, 2023. No outstanding projects are registered with the BOI as of December 31, 2024.

Under Certificate of Registration No. 2018-261 dated December 12, 2018, DSRI was registered under Board of Investment (BOI) as New Operator of Tourist Accommodation Facility under the Modernization Program on a Non-Pioneer status under Omnibus Investment Code. Under the term of its non-Pioneer status with the BOI, DSRI is entitled to an Income Tax Holiday (ITH) for a period of four years from January 2022 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

On August 30, 2013, the Group's 405 MW Misamis Power Plant was registered as New Operator of Coal Fired Power Project with the BOI under the Omnibus Investment Code of 1987 (Executive Order No. 226) and this ended in 2023.

On June 7, 2013, BSI was registered with BOI as New Operator of Tourist Accommodation Facility under Modernization Program on a Non-Pioneer status (Certificate of Registration No. 2013-123) under Omnibus Investment Code. Under the terms of the Non-Pioneer status with BOI, BSI is entitled to an income tax holiday (ITH) for a period of 4 years from December 2017 or actual start of commercial operations, whichever is earlier than the date of registration. On September 2, 2014,



BSI's registration was upgraded from Non-Pioneer status to Pioneer status in which ITH entitled period was increased from 4 years to 6 years starting December 2017 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

On December 22, 2017, BSI filed a letter request to BOI to move the start date of its commercial operations to August 1, 2018. On March 1, 2019, the BOI has approved BSI's request to extend its ITH entitlement period from November 30, 2023 to May 2024 or for a period of six (6) months corresponding to the number of months that the Island of Boracay was declared under state of Calamity.

On July 20, 2023, the BOI has approved BSI's request to defer its ITH entitlement period to January 1, 2023 to May 31, 2027 or for a period of four (4) years and six (6) months due to the impact of the COVID 19 pandemic to its operations. As a result, BSI amended its income tax filings with the BIR to consider non-ITH period for the years ended December 31, 2020 to 2022. Additional income tax paid representing MCIT for taxable year 2022 amounting to ₱1.32 million is presented as part of current income tax for the year ended December 31, 2023.

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#### 43. Subsequent Events

##### *Property-for-Share Swap Transaction with FILRT*

On January 24, 2025, FLI's BOD approved the sale of its real property to FILRT under a tax-free property-for-share swap transaction. FLI will transfer its ownership over Festival Mall-Main Mall in favor of FILRT, in exchange for 1,626,003,316 primary common shares of FILRT at an issue price of ₱3.85 per share, with a total value of ₱6.26 billion. The said transaction will allow FLI to increase its equity in FILRT from 51.06% to 63.27%. Upon the Philippine SEC's approval of the Transaction, FLI and FILRT shall execute a lease agreement for the Property. As of March 19, 2025, the property-for-share swap is still pending SEC approval.

##### *Listing of FLI's Peso-Denominated Fixed-Rate bonds with an aggregate total of ₱12.0 billion*

On March 12, 2025, FLI successfully raised ₱12.0 billion through the issuance of (i) 5-year bonds due 2030 with interest rate of 6.2916%, (ii) 7-year bonds due 2032 with interest rate of 6.6550%, and (iii) 10-year bonds due 2035 with interest rate of 6.8312% per annum (the "Bonds"). This latest bond issuance will be the second tranche out of its ₱35.0 billion bonds registered in 2023 under the shelf-registered program of the Philippine SEC. FLI has listed said Bonds on the Philippine Dealing & Exchange Corp. on March 12, 2025.

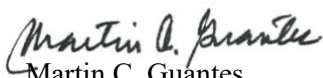


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
Filinvest Development Corporation  
The Beaufort, 5th Avenue corner 23rd Street  
Bonifacio Global City, Taguig City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Development Corporation (the Parent Company) and its subsidiaries (collectively referred to as the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 19, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

**SYCIP GORRES VELAYO & CO.**



Martin C. Guantes

Partner

CPA Certificate No. 88494

Tax Identification No. 152-884-272

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-052-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465311, January 2, 2025, Makati City

March 19, 2025



## **FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES**

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- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
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**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**ANNEX 68-D - RECONCILIATION OF RETAINED EARNINGS AVAILABLE**  
**FOR DIVIDEND DECLARATION**  
**DECEMBER 31, 2024**  
(Amounts in Thousand Pesos)

|                                                                                                                                                     |         |                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------------------|
| <b>Unappropriated Retained Earnings, beginning of reporting period</b>                                                                              |         | ₱11,957,693       |
| <b>Add: Items that are directly credited to Unappropriated Retained Earnings</b>                                                                    |         |                   |
| Reversal of retained earnings appropriation                                                                                                         | —       |                   |
| Effect of restatements                                                                                                                              | —       |                   |
| Others                                                                                                                                              | —       |                   |
| <b>Less: Items that are directly debited to Unappropriated Retained Earnings</b>                                                                    |         |                   |
| Dividend declaration during the reporting period                                                                                                    | 894,770 |                   |
| Retained earnings appropriated during the reporting period                                                                                          | —       |                   |
| Effect of restatements                                                                                                                              | —       |                   |
| Others                                                                                                                                              | —       | 894,770           |
| <b>Unappropriated Retained Earnings, as adjusted</b>                                                                                                |         | <b>11,062,923</b> |
| <b>Add/Less: Net income (loss) for the current year</b>                                                                                             |         | <b>651,554</b>    |
| <b>Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>                                            |         |                   |
| Equity in net income of associate/joint venture, net of dividends declared                                                                          | —       |                   |
| Unrealized foreign exchange gain, except those attributable to cash and equivalents                                                                 | —       |                   |
| Unrealized fair value adjustment (marked-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)                     | —       |                   |
| Unrealized fair value gain of investment property                                                                                                   | —       |                   |
| Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS                         | —       |                   |
| Sub-total                                                                                                                                           |         | —                 |
| <b>Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b> |         |                   |
| Realized foreign exchange gain, except those attributable to Cash and cash equivalents                                                              | —       |                   |
| Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss FVTPL)                        | —       |                   |
| Realized fair value gain of Investment Property                                                                                                     | —       |                   |
| Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS                       | —       |                   |
| Sub-total                                                                                                                                           |         | —                 |

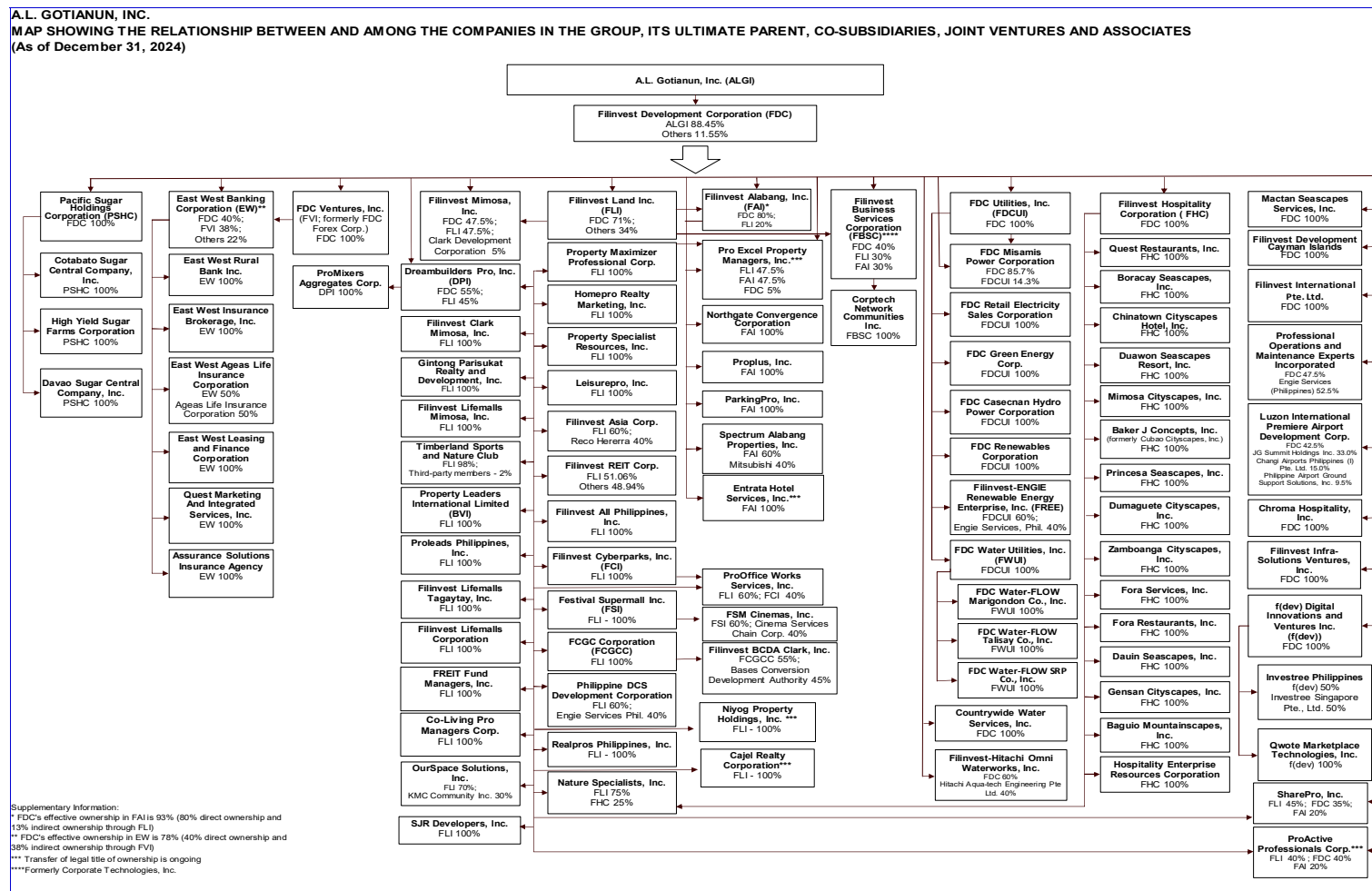
(Forward)

**Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)**

|                                                                                                                                                                                                                                                                     |    |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------------|
| Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents                                                                                                                                                       | P— |                    |
| Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)                                                                                                                | —  |                    |
| Reversal of previously recorded fair value gain of Investment Property                                                                                                                                                                                              | —  |                    |
| Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded                                                                                                    | —  |                    |
| Sub-total                                                                                                                                                                                                                                                           |    | —                  |
| <b>Adjusted Net Income/Loss</b>                                                                                                                                                                                                                                     |    | <b>651,554</b>     |
| <b>Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</b>                                                                                                                                                                 |    |                    |
| Depreciation on revaluation increment (after tax)                                                                                                                                                                                                                   | —  |                    |
| Sub-total                                                                                                                                                                                                                                                           |    | —                  |
| <b>Add/Less: Adjustments related to relief granted by the SEC and BSP</b>                                                                                                                                                                                           |    |                    |
| Amortization of the effect of reporting relief                                                                                                                                                                                                                      | —  |                    |
| Total amount of reporting relief granted during the year                                                                                                                                                                                                            | —  |                    |
| Others                                                                                                                                                                                                                                                              | —  |                    |
| Sub-total                                                                                                                                                                                                                                                           |    | —                  |
| <b>Add/Less: Other items that should be excluded from the determination of the amount of available for dividends distribution</b>                                                                                                                                   |    |                    |
| Net movement of treasury shares (except for reacquisition of redeemable shares)                                                                                                                                                                                     | —  |                    |
| Net movement of deferred tax asset not considered in the reconciling items under the previous categories                                                                                                                                                            | —  |                    |
| Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable | —  |                    |
| Adjustment due to deviation from PFRS/GAAP - gain (loss)                                                                                                                                                                                                            | —  |                    |
| Others                                                                                                                                                                                                                                                              | —  |                    |
| Sub-total                                                                                                                                                                                                                                                           | —  | —                  |
| <b>Total Retained Earnings, end of reporting period available for dividend</b>                                                                                                                                                                                      |    | <b>P11,714,477</b> |







**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**Schedule A: SUPPLEMENTARY SCHEDULE ON FINANCIAL ASSETS**  
**DECEMBER 31, 2024**

Below is the schedule of financial assets in equity securities of the Group as of December 31, 2024:

| Name of Issuing Entity and Association<br>of Each Issue                      | Number of<br>Shares/Principal<br>Amount of<br>Bonds and Notes | Amount Shown<br>in the Statement<br>of Financial<br>Position | Value Based<br>on Market<br>Quotation at<br>End of Year | Income<br>Received and<br>Accrued |
|------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------|-----------------------------------|
| (In Thousands)                                                               |                                                               |                                                              |                                                         |                                   |
| <b>Financial Assets at Fair Value Through<br/>Profit or Loss</b>             |                                                               |                                                              |                                                         |                                   |
| Debt Securities                                                              |                                                               |                                                              |                                                         |                                   |
| Fixed Rate Treasury Notes (FXTN)                                             | ₱5,017,567                                                    | ₱5,202,662                                                   | ₱5,202,662                                              | ₱342,929                          |
| Petroleos Mexicanos (PEMEX)                                                  | 578,450                                                       | 434,503                                                      | 434,503                                                 | 50,712                            |
| Treasury Bills                                                               | —                                                             | —                                                            | —                                                       | —                                 |
| Retail Treasury Bond (RTB)                                                   | 201,387                                                       | 199,993                                                      | 199,993                                                 | 12,784                            |
| Republic of the Philippines (ROP)                                            | 3,470,700                                                     | 3,326,804                                                    | 3,326,804                                               | 120,476                           |
|                                                                              | 9,268,104                                                     | 9,163,962                                                    | 9,163,962                                               | 526,901                           |
| Equity Securities                                                            |                                                               |                                                              |                                                         |                                   |
| LGU Guarantee Corporation                                                    | 10,213                                                        | 10,213                                                       | 10,213                                                  | —                                 |
| Victoria Milling Corporation                                                 | 100                                                           | 100                                                          | 100                                                     | —                                 |
| Citibank Manila                                                              | 73                                                            | —                                                            | —                                                       | —                                 |
|                                                                              | 10,386                                                        | 10,313                                                       | 10,313                                                  | —                                 |
|                                                                              | ₱9,278,490                                                    | ₱9,174,275                                                   | ₱9,174,275                                              | ₱526,901                          |
| <b>Financial Assets at Fair Value Through<br/>Other Comprehensive Income</b> |                                                               |                                                              |                                                         |                                   |
| Debt Securities                                                              |                                                               |                                                              |                                                         |                                   |
| Government Securities                                                        |                                                               |                                                              |                                                         |                                   |
| ROP                                                                          | ₱16,657,680                                                   | ₱16,464,498                                                  | ₱16,233,118                                             | ₱524,898                          |
| FXTN                                                                         | 3,773,726                                                     | 3,661,224                                                    | 3,661,223                                               | 148,603                           |
| RTB                                                                          | 550,000                                                       | 547,659                                                      | 547,659                                                 | 30,939                            |
| RDB                                                                          | 515,474                                                       | 480,850                                                      | 480,850                                                 | 7,018                             |
| PEMEX                                                                        | 462,760                                                       | 347,749                                                      | 347,602                                                 | 42,103                            |
| INDON                                                                        | —                                                             | —                                                            | —                                                       | 7,594                             |
| MEXICAN GLOBAL BONDS (MEX)                                                   | 289,225                                                       | 260,826                                                      | 260,826                                                 | 24,565                            |
| BSP                                                                          | —                                                             | —                                                            | —                                                       | 249                               |
|                                                                              | 22,248,865                                                    | 21,762,806                                                   | 21,531,278                                              | 785,969                           |
| Private Bonds                                                                |                                                               |                                                              |                                                         |                                   |
| Ayala Corp.                                                                  | 1,671,547                                                     | 1,395,388                                                    | 1,395,388                                               | 72,571                            |
| Aboitiz Equity Ventures                                                      | 1,446,125                                                     | 1,370,854                                                    | 1,370,854                                               | 52,706                            |
| First Pacific                                                                | 1,156,900                                                     | 1,124,981                                                    | 1,124,981                                               | 37,126                            |
| JG Summit                                                                    | 1,156,900                                                     | 1,093,687                                                    | 1,093,687                                               | 38,578                            |
| Manila Water                                                                 | 926,677                                                       | 884,930                                                      | 884,930                                                 | 34,306                            |
| Jollibee Food Corp.                                                          | 577,872                                                       | 561,633                                                      | 561,634                                                 | 24,667                            |
| Rizal Commercial Banking Corp                                                | 535,066                                                       | 533,156                                                      | 533,156                                                 | 33,089                            |
| International Container Terminal<br>Services, Inc.                           | 264,467                                                       | 262,403                                                      | 262,550                                                 | 9,942                             |
|                                                                              | 7,735,554                                                     | 7,227,032                                                    | 7,227,180                                               | 302,985                           |
| Quoted                                                                       |                                                               |                                                              |                                                         |                                   |
| The Palms Country Club                                                       | 286                                                           | 520,552                                                      | 520,552                                                 | —                                 |
| Manila Golf                                                                  | 2                                                             | 320,000                                                      | 320,000                                                 | —                                 |
| Manila Polo Club                                                             | 1                                                             | 50,000                                                       | 50,000                                                  | —                                 |
| Caliraya Golf                                                                | 18,401,035                                                    | 15,491                                                       | 15,491                                                  | —                                 |
| Empire East Land Holdings                                                    | —                                                             | (423)                                                        | (423)                                                   | —                                 |
| Sta Elena Properties Inc.                                                    | 2                                                             | 48,000                                                       | 48,000                                                  | —                                 |

| Name of Issuing Entity and Association of Each Issue | Number of Shares/Principal Amount of Bonds and Notes | Amount Shown in the Statement of Financial Position | Value Based on Market Quotation at End of Year | Income Received and Accrued |
|------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------|
|                                                      |                                                      | (In Thousands)                                      |                                                |                             |
| Philippine Long Distance Telephone Company           | 26,100                                               | 261                                                 | 261                                            | —                           |
| Manila Electric Company (MERALCO)                    | 1,153,694                                            | 6,197                                               | 6,197                                          | —                           |
| Riviera Golf                                         | 1                                                    | 1,800                                               | 1,800                                          | —                           |
|                                                      | 19,581,121                                           | 961,878                                             | 961,878                                        | —                           |
| Unquoted                                             |                                                      |                                                     |                                                |                             |
| H.B. Fuller                                          | 1,903,767                                            | 19,040                                              | 19,040                                         | —                           |
| Cebu Country Club                                    | 1                                                    | 6,017                                               | 6,017                                          | —                           |
| The Palms Country Club                               | 1,000                                                | 3,060                                               | 3,060                                          | —                           |
| Alabang Country Club                                 | 1                                                    | 2,200                                               | 2,200                                          | —                           |
| Philippine Long Distance Telephone Company           | 59,900                                               | 100                                                 | 100                                            | —                           |
| Pilipino Telephone Corp.                             | 1,800                                                | 8                                                   | 8                                              | —                           |
| Others                                               | —                                                    | 1,468                                               | 1,468                                          | —                           |
|                                                      | 1,966,469                                            | 31,893                                              | 31,893                                         | —                           |
|                                                      | <b>₱51,532,009</b>                                   | <b>₱29,983,609</b>                                  | <b>₱29,752,229</b>                             | <b>₱1,088,954</b>           |
| <b>Investment Securities at Amortized Cost</b>       |                                                      |                                                     |                                                |                             |
| ROP                                                  | ₱47,374,419                                          | ₱45,630,669                                         | ₱41,166,170                                    | ₱1,905,171                  |
| FXTN                                                 | 22,012,993                                           | 21,431,768                                          | 20,286,425                                     | 1,171,120                   |
| Republic of Indonesia                                | 9,026,712                                            | 9,857,911                                           | 9,150,777                                      | 488,426                     |
| PLNJ                                                 | 1,981,191                                            | 1,785,732                                           | 1,814,434                                      | 114,580                     |
| SMINVE                                               | —                                                    | —                                                   | —                                              | 37,677                      |
| PEMEX                                                | 601,588                                              | 579,507                                             | 396,525                                        | 24,401                      |
| RTB                                                  | 245,654                                              | 255,824                                             | 241,367                                        | 14,865                      |
| RP GPN                                               | 331,671                                              | 309,741                                             | 398,081                                        | 16,783                      |
|                                                      | 81,574,228                                           | 79,851,152                                          | 73,453,779                                     | 3,773,023                   |
| Fixed Rate Treasury Notes (FXTN) - EWRB              | 1,881,646                                            | 2,082,734                                           | 2,082,734                                      | 44,174                      |
| Allowance for probable losses                        | —                                                    | (11,136)                                            | —                                              | —                           |
|                                                      | <b>₱83,455,874</b>                                   | <b>₱81,922,750</b>                                  | <b>₱75,536,513</b>                             | <b>₱3,817,197</b>           |

**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES**

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**Schedule B: SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE  
FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND  
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)  
DECEMBER 31, 2024**

There are no advances to employees with balances above ₱1.0 million as of December 31, 2024.

## FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES

### Schedule C: SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS DECEMBER 31, 2024

Below is the schedule of receivables (payables) with related parties which are eliminated in the consolidated financial statements as of December 31, 2024 (amounts in thousands):

|                                                      | Volume of Transactions |            | Receivable (Payable) | Terms                                                                          |
|------------------------------------------------------|------------------------|------------|----------------------|--------------------------------------------------------------------------------|
|                                                      |                        |            |                      | Noninterest-bearing and to be settled on a quarterly basis until December 2024 |
| Filinvest REIT Corp. (FILRT)                         | Sale of lot            | (P351,829) | P560                 |                                                                                |
| Pacific Sugar Holdings Corporation (PSHC)            | Share in expenses      | (549,995)  | 5,418                | Noninterest-bearing and to be settled within 1 year                            |
|                                                      | Share in expenses      |            |                      |                                                                                |
|                                                      | Dividend income        |            |                      |                                                                                |
| FDC Misamis Power Corporation (FDC Misamis)          | Operational advances   |            | 101                  | Noninterest-bearing and to be settled within 1 year except for loan**          |
|                                                      | Interest on advances   | (311)      |                      |                                                                                |
|                                                      | Share in expenses      |            |                      |                                                                                |
| Corporate Technologies, Inc. (CTI)                   | Operational advances   |            | 349,997              | Noninterest-bearing and to be settled within 1 year except for loan**          |
|                                                      | Interest on advances   | 167,052    |                      |                                                                                |
|                                                      | Share in expenses      |            |                      |                                                                                |
|                                                      | Operational advances   |            |                      | Noninterest-bearing and to be settled within 1 year except for loan**          |
| SharePro, Inc. (SPI)                                 | Interest on advances   | 34,701     | 158,460              |                                                                                |
| Countrywide Water Services Inc. (CWSI)               | Share in expenses      |            |                      | Noninterest-bearing and to be settled within 1 year except for loan**          |
|                                                      | Interest on advances   | (31,579)   | 12,052               |                                                                                |
|                                                      | Share in expenses      |            |                      |                                                                                |
| Mactan Seascapes Services, Inc. (MSSI)               | Maintenance dues       |            |                      | Noninterest-bearing and to be settled within 1 year                            |
|                                                      | Rental income          | (346,883)  | 26,181               |                                                                                |
|                                                      | Share in expenses      |            |                      | Noninterest-bearing and to be settled within 1 year                            |
| Filinvest Land, Inc. (FLI)                           | Dividend income        | (117,218)  | 36,111               |                                                                                |
|                                                      |                        |            |                      | Noninterest-bearing and to be settled within 1 year                            |
| FDC Utilities, Inc. (FDCUI)                          | Share in expenses      | (1,060)    | 489                  |                                                                                |
|                                                      | Rental income          |            |                      |                                                                                |
|                                                      | Rental deposit         |            |                      | Noninterest-bearing and to be settled within 1 year                            |
| Boracay Seascapes, Inc. (BSI)                        | Share in expenses      | 411        | 411                  |                                                                                |
| Filinvest Hospitality Corporation (FHC)              | Share in expenses      | 11,147     | 18,540               | Noninterest-bearing and to be settled within 1 year                            |
|                                                      | Rental income          |            |                      | Noninterest-bearing and to be settled within 1 year                            |
| FDC Water Utilities, Inc. (FWUI)                     | Rental deposit         | 44,485     | 46,877               |                                                                                |
| f(dev) Digital Innovations and Ventures, Inc. (FDEV) | Share in expenses      | 10,664     | 10,850               | Noninterest-bearing and to be settled within 1 year                            |
|                                                      |                        |            |                      | Noninterest-bearing and to be settled within 1 year                            |
| Filinvest Cyberparks, Inc. (FCI)                     | Share in expenses      | (1,067)    | 359                  |                                                                                |
| Proexcel Property Managers, Inc. (PPMI)              | Share in expenses      | —          | —                    | Noninterest-bearing and to be settled within 1 year                            |
| Dreambuilders Properties, Inc. (DPI)                 | Share in expenses      | 37         | 60                   | Noninterest-bearing and to be settled within 1 year                            |
| Cotabato Sugar Central Company, Inc. (CSCC)          | Purchases              |            |                      | Noninterest-bearing and to be settled within 1 year                            |
|                                                      | Share in expenses      | (301)      | —                    |                                                                                |
| Timberland Sports and Nature Club, Inc. (TSNC)       | Share in expenses      |            |                      | Noninterest-bearing and to be settled within 1 year                            |
| FDC Ventures, Inc. (FVI)                             | Share in expenses      |            |                      | Noninterest-bearing and to be settled within 1 year                            |
|                                                      | Dividend income        | 349,000    | —                    |                                                                                |
| Property Maximizer Professional Corp. (Promax)       | Commission             | —          | (889)                | Noninterest-bearing and to be settled within 1 year                            |
| Duawon Seascapes Resort, Inc. (DSRI)                 | Rental income          | 200        | 200                  | Noninterest-bearing and to be settled within 1 year                            |
|                                                      | Share in expenses      |            |                      | Noninterest-bearing and to be settled within 1 year                            |
| Filinvest Alabang, Inc. (FAI)                        | Purchase of shares     | 30,716     | 16,888               |                                                                                |
|                                                      | Share in expenses      |            |                      |                                                                                |
|                                                      | Rental expense         |            |                      |                                                                                |
| East West Banking Corporation (EW)                   | Bank loan              |            |                      | Noninterest-bearing and to be settled within 1 year except for loan*           |
|                                                      | Interest on bank loan  | (172,682)  | (4,793,943)          |                                                                                |

\* Interest-bearing loan with interest rate per annum equivalent to 4.8% fixed payable semi-annually. Principal is due in October 2025.

\*\* P549.0 million aggregate operational advances to CTI, CWSI, FDC Misamis and SPI subject to fixed interest rates ranging from 3.7% to 7.0% per annum due within 1 year to 2 years.

|             | Balances at<br>Beginning<br>of Year | Additions/<br>Reclassifications | Collections/<br>Reclassification | Balances at<br>End of Year |
|-------------|-------------------------------------|---------------------------------|----------------------------------|----------------------------|
| FILRT       | ₱352,389                            | ₱-                              | (₱351,829)                       | ₱560                       |
| PSHC        | 106,625                             | -                               | (101,207)                        | 5,418                      |
| FDC Misamis | 412                                 | -                               | (311)                            | 101                        |
| CTI         | 182,945                             | 167,052                         | -                                | 349,997                    |
| SPI         | 123,758                             | 34,701                          | -                                | 158,460                    |
| CWSI        | 43,630                              | -                               | (31,579)                         | 12,052                     |
| MSSI        | 373,063                             | -                               | (346,883)                        | 26,181                     |
| FLI         | 153,329                             | -                               | (117,218)                        | 36,111                     |
| FDCUI       | 1,549                               | -                               | (1,060)                          | 489                        |
| BSI         | -                                   | 411                             | -                                | 411                        |
| FHC         | 7,392                               | 11,147                          | -                                | 18,540                     |
| FWUI        | 2,392                               | 44,485                          | -                                | 46,877                     |
| FDEV        | 186                                 | 10,664                          | -                                | 10,850                     |
| FCI         | 1,426                               | -                               | (1,067)                          | 359                        |
| PPMI        | -                                   | -                               | -                                | -                          |
| DPI         | 23                                  | 37                              | -                                | 60                         |
| CSCC        | 301                                 | -                               | (301)                            | -                          |
| Promax      | (889)                               | -                               | -                                | (889)                      |
| DSRI        | -                                   | 200                             | -                                | 200                        |
| FAI         | (13,828)                            | 30,716                          | -                                | 16,888                     |
| EW          | (3,031,742)                         | -                               | (1,762,201)                      | (4,793,943)                |
|             | (₱1,697,039)                        | ₱299,413                        | (₱2,713,655)                     | (₱4,111,278)               |

The intercompany transactions between FDC and the subsidiaries pertain to share in expenses, rental charges, dividend income, sale of lots, purchase of shares, operational loan and interest charges. There were no amounts written off during the year and all amounts are expected to be settled within the year except for; (a) EW, which pertains to interest-bearing loans with interest rate per annum equivalent to 4.8% fixed payable semi-annually. Principal is due in October 2025; and (b) ₱549.0 million aggregate advances to CTI, CWSI, FDC Misamis and SharePro subject to fixed interest rates ranging from 3.7% to 7.0%. These advances are due within 1 year to 2 years; and (c) sale of lot to FILRT with remaining balance payable on a quarterly installment basis up to December 31, 2024

## FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES

### Schedule D: SUPPLEMENTARY SCHEDULE OF LONG-TERM AND SHORT-TERM DEBT DECEMBER 31, 2024

Below is the schedule of long-term and short-term debt of the Group:

| TITLE OF ISSUE AND TYPE<br>OF OBLIGATION | AMOUNT<br>AUTHORIZED BY<br>INDENTURE | CURRENT     | NON-<br>CURRENT | TOTAL        | INTEREST RATE                                 | MATURITY DATE                             |
|------------------------------------------|--------------------------------------|-------------|-----------------|--------------|-----------------------------------------------|-------------------------------------------|
| <b>PARENT COMPANY:</b>                   |                                      |             |                 |              |                                               |                                           |
| Bank loans - Philippine Peso             | Various                              | ₱8,932,874  | ₱9,274,489      | ₱18,207,363  | With fixed interest 4.0% to 5.2%<br>per annum | With varying maturity dates up to<br>2028 |
| Bonds due 2026                           | ₱8,800,000                           | —           | 9,918,241       | 9,918,241    | 6.3%                                          | August 7, 2026                            |
|                                          |                                      | 8,932,874   | 19,192,730      | 28,125,604   |                                               |                                           |
| <b>SUBSIDIARIES:</b>                     |                                      |             |                 |              |                                               |                                           |
| Bank loans - Philippine Peso             | Various                              | 24,203,223  | 37,371,997      | 61,575,220   |                                               |                                           |
| Philippine peso:                         |                                      |             |                 |              |                                               |                                           |
| Bonds due 2025                           | ₱8,925,000                           | 8,860,822   | —               | 8,860,822    | 5.4%                                          | June 23, 2025                             |
| Bonds due 2025                           | 1,000,000                            | 994,802     | —               | 994,802      | 5.7%                                          | August 20, 2025                           |
| Bonds due 2025                           | 5,000,000                            | 4,960,320   | —               | 4,960,320    | 4.5%                                          | December 21, 2025                         |
| Bonds due 2026                           | 1,764,600                            | —           | 1,761,556       | 1,761,556    | 4.2%                                          | May 18, 2026                              |
| Bonds due 2027                           | 11,430,800                           | —           | 11,350,450      | 11,350,450   | 7.0%                                          | June 1, 2027                              |
| Bonds due 2027                           | 2,975,000                            | —           | 2,957,983       | 2,957,983    | 6.4%                                          | June 23, 2027                             |
| Bonds due 2027                           | 5,000,000                            | —           | 4,970,655       | 4,970,655    | 5.3%                                          | December 21, 2027                         |
|                                          |                                      | 39,019,167  | 58,412,641      | 97,431,808   |                                               |                                           |
| Foreign currency bonds due 2025          | \$200,000                            | —           | 11,773,828      | 11,773,828   | 4.3%                                          | September 17, 2025                        |
|                                          |                                      | ₱47,952,041 | ₱89,379,199     | ₱137,331,240 |                                               |                                           |

Amounts are presented net of unamortized deferred costs.

**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES**

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**Schedule E: SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO  
RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)  
DECEMBER 31, 2024**

This schedule is not applicable as there are no non-current indebtedness to related parties as of December 31, 2024.



**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES**

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**Schedule F: SUPPLEMENTARY SCHEDULE OF GUARANTEES OF  
SECURITIES OF OTHER ISSUERS  
DECEMBER 31, 2024**

The Group does not have guarantees of securities of other issuers as of December 31, 2024.

**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES****Schedule G: SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK****DECEMBER 31, 2024**

| Title of Issue   | Number of<br>Shares<br>Authorized | Number of<br>Shares Issued<br>and<br>Outstanding<br>as Shown<br>Under Related<br>Balance Sheet<br>Caption | Number of<br>Shares<br>Reserved for<br>Options,<br>Warrants,<br>Conversion<br>and Other<br>Rights | Number of<br>Shares Held<br>by Related<br>Parties | Directors,<br>Officers and<br>Employees | Others  |
|------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------|---------|
|                  |                                   | (In Thousands)                                                                                            |                                                                                                   |                                                   |                                         |         |
| Common Shares    | 15,000,000                        | 8,648,463                                                                                                 | —                                                                                                 | 7,653,635                                         | 66,351                                  | 928,477 |
| Preferred Shares | 2,000,000                         | —                                                                                                         | —                                                                                                 | —                                                 | —                                       | —       |

**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES**

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**SUPPLEMENTARY SCHEDULE OF BOND ISSUANCES – SECURITIES  
OFFERED TO THE PUBLIC  
DECEMBER 31, 2024**

On February 7, 2024, the Parent Company issued fixed rate 2.5-year bonds due in 2026 with principal amount of ₱10.0 billion. The bonds carry a fixed interest rate of 6.3206% per annum payable quarterly in arrears starting May 7, 2024.

|      |                                     |          |
|------|-------------------------------------|----------|
| I.   | Proceeds                            |          |
|      | Net proceeds                        | ₱9,876.0 |
| II.  | Utilization                         |          |
|      | Refinancing of debt obligations     | 5,000.0  |
|      | Capital expenditures for:           |          |
|      | Hotel projects                      | 508.6    |
|      | Renewable Energy and Water Projects | 34.0     |
|      | Investment in Digitalization        | 137.5    |
|      | General corporate purposes          | 1,000.0  |
| III. | Balance as of December 31, 2024     | ₱3,195.9 |

**FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR**  
**FEE-RELATED INFORMATION**  
**DECEMBER 31, 2024**

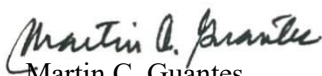
|                                       | 2024               | 2023               |
|---------------------------------------|--------------------|--------------------|
| <b>Total Audit Fees</b>               | <b>₱20,864,685</b> | <b>₱18,267,074</b> |
| Non-audit services fees:              |                    |                    |
| Other assurance services              | <b>10,241,798</b>  | 7,313,320          |
| Tax services                          | <b>728,630</b>     | 1,074,980          |
| All other services                    | <b>2,400,000</b>   | 880,000            |
| <b>Total Non-audit Fees</b>           | <b>13,370,428</b>  | <b>9,268,300</b>   |
| <b>Total Audit and Non-audit Fees</b> | <b>₱34,235,113</b> | <b>₱27,535,374</b> |

## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors  
Filinvest Development Corporation  
The Beaufort, 5th Avenue corner 23rd Street  
Bonifacio Global City, Taguig City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Development Corporation (the Parent Company) and its subsidiaries (collectively referred to as the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 19, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Components of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023, and for the years then ended and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Martin C. Guantes

Partner

CPA Certificate No. 88494

Tax Identification No. 152-884-272

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-052-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465311, January 2, 2025, Makati City

March 19, 2025



**ANNEX 68-E - COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**  
**DECEMBER 31, 2024**

Below are the financial ratios that are relevant to the Group as of and for the years ended December 31, 2024 and 2023.

| Ratio                                         | Formula                                                                                                                                                                                                                                                                                                                                  | 2024         | 2023  |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------|
| Earnings Per Share (EPS)                      | Net Income Attributable to Equity Holders divided by Weighted Average Number of Outstanding Shares<br><br><div> <div>Net Income Attributable to Equity Holders</div> <div> <div>₱12,131,320</div> <div>Divide by: Weighted Average Number of Outstanding Shares</div> <div>8,648,463</div> </div> <div>EPS</div> <div>₱1.40</div> </div> | <b>₱1.40</b> | ₱1.03 |
| Price Earnings Ratio                          | Closing Price divided by EPS<br><br><div> <div>Closing Price <sup>(1)</sup></div> <div>₱4.94</div> <div>Divide by: EPS</div> <div>₱1.40</div> <div>Price Earnings Ratio</div> <div>3.53</div> </div>                                                                                                                                     | <b>3.53</b>  | 5.19  |
| Return on Revenues                            | Net Income divided by Total Revenues and Other Income<br><br><div> <div>Net Income</div> <div>₱15,698,353</div> <div>Divide by: Total Revenues and Other Income</div> <div>₱113,445,538</div> <div>Return on Revenues</div> <div>14%</div> </div>                                                                                        | <b>14%</b>   | 13%   |
| Return on Equity (ROE) (average)              | Net Income divided by Average Equity<br><br><div> <div>Net Income</div> <div>₱15,698,353</div> <div>Divide by: Average Equity</div> <div>₱182,036,191</div> <div>ROE</div> <div>9%</div> </div>                                                                                                                                          | <b>9%</b>    | 7%    |
| Long-term and Short-Term Debt to Equity Ratio | Long-term and Short-Term Debt divided by Total Stockholders' Equity<br><br><div> <div>Long-term and Short-Term Debt</div> <div>₱137,331,240</div> <div>Divide by: Total Stockholders' Equity</div> <div>₱186,380,506</div> <div>Long-term and Short-Term Debt to Equity Ratio</div> <div>0.74</div> </div>                               | <b>0.74</b>  | 0.74  |
| Total Liabilities to Equity Ratio             | Total Liabilities divided by Total Stockholders' Equity<br><br><div> <div>Total Liabilities <sup>(2)</sup></div> <div>₱204,793,519</div> <div>Divide by: Total Stockholders' Equity</div> <div>₱186,380,506</div> <div>Total Liabilities to Equity Ratio</div> <div>1.10</div> </div>                                                    | <b>1.10</b>  | 1.09  |

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*(Forward)*



# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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**COMPANY NAME**

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

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
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| L |   | C | I | T | Y | , |   | T | A | G | U | I | G |   | C | I | T | Y |   | 1 | 6 | 3 | 4 | , |   | M | E | T | R |
| O |   | M | A | N | I | L | A |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

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Secondary License Type, If Applicable

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| N | A |  |  |
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**COMPANY INFORMATION**

Company's Email Address

www.filinvestgroup.com

Company's Telephone Number

7798-3959

Mobile Number

NONE

No. of Stockholders

3,976

Annual Meeting (Month / Day)

Last Friday of April

Fiscal Year (Month / Day)

12/31

**CONTACT PERSON INFORMATION**

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ven Christian S. Guce

Email Address

Ven.guce@filinvestgroup.com

Telephone Number/s

7798-3977

Mobile Number

N/A

**CONTACT PERSON'S ADDRESS**

The Beaufort, 5th Avenue Corner 23rd Street, Bonifacio Global City, Taguig City 1634,  
Metro Manila

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

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





# FILINVEST DEVELOPMENT CORP.

6th Floor, The Beaufort  
5th Avenue corner 23rd Street  
Bonifacio Global City  
1634 Taguig City, Philippines  
Trunk line: (632) 798-3977  
www.filinvestgroup.com

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

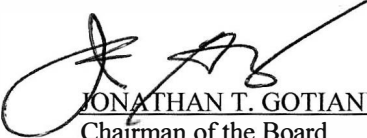
The management of **FILINVEST DEVELOPMENT CORPORATION** (the Company) is responsible for the preparation and fair presentation of the parent company financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

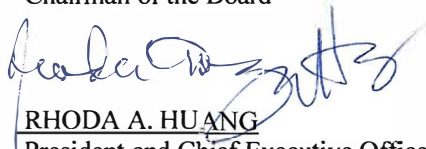
In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate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

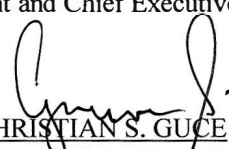
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

SyCip, Gorres, Velayo & Co., the independent auditor appointed by the stockholders, has audited the parent company 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 audit.

  
JONATHAN T. GOTIANUN  
Chairman of the Board

  
RHODA A. HUANG  
President and Chief Executive Officer

  
VEN CHRISTIAN S. GUCE  
Treasurer and Chief Financial Officer

| Name                  | Competent evidence of Identity | Place Issued/ Issue Date/ Expiry Date            |
|-----------------------|--------------------------------|--------------------------------------------------|
| Jonathan T. Gotianun  | Philippine Passport No.        | DFA Manila/ January 3, 2018/ January 2, 2028     |
| Rhoda A. Huang        | Philippine Passport No.        | DFA NCR East/ January 15, 2025/ January 14, 2035 |
| Ven Christian S. Guce | Philippine Passport No.        | DFA Manila/ October 29, 2021/ October 28, 2031   |

**SUBSCRIBED AND SWORN TO BEFORE ME** in the City of Mandaluyong  
this 28 day of MAR 2025, affiant exhibiting to me \_\_\_\_\_  
as his/her competent evidence of identity.

Signed this 19th day of March, 2025

**JOVEN G. SEVILLANO**

NOTARY PUBLIC FOR CITY OF MANDALUYONG  
COMMISSION NO. 0285-25 VALID UNTIL DECEMBER 31, 2026

ROLL NO. 53970 (73)

IBP LIFETIME NO. 011302; 12-28-12; RIZAL

PTR NO. 5708102; 1-2-25; MANDALUYONG

MCLE EXEMPTION NO. VII-ACAD004023 14 APRIL 2028

Doc. No. 104 ;  
Page No. 27 ;  
Book No. 13 ;

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**Fw: [EXT] Your BIR AFS eSubmission uploads were received**

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**From** Investor Relations <ir@filinvestgroup.com>

**Date** Fri 4/11/2025 4:53 PM

**To** Jake Isaac S. Enriquez <jake.enriquez@filinvestbsc.com>

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**From:** eafs@bir.gov.ph <eafs@bir.gov.ph>

**Sent:** Friday, April 11, 2025 4:50 PM

**To:** Investor Relations <ir@filinvestgroup.com>

**Cc:** Edilleen Asuncion\_Resigned 01/15/2024 <edilleen.asuncion@filinvestgroup.com>

**Subject:** [EXT] Your BIR AFS eSubmission uploads were received

**CAUTION:** This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.

Hi FILINVEST DEVELOPMENT CORPORATION,

**Valid files**

- EAFS000053167AFSTY122024.pdf
- EAFS000053167TCRTY122024-01.pdf
- EAFS000053167OTHTY122024.pdf
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Transaction Code: **AFS-0-41VXM2QZ0CA9K9EFLNPV12ZTX0MN2VSQ2S**

Submission Date/Time: **Apr 11, 2025 04:50 PM**

Company TIN: **000-053-167**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors  
Filinvest Development Corporation  
The Beaufort, 5th Avenue corner 23rd Street  
Bonifacio Global City, Taguig City 1634, Metro Manila

### Report on the Audit of the Parent Company Financial Statements

#### Opinion

We have audited the parent company financial statements of Filinvest Development Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2024 and 2023, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### 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 Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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



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

### **Auditor's Responsibilities for the Audit of the Parent Company Financial Statements**

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

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

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

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.



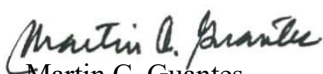
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on the Supplementary Information Required Under Revenue Regulations 15-2010**

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of the Parent Company in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic parent company financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Our opinion on the basic parent company financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Martin C. Guantes.

SYCIP GORRES VELAYO & CO.



Martin C. Guantes

Partner

CPA Certificate No. 88494

Tax Identification No. 152-884-272

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-052-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465311, January 2, 2025, Makati City

March 19, 2025



**FILINVEST DEVELOPMENT CORPORATION**  
**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**  
(Amounts in Thousands of Pesos)

|                                                                            | <b>December 31</b> |             |
|----------------------------------------------------------------------------|--------------------|-------------|
|                                                                            | <b>2024</b>        | <b>2023</b> |
| <b>ASSETS</b>                                                              |                    |             |
| <b>Current Assets</b>                                                      |                    |             |
| Cash and cash equivalents (Notes 4 and 16)                                 | <b>₱5,455,079</b>  | ₱4,357,118  |
| Receivables (Notes 5 and 16)                                               | <b>59,118</b>      | 45,444      |
| Due from related parties (Note 16)                                         | <b>425,035</b>     | 908,702     |
| Real estate inventories (Note 6)                                           | <b>92,761</b>      | 92,761      |
| Other current assets (Note 7)                                              | <b>2,635</b>       | 232         |
| Total Current Assets                                                       | <b>6,034,628</b>   | 5,404,257   |
| <b>Noncurrent Assets</b>                                                   |                    |             |
| Receivables - net of current portion (Notes 5 and 16)                      | <b>27,265</b>      | —           |
| Financial assets at fair value through other comprehensive income (Note 8) | <b>390,316</b>     | 321,516     |
| Investments in shares of stock (Note 9)                                    | <b>58,768,397</b>  | 59,453,065  |
| Investment properties (Note 10)                                            | <b>2,146,627</b>   | 2,188,410   |
| Property and equipment (Note 11)                                           | <b>6,567</b>       | 3,903       |
| Right-of-use assets (Note 24)                                              | <b>21,699</b>      | 24,648      |
| Deferred tax assets - net (Note 20)                                        | <b>40,552</b>      | 33,088      |
| Other noncurrent assets (Note 12)                                          | <b>539,933</b>     | 517,856     |
| Total Noncurrent Assets                                                    | <b>61,941,356</b>  | 62,542,486  |
|                                                                            | <b>₱67,975,984</b> | ₱67,946,743 |
| <b>LIABILITIES AND EQUITY</b>                                              |                    |             |
| <b>Current Liabilities</b>                                                 |                    |             |
| Accounts payable and other liabilities (Note 13)                           | <b>₱421,952</b>    | ₱733,290    |
| Current portion of:                                                        |                    |             |
| Long-term debt (Notes 14 and 16)                                           | <b>13,775,673</b>  | 9,411,277   |
| Lease liabilities (Notes 16 and 24)                                        | <b>6,511</b>       | 4,956       |
| Due to related parties (Note 16)                                           | <b>889</b>         | 722         |
| Total Current Liabilities                                                  | <b>14,205,025</b>  | 10,150,245  |
| <b>Noncurrent Liabilities</b>                                              |                    |             |
| Deferred income (Note 16)                                                  | <b>386,189</b>     | 436,457     |
| Long-term debt - net of current portion (Notes 14 and 16)                  | <b>19,192,730</b>  | 23,117,106  |
| Retirement liabilities - net (Note 19)                                     | <b>48,543</b>      | 33,088      |
| Lease liabilities - net of current portion (Notes 16 and 24)               | <b>24,348</b>      | 28,815      |
| Other noncurrent liabilities (Note 13)                                     | <b>631,369</b>     | 521,428     |
| Total Noncurrent Liabilities                                               | <b>20,283,179</b>  | 24,136,894  |
| Total Liabilities                                                          | <b>34,488,204</b>  | 34,287,139  |

(Forward)



|                                                                                                      | December 31        |             |
|------------------------------------------------------------------------------------------------------|--------------------|-------------|
|                                                                                                      | 2024               | 2023        |
| <b>EQUITY</b>                                                                                        |                    |             |
| Common stock (Note 15)                                                                               | <b>₱9,319,872</b>  | ₱9,319,872  |
| Additional paid-in capital (Note 15)                                                                 | <b>11,900,015</b>  | 11,900,015  |
| Treasury shares (Note 15)                                                                            | <b>(3,614,474)</b> | (3,614,474) |
| Retained earnings (Note 15)                                                                          | <b>15,544,375</b>  | 15,788,127  |
| Revaluation reserve on financial assets at fair value<br>through other comprehensive income (Note 8) | <b>355,176</b>     | 286,376     |
| Remeasurement losses on retirement plan - net of tax<br>(Notes 19 and 20)                            | <b>(17,184)</b>    | (20,312)    |
| Total Equity                                                                                         | <b>33,487,780</b>  | 33,659,604  |
|                                                                                                      | <b>₱67,975,984</b> | ₱67,946,743 |

*See accompanying Notes to Parent Company Financial Statements.*



**FILINVEST DEVELOPMENT CORPORATION**  
**PARENT COMPANY STATEMENTS OF INCOME**  
(Amounts in Thousands of Pesos)

|                                                          | <b>Years Ended December 31</b> |             |
|----------------------------------------------------------|--------------------------------|-------------|
|                                                          | <b>2024</b>                    | <b>2023</b> |
| <b>REVENUES</b>                                          |                                |             |
| Dividend income (Notes 9, 16 and 18)                     | <b>₱4,113,932</b>              | ₱2,769,664  |
| Rental income (Notes 10, 16 and 24)                      | <b>199,757</b>                 | 55,662      |
| Management and service fee (Note 16)                     | <b>37,434</b>                  | 8,905       |
|                                                          | <b>4,351,123</b>               | 2,834,231   |
| <b>OTHER INCOME</b>                                      |                                |             |
| Interest income (Notes 4 and 16)                         | <b>219,507</b>                 | 161,475     |
| Net foreign currency exchange gains                      | <b>36,746</b>                  | 2,261       |
| Miscellaneous income (Notes 10 and 23)                   | <b>145,344</b>                 | 152,352     |
|                                                          | <b>401,597</b>                 | 316,088     |
| Total Revenues and Other Income                          | <b>4,752,720</b>               | 3,150,319   |
| <b>COSTS</b>                                             |                                |             |
| Rental services (Note 10)                                | <b>19,931</b>                  | 31,151      |
| Management and service fees (Note 16)                    | <b>11,369</b>                  | 182,932     |
|                                                          | <b>31,300</b>                  | 214,083     |
| <b>OPERATING EXPENSES</b> (Note 17)                      |                                |             |
| General and administrative                               | <b>2,359,889</b>               | 252,476     |
| Selling and marketing (Notes 16 and 19)                  | <b>–</b>                       | 27,031      |
|                                                          | <b>2,359,889</b>               | 279,507     |
| <b>INTEREST AND OTHER FINANCE CHARGES</b>                |                                |             |
| (Notes 14, 16 and 24)                                    | <b>1,699,700</b>               | 1,569,787   |
| Total Costs, Expenses and Charges                        | <b>4,090,889</b>               | 2,063,377   |
| <b>INCOME BEFORE INCOME TAX</b>                          | <b>661,831</b>                 | 1,086,942   |
| <b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 20) | <b>10,813</b>                  | (8,576)     |
| <b>NET INCOME</b>                                        | <b>₱651,018</b>                | ₱1,095,518  |

*See accompanying Notes to Parent Company Financial Statements.*





**FILINVEST DEVELOPMENT CORPORATION****PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME****(Amounts in Thousands of Pesos)**

|                                                                                                         | <b>Years Ended December 31</b> |                   |
|---------------------------------------------------------------------------------------------------------|--------------------------------|-------------------|
|                                                                                                         | <b>2024</b>                    | <b>2023</b>       |
| <b>NET INCOME</b>                                                                                       | <b>₱651,018</b>                | <b>₱1,095,518</b> |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                                                                |                                |                   |
| <b>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</b> |                                |                   |
| Changes in fair value of financial assets at fair value through other comprehensive income (Note 8)     | <b>68,800</b>                  | 76,600            |
| Remeasurement gains (losses) on retirement plan - net of tax (Notes 19 and 20)                          | <b>3,128</b>                   | (298)             |
|                                                                                                         | <b>71,928</b>                  | 76,302            |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                                                       | <b>₱722,946</b>                | <b>₱1,171,820</b> |

*See accompanying Notes to Parent Company Financial Statements.*

# FILINVEST DEVELOPMENT CORPORATION

## PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

|                                            | Common<br>Stock<br>(Note 15) | Additional<br>Paid-in<br>Capital<br>(Note 15) | Treasury<br>Shares<br>(Note 15) | Retained<br>Earnings<br>(Note 15) | Revaluation<br>Reserve<br>on Financial Assets<br>at Fair Value<br>Through Other<br>Comprehensive<br>Income<br>(Note 8) | Remeasurements<br>Losses on<br>Retirement Plans<br>- Net of Tax<br>(Notes 19 and 20) | Total              |
|--------------------------------------------|------------------------------|-----------------------------------------------|---------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------|
| For the Year Ended December 31, 2024       |                              |                                               |                                 |                                   |                                                                                                                        |                                                                                      |                    |
| Balances as of January 1, 2024             | ₱9,319,872                   | ₱11,900,015                                   | (₱3,614,474)                    | ₱15,788,127                       | ₱286,376                                                                                                               | (₱20,312)                                                                            | ₱33,659,604        |
| Net income                                 | —                            | —                                             | —                               | 651,018                           | —                                                                                                                      | —                                                                                    | 651,018            |
| Other comprehensive income (Note 8)        | —                            | —                                             | —                               | —                                 | 68,800                                                                                                                 | 3,128                                                                                | 71,928             |
| Total comprehensive income                 | —                            | —                                             | —                               | 651,018                           | 68,800                                                                                                                 | 3,128                                                                                | 722,946            |
| Dividends declared (Note 15)               | —                            | —                                             | —                               | (894,770)                         | —                                                                                                                      | —                                                                                    | (894,770)          |
| <b>Balances as of December 31, 2024</b>    | <b>₱9,319,872</b>            | <b>₱11,900,015</b>                            | <b>(₱3,614,474)</b>             | <b>₱15,544,375</b>                | <b>₱355,176</b>                                                                                                        | <b>(₱17,184)</b>                                                                     | <b>₱33,487,780</b> |
| For the Year Ended December 31, 2023       |                              |                                               |                                 |                                   |                                                                                                                        |                                                                                      |                    |
| Balances as of January 1, 2023             | ₱9,319,872                   | ₱11,900,015                                   | (₱3,614,474)                    | ₱15,257,700                       | ₱209,776                                                                                                               | (₱20,014)                                                                            | ₱33,052,875        |
| Net income                                 | —                            | —                                             | —                               | 1,095,518                         | —                                                                                                                      | —                                                                                    | 1,095,518          |
| Other comprehensive income (loss) (Note 8) | —                            | —                                             | —                               | —                                 | 76,600                                                                                                                 | (298)                                                                                | 76,302             |
| Total comprehensive income (loss)          | —                            | —                                             | —                               | 1,095,518                         | 76,600                                                                                                                 | (298)                                                                                | 1,171,820          |
| Dividends declared (Note 15)               | —                            | —                                             | —                               | (565,091)                         | —                                                                                                                      | —                                                                                    | (565,091)          |
| <b>Balances as of December 31, 2023</b>    | <b>₱9,319,872</b>            | <b>₱11,900,015</b>                            | <b>(₱3,614,474)</b>             | <b>₱15,788,127</b>                | <b>₱286,376</b>                                                                                                        | <b>(₱20,312)</b>                                                                     | <b>₱33,659,604</b> |

See accompanying Notes to Parent Company Financial Statements.



**FILINVEST DEVELOPMENT CORPORATION**  
**PARENT COMPANY STATEMENTS OF CASH FLOWS**  
(Amounts in Thousands of Pesos)

|                                                                                        | <b>Years Ended December 31</b> |                    |
|----------------------------------------------------------------------------------------|--------------------------------|--------------------|
|                                                                                        | <b>2024</b>                    | <b>2023</b>        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                            |                                |                    |
| Income before income tax                                                               | <b>₱661,831</b>                | <b>₱1,086,942</b>  |
| Adjustments for:                                                                       |                                |                    |
| Provision for (reversal of) impairment losses<br>(Notes 9, 10, 16, 17 and 23)          | <b>1,840,111</b>               | <b>(138,068)</b>   |
| Interest and other finance charges (Notes 14, 16 and 24)                               | <b>1,699,700</b>               | <b>1,569,306</b>   |
| Depreciation and amortization (Notes 10, 11, 17 and 24)                                | <b>23,885</b>                  | <b>36,803</b>      |
| Retirement expense (Notes 17 and 19)                                                   | <b>19,625</b>                  | <b>29,617</b>      |
| Net foreign currency exchange gains                                                    | <b>(36,746)</b>                | <b>(2,261)</b>     |
| Interest income (Notes 4 and 16)                                                       | <b>(219,507)</b>               | <b>(161,475)</b>   |
| Dividend income (Notes 9, 16 and 18)                                                   | <b>(4,113,932)</b>             | <b>(2,769,664)</b> |
| Operating loss before changes in operating assets and liabilities                      | <b>(125,033)</b>               | <b>(348,800)</b>   |
| Decrease (increase) in:                                                                |                                |                    |
| Receivables                                                                            | <b>(29,834)</b>                | <b>(22,188)</b>    |
| Real estate inventories                                                                | <b>—</b>                       | <b>601</b>         |
| Other current assets                                                                   | <b>(2,403)</b>                 | <b>6,8293</b>      |
| Decrease in accounts payable and other liabilities and other<br>noncurrent liabilities | <b>(261,369)</b>               | <b>(848,543)</b>   |
| Cash used in operations                                                                | <b>(418,639)</b>               | <b>(1,212,637)</b> |
| Income tax paid (including creditable withholding taxes)                               | <b>(7,862)</b>                 | <b>(1,251)</b>     |
| Net cash used in operating activities                                                  | <b>(426,501)</b>               | <b>(1,213,888)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                            |                                |                    |
| Receipts of:                                                                           |                                |                    |
| Dividends (Notes 9, 16 and 18)                                                         | <b>4,113,932</b>               | <b>2,769,664</b>   |
| Interest income (Notes 4, 5 and 16)                                                    | <b>208,402</b>                 | <b>161,475</b>     |
| Additions to:                                                                          |                                |                    |
| Investments in subsidiaries (Note 9)                                                   | <b>(1,009,718)</b>             | <b>(1,480,359)</b> |
| Investment properties and property and equipment<br>(Notes 10 and 11)                  | <b>(74,043)</b>                | <b>(11,013)</b>    |
| Decrease (increase) in:                                                                |                                |                    |
| Due from related parties (Note 16)                                                     | <b>472,817</b>                 | <b>1,131,908</b>   |
| Other noncurrent assets (Note 12)                                                      | <b>(22,077)</b>                | <b>59,398</b>      |
| Contribution to retirement plan asset (Note 19)                                        | <b>—</b>                       | <b>(232,345)</b>   |
| Net cash provided by investing activities                                              | <b>3,689,313</b>               | <b>2,398,728</b>   |

(Forward)



|                                                                                  | <b>Years Ended December 31</b> |                    |
|----------------------------------------------------------------------------------|--------------------------------|--------------------|
|                                                                                  | <b>2024</b>                    | <b>2023</b>        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                      |                                |                    |
| Proceeds from availments of long-term debt, net of debt issue costs<br>(Note 14) | <b>₱18,673,394</b>             | <b>₱—</b>          |
| Payments of:                                                                     |                                |                    |
| Long-term debt (Note 14)                                                         | <b>(18,316,659)</b>            | <b>—</b>           |
| Interest and other financing charges                                             | <b>(1,664,318)</b>             | <b>(1,575,528)</b> |
| Dividends (Note 15)                                                              | <b>(886,075)</b>               | <b>(565,091)</b>   |
| Lease liabilities (Note 24)                                                      | <b>(8,106)</b>                 | <b>(7,151)</b>     |
| Increase in due to related parties (Note 16)                                     | <b>167</b>                     | <b>561</b>         |
| Net cash used in financing activities                                            | <b>(2,201,597)</b>             | <b>(2,147,209)</b> |
| <b>EFFECT OF FOREIGN CURRENCY RATE CHANGES<br/>IN CASH AND CASH EQUIVALENTS</b>  |                                |                    |
|                                                                                  | <b>36,746</b>                  | <b>2,261</b>       |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH<br/>EQUIVALENTS</b>                  | <b>1,097,961</b>               | <b>(960,108)</b>   |
| <b>CASH AND CASH EQUIVALENTS<br/>AT BEGINNING OF YEAR</b>                        | <b>4,357,118</b>               | <b>5,317,226</b>   |
| <b>CASH AND CASH EQUIVALENTS<br/>AT END OF YEAR (Note 4)</b>                     | <b>₱5,455,079</b>              | <b>₱4,357,118</b>  |

*See accompanying Notes to Parent Company Financial Statements.*



# **FILINVEST DEVELOPMENT CORPORATION**

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## **NOTES TO PARENT COMPANY FINANCIAL STATEMENTS**

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### **1. Corporate Information and Approval for Issuance of Parent Company Financial Statements**

#### Corporate Information

Filinvest Development Corporation (FDC or the Parent Company) is a stock corporation incorporated on April 27, 1973, under the laws of the Philippines where its shares are publicly traded. The Parent Company is the holding company of the Filinvest Group, which is engaged in real estate operations as a developer of residential subdivisions and mixed-use urban projects, including condominium and commercial buildings, industrial parks, and farm estates. The Filinvest Group is also involved in leasing operations, hospitality operations, banking and financial services, power and utility operations and sugar farming and milling business.

A.L. Gotianun, Inc. (ALGI) is FDC's ultimate parent company and was incorporated in the Philippines.

The Parent Company's registered business address is at The Beaufort, 5th Avenue Corner 23rd Street, Bonifacio Global City, Taguig City 1634, Metro Manila.

#### Approval for Issuance of Parent Company Financial Statements

The accompanying parent company financial statements as of December 31, 2024 and 2023 were approved and authorized for issuance by the Parent Company's Board of Directors (BOD) on March 19, 2025.

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### **2. Summary of Material Accounting Policy Information**

#### Basis of Preparation

The parent company financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) which have been measured at fair value. The parent company financial statements are presented in Philippine Peso (₱), which is the Parent Company's functional currency. All amounts are rounded to the nearest thousand unless otherwise indicated.

#### Statement of Compliance

The parent company financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The Parent Company also prepares and issues consolidated financial statements for the same period as the parent company financial statements, presented in compliance with PFRS Accounting Standards, which are available at the Parent Company's registered office address.



### Changes in Accounting Policies

The accounting policies adopted in the preparation of the parent company financial statements are consistent with those of the previous financial years, except for the adoption of new standards effective in 2024. The Parent Company 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 parent company financial statements.

- Amendments to Philippine Accounting Standards (PAS) 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- 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.

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

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

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

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

- Adoption of the provisions of Philippine Interpretation Committee (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 Securities and Exchange Commission (SEC) issued SEC Memorandum Circular (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.

Starting January 1, 2024, the Parent Company adopted the remaining provisions of PIC Q&A 2018-12, specifically on: (i) significant financing component, (ii) exclusion of land in the determination of percentage-of-completion (POC), and (iii) implementing the IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*). The Parent Company opted to adopt the changes using the modified retrospective approach effective January 1, 2024 and the impact was recorded in the opening retained earnings. The comparative information is not restated.



The adoption of the deferred standards did not result to any adjustments to the Parent Company's beginning retained earnings and thus, has no effect on the parent company statement of financial position as at January 1, 2024.

#### Standards Issued but Not Yet Effective

Pronouncements issued but not yet effective are listed below. The Parent Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the parent company financial statements unless otherwise indicated.

#### *Effective beginning on or after January 1, 2025*

- Amendments to PAS 21, *Lack of exchangeability*

#### *Effective beginning on or after January 1, 2026*

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
- Amendments to PFRS 7, *Gain or Loss on Derecognition*
- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- Amendments to PAS 7, *Cost Method*

#### *Effective beginning on or after January 1, 2027*

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*
- PFRS 17, *Insurance Contracts*

#### *Deferred effectivity*

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

#### Summary of Material Accounting Policies

The following accounting policies were applied in preparation of the parent company financial statements:

#### Current and Noncurrent Classification

The Parent Company presents assets and liabilities in the statement of financial position based on current and noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least 12 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 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

#### 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 Parent Company.

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

The Parent Company 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 parent company 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 parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.





## Financial Instruments - Initial Recognition and Subsequent Measurement

### *Financial assets*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### *Financial assets - initial recognition and measurement*

Financial assets are classified, at initial recognition, as either at amortized cost, at FVOCI, or at fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. In order for a financial asset to be classified and measured at amortized cost or at 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 Parent Company'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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date, i.e., the date that an asset is delivered to or by the Parent Company. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Parent Company, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Parent Company. Securities transactions and related commission income and expense are recorded also on a settlement date basis.

As of December 31, 2024 and 2023, the Parent Company's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

### *Financial assets - subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four (4) 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 FVPL

### *Financial assets at amortized cost*

Financial assets are measured at amortized cost if both of the following conditions are met:

- the financial asset is held within the Parent Company's business model whose objective is 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 SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method less any allowance for credit losses, with the calculated interest recognized as interest income in the parent company statement of income.



The Parent Company classified cash and cash equivalents, contracts and other receivables (excluding advances to officers and employees), due from related parties and refundable deposits under other noncurrent assets as financial assets at amortized cost.

The Parent Company may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. For the years ended December 31, 2024 and 2023, the Parent Company has not made such designation.

*Financial assets designated at FVOCI (equity instruments)*

At initial recognition, the Parent Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the parent company statement of income when the right of payment has been established, except when the Parent Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Parent Company's equity instruments at FVOCI include investments in quoted and unquoted equity securities.

*Financial assets at FVPL*

Debt instruments that do not meet the amortized cost or FVOCI criteria, or that meet the criteria, but the Group has chosen to designate as at FVPL at initial recognition, are measured at FVPL. Equity investments are classified as at FVPL, unless the Group designates an investment that is not held for trading as at FVOCI at initial recognition.

As of December 31, 2024 and 2023, the Parent Company has no financial assets at FVPL.

*Financial liabilities - initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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.

*Financial liabilities - subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two (2) categories:

- Financial liabilities at amortized cost (loans and borrowings)
- Financial liabilities at FVPL

*Financial liabilities at amortized cost*

Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost where the substance of the contractual arrangement results in the Parent Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.



Amortized cost is calculated by taking into account any discount or premium on the issuance and fees that are an integral part of the EIR. The EIR amortization is included as finance costs in the parent company statement of income.

As of December 31, 2024 and 2023, loans and borrowings consist primarily of accounts payable and other liabilities (excluding payables to government), long-term debt, due to related parties and lease liabilities.

#### *Financial liabilities at FVPL*

Financial liabilities are classified as at FVPL when the financial liability is either held for trading or is designated as at FVPL.

As of December 31, 2024 and 2023, the Parent Company has no financial liabilities at FVPL.

#### Impairment of Financial Assets

The Parent Company recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Parent Company applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix for other receivables and a vintage analysis for contracts receivable that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Derecognition of Financial Assets and Financial Liabilities

##### *Financial assets*

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

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



Where the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. 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 Parent Company could be required to repay.

#### *Financial liabilities*

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

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the parent company 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 Parent Company 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 in event of insolvency or bankruptcy of the Parent Company and all of its counterparties.

#### Real Estate Inventories

Property acquired or being 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 and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition;
- Amounts paid to contractors for development and construction; and
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in the parent company statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

#### Investments in shares of stock

Investments in shares of stock include investments in subsidiaries, joint ventures and associates.

#### *Investments in subsidiaries*

Investments in subsidiaries are accounted for under the cost method less accumulated allowance for impairment losses, if any. A subsidiary is an entity in which the Parent Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or exercises control over the operations and management of the investee. Control exists when an entity is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee.



The Parent Company's investments in subsidiaries and the related effective percentages of ownership are as follows:

|                                                                | Nature of Business           | Percentage of Ownership |      |
|----------------------------------------------------------------|------------------------------|-------------------------|------|
|                                                                |                              | 2024                    | 2023 |
| East West Banking Corporation (EWBC) <sup>(1)</sup>            | Domestic universal bank      | 78                      | 78   |
| Filinvest Land Inc. (FLI)                                      | Real estate developer        | 71                      | 65   |
| Filinvest Mimosa, Inc. (FMI) <sup>(2)</sup>                    | Property management          | 78                      | 78   |
| Dreambuilders Pro, Inc. (DPI) <sup>(3)</sup>                   | Real estate developer        | 84                      | 84   |
| Filinvest Alabang Inc. (FAI) <sup>(4)</sup>                    | Real estate developer        | 94                      | 93   |
| Pro-excel Property Managers, Inc. (PPMI) <sup>(5)</sup>        | Real estate developer        | 84                      | 84   |
| FDC Utilities, Inc. (FUI)                                      | Holding company              | 100                     | 100  |
| FDC Misamis Power Corporation (FMPC) <sup>(6)</sup>            | Power and utilities          | 100                     | 100  |
| FDC Water Utilities, Inc. (FWUI) <sup>(7)</sup>                | Water supply                 | 100                     | 100  |
| Countrywide Water Services, Inc. (CWSI)                        | Water supply                 | 100                     | 100  |
| Pacific Sugar Holdings Corporation (PSHC)                      | Agriculture                  | 100                     | 100  |
| Mactan Seascapes Services, Inc. (MSSI)                         | Hotel                        | 100                     | 100  |
| Filinvest Hospitality Corporation (FHC)                        | Hotel management             | 100                     | 100  |
| Chroma Hospitality, Inc. (CHI) <sup>(8)</sup>                  | Hotel management             | 100                     | 100  |
| FDC Ventures, Inc. (FVI)                                       | Holding company              | 100                     | 100  |
| Filinvest International Pte. Ltd. (FIPL)                       | Holding company              | 100                     | 100  |
| Filinvest Development Cayman Islands (FDCI)                    | Holding company              | 100                     | 100  |
| f(dev) Digital Innovations and Ventures, Inc. (FDIVI)          | Holding company              | 100                     | 100  |
| Filinvest Business Services Corporation (FBSC)                 | Business process outsourcing | 87                      | 87   |
| (formerly Corporate Technologies, Inc. (CTI)) <sup>(9)</sup>   |                              |                         |      |
| SharePro, Inc. (SPI) <sup>(10)</sup>                           | Business process consultancy | 86                      | 83   |
| Filinvest Infra-Solutions Ventures Inc. (FIVI) <sup>(11)</sup> | Infrastructure               | 100                     | —    |

Notes:

1. The percentage ownership in EWBC includes indirect ownership through FVI of 37.9%.
2. The percentage ownership in FMI includes indirect ownership through FLI of 47.5%.
3. The percentage ownership in DPI includes indirect ownership through FLI of 45.0%.
4. The percentage ownership in FAI includes indirect ownership through FLI of 20.0%.
5. The percentage ownership in PPMI includes 47.5% share of FLI and 47.5% share of FAI.
6. The percentage ownership in FMPC includes indirect ownership through FDCUI of 85.7%.
7. The percentage ownership in FWUI includes indirect ownership through FUI.
8. CHI is 100% owned by the Parent Company (see Note 9), previously held as investment in associate in 2023.
9. The percentage ownership in CTI includes indirect ownership through FLI and FAI of 30.0% each.
10. The percentage ownership in SPI included indirect relationship through FLI and FAI of 45.0% and 20.0% respectively.
11. On January 13, 2024, FIVI was incorporated to invest and develop entities engaged in the infrastructure related projects. As of December 31, 2024, FIVI has not started commercial operations.

### Investments in joint ventures

A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control.

The Parent Company's investments in joint ventures are accounted for using the cost method less accumulated allowance for impairment losses, if any. The Parent Company did not account for the investment in joint venture using the equity method because it availed of the exemption from using the equity method as allowed under the PAS 28, *Investments in Associates and Joint Venture*.



The Parent Company's investments in joint ventures and the related percentages of ownership are as follows:

|                                                                       | Percentage of Ownership |      |
|-----------------------------------------------------------------------|-------------------------|------|
|                                                                       | 2024                    | 2023 |
| Filinvest-Hitachi Omni Waterworks, Inc. (FHOWI)                       | <b>60.0</b>             | 60.0 |
| Professional Operations and Maintenance Experts Incorporated (PROMEI) | <b>47.5</b>             | 47.5 |

#### *Investments in associates*

An associate is an entity over which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Parent Company's investment in an associate is accounted for using the cost method less accumulated allowance for impairment losses, if any. The Parent Company did not account for the investment in associate using the equity method because it availed of the exemption from using the equity method as allowed under the PAS 28.

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

The Parent Company's investments in associates and the related percentages of ownership are as follows:

|                                                                | Percentage of Ownership |      |
|----------------------------------------------------------------|-------------------------|------|
|                                                                | 2024                    | 2023 |
| Luzon International Premiere Airport Development Corp. (LIPAD) | <b>42.5</b>             | 42.5 |
| ProActive Professionals Corp. (PPC)                            | <b>20.0</b>             | 20.0 |

#### Investment Properties

Investment properties are held to earn rentals or for capital appreciation or both. Investment properties, except for land are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost, less impairment in value, if any. Initial cost of investment properties consists of its purchase price, including taxes and any directly attributable costs of bringing the investment properties to its intended location and working condition.

Investment properties consist of land, buildings and building improvements, furniture, fixtures and other equipment which are part of the building held to earn rentals.

Expenditures incurred after the investment properties have been put in operations, such as repairs and maintenance costs, are normally charged against income in the period in which costs are incurred.



Depreciation is calculated on the straight-line basis over the estimated useful lives (EUL) of the assets as follows:

|                                         | Years |
|-----------------------------------------|-------|
| Buildings and building improvements     | 40    |
| Furniture, fixtures and other equipment | 10    |

The EUL and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit is expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the parent company 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 there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

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.

#### Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. All other repair and maintenance costs are recognized in the parent company statement of income as incurred.

Depreciation is calculated on the straight-line basis over the EUL of the assets as follows:

|                                          | Years |
|------------------------------------------|-------|
| Furniture, fixtures and office equipment | 5     |
| Transportation equipment                 | 5     |

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is included in the parent company statement of income in the year the asset is derecognized.

#### Impairment of Nonfinancial Assets

The carrying values of investments in shares of stock, investment properties, property and equipment and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are



written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost to sell and value-in-use (VIU).

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. Impairment losses are recognized in the parent company statement of income.

An assessment is made at each 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 exist, the Parent Company estimates the asset's or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The carrying amount of the asset is increased to its recoverable amount but the amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of income. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

#### Deferred Income

Deferred income pertains to deferred charges to subsidiaries pertaining to capitalized borrowing costs. The interest is being amortized over the life of the related property (i.e., 10 years).

#### Equity

##### *Capital stock and Additional paid-in capital (APIC)*

Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. When the shares are issued at a premium, the difference between the proceeds and the par value is credited to APIC account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. Direct cost incurred related to the equity issuance, are charged to APIC account. In the absence of APIC, the direct costs are charged against retained earnings.

##### *Retained earnings*

Retained earnings represent the accumulated earnings of the Parent Company, and any other adjustments as required by other standards, less dividends declared.

##### *Treasury shares*

Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is charged to APIC to the extent of the specific or average APIC when the shares were issued and to retained earnings for the remaining balance.

#### Revenue Recognition

##### *Revenue from contracts with customers*

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 Parent Company





expects to be entitled to in exchange for those goods or services. The Parent Company has generally concluded that it is the principal in its revenue arrangements (except when otherwise stated) because it typically controls the goods or services before transferring them to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

*Revenue from sale of condominium units*

The Parent Company derives its real estate revenue from sale of condominium units. Revenue from sales of fully completed real estate projects where collectability of sales price is reasonably assured is accounted for using the full accrual method.

*Dividend income*

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

*Rental income*

Rent income arising from investment properties is recognized in the parent company statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of tenants, pursuant to the terms of the lease contracts. Leases under contingent rents are recognized as income in the period in which they are earned.

*Management and service fee*

Management and service fee arising from income on administrative functions and other services is recognized when services are rendered.

*Interest income*

Interest income is recognized as the interest accrues taking into account the effective yield on the underlying assets.

Costs and Expenses Recognition

Costs and expenses are recognized in the parent company statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in the parent company statement of income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the parent company statement of financial position as an asset.

Retirement Benefit Costs

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, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.



Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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 government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan asset is an asset held by a long-term employee benefit fund or qualifying insurance policies. Plan asset is not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan asset is based on market price information. When no market price is available, the fair value of plan asset 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).

The Parent Company'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 when and only when reimbursement is virtually certain.

#### Termination Benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

#### 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 within 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.



### Leases

The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *The Parent Company as a Lessor*

Leases where the Parent Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

#### *The Parent Company as a Lessee*

The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company recognizes lease liabilities to make lease payments and right-of-use (ROU) assets representing the right to use the underlying assets.

##### (i) ROU assets

The Parent Company recognizes ROU assets 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, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The useful life for the building recognized as ROU asset is 10 years.

ROU assets are subject to impairment. Refer to the accounting policies on impairment of nonfinancial assets.

##### (ii) Lease liabilities

At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses the incremental borrowing rate at the lease commencement date if 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 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, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.



(iii) Short-term leases

The Parent Company 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). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Income Taxes

*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 reporting date.

*Deferred tax*

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in OCI is recognized in parent company statement of comprehensive income and not in the parent company statement of income.

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

Provisions

A provision is recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. 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 assessment 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. When the Parent Company expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.



#### Contingencies

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

#### Events After the Reporting Date

Post year-end events that provide additional information about the Parent Company's position at the reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed when material in the parent company financial statements.

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### 3. **Material Accounting Judgments and Estimates**

The preparation of parent company financial statements in compliance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the parent company financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any change in estimates are reflected in the parent company financial statements as they become reasonably determinable.

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

#### Judgments

In the process of applying the Parent Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the parent company financial statements:

*a. Contingencies and provisions*

The Parent Company is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Parent Company currently does not believe these proceedings will have material effect on the parent company financial position and results of operations.

*b. Determining taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates*

The Parent Company has assessed whether it has any uncertain tax position. The Parent Company applies significant judgment in identifying uncertainties over its income tax treatments. The Parent Company determined, based on its tax compliance review, in consultation with its tax counsel, that it is probable that its uncertain income tax treatments will be accepted by the taxation authorities.

*c. Determination of joint control over investments in joint ventures*

Control is presumed to exist when an investor 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. On the other hand, joint control is presumed to exist when the investors contractually agree on the sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Based



on the provisions of the joint venture arrangements, the parties to the joint venture arrangements have to agree in order for any resolution to be passed relating to the joint venture entity's relevant activities. This joint arrangement is classified as a joint venture since the parties have rights to the net assets of the joint venture entity.

#### Management's Use of Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the 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:

*a. Evaluation of impairment of receivables and due from related parties*

The Parent Company uses the vintage analysis to calculate ECLs for contracts receivable and a provision matrix for other receivables and due from related parties. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The vintage analysis (the model) is initially based on the Parent Company's historical observed default rates. The Parent Company will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (e.g., gross domestic product and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

On the other hand, the provision matrix is initially based on the Parent Company's historical observed default rates. The Parent Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information such as gross domestic product and consumer confidence. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

As of December 31, 2024 and 2023, the carrying values of receivables amounted to ₱86.4 million and ₱45.4 million, respectively, and due from related parties amounted to ₱425.0 million and ₱908.7 million, respectively (see Notes 5 and 16).

*b. Estimating NRV of real estate inventories*

The Parent Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling price of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have significantly increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2024 and 2023, real estate inventories amounted to ₱92.8 million (see Note 6).



*d. Evaluation of impairment of nonfinancial assets*

The Parent Company reviews investments shares of stock, investment properties, property and equipment and other noncurrent assets for impairment of value. This includes considering certain indications of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

If such indications are present, and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to recoverable amount. The recoverable amount is calculated as the higher of the asset's fair value less cost to sell, or its VIU.

The fair value less cost to sell is the amount to be received from the sale of an asset in an arm's length transaction, while VIU is the present value of estimated future cash flows expected to arise from the nonfinancial assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

In 2024 and 2023, the Parent Company recognized provision for probable losses and, as of December 31, 2024 and 2023, the carrying values of the Parent Company's nonfinancial assets are included in Notes 7, 9, 10, 11 and 12 to the parent company financial statements.

*c. Recognition of deferred taxes*

The Parent Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets 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 assets to be utilized. However, there is no assurance that the Parent Company will generate sufficient taxable profit to allow all or part of its deferred income tax assets to be utilized.

As of December 31, 2024 and 2023, the Parent Company's deferred tax assets, before offset against deferred tax liabilities, amounted to ₱74.4 million (see Note 20).

As of December 31, 2024 and 2023, the Parent Company has NOLCO, MCIT and provision for probable losses for which no deferred tax assets were recognized (see Note 21).

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#### 4. Cash and Cash Equivalents

This account consists of:

|                  | 2024                  | 2023              |
|------------------|-----------------------|-------------------|
|                  | <i>(In Thousands)</i> |                   |
| Cash on hand     | ₱59                   | ₱72               |
| Cash in banks    | 2,177,976             | 174,264           |
| Cash equivalents | 3,277,044             | 4,182,782         |
|                  | <b>₱5,455,079</b>     | <b>₱4,357,118</b> |

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement, subject to an insignificant risk of change in value and earn annual interest at the respective short-term investment rates ranging from 4.0% to 6.5% and 2.5% to 5.0% in 2024 and 2023, respectively.



Interest income earned from cash and cash equivalents amounted ₱206.4 million and ₱129.2 million in 2024 and 2023, respectively.

## 5. Receivables

This account consists of:

|                                             | 2024                  | 2023    |
|---------------------------------------------|-----------------------|---------|
|                                             | <i>(In Thousands)</i> |         |
| Rent receivables (Notes 16 and 24)          | <b>₱60,666</b>        | ₱32,502 |
| Interest receivable                         | <b>11,105</b>         | —       |
| Advances to officers and employees          | <b>7,542</b>          | 1,784   |
| Contracts receivable                        | <b>4,333</b>          | 4,333   |
| Others                                      | <b>2,737</b>          | 6,825   |
|                                             | <b>86,383</b>         | 45,444  |
| Less noncurrent portion of rent receivables | <b>27,265</b>         | —       |
|                                             | <b>₱59,118</b>        | ₱45,444 |

Rent receivables pertain to the rental collectible from lessees which are normally collectible within one (1) month. This also includes the effect of straight-line calculation of rental income. The noncurrent portion of rent receivables are expected to be realized beyond one (1) year from the reporting date.

Interest receivables pertain to earned interest income from cash equivalents and interest-bearing due from related parties which remain uncollected as of reporting date.

Contracts receivable is collectible within one year. These receivables arising from real estate sales are collateralized by the corresponding real estate properties sold.

Advances to officers and employees pertain to advances for expenses and disbursements necessary in carrying out their functions in the ordinary course of business such as for selling and marketing activities. These are liquidated or charged against officers' and employees' monthly salaries.

Others include receivables from brokers and various advances.

## 6. Real Estate Inventories

Real estate inventories pertain to costs incurred in the development of the Parent Company's Beaufort Project located in Bonifacio Global City in which the Parent Company has been granted License to Sell by Housing Land Use Regulatory Board of the Philippines. The Parent Company has completed the development of Beaufort Project in 2015.

A summary of the movement in real estate inventories is set out below:

|                              | 2024                  | 2023    |
|------------------------------|-----------------------|---------|
|                              | <i>(In Thousands)</i> |         |
| Balance at beginning of year | <b>₱92,761</b>        | ₱93,362 |
| Project cost adjustment      | —                     | (601)   |
| Balance at end of year       | <b>₱92,761</b>        | ₱92,761 |





The real estate inventories are carried at cost. There are no inventories whose NRV are below its cost as of December 31, 2024 and 2023.

## 7. Other Current Assets

This account consists of:

|                                   | 2024                  | 2023     |
|-----------------------------------|-----------------------|----------|
|                                   | <i>(In Thousands)</i> |          |
| Creditable withholding taxes      | <b>₱514,514</b>       | ₱509,459 |
| Prepaid expenses                  | <b>1,809</b>          | 232      |
| Others                            | <b>826</b>            | —        |
|                                   | <b>517,149</b>        | 509,691  |
| Less noncurrent portion (Note 12) | <b>514,514</b>        | 509,459  |
|                                   | <b>₱2,635</b>         | ₱232     |

Creditable withholding taxes are taxes withheld by the withholding agents from payments to the Parent Company which are creditable against the income tax payable.

## 8. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

|                                | 2024                  | 2023     |
|--------------------------------|-----------------------|----------|
|                                | <i>(In Thousands)</i> |          |
| Quoted:                        |                       |          |
| Investments in club shares     | <b>₱369,800</b>       | ₱301,000 |
| Investments in shares of stock | <b>368</b>            | 368      |
|                                | <b>370,168</b>        | 301,368  |
| Unquoted:                      |                       |          |
| Investment in shares of stock  | <b>20,148</b>         | 20,148   |
|                                | <b>₱390,316</b>       | ₱321,516 |

The rollforward of revaluation reserve on financial assets at FVOCI is as follows:

|                                                    | 2024                  | 2023     |
|----------------------------------------------------|-----------------------|----------|
|                                                    | <i>(In Thousands)</i> |          |
| Balance at beginning of year                       | <b>₱286,376</b>       | ₱209,776 |
| Changes in fair value of financial assets at FVOCI | <b>68,800</b>         | 76,600   |
| Balance at end of year                             | <b>₱355,176</b>       | ₱286,376 |

The roll-forward of financial assets at FVOCI as of December 31 are as follow:

|                                                    | 2024                  | 2023     |
|----------------------------------------------------|-----------------------|----------|
|                                                    | <i>(In Thousands)</i> |          |
| Balance at beginning of year                       | <b>₱321,516</b>       | ₱244,916 |
| Changes in fair value of financial assets at FVOCI | <b>68,800</b>         | 76,600   |
| Balance at end of year                             | <b>₱390,316</b>       | ₱321,516 |



## 9. Investments in Shares of Stock

This account consists of:

|                                      | 2024                  | 2023               |
|--------------------------------------|-----------------------|--------------------|
|                                      | <i>(In Thousands)</i> |                    |
| <i>Investments in subsidiaries</i>   |                       |                    |
| FLI                                  | ₱15,811,606           | ₱15,647,174        |
| EWBC                                 | 7,715,582             | 7,715,582          |
| PSHC                                 | 7,254,000             | 7,254,000          |
| FVI                                  | 6,707,868             | 6,707,868          |
| FMPC                                 | 5,250,000             | 5,250,000          |
| FHC                                  | 5,233,352             | 4,859,630          |
| FDCI                                 | 3,383,689             | 4,445,672          |
| FAI                                  | 3,200,000             | 3,200,000          |
| FUI                                  | 2,246,301             | 2,246,301          |
| MSSI                                 | 629,875               | 495,000            |
| CWSI                                 | 211,944               | 177,944            |
| FBSC                                 | 185,200               | 67,900             |
| DPI                                  | 110,000               | 110,000            |
| FWUI                                 | 80,000                | 80,000             |
| CHI                                  | 53,570                | 53,570             |
| FMI                                  | 39,339                | 39,339             |
| SPI                                  | 8,750                 | 8,750              |
| FIVI                                 | 5,887                 | —                  |
| PPMI                                 | 3,767                 | 3,767              |
| FIPL                                 | 4                     | 4                  |
| FDIVI                                | —                     | 452,901            |
|                                      | <b>58,130,734</b>     | <b>58,815,402</b>  |
| <i>Investments in joint ventures</i> |                       |                    |
| FHOWI                                | 20,625                | 20,625             |
| PROMEI                               | 12,038                | 12,038             |
|                                      | <b>32,663</b>         | <b>32,663</b>      |
| <i>Investments in associates</i>     |                       |                    |
| LIPAD                                | 595,000               | 595,000            |
| PPC                                  | 10,000                | 10,000             |
|                                      | <b>605,000</b>        | <b>605,000</b>     |
|                                      | <b>₱58,768,397</b>    | <b>₱59,453,065</b> |

The roll-forward analysis of this account follows:

|                                           | 2024                  | 2023               |
|-------------------------------------------|-----------------------|--------------------|
|                                           | <i>(In Thousands)</i> |                    |
| <b>Cost</b>                               |                       |                    |
| Balance at beginning of year              | ₱59,453,065           | ₱57,962,706        |
| Additions                                 | 1,009,718             | 1,494,475          |
| Redemption                                | —                     | (2,314)            |
| Reclassification due to step-acquisition  | —                     | (1,802)            |
| Balance at end of year                    | <b>60,462,783</b>     | <b>59,453,065</b>  |
| <b>Accumulated impairment losses</b>      |                       |                    |
| Balance at beginning of year              | —                     | —                  |
| Provision for impairment losses (Note 18) | 1,694,386             | —                  |
| Balance at end of year                    | <b>1,694,386</b>      | <b>—</b>           |
|                                           | <b>₱58,768,397</b>    | <b>₱59,453,065</b> |



#### Additions to Investments

##### *FLI*

In 2024, the Parent Company subscribed to additional 245.2 million common shares of FLI for a subscription price of ₱164.4 million and fully paid the subscribed shares.

##### *FHC*

In 2024, the Parent Company subscribed to additional 5.2 million preferred shares of FHC for a subscription price of ₱373.7 million. In 2023, the Parent Company subscribed to additional 4.8 million preferred shares of FHC for a subscription price amounting to ₱902.3 million. The Parent Company had fully paid the subscribed shares in 2024 and 2023.

##### *FDCI*

In 2024, the Parent Company subscribed to additional 3.0 million of FDCI for a subscription price of ₱164.8 million (US\$3.0 million). In 2023, the Parent Company subscribed to additional 6.0 million shares of FDCI for a subscription price of ₱334.7 million (US\$6.0 million). The Parent Company had fully paid the subscribed shares in 2024 and 2023.

##### *MSSI*

In 2024, the Parent Company subscribed to additional 1.3 preferred shares of MSSI for a subscription price of ₱134.9 million and fully paid the subscribed shares.

##### *CWSI*

In 2024 and 2023, the Parent Company made additional payments amounting to ₱34.0 million and ₱15.0 million, respectively, to the subscribed shares of CWSI in 2015.

##### *FBSC*

On November 29, 2024, the Philippine SEC approved the amendments to the Articles of Incorporation of Corporate Technologies, Inc. (CTI) to change its: (i) name to Filinvest Business Services Corporation; and (ii) primary purpose to sell its services to business entities.

In 2024, the Parent Company subscribed to additional 11.7 preferred shares of FBSC for a subscription price of ₱117.3 million.

##### *FIVI*

On January 13, 2024, FIVI was incorporated to invest and develop entities engaged in infrastructure related projects. In 2024, the Parent Company subscribed to 100.0% of FIVI's capital stock amounting to ₱5.9 million. FIVI has not started commercial operations as of December 31, 2024.

##### *FDIVI*

In 2024, the Parent Company made additional capital infusion to FDIVI amounting to ₱14.7 million. In 2023, the Parent Company subscribed to 49.4 million additional shares of FDIVI for a subscription price of ₱98.9 million. The Parent Company had fully paid the subscribed shares in 2024 and 2023.

##### *FWUI*

In 2023, the Parent Company subscribed to additional shares of FWUI for a subscription price of ₱80.0 million and fully paid the subscribed shares.

##### *CHI*

On October 2, 2023, Archipelago International Pte. Ltd., (AIPL) entered into a Deed of Assignment for its 40% ownership in CHI to FDC for a total consideration of ₱50.0 million. The resulting ownership interest of FDC in CHI after the transfer is 100.0%.



**PPC**

On August 9, 2023, ProActive Professionals Corp. (PPC) was incorporated in the Philippines to handle the business process outsourcing services of the Filinvest Group. The Parent Company subscribed to 40.0% of PPC's capital stock amounting to ₱10.0 million.

**Impairment of Investments**

In 2024, the Parent Company recognized provisions for impairment losses on its investments in FDCI and FDIVI amounting to ₱1,226.8 million and ₱467.6 million, respectively (see Note 17).

**Dividend Declarations**

For the years ended December 31, 2024 and 2023, the subsidiaries declared dividends amounting to ₱4,113.9 million and ₱2,769.7 million, respectively (see Note 18).

**10. Investment Properties**

The roll-forward analysis of this account follows:

| 2024                            |                   |                                           |                                                  |                   |
|---------------------------------|-------------------|-------------------------------------------|--------------------------------------------------|-------------------|
|                                 | Land              | Buildings and<br>Building<br>Improvements | Furniture,<br>Fixtures and<br>Other<br>Equipment | Total             |
| <i>(In Thousands)</i>           |                   |                                           |                                                  |                   |
| <b>Cost</b>                     |                   |                                           |                                                  |                   |
| Balances at beginning of year   | ₱1,344,204        | ₱1,256,960                                | ₱111,172                                         | ₱2,712,336        |
| Additions                       | 110,171           | —                                         | —                                                | 110,171           |
| Write-off (Note 17)             | —                 | (187,653)                                 | —                                                | (187,653)         |
| Balances at the end of year     | 1,454,375         | 1,069,307                                 | 111,172                                          | 2,634,854         |
| <b>Accumulated depreciation</b> |                   |                                           |                                                  |                   |
| Balances at beginning of year   | —                 | 412,754                                   | 111,172                                          | 523,926           |
| Depreciation                    | —                 | 17,078                                    | —                                                | 17,078            |
| Write-off (Note 17)             | —                 | (52,777)                                  | —                                                | (52,777)          |
| Balances at end of year         | —                 | 377,055                                   | 111,172                                          | 488,227           |
| <b>Net book values</b>          | <b>₱1,454,375</b> | <b>₱692,252</b>                           | <b>₱—</b>                                        | <b>₱2,146,627</b> |
| 2023                            |                   |                                           |                                                  |                   |
|                                 | Land              | Buildings and<br>Building<br>Improvements | Furniture,<br>Fixtures and<br>Other<br>Equipment | Total             |
| <i>(In Thousands)</i>           |                   |                                           |                                                  |                   |
| <b>Cost</b>                     |                   |                                           |                                                  |                   |
| Balances at beginning of year   | ₱1,336,191        | ₱1,256,960                                | ₱111,172                                         | ₱2,704,323        |
| Additions                       | 8,013             | —                                         | —                                                | 8,013             |
| Balances at the end of year     | 1,344,204         | 1,256,960                                 | 111,172                                          | 2,712,336         |
| <b>Accumulated depreciation</b> |                   |                                           |                                                  |                   |
| Balances at beginning of year   | —                 | 381,603                                   | 111,172                                          | 492,775           |
| Depreciation                    | —                 | 31,151                                    | —                                                | 31,151            |
| Balances at end of year         | —                 | 412,754                                   | 111,172                                          | 523,926           |
| <b>Net book values</b>          | <b>₱1,344,204</b> | <b>₱844,206</b>                           | <b>₱—</b>                                        | <b>₱2,188,410</b> |

Out of the total additions to land, ₱40.1 million remained unpaid as of December 31, 2024 and this was presented as part of "Accounts payable and other liabilities" line item in the parent company statement of financial position.



Rental income from investment properties amounted to ₱199.8 million and ₱55.7 million in 2024 and 2023, respectively. Depreciation charged as costs of rental services arising from investment properties amounted to ₱17.1 million and ₱31.2 million 2024 and 2023. Other costs of rental services amounted to ₱2.8 million and nil in 2024 and 2023, respectively.

Certain portions of the resort in Mactan, Cebu were physically damaged by Typhoon Odette when it made landfall in December 2021 resulting in halted operations beginning December 16, 2021. The resort has since reopened partially its specialty food and beverage outlet and guest rooms from February and April 2022, respectively, until July 2022 when its renovation and rehabilitation have commenced simultaneously. The property is covered by insurance. In 2024, the Parent Company has fully received the proceeds from the insurance companies totaling to ₱134.9 million and these were reported as “Miscellaneous income” in the parent company statement of income. The related partially damaged portion of the properties were written off and there were reported as “Casualty loss” under “General and administrative expenses” line item in the parent company statement of income.

The aggregate fair value of the Parent Company’s investment properties amounted to ₱2,245.9 million as of December 31, 2024. The fair values are based on third-party appraisals performed by a SEC-accredited independent appraiser and management appraisal which were updated using current and year-end values and assumptions.

The fair values of investment properties were determined using the market approach, under which the fair value are determined on the basis of recent sales of similar properties in the same area as the investment properties, taking into account the economic conditions prevailing at the time the valuations were made.

The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs.

The Parent Company’s investment properties are not pledged or used as collateral to secure any obligation as of December 31, 2024 and 2023.

## 11. Property and Equipment

The roll-forward analysis of this account follows:

|                                 | 2024                                           |                             |               |
|---------------------------------|------------------------------------------------|-----------------------------|---------------|
|                                 | Furniture,<br>Fixtures and<br>Office Equipment | Transportation<br>Equipment | Total         |
|                                 | <i>(In Thousands)</i>                          |                             |               |
| <b>Cost</b>                     |                                                |                             |               |
| Balances at beginning of year   | ₱34,589                                        | ₱13,955                     | ₱48,544       |
| Additions                       | 3,976                                          | –                           | 3,976         |
| Balances at end of year         | 38,565                                         | 13,955                      | 52,520        |
| <b>Accumulated depreciation</b> |                                                |                             |               |
| Balances at beginning of year   | 30,686                                         | 13,955                      | 44,641        |
| Depreciation (Note 17)          | 1,312                                          | –                           | 1,312         |
| Balances at end of year         | 31,998                                         | 13,955                      | 45,953        |
| <b>Net book values</b>          | <b>₱6,567</b>                                  | <b>₱–</b>                   | <b>₱6,567</b> |



|                                 | 2023                                           |                             |               |
|---------------------------------|------------------------------------------------|-----------------------------|---------------|
|                                 | Furniture,<br>Fixtures and<br>Office Equipment | Transportation<br>Equipment | Total         |
|                                 | <i>(In Thousands)</i>                          |                             |               |
| <b>Cost</b>                     |                                                |                             |               |
| Balances at beginning of year   | ₱31,589                                        | ₱13,955                     | ₱45,544       |
| Additions                       | 3,000                                          | —                           | 3,000         |
| Balances at end of year         | 34,589                                         | 13,955                      | 48,544        |
| <b>Accumulated depreciation</b> |                                                |                             |               |
| Balances at beginning of year   | 29,964                                         | 13,955                      | 43,919        |
| Depreciation (Note 17)          | 722                                            | —                           | 722           |
| Balances at end of year         | 30,686                                         | 13,955                      | 44,641        |
| <b>Net book values</b>          | <b>₱3,903</b>                                  | <b>₱—</b>                   | <b>₱3,903</b> |

The Parent Company's property and equipment are not pledged or used as collateral to secure any obligation as of December 31, 2024 and 2023.

## 12. Other Noncurrent Assets

This account consists of:

|                                       | 2024                  | 2023            |
|---------------------------------------|-----------------------|-----------------|
|                                       | <i>(In Thousands)</i> |                 |
| Creditable withholding taxes (Note 7) | <b>₱514,514</b>       | ₱509,459        |
| Refundable deposits                   | <b>8,689</b>          | 8,380           |
| Others                                | <b>16,730</b>         | 17              |
|                                       | <b>₱539,933</b>       | <b>₱517,856</b> |

Refundable deposits include deposits for leased office premises which will be refunded upon termination of the lease agreement.

## 13. Accounts Payable and Other Liabilities and Other Noncurrent Liabilities

### Accounts Payable and Other Liabilities

This account consists of:

|                             | 2024                  | 2023            |
|-----------------------------|-----------------------|-----------------|
|                             | <i>(In Thousands)</i> |                 |
| Accounts payable            | <b>₱63,202</b>        | ₱200,218        |
| Accrued interest (Note 16)  | <b>231,392</b>        | 233,669         |
| Accrued expenses (Note 16)  | <b>56,539</b>         | 26,723          |
| Customers' deposits         | <b>41,105</b>         | 240,733         |
| Dividends payable (Note 15) | <b>8,695</b>          | —               |
| Others (Note 16)            | <b>21,019</b>         | 31,947          |
|                             | <b>₱421,952</b>       | <b>₱733,290</b> |

Accounts payable includes liability to contractors. These are noninterest-bearing and are expected to be settled within a year.



Accrued interest expense pertains to interest on bonds and bank loans payable of the Parent Company (see Note 14).

Accrued expenses pertain to various operating expenses incurred by the Parent Company in the course of business such as employee benefits and utilities expense, among others.

Customers' deposits include contract liabilities representing payments received by the Parent Company from the customers for which revenue recognition has not yet commenced, security deposits required by lease agreements which can be recovered upon termination of the lease agreements through refund or application to unpaid rent and/or other charges, and utilities deposits.

Others include subscription payable, withholding taxes and other statutory contributions.

#### Other Noncurrent Liabilities

This account consists of:

|                         | 2024            | 2023            |
|-------------------------|-----------------|-----------------|
|                         | (In Thousands)  |                 |
| Retention fees payables | <b>₱45,699</b>  | ₱48,984         |
| Others (Note 23)        | <b>585,670</b>  | 472,444         |
|                         | <b>₱631,369</b> | <b>₱521,428</b> |

Retention fees payable pertains to the amount withheld from the progress billings of the contractors and is released generally one (1) year from completion of the construction agreement.

Others include provision for probable losses.

## 14. Long-term Debt

This account consists of:

|                       | 2024               | 2023               |
|-----------------------|--------------------|--------------------|
|                       | (In Thousands)     |                    |
| Bank loans            | <b>₱23,050,162</b> | ₱23,729,176        |
| Philippine peso bonds | <b>9,918,241</b>   | 8,799,207          |
|                       | <b>₱32,968,403</b> | <b>₱32,528,383</b> |

#### *Bank loans*

The Parent Company availed fixed-rate bank loans that bear interest ranging from 4.47% to 5.43% per annum with varying maturity dates up to 2028.

#### *Fixed-rate bonds*

On February 7, 2024, the Parent Company issued fixed-rate Philippine peso bonds with aggregate principal amount of ₱10.0 billion which is a 2.5-year bonds with interest of 6.32% per annum and due in 2026. Interest is payable quarterly in arrears starting on May 7, 2024.

On January 14, 2014, the Parent Company issued fixed-rate Philippine peso bonds with aggregate principal amount of ₱8.8 billion which is a 10-year bonds with interest of 6.15% per annum. This became due and was paid in 2024.



The roll-forward analysis of long-term debt is as follows:

|                              | 2024                  | 2023               |
|------------------------------|-----------------------|--------------------|
|                              | <i>(In Thousands)</i> |                    |
| <b>Principal</b>             |                       |                    |
| Balance at beginning of year | ₱32,599,792           | ₱32,599,792        |
| Availments                   | 18,800,500            | —                  |
| Payments                     | (18,316,659)          | —                  |
| Balance at end of year       | 33,083,633            | 32,599,792         |
| <b>Debt issue costs</b>      |                       |                    |
| Balance at beginning of year | 71,409                | 110,309            |
| Additions                    | 127,106               | —                  |
| Amortizations                | (83,285)              | (38,900)           |
| Balance at end of year       | 115,230               | 71,409             |
|                              | <b>₱32,968,403</b>    | <b>₱32,528,383</b> |

Below are the current and noncurrent portion of the long-term debt:

|            | 2024                  | 2023               |
|------------|-----------------------|--------------------|
|            | <i>(In Thousands)</i> |                    |
| Current    | ₱13,775,673           | ₱9,411,277         |
| Noncurrent | 19,192,730            | 23,117,106         |
|            | <b>₱32,968,403</b>    | <b>₱32,528,383</b> |

Interest incurred on long-term debt amounted to ₱1.75 million and ₱1.61 million in 2024 and 2023, respectively.

#### Debt Covenant

The Parent Company's long-term debt requires maintaining certain financial ratios including debt-to-equity ratio of not more than 2.50x to 3.0x, minimum current ratio of 2.0x, interest coverage ratio of not less than 1.50x and minimum debt service coverage ratio of 1.0x. These are calculated based on the consolidated financial statements of the Parent Company and its subsidiaries as defined in the agreement.

The loan agreements also provide restrictions and certain requirements with respect to, among others, making any distribution on its share capital, purchase, redemption or acquisition of any share of the Parent Company, incurrence or assumption of indebtedness outside the ordinary course of business, sale or transfer and disposal of all or a substantial part of its capital assets, utilization of funds, and entering into any partnership, merger, consolidation or reorganization.

As of December 31, 2024 and 2023, the Parent Company has complied with these contractual agreements and has not been cited in default on its outstanding loan obligations.





## 15. Equity

### Capital Stock

The details of the Parent Company's common and preferred shares as of December 31, 2024 and 2023 (shares in thousands, except par value figures) are as follows:

|                     | Common<br>Shares | Preferred<br>Shares |
|---------------------|------------------|---------------------|
| Authorized shares   | 15,000,000       | 2,000,000           |
| Par value per share | ₱1               | ₱1                  |
| Issued shares       | 9,319,872        | —                   |
| Treasury shares     | 671,409          | —                   |

On December 22, 1982, the Philippine SEC approved the registration of 5,300,000 shares, divided into 5,200,000 Class A shares, and 100,000 class B shares with par value of ₱10 per share.

On April 13, 1992, the Philippine SEC approved the registration of 144,575,000 common shares with par value of ₱10 per share.

On March 10, 1993, the Philippine SEC approved the reduction of par value from ₱10 to ₱5 per share of the Parent Company's common shares which at that time consisted of ₱1,500 million authorized common stocks divided into 90,000,000 shares of Class "A" common shares and 60,000,000 shares of Class "B" common shares.

On December 20, 1993, the stockholders approved the reduction of the par value per share from ₱5 to ₱1 and to declassify the Parent Company's capital stock.

On October 15, 2010, the stockholders and BOD of the Parent Company approved the increase in its authorized capital stock of the Parent Company from ₱10,000.0 million, divided into 10,000 million common shares with a par value of ₱1 per share to ₱17,000.0 million, divided into 15,000 million common shares with a par value of ₱1 per share and 2,000 million non-voting and redeemable preferred shares with a par value of ₱1 per share. Article Seven of the Amended Articles of Incorporation of the Parent Company was amended to effect the increase in the authorized capital stock of the Parent Company.

On August 19, 2011, the Philippine SEC approved the increase in the authorized capital stock of the Parent Company.

The preferred shares have the following features:

- not entitled to any voting right or privilege, except in those cases expressly provided by law;
- redeemable subject to the terms and conditions to be fixed by the BOD;
- entitled to dividends at the rate to be determined by the BOD prior to the issuance of shares, to be payable out of the surplus profits of the Corporation so long as the preferred shares are outstanding; and
- may be subject to such other additional terms and conditions to be fixed by the BOD.



Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31:

| Year              | Number<br>of Shares<br>Registered<br>(In Thousands) | Number<br>of Holders<br>of Securities<br>as of Year End |
|-------------------|-----------------------------------------------------|---------------------------------------------------------|
| December 31, 2022 | 8,648,463                                           | 4,005                                                   |
| Movements         | —                                                   | (7)                                                     |
| December 31, 2023 | 8,648,463                                           | 3,998                                                   |
| Movements         | —                                                   | (22)                                                    |
| December 31, 2024 | <b>8,648,463</b>                                    | <b>3,976</b>                                            |

*Note: Exclusive of 671,409,400 treasury shares as of December 31, 2024 and 2023.*

#### Treasury Shares

There was no movement in treasury shares for the years ended December 31, 2024 and 2023.

#### Dividend Declaration

On April 26, 2024, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.10346 per share for every common share of record as of May 20, 2024 and partially paid on June 11, 2024. As of December 31, 2024, the Parent Company's dividends payable amounted to ₱8.7 million (Note 13).

On April 28, 2023, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱565.1 million or ₱0.06534 per share for every common share of record as of May 22, 2022. This was paid on June 14, 2023.

#### Retained Earnings

In accordance with the Revised Securities Regulation Code Rule 68, the Parent Company's retained earnings available for dividend declaration as at December 31, 2024 after reconciling items amounted to ₱11,714.5 million.

The Parent Company's retained earnings that are restricted for the payment of dividends to the extent of the cost of treasury shares amounted ₱3.614.5 million as of December 31, 2024 and 2023.

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## 16. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as 'Affiliates'). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches 10% of the Parent Company's total assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy.



In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Unless otherwise stated, outstanding balances at year-end are unsecured, interest-free and require settlement in cash. As of December 31, 2024 and 2023, the Parent Company has not made any provision for impairment loss relating to amounts owed by related parties, except for provision for impairment loss amounting to ₱10.85 million in 2024 (nil in 2023). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant transactions with related parties are as follows:

(a) *Cash and cash equivalents*

The Parent Company maintains cash and short-term deposit accounts with EWBC, a subsidiary bank. Cash and cash equivalents earn interest at the prevailing short-term investment rates.

(b) *Receivables*

The Parent Company entered into a lease agreement as a lessor, with MSSSI, Duawon Seascapes Resort, Inc. (DSRI), and FDC Water Utilities, Inc. (FWUI).

For MSSSI, the term of the use of its building and properties is for 20 years starting January 1, 2017, renewable for another 25-year term. MSSSI agreed to pay the Parent Company a monthly minimum rent with 3.0% escalation rate every five (5) years or based on 20.0% of gross revenues, whichever is higher.

For DSRI, the land being leased out is for 15 years starting July 1, 2019, renewable for another 25 years, with ₱1.0 million monthly fixed lease for the first two (2) years; whichever is lower between the sum of monthly fixed lease of ₱1.0 million and variable lease based on 4.0% of gross operating revenue or the 5.0% of the gross operating revenues for the next four (4) years; and whichever is lower between the sum of monthly fixed lease of ₱1.0 million and variable lease based on 9.0% of gross operating revenue or the 10.0% of the gross operating revenues for the remaining nine (9) years.

For FWUI, the land being leased out is for 30 years starting January 1, 2022, with a rent-free period of three (3) months and a ₱0.7 million monthly fixed rent for the first year commencing on January 1, 2022, subject to annual escalation rate of 5.0%. Additional land was being leased out for 30 years, with a rent-free period of three (3) months and ₱0.7 million and ₱1.1 million monthly rent for first year commencing July 1, 2023, subject to annual escalation rate of 5.0%.

(c) *Due to/from related parties*

- Due to/from related parties consist mostly of share of the related parties in various common expenses.
- The Parent Company recognizes dividend income from its investments in subsidiaries when the Parent Company's right to receive payment is established (see Note 18). Outstanding or uncollected dividend receivable is included under due from related parties account in the parent company statement of financial position.
- The Parent Company recognizes management and service fee based on percentage of the joint venture sales arising from assignment of its rights to the joint venture to FAI. Management and service fee amounted to ₱37.4 million and ₱8.9 in 2024 and 2023, respectively.



(d) *Deferred income*

In 2024 and 2023, the Parent Company amortized the deferred income from property and investment exchange transaction with subsidiaries over 10 years which is the subject of exchange.

(e) *Long-term debt*

The Parent Company has outstanding bank loans payable to EWBC.

(f) *Key management personnel*

The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱135.4 million and ₱93.5 million in 2024 and 2023, respectively.

Post-employment benefits of key management personnel amounted to ₱30.1 million and ₱20.7 million in 2024 and 2023, respectively.

The amounts and the balances arising from the foregoing significant related party transactions are as follows:

|                                                   | 2024              |                       | Terms                                                                                                                                       | Conditions                                   |
|---------------------------------------------------|-------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
|                                                   | Amount/<br>Volume | Due from/<br>(Due to) |                                                                                                                                             |                                              |
|                                                   | (In Thousands)    |                       |                                                                                                                                             |                                              |
| <b>Subsidiaries</b>                               |                   |                       |                                                                                                                                             |                                              |
| Cash and cash equivalents <sup>(a)</sup> (Note 4) |                   |                       |                                                                                                                                             |                                              |
| • Cash in banks                                   | ₱—                | ₱2,175,634            | Interest bearing at prevailing market rate; due and demandable                                                                              | Unsecured; no impairment                     |
| • Cash equivalents                                | —                 | 1,394,966             | Interest bearing at prevailing market rate; due and demandable                                                                              | Unsecured; no impairment                     |
| • Interest income                                 | 145,781           | —                     | —                                                                                                                                           | —                                            |
| Rent receivables <sup>(b)</sup> (Note 5)          |                   |                       |                                                                                                                                             |                                              |
| • Rental income (Note 10)                         | 199,757           | 60,666                | 15 to 30-year lease term; renewable for another 25 years                                                                                    | Unsecured                                    |
| Due from related parties <sup>(c)</sup>           | —                 | 425,035               | Noninterest bearing and due on demand, except for ₱253.9 million aggregate advances with interest rates ranging from 6.1% to 7.0% per annum | Unsecured; with impairment of ₱10.85 million |
| • Sharing of expenses                             | 79,090            | —                     | —                                                                                                                                           | —                                            |
| • Operational advances                            | 40,570            | —                     | —                                                                                                                                           | —                                            |
| • Dividend income (Notes 9 and 18)                | 4,113,932         | —                     | —                                                                                                                                           | —                                            |
| • Interest income                                 | 13,085            | —                     | —                                                                                                                                           | —                                            |
| • Management and service fee                      | 37,434            | —                     | —                                                                                                                                           | —                                            |
| • Other income                                    | 6,831             | —                     | —                                                                                                                                           | —                                            |
| Deferred income <sup>(d)</sup>                    | —                 | 385,754               | Amortized life over useful life of properties which is the subject of exchange                                                              | Unsecured                                    |
| • Finance charge                                  | 48,274            | —                     | —                                                                                                                                           | —                                            |
| Long-term debt <sup>(e)</sup>                     | —                 | 4,842,800             | With interest rate of 4.8%, payable in September 2025                                                                                       | Secured                                      |
| • Interest expense                                | 230,033           | —                     | —                                                                                                                                           | —                                            |
| Accounts payable and other liabilities            | —                 | 84,746                | Noninterest bearing; due and demandable                                                                                                     | Unsecured                                    |
| • Sharing of expenses                             | 10,325            | —                     | —                                                                                                                                           | —                                            |
| Due to related parties <sup>(c)</sup>             | —                 | 889                   | Noninterest bearing; due and demandable                                                                                                     | —                                            |
| • Sharing of expenses                             | —                 | —                     | —                                                                                                                                           | —                                            |
| Lease liabilities                                 | —                 | 30,859                | 3 to 10-year office lease term                                                                                                              | Unsecured                                    |
| • Interest expense                                | 2,648             | —                     | —                                                                                                                                           | —                                            |



| 2023                                              |                   |                       |                                                                                                                                                                                                                                                                                          |                          |
|---------------------------------------------------|-------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                   | Amount/<br>Volume | Due from/<br>(Due to) | Terms                                                                                                                                                                                                                                                                                    | Conditions               |
| (In Thousands)                                    |                   |                       |                                                                                                                                                                                                                                                                                          |                          |
| <b>Subsidiaries</b>                               |                   |                       |                                                                                                                                                                                                                                                                                          |                          |
| Cash and cash equivalents <sup>(a)</sup> (Note 4) |                   |                       |                                                                                                                                                                                                                                                                                          |                          |
| • Cash in banks                                   | ₱–                | ₱171,106              | Interest bearing at prevailing market rate; due and demandable                                                                                                                                                                                                                           | Unsecured; no impairment |
| • Cash equivalents                                | –                 | 3,133,702             | Interest bearing at prevailing market rate; due and demandable                                                                                                                                                                                                                           | Unsecured; no impairment |
| • Interest income                                 | 78,351            | –                     | –                                                                                                                                                                                                                                                                                        | –                        |
| Rent receivables <sup>(b)</sup> (Note 5)          | –                 | 32,502                |                                                                                                                                                                                                                                                                                          |                          |
| • Rental income (Note 10)                         | 55,662            | –                     | 15 to 45-year lease term; renewable for another 25 years                                                                                                                                                                                                                                 | Unsecured                |
| Due from related parties <sup>(c)</sup>           | –                 | 908,702               | Non-interest bearing and due on demand, except for: (i) ₱549.0 million aggregate advances with interest rates ranging from 3.7% to 7.0% per annum and due within 1 to 3 years ;and (ii) ₱ 733 million no interest bearing receivable from sale of investment property due within 2 years | Unsecured; no impairment |
| • Sharing of expenses                             | 129,380           | –                     | –                                                                                                                                                                                                                                                                                        | –                        |
| • Operational advances                            | 1,275,641         | –                     | –                                                                                                                                                                                                                                                                                        | –                        |
| • Dividend income (Notes 9 and 20)                | 2,769,664         | –                     | –                                                                                                                                                                                                                                                                                        | –                        |
| • Interest income                                 | 32,254            | –                     | –                                                                                                                                                                                                                                                                                        | –                        |
| • Management and service fee                      | 8,905             | –                     | –                                                                                                                                                                                                                                                                                        | –                        |
| • Other income                                    | 122,446           | –                     | –                                                                                                                                                                                                                                                                                        | –                        |
| Deferred income <sup>(d)</sup>                    | –                 | 434,463               | Amortized life over useful life of properties which is the subject of exchange                                                                                                                                                                                                           | Unsecured                |
| • Finance charge                                  | 48,274            | –                     | –                                                                                                                                                                                                                                                                                        | –                        |
| Long-term debt <sup>(e)</sup>                     | –                 | 4,842,800             | With interest rate of 4.8%, payable in September 2025                                                                                                                                                                                                                                    | Secured                  |
| • Interest expense                                | 230,033           | –                     | –                                                                                                                                                                                                                                                                                        | –                        |
| Due to related parties <sup>(c)</sup>             | –                 | 722                   | Non-interest bearing; due and demandable                                                                                                                                                                                                                                                 |                          |
| • Sharing of expenses                             | 561               | –                     | –                                                                                                                                                                                                                                                                                        |                          |
| Lease liabilities                                 | –                 | 33,771                | 3 to 10-year office lease term                                                                                                                                                                                                                                                           | Unsecured                |
| • Interest expense                                | 2,933             | –                     |                                                                                                                                                                                                                                                                                          |                          |

## 17. Operating Expenses

### General and Administrative

This account consists of:

|                                                | 2024           | 2023   |
|------------------------------------------------|----------------|--------|
|                                                | (In Thousands) |        |
| Provision for impairment loss (Notes 9 and 16) | ₱1,705,236     | ₱–     |
| Salaries, wages, and employee benefits         | 307,722        | –      |
| Casualty loss (Note 10)                        | 134,875        | –      |
| Professional fees                              | 47,448         | 62,962 |
| Entertainment, amusement and recreation        | 23,265         | 25,734 |
| Transportation                                 | 22,461         | 21,651 |
| Retirement expense (Note 19)                   | 19,625         | 29,617 |
| Dues and subscription                          | 15,091         | 9,299  |
| Security and janitorial services               | 9,195          | 10,586 |
| Taxes and licenses                             | 7,380          | 62,245 |

(Forward)



|                                      | 2024                  | 2023            |
|--------------------------------------|-----------------------|-----------------|
|                                      | <i>(In Thousands)</i> |                 |
| Utilities and communication          | <b>₱5,920</b>         | ₱3,074          |
| Amortization of ROU assets (Note 24) | <b>5,495</b>          | 4,930           |
| Rent (Note 24)                       | <b>4,716</b>          | 4,598           |
| Stockholders' relations              | <b>3,638</b>          | 5,226           |
| Repairs and maintenance              | <b>3,133</b>          | 2,529           |
| Depreciation (Note 11)               | <b>1,312</b>          | 722             |
| Others                               | <b>43,377</b>         | 9,303           |
|                                      | <b>₱2,359,889</b>     | <b>₱252,476</b> |

Professional fees pertain to expenses incurred by the Parent Company for legal, consultancy and audit services.

Others include office supplies, insurance, costs and charges incurred by the Parent Company for corporate events, and other fees.

#### Selling and marketing

This account consists of:

|                | 2024                  | 2023           |
|----------------|-----------------------|----------------|
|                | <i>(In Thousands)</i> |                |
| Service fee    | <b>₱—</b>             | ₱9,881         |
| Management fee | —                     | 5,790          |
| Others         | —                     | 11,360         |
|                | <b>₱—</b>             | <b>₱27,031</b> |

Others in 2023 include utilities, furnishing and security expenses of model units, and other sales office and supplies expenses incurred during the year.

### 18. Dividend Income

This account consists of:

| Investee      | Date of declaration | Total dividends<br><i>(In Thousands)</i> | Date of record     |
|---------------|---------------------|------------------------------------------|--------------------|
| Subsidiaries  |                     |                                          |                    |
| FAI           | May 31, 2024        | <b>₱200,000</b>                          | April 23, 2024     |
| FAI           | August 31, 2024     | <b>200,000</b>                           | July 31, 2024      |
| FAI           | October 31, 2024    | <b>200,000</b>                           | October 18, 2024   |
| FAI           | December 17, 2024   | <b>360,000</b>                           | December 17, 2024  |
| FLI-common    | April 19, 2024      | <b>793,123</b>                           | May 13, 2024       |
| FLI-preferred | April 19, 2024      | <b>4,000</b>                             | May 13, 2024       |
| FUI           | October 28, 2024    | <b>658,750</b>                           | November 15, 2024  |
| EWBC          | April 19, 2024      | <b>486,073</b>                           | May 17, 2024       |
| FVI           | May 15, 2024        | <b>468,086</b>                           | May 17, 2024       |
| FMPC          | October 28, 2024    | <b>341,250</b>                           | November 15, 2024  |
| PSHC          | June 24 2024        | <b>400,000</b>                           | September 30, 2024 |
| PPMI          | June 30 2024        | <b>750</b>                               | June 30, 2024      |
| Joint venture |                     |                                          |                    |
| PROMEI        | September 4, 2024   | <b>1,900</b>                             | September 4, 2024  |
|               |                     | <b>₱4,113,932</b>                        |                    |



| Investee      | Date of declaration | Total dividends<br>(In Thousands) | Date of record     |
|---------------|---------------------|-----------------------------------|--------------------|
| Subsidiaries  |                     |                                   |                    |
| FAI           | October 4, 2023     | ₱320,000                          | September 30, 2023 |
| FAI           | December 4, 2023    | 320,000                           | November 30, 2023  |
| FLI-common    | April 24, 2023      | 566,728                           | May 12, 2023       |
| FLI-preferred | April 24, 2023      | 2,880                             | May 12, 2023       |
| FDUI          | September 13, 2023  | 500,000                           | September 20, 2022 |
| EWBC          | April 24, 2023      | 369,056                           | May 12, 2023       |
| FVI           | May 24, 2023        | 349,000                           | June 5, 2023       |
| FMPC          | July 12, 2023       | 341,250                           | July 12, 2023      |
| PPMI          | August 9, 2023      | 750                               | August 9, 2023     |
|               |                     | <b>₱2,769,664</b>                 |                    |

## 19. Retirement Benefits

The Parent Company has a funded, noncontributory defined benefit retirement plan (the “Plan”) covering full-time regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The retirement plan provides retirement benefits equivalent to 100% of the final monthly basic salary per year of credited service. The funds are administered by the Parent Company’s Treasurer under the supervision of the Board of Trustees of the Plan and are responsible for investment strategy of the Plan. Republic Act No. 7641, or the *Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees provided that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Parent Company updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary.

Changes to the net retirement liabilities recognized in the parent company statements of financial position are as follows:

|                                                     | 2024                    |                                               | Net Defined<br>Benefit<br>Liabilities |
|-----------------------------------------------------|-------------------------|-----------------------------------------------|---------------------------------------|
|                                                     | Present Value<br>of DBO | Fair Value of<br>Plan Asset<br>(In Thousands) |                                       |
| Balances as at beginning of year                    | ₱167,168                | (₱134,080)                                    | ₱33,088                               |
| Net benefit costs in profit or loss                 |                         |                                               |                                       |
| Current service cost                                | 16,788                  | —                                             | 16,788                                |
| Interest cost                                       | 4,861                   | —                                             | 4,861                                 |
| Interest income                                     | —                       | (2,024)                                       | (2,024)                               |
|                                                     | 21,649                  | (2,024)                                       | 19,625                                |
| Remeasurements in other<br>comprehensive income     |                         |                                               |                                       |
| Return on plan assets, excluding<br>interest income | —                       | 1,147                                         | 1,147                                 |
| Actuarial gain on defined benefit<br>obligation     | (5,317)                 | —                                             | (5,317)                               |
|                                                     | (5,317)                 | 1,147                                         | (4,170)                               |
| Benefits paid                                       | (103,325)               | 103,325                                       | —                                     |
| Balances as at end of year                          | ₱80,175                 | (₱31,632)                                     | ₱48,543                               |



|                                                     | 2023                    |                             |                                       |
|-----------------------------------------------------|-------------------------|-----------------------------|---------------------------------------|
|                                                     | Present Value<br>of DBO | Fair Value of<br>Plan Asset | Net Defined<br>Benefit<br>Liabilities |
|                                                     |                         | (In Thousands)              |                                       |
| Balances as at beginning of year                    | ₱249,888                | (₱14,470)                   | ₱235,418                              |
| Net benefit costs in profit or loss                 |                         |                             |                                       |
| Current service cost                                | 13,609                  | –                           | 13,609                                |
| Interest cost                                       | 16,992                  | –                           | 16,992                                |
| Interest income                                     |                         | (984)                       | (984)                                 |
|                                                     | 30,601                  | (984)                       | 29,617                                |
| Return on plan assets, excluding<br>interest income | –                       | 398                         | 398                                   |
| Contributions                                       | –                       | (232,345)                   | (232,345)                             |
| Benefits paid                                       | (113,321)               | 113,321                     | –                                     |
| Balances as at end of year                          | ₱167,168                | (₱134,080)                  | ₱33,088                               |

The cost of defined benefit retirement plan as well as the present value of the retirement liability are determined using actuarial valuation, which involves making various assumptions.

The principal assumptions used in determining retirement liability for the defined benefit retirement plan are as follows:

|                      | 2024 | 2023 |
|----------------------|------|------|
| Discount rate        | 6.2% | 6.8% |
| Salary increase rate | 6.0% | 7.0% |

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the Defined Benefit Obligation (DBO) at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the DBO.

The sensitivity analysis for significant assumptions as at December 31 is shown below:

|                | 2024                                      |                    | 2023                                      |                    |
|----------------|-------------------------------------------|--------------------|-------------------------------------------|--------------------|
|                | Increase<br>(Decrease) in<br>Basis Points | Increase on<br>DBO | Increase<br>(Decrease) in<br>Basis Points | Increase on<br>DBO |
|                |                                           | (In Thousands)     |                                           | (In Thousands)     |
| Discount rates | +100                                      | (₱5,370)           | +100                                      | ₱4,730             |
|                | -100                                      | 6,268              | -100                                      | (5,004)            |
| Salary rates   | +100                                      | 6,218              | +100                                      | (4,944)            |
|                | -100                                      | (5,427)            | -100                                      | 4,401              |

Shown below is the maturity analysis of the undiscounted benefit payments of the Parent Company:

|                                     | 2024           | 2023    |
|-------------------------------------|----------------|---------|
|                                     | (In Thousands) |         |
| Within one year                     | ₱47,513        | ₱40,402 |
| More than one year up to five years | 11,331         | 4,458   |
| More than five years and beyond     | 629,761        | 696,107 |





## 20. Income Tax

Provision for (benefit from) income tax consists of:

|          | 2024                  | 2023            |
|----------|-----------------------|-----------------|
|          | <i>(In Thousands)</i> |                 |
| Current  | <b>₱7,862</b>         | ₱1,251          |
| Deferred | <b>2,951</b>          | (9,827)         |
|          | <b>₱10,813</b>        | <b>(₱8,576)</b> |

The current provision for income tax represents MCIT in 2024 and 2023.

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for (benefit from) income tax as shown in the parent company statements of income follows:

|                                                       | 2024                  | 2023            |
|-------------------------------------------------------|-----------------------|-----------------|
|                                                       | <i>(In Thousands)</i> |                 |
| Provision for income tax at statutory income tax rate | <b>₱165,458</b>       | ₱271,735        |
| Adjustments for:                                      |                       |                 |
| Net movement in unrecognized deferred tax assets      | <b>446,009</b>        | 417,297         |
| Nondeductible provision for impairment loss           |                       |                 |
| (Notes 9 and 16)                                      | <b>426,309</b>        | —               |
| Nondeductible casualty losses (Note 10)               | <b>33,719</b>         | —               |
| Nondeductible interest expenses and others            | <b>19,407</b>         | 27,117          |
| Interest income subjected to final tax                | <b>(51,606)</b>       | (32,310)        |
| Nontaxable dividend income                            | <b>(1,028,483)</b>    | (692,415)       |
| Provision for (benefit from) income tax               | <b>(₱10,813)</b>      | <b>(₱8,576)</b> |

The components of the Parent Company's net deferred tax assets are as follows:

|                                            | 2024                  | 2023           |
|--------------------------------------------|-----------------------|----------------|
|                                            | <i>(In Thousands)</i> |                |
| <i>Deferred tax assets on:</i>             |                       |                |
| Unamortized past service cost              | <b>₱46,229</b>        | ₱52,097        |
| Retirement liabilities                     | <b>13,178</b>         | 8,272          |
| Lease liabilities                          | <b>7,715</b>          | 8,443          |
| Actuarial losses in OCI                    | <b>5,728</b>          | 4,057          |
| Provision for accrual                      | <b>1,506</b>          | 1,506          |
| Allowance for impairment loss              | <b>6</b>              | 6              |
|                                            | <b>74,362</b>         | 74,381         |
| <i>Deferred tax liabilities on:</i>        |                       |                |
| Revaluation increment in land              | <b>(16,547)</b>       | (16,547)       |
| Straight-line adjustments on rental income | <b>(6,816)</b>        | —              |
| ROU assets                                 | <b>(5,425)</b>        | (6,162)        |
| Unrealized foreign exchange gains - net    | <b>(5,022)</b>        | (9,841)        |
| Actuarial gains in OCI                     | <b>—</b>              | (8,743)        |
|                                            | <b>(33,810)</b>       | (41,293)       |
|                                            | <b>₱40,552</b>        | <b>₱33,088</b> |



Deferred tax assets are recognized only to the extent that future taxable income will be available against which the deferred tax assets can be used.

The Parent Company did not recognize deferred tax assets on the following deductible temporary differences, NOLCO and MCIT since management believes that their carryforward benefits may not be realized.

|                               | 2024                  | 2023       |
|-------------------------------|-----------------------|------------|
|                               | <i>(In Thousands)</i> |            |
| NOLCO                         | <b>₱6,311,549</b>     | ₱4,558,960 |
| MCIT                          | <b>15,355</b>         | 8,600      |
| Provision for probable losses | <b>1,506</b>          | 1,506      |

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act (“Bayanihan 2 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. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

The carryforward benefits of NOLCO which can be claimed as deductions from the regular taxable income, and MCIT which can be claimed as deduction from income tax due are as follows:

| Year Incurred | NOLCO                 | MCIT           | Expiry Date        |
|---------------|-----------------------|----------------|--------------------|
|               | <i>(In Thousands)</i> |                |                    |
| 2024          | ₱1,752,589            | ₱7,862         | December 31, 2027  |
| 2023          | 1,684,084             | 1,251          | December 31, 2026  |
| 2022          | 1,167,173             | 6,242          | December 31, 2025  |
| 2021          | 1,707,703             | –              | December 31, 2026* |
|               | <b>₱6,311,549</b>     | <b>₱15,355</b> |                    |

\*December 31, 2026 for NOLCO

The movements in NOLCO and MCIT are as follows:

|                               | NOLCO                 |            | MCIT           |         |
|-------------------------------|-----------------------|------------|----------------|---------|
|                               | 2024                  | 2023       | 2024           | 2023    |
|                               | <i>(In Thousands)</i> |            |                |         |
| Balances at beginning of year | <b>₱4,558,960</b>     | ₱3,671,380 | <b>₱8,600</b>  | ₱16,636 |
| Addition                      | <b>1,752,589</b>      | 1,684,084  | <b>7,862</b>   | 1,251   |
| Expired                       | –                     | (796,504)  | <b>(1,107)</b> | (9,287) |
| Balances at end of year       | <b>₱6,311,549</b>     | ₱4,558,960 | <b>₱15,355</b> | ₱8,600  |



## 21. Fair Value Measurement and Financial Risk Management Objectives and Policies

### Fair Value Measurement

The following table sets forth the fair value hierarchy of the Parent Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

|                                                   | 2024           |             |                                          |                                         |                                           |
|---------------------------------------------------|----------------|-------------|------------------------------------------|-----------------------------------------|-------------------------------------------|
|                                                   |                | Fair Value  |                                          |                                         |                                           |
|                                                   | Carrying Value | Total       | Quoted Prices in Active Market (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|                                                   |                |             | (In Thousands)                           |                                         |                                           |
| Assets measured at fair value                     |                |             |                                          |                                         |                                           |
| Financial assets at FVOCI (Note 8)                |                |             |                                          |                                         |                                           |
| Quoted                                            | ₱370,168       | ₱370,168    | ₱369,800                                 | ₱368                                    | ₱–                                        |
| Unquoted                                          | 20,148         | 20,148      | –                                        | –                                       | 20,148                                    |
|                                                   | 390,316        | 390,316     | 369,800                                  | 368                                     | 20,148                                    |
| Assets for which fair values are disclosed        |                |             |                                          |                                         |                                           |
| Financial assets at amortized cost                |                |             |                                          |                                         |                                           |
| Receivables                                       |                |             |                                          |                                         |                                           |
| Contracts receivable (Note 5)                     | 4,333          | 4,333       | –                                        | –                                       | 4,333                                     |
| Refundable deposits (Note 12)                     | 8,689          | 8,689       | –                                        | –                                       | 8,689                                     |
|                                                   | 13,022         | 13,022      | –                                        | –                                       | 13,022                                    |
| Nonfinancial assets                               |                |             |                                          |                                         |                                           |
| Investment properties (Note 10)                   | 2,146,627      | 2,245,887   | –                                        | –                                       | 2,245,887                                 |
| Total assets                                      | ₱2,549,965     | ₱2,649,225  | ₱369,800                                 | ₱368                                    | ₱2,279,057                                |
| Liabilities for which fair values are disclosed   |                |             |                                          |                                         |                                           |
| Financial liabilities at amortized cost           |                |             |                                          |                                         |                                           |
| Accounts payable and other liabilities* (Note 13) | ₱1,021,297     | ₱1,021,297  | ₱–                                       | ₱–                                      | ₱1,021,297                                |
| Long-term debt (Note 14)                          | 32,968,403     | 30,878,524  | –                                        | –                                       | 30,878,524                                |
| Lease liabilities (Note 26)                       | 30,859         | 34,237      | –                                        | –                                       | 34,237                                    |
| Total liabilities                                 | ₱34,020,559    | ₱31,934,058 | ₱–                                       | ₱–                                      | ₱31,934,058                               |

\*Excluding statutory payables and contract liabilities

|                                                   | 2023           |             |                                          |                                         |                                           |
|---------------------------------------------------|----------------|-------------|------------------------------------------|-----------------------------------------|-------------------------------------------|
|                                                   |                | Fair Value  |                                          |                                         |                                           |
|                                                   | Carrying Value | Total       | Quoted Prices in Active Market (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|                                                   | (In Thousands) |             |                                          |                                         |                                           |
| Assets measured at fair value                     |                |             |                                          |                                         |                                           |
| Financial assets at FVOCI (Note 8)                |                |             |                                          |                                         |                                           |
| Investments in shares of stock                    |                |             |                                          |                                         |                                           |
| Quoted                                            | ₱301,368       | ₱301,368    | ₱301,000                                 | ₱368                                    | ₱–                                        |
| Unquoted                                          | 20,148         | 20,148      | –                                        | –                                       | 20,148                                    |
|                                                   | 321,516        | 321,516     | 301,000                                  | 368                                     | 20,148                                    |
| Assets for which fair values are disclosed        |                |             |                                          |                                         |                                           |
| Financial assets at amortized cost                |                |             |                                          |                                         |                                           |
| Receivables                                       |                |             |                                          |                                         |                                           |
| Contracts receivables (Note 5)                    | 4,333          | 4,333       | –                                        | –                                       | 4,333                                     |
| Refundable deposits (Note 12)                     | 8,380          | 8,380       | –                                        | –                                       | 8,380                                     |
|                                                   | 12,713         | 12,713      | –                                        | –                                       | 12,713                                    |
| Nonfinancial assets                               |                |             |                                          |                                         |                                           |
| Investment properties (Note 10)                   | 2,188,410      | 2,056,874   | –                                        | –                                       | 2,056,874                                 |
| Total assets                                      | ₱2,522,639     | ₱2,391,103  | ₱301,000                                 | ₱368                                    | ₱ 2,089,735                               |
| Liabilities for which fair values are disclosed   |                |             |                                          |                                         |                                           |
| Financial liabilities at amortized cost           |                |             |                                          |                                         |                                           |
| Accounts payable and other liabilities* (Note 13) | ₱698,669       | ₱698,669    | ₱–                                       | ₱–                                      | ₱698,669                                  |
| Long-term debt (Note 14)                          | 32,528,383     | 34,454,661  | –                                        | –                                       | 34,454,661                                |
| Lease liabilities (Note 26)                       | 33,771         | 35,777      | –                                        | –                                       | 35,777                                    |
| Total liabilities                                 | ₱33,260,823    | ₱35,189,107 | ₱–                                       | ₱–                                      | ₱35,189,107                               |

\*Excluding statutory payables and contract liabilities



The methods and assumptions used by the Parent Company to estimate the fair value of financial instrument are:

- *Cash and cash equivalents and contracts receivable*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.
- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. The costs of financial assets at FVOCI not quoted in an active market approximate fair values since there is insufficient information available to determine the fair values and there are no indicators that cost might not be representative of fair values.
- *Accounts payable and other liabilities*: Due to the short-term nature of these accounts, fair values approximate their carrying amounts.
- *Long-term debt*: Estimated fair value on debts with fixed interest and not subjected to quarterly repricing was based on the discounted value of future cash flows using the applicable risk-free rates for similar types of loans adjusted for credit risk. Discount rate for the determination of fair values ranges from 6.0% to 6.2% and 5.1% to 5.9% in 2024 and 2023, respectively.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements during the years ended December 31, 2024 and 2023.

#### Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments are composed of cash and cash equivalents, receivables, due from and due to related parties, financial assets at FVOCI, refundable deposits, accounts payable and other liabilities and long-term debts. The main purpose of these financial instruments is to raise financing for the Parent Company's operations.

The main objectives of the Parent Company'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 Parent Company's BOD reviews and approves the policies for managing each of these risks. The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Parent Company's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Parent Company's financial instruments are liquidity risk, credit risk and foreign currency risk.

#### *Liquidity risk*

The Parent Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Parent Company's policy is to manage its cash flows by continuously monitoring the cash flows for interest payment and bank and notes principal payment.



The tables below show the maturity profile of the Parent Company's financial liabilities as of December 31, 2024 and 2023 based on contractual undiscounted payments:

|                                                  | 2024           |                    |                    |                    |                     |              |             |
|--------------------------------------------------|----------------|--------------------|--------------------|--------------------|---------------------|--------------|-------------|
|                                                  | On Demand      | Less than 3 months | 3 months to 1 year | >1 year to 3 years | >3 years to 5 years | Over 5 years | Total       |
|                                                  | (In Thousands) |                    |                    |                    |                     |              |             |
| Financial liabilities at amortized cost          |                |                    |                    |                    |                     |              |             |
| Accounts payable and other liabilities (Note 13) |                |                    |                    |                    |                     |              |             |
| Accounts payable                                 | P–             | P154               | P63,048            | P–                 | P–                  | P–           | P63,202     |
| Accrued interest                                 | –              | 231,392            | –                  | –                  | –                   | –            | 231,392     |
| Customers' deposits*                             | –              | –                  | 30,348             | –                  | –                   | –            | 30,348      |
| Dividends payable                                | 8,695          | –                  | –                  | –                  | –                   | –            | 8,695       |
| Other payables*                                  | 188            | –                  | –                  | –                  | –                   | –            | 188         |
|                                                  | 8,883          | 231,546            | 93,396             | –                  | –                   | –            | 333,825     |
| Due to related parties (Note 16)                 | 889            |                    |                    |                    |                     |              | 889         |
| Lease liabilities                                | –              | 2,179              | 6,632              | 27,401             | –                   | –            | 36,212      |
| Long-term debt (Note 14)                         | –              | –                  | 13,783,133         | 18,767,167         | 533,333             | –            | 33,083,633  |
| Future interest payable                          | –              | 1,330,244          | 931,046            | 13,020             | –                   | –            | 2,274,310   |
| Other noncurrent liabilities                     |                |                    |                    |                    |                     |              |             |
| Retention fees payable                           | –              | –                  | –                  | 45,699             | –                   | –            | 45,699      |
|                                                  | P9,772         | P1,563,969         | P14,814,207        | P18,853,287        | P533,333            | P–           | P35,774,568 |

\*Exclude nonfinancial liabilities.

|                                                  | 2023      |                    |                    |                    |                     |              |             |
|--------------------------------------------------|-----------|--------------------|--------------------|--------------------|---------------------|--------------|-------------|
|                                                  | On Demand | Less than 3 months | 3 months to 1 year | >1 year to 3 years | >3 years to 5 years | Over 5 years | Total       |
| (In Thousands)                                   |           |                    |                    |                    |                     |              |             |
| Financial liabilities at amortized cost          |           |                    |                    |                    |                     |              |             |
| Accounts payable and other liabilities (Note 13) |           |                    |                    |                    |                     |              |             |
| Accounts payable                                 | ₱200,218  | ₱—                 | ₱—                 | ₱—                 | ₱—                  | ₱—           | ₱200,218    |
| Accrued interest                                 | 233,669   | —                  | —                  | —                  | —                   | —            | 233,669     |
| Customers' deposits*                             | 229,976   | —                  | —                  | —                  | —                   | —            | 229,976     |
| Other payables*                                  | 21,946    | —                  | —                  | —                  | —                   | —            | 21,946      |
|                                                  | 685,809   | —                  | —                  | —                  | —                   | —            | 685,809     |
| Due to related parties (Note 16)                 | 722       |                    |                    |                    |                     |              | 722         |
| Lease liabilities                                | —         | 1,862              | 6,245              | 8,812              | 27,401              | —            | 44,320      |
| Long-term debt (Note 14)                         | —         | 8,900,000          | 511,277            | 13,883,133         | 6,833,333           | 2,400,640    | 32,528,383  |
| Future interest payable                          | —         | 249,654            | 644,681            | 871,438            | 443,890             | —            | 2,209,663   |
| Other noncurrent liabilities                     |           |                    |                    |                    |                     |              |             |
| Retention fees payable                           | —         | —                  | —                  | 48,984             | —                   | —            | 48,984      |
|                                                  | 722       | 9,151,516          | 1,162,203          | 14,812,367         | 7,304,624           | 2,400,640    | 34,832,072  |
|                                                  | ₱686,531  | ₱9,151,516         | ₱1,162,203         | ₱14,812,367        | ₱7,304,624          | ₱2,400,640   | ₱35,517,881 |

\*Exclude nonfinancial liabilities.

The tables below summarize the maturity profile of the Parent Company's financial assets held to manage liquidity as of December 31, 2024 and 2023:

|                                          | 2024           |                    |                    |                    |            |
|------------------------------------------|----------------|--------------------|--------------------|--------------------|------------|
|                                          | On Demand      | Less than 3 months | 3 months to 1 year | >1 year to 3 years | Total      |
|                                          | (In Thousands) |                    |                    |                    |            |
| Financial assets at amortized cost       |                |                    |                    |                    |            |
| Cash and cash equivalents (Note 4)       | ₱2,178,035     | ₱3,277,044         | ₱–                 | ₱–                 | ₱5,455,079 |
| Receivables (Note 5)                     |                | –                  |                    |                    |            |
| Rent receivables                         | –              | 33,401             | –                  | 27,265             | 60,666     |
| Interest receivable                      | –              | 11,105             | –                  | –                  | 11,105     |
| Contracts receivable                     | 4,333          | –                  | –                  | –                  | 4,333      |
| Others                                   | 2,737          | –                  | –                  | –                  | 2,737      |
| Due from related parties (Note 16)       | 425,035        | –                  | –                  | –                  | 425,035    |
|                                          | 2,610,140      | 3,321,550          | –                  | 27,265             | 5,958,955  |
| Financial assets at FVOCI                |                |                    |                    |                    |            |
| Investments in shares of stocks (Note 8) |                |                    |                    |                    |            |
| Quoted                                   | –              | –                  | –                  | 301,368            | 301,368    |
| Unquoted                                 | –              | –                  | –                  | 20,148             | 20,148     |
|                                          | –              | –                  | –                  | 321,516            | 321,516    |
|                                          | ₱2,610,140     | ₱3,321,550         | ₱–                 | ₱348,781           | ₱6,280,471 |



|                                        | 2023           |                    |                    |                    |            |
|----------------------------------------|----------------|--------------------|--------------------|--------------------|------------|
|                                        | On Demand      | Less than 3 months | 3 months to 1 year | >1 year to 3 years | Total      |
|                                        | (In Thousands) |                    |                    |                    |            |
| Financial assets at amortized cost     |                |                    |                    |                    |            |
| Cash and cash equivalents (Note 4)     | ₱174,336       | ₱4,182,782         | ₱—                 | ₱—                 | 4,357,118  |
| Receivables (Note 5)                   |                |                    |                    |                    |            |
| Rent receivables                       | —              | 32,502             | —                  | —                  | 32,502     |
| Contracts receivable                   | 4,333          | —                  | —                  | —                  | 4,333      |
| Others                                 | 6,825          | —                  | —                  | —                  | 6,825      |
| Due from related parties (Note 16)     | 908,702        | —                  | —                  | —                  | 908,702    |
|                                        | 1,094,196      | 4,215,284          | —                  | —                  | 5,309,480  |
| Financial assets at FVOCI              |                |                    |                    |                    |            |
| Investment in shares of stock (Note 8) |                |                    |                    |                    |            |
| Quoted                                 | —              | —                  | —                  | 301,368            | 301,368    |
| Unquoted                               | —              | —                  | —                  | 20,148             | 20,148     |
|                                        | —              | —                  | —                  | 321,516            | 321,516    |
|                                        | ₱1,094,196     | ₱4,215,284         | ₱—                 | ₱321,516           | ₱5,630,996 |

### Credit risk

It is the Parent Company's policy that buyers who wish to avail of the in-house financing scheme are subject to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk.

With respect to credit risk arising from the other financial assets of the Parent Company, which comprise cash and cash equivalents and interest receivable, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Parent Company's high-grade receivables pertain to rent receivables and interest receivable from related parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Parent Company has not noted any extraordinary exposure which calls for a substandard grade classification.

### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Parent Company's principal transactions are carried out in Philippine Peso (₱) but maintain a minimal balance of foreign currency. The Parent Company's currency risk arises mainly from foreign currency-denominated cash and cash equivalents and interest receivable.

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. Dollar (USD) exchange rate, with all other variables held constant, of the Parent Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

|             | Increase<br>(decrease)<br>in US dollar rate | Effect on income<br>before income tax<br>(In Thousands) |
|-------------|---------------------------------------------|---------------------------------------------------------|
| <b>2024</b> | <b>4.86%</b>                                | <b>₱24,370</b>                                          |
|             | <b>-4.86%</b>                               | <b>(24,370)</b>                                         |
| <b>2023</b> | <b>1.34%</b>                                | <b>14,526</b>                                           |
|             | <b>-1.34%</b>                               | <b>(14,526)</b>                                         |

The Parent Company used closing rates used are ₱57.85 and ₱55.37 as of December 31, 2024 and 2023. There is no other impact on the Parent Company's equity other than those already affecting the profit or loss.



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## 22. Capital Management

### Objective

The primary objective of the Parent Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder's value.

### Policies and Procedures

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives and policies of processes during the years ended December 31, 2024 and 2023.

The Parent Company monitors capital using a gearing ratio which is long-term debt divided by total equity. The Parent Company's policy is to keep the debt-to-equity ratio not to exceed 2:1.

|                          | 2024                  | 2023        |
|--------------------------|-----------------------|-------------|
|                          | <i>(In Thousands)</i> |             |
| Long-term debt (Note 14) | <b>₱32,968,403</b>    | ₱32,528,383 |
| Total equity             | <b>33,487,780</b>     | 33,659,604  |
| Debt-to-equity ratio     | <b>0.98:1</b>         | 0.97:1      |

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## 23. Contingencies and Commitments

### *Contingencies and provisions*

The Parent Company is involved in legal actions, claims and contingencies in the ordinary course of business. Management believes that any amount the Parent Company may have to pay in connection with any of these matters would not have a material adverse effect on the Parent Company's financial position or operating results.

On December 13, 2019, FDC entered into a Share Purchase Agreement for the purchase of all the issued shares of Choengmon Real Estate Company Limited (CRE), a limited liability company established under the laws of Thailand, which is currently developing an international five-star luxury quality resort. The resort shall be operated by FDC's subsidiary under the Crimson brand. Closing and completion of the transaction is subject to the satisfaction of certain conditions precedent and completion requirements by each of the parties. In 2020, both FDC and CRE have terminated the Agreement. In 2023, FDC and CRE settled the matter.



## 24. Lease Commitments

### *Operating leases - Parent Company as lessor*

The Parent Company has future minimum rental receivable under renewable operating leases as of December 31 as follows:

|                                        | 2024                  | 2023              |
|----------------------------------------|-----------------------|-------------------|
|                                        | <i>(In Thousands)</i> |                   |
| Within 1 year                          | <b>₱160,975</b>       | ₱31,163           |
| After 1 year but not more than 5 years | <b>643,900</b>        | 104,895           |
| More than 5 years                      | <b>1,232,429</b>      | 1,817,644         |
|                                        | <b>₱2,037,304</b>     | <b>₱1,953,702</b> |

The Parent Company entered into lease agreements with MSSI and DSRI, covering land, building and properties. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher. The lease contracts with MSSI and DSRI are renewable for another 25-year term.

On January 1, 2022, the Parent Company entered into a lease agreement with FWUI to lease land properties for a 30-year term. These leases provide fixed monthly rent with 5% escalation rate every year.

On July 1, 2023, the Parent Company entered into other lease agreements with FWUI, to lease land properties for a 30-year term. These leases provide fixed monthly rent with 5% escalation rate every year. The lease was terminated on June 30, 2024.

Rental income recognized based on either fixed monthly rent or a percentage of the gross revenue of tenants amounted to ₱199.8 million and ₱55.7 million in 2024 and 2023, respectively.

### *Operating leases - Parent Company as lessee*

The Parent Company has lease contracts for its office spaces. The Parent Company has entered into lease arrangements with lease term of 10 years.

On May 1, 2024, the Parent Company entered into a three-year lease agreement with Filinvest REIT Corp. (FILRT) for the lease of office space, renewable for another three years. These leases provide fixed monthly rent with 5% escalation rate every year.

The roll-forward analysis of ROU assets as of December 31 follows:

|                                 | 2024                  | 2023           |
|---------------------------------|-----------------------|----------------|
|                                 | <i>(In Thousands)</i> |                |
| <b>Cost</b>                     |                       |                |
| Balances at beginning of year   | <b>₱48,949</b>        | ₱48,949        |
| Additions                       | <b>2,546</b>          | —              |
| Balances at end of year         | <b>51,495</b>         | 48,949         |
| <b>Accumulated Amortization</b> |                       |                |
| Balances at beginning of year   | <b>24,301</b>         | 19,372         |
| Amortization (Note 17)          | <b>5,495</b>          | 4,929          |
| Balances at end of year         | <b>29,796</b>         | 24,301         |
| <b>Net Book Value</b>           | <b>₱21,699</b>        | <b>₱24,648</b> |





The roll-forward analysis of lease liabilities as of December 31 follows:

|                                            | 2024                  | 2023    |
|--------------------------------------------|-----------------------|---------|
|                                            | <i>(In Thousands)</i> |         |
| Balances at beginning of year              | <b>₱33,771</b>        | ₱37,989 |
| Accretion of interest expense              | <b>2,648</b>          | 2,933   |
| Additions                                  | <b>2,546</b>          | —       |
| Payments                                   | <b>(8,106)</b>        | (7,151) |
| Balances at end of year                    | <b>₱30,859</b>        | ₱33,771 |
| Lease liabilities - current portion        | <b>₱6,511</b>         | ₱4,956  |
| Lease liabilities - net of current portion | <b>₱24,348</b>        | ₱28,815 |

The following are the amounts recognized in the parent company statements of income:

|                                              | 2024                  | 2023   |
|----------------------------------------------|-----------------------|--------|
|                                              | <i>(In Thousands)</i> |        |
| Amortization expense of ROU assets (Note 18) | <b>₱5,495</b>         | ₱4,930 |
| Interest expense on lease liabilities        | <b>2,648</b>          | 2,933  |
| Rent expense - short-term leases (Note 18)   | <b>4,716</b>          | 4,598  |

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

|                                        | 2024                  | 2023    |
|----------------------------------------|-----------------------|---------|
|                                        | <i>(In Thousands)</i> |         |
| Within 1 year                          | <b>₱8,811</b>         | ₱8,107  |
| After 1 year but not more than 5 years | <b>27,401</b>         | 36,213  |
|                                        | <b>₱36,212</b>        | ₱44,320 |

## 25. Notes to Parent Company Statements of Cash Flows

Changes in liabilities arising from financing activities are as follows:

|                                             | 2024                  |                     |                   |                    |
|---------------------------------------------|-----------------------|---------------------|-------------------|--------------------|
|                                             | January 1             | Cash flows          | Noncash movement  | December 31        |
|                                             | <i>(In Thousands)</i> |                     |                   |                    |
| Long-term debt (Note 14)                    | <b>₱32,528,383</b>    | <b>₱356,735</b>     | <b>₱83,285</b>    | <b>₱32,968,403</b> |
| Accrued interest (Note 13)                  | <b>233,669</b>        | <b>(1,664,318)</b>  | <b>1,662,041</b>  | <b>231,392</b>     |
| Dividends payable (Notes 14 and 15)         | <b>—</b>              | <b>(886,075)</b>    | <b>894,770</b>    | <b>8,695</b>       |
| Lease liabilities (Note 24)                 | <b>33,771</b>         | <b>(8,106)</b>      | <b>5,194</b>      | <b>30,859</b>      |
| Due to related parties (Note 16)            | <b>722</b>            | <b>167</b>          | <b>—</b>          | <b>889</b>         |
| Total liabilities from financing activities | <b>₱32,796,545</b>    | <b>(₱2,201,597)</b> | <b>₱2,645,290</b> | <b>₱33,240,238</b> |



|                                             | 2023                  |              |                  |             |
|---------------------------------------------|-----------------------|--------------|------------------|-------------|
|                                             | January 1             | Cash flows   | Noncash movement | December 31 |
|                                             | <i>(In Thousands)</i> |              |                  |             |
| Long-term debt (Note 14)                    | ₱32,489,483           | ₱—           | ₱38,900          | ₱32,528,383 |
| Accrued interest (Note 13)                  | 238,191               | (1,575,528)  | 1,571,006        | 233,669     |
| Dividends payable (Note 15)                 | —                     | (565,091)    | 565,091          | —           |
| Lease liabilities (Note 24)                 | 37,989                | (7,151)      | 2,933            | 33,771      |
| Due to related parties (Note 16)            | 161                   | 561          | —                | 722         |
| Total liabilities from financing activities | ₱32,765,824           | (₱2,147,209) | ₱2,177,930       | ₱32,796,545 |

Noncash movements include the effects of amortization of debt issuance costs (see Note 14), accretion of interest from lease liabilities (see Note 24) and declaration of cash dividends (see Note 15).



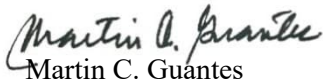
## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors  
Filinvest Development Corporation  
The Beaufort, 5th Avenue corner 23rd Street  
Bonifacio Global City, Taguig City 1634, Metro Manila

We have audited the parent company financial statements of Filinvest Development Corporation (the Parent Company) as at and for the year ended December 31, 2024, on which we have rendered the attached report dated March 19, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has 3,962 stockholders owning 100 or more shares each.

SYCIP GORRES VELAYO & CO.



Martin C. Guantes

Partner

CPA Certificate No. 88494

Tax Identification No. 152-884-272

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-052-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465311, January 2, 2025, Makati City

March 19, 2025



**INDEPENDENT AUDITOR'S REPORT  
ON THE SCHEDULE OF RECONCILIATION  
OF RETAINED EARNINGS AVAILABLE  
FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors  
Filinvest Development Corporation  
The Beaufort, 5th Avenue corner 23rd Street  
Bonifacio Global City, Taguig City 1634, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of Filinvest Development Corporation (the Parent Company) as at and for the years ended December 31, 2024 and 2023 and have issued our report thereon dated March 19, 2025. Our audits were made for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Parent Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic parent company financial statements. This has been subjected to the auditing procedures applied in the audit of the basic parent company financial statements and, in our opinion, fairly states, in all material respects, the financial information required to be set forth therein in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Martin C. Guantes

Partner

CPA Certificate No. 88494

Tax Identification No. 152-884-272

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-052-2023, October 23, 2023, valid until October 22, 2026

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March 19, 2025



**FILINVEST DEVELOPMENT CORPORATION****ANNEX 68-D - RECONCILIATION OF RETAINED EARNINGS AVAILABLE  
FOR DIVIDEND DECLARATION****DECEMBER 31, 2024**

(Amounts in Thousand Pesos)

|                                                                                                                                                     |         |                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------------------|
| <b>Unappropriated Retained Earnings, beginning of reporting period</b>                                                                              |         | ₱11,957,693       |
| <b>Add: Items that are directly credited to Unappropriated Retained Earnings</b>                                                                    |         |                   |
| Reversal of retained earnings appropriation                                                                                                         | —       |                   |
| Effect of restatements                                                                                                                              | —       |                   |
| Others                                                                                                                                              | —       |                   |
| <b>Less: Items that are directly debited to Unappropriated Retained Earnings</b>                                                                    |         |                   |
| Dividend declaration during the reporting period                                                                                                    | 894,770 |                   |
| Retained earnings appropriated during the reporting period                                                                                          | —       |                   |
| Effect of restatements                                                                                                                              | —       |                   |
| Others                                                                                                                                              | —       | 894,770           |
| <b>Unappropriated Retained Earnings, as adjusted</b>                                                                                                |         | <b>11,062,923</b> |
| <b>Add/Less: Net income (loss) for the current year</b>                                                                                             |         | <b>651,018</b>    |
| <b>Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>                                            |         |                   |
| Equity in net income of associate/joint venture, net of dividends declared                                                                          | —       |                   |
| Unrealized foreign exchange gain, except those attributable to cash and equivalents                                                                 | —       |                   |
| Unrealized fair value adjustment (marked-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)                     | —       |                   |
| Unrealized fair value gain of investment property                                                                                                   | —       |                   |
| Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS                         | —       |                   |
| Sub-total                                                                                                                                           |         | —                 |
| <b>Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b> |         |                   |
| Realized foreign exchange gain, except those attributable to Cash and cash equivalents                                                              | 536     |                   |
| Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss FVTPL)                        | —       |                   |
| Realized fair value gain of Investment Property                                                                                                     | —       |                   |
| Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS                       | —       |                   |
| Sub-total                                                                                                                                           |         | 536               |

*(Forward)*

**Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)**

|                                                                                                                                                                  |    |    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----|
| Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents                                                    | ₱— |    |
| Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)             | —  |    |
| Reversal of previously recorded fair value gain of Investment Property                                                                                           | —  |    |
| Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded | —  |    |
| Sub-total                                                                                                                                                        |    | ₱— |

---

**Adjusted Net Income/Loss** 651,554

---

**Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)**

|                                                   |   |   |
|---------------------------------------------------|---|---|
| Depreciation on revaluation increment (after tax) | — |   |
| Sub-total                                         |   | — |

**Add/Less: Adjustments related to relief granted by the SEC and BSP**

|                                                          |   |   |
|----------------------------------------------------------|---|---|
| Amortization of the effect of reporting relief           | — |   |
| Total amount of reporting relief granted during the year | — |   |
| Others                                                   | — |   |
| Sub-total                                                |   | — |

**Add/Less: Other items that should be excluded from the determination of the amount of available for dividends distribution**

|                                                                                                                                                                                                                                                                     |   |   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|
| Net movement of treasury shares (except for reacquisition of redeemable shares)                                                                                                                                                                                     | — |   |
| Net movement of deferred tax asset not considered in the reconciling items under the previous categories                                                                                                                                                            | — |   |
| Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable | — |   |
| Adjustment due to deviation from PFRS/GAAP - gain (loss)                                                                                                                                                                                                            | — |   |
| Others                                                                                                                                                                                                                                                              | — |   |
| Sub-total                                                                                                                                                                                                                                                           | — | — |

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**Total Retained Earnings, end of reporting period available for dividend** ₱11,714,477

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# SUSTAINABILITY REPORT

# EMBRACING CHANGE ALONG THE SUSTAINABILITY JOURNEY









# HOW FILINVEST CREATES VALUE

Filinvest leverages its six capitals - financial, human, intellectual, manufactured, natural, and relationship - to create long-term value for stakeholders. It invests in sustainable developments, fosters excellence, and collaborates with customers, communities, and government to drive inclusive growth. Filinvest's mission is to empower Filipinos and foster economic resilience.

## CAPITAL



### Financial Capital

(as of Dec 31, 2024)  
Market Capitalization – P42.7 B  
Bank Loans – P79.8 B  
Bonds – P57.6 B



### Human Capital

Directly-hired  
Men 5,975  
Women 7,897



### Intellectual Capital

70 years in banking and real estate development

Specializations that Filinvest is known for:

- Townships Development
- Real Estate Design and Construction
- Filipino-hospitality brand of hotel and F&B operations
- Power plant operations
- Energy sources development
- Water and wastewater design and operations
- Non-revenue water management
- Sugar farm operations and milling



### Manufactured Capital

- 488 EastWest Bank's stores (incl. subsidiaries)
- 495 ATMs nationwide
- Office buildings 600,000 m2 GLA
- 5 malls
- Townships developed
- 7 hotels and a golf course
- 405MW coal-fired power plant
- 3.34 MW solar power installations
- 59 water sources
- 5 water treatment facilities
- 4 sewage treatment plants
- District Cooling Systems 11,000 tons refrigeration
- 2 sugar mills - processing 11,000 tons of cane per day
- Airport terminal capacity of 8 million passengers p.a.



### Natural Capital

- Land bank of more than 2,000 hectares under FDC, FLI, FAI and other subsidiaries
- Access to surface water and ground water resources
- Thriving and biodiverse ecosystems in tourism assets (e.g. Boracay, Mactan, Timberland, Baguio)



### Relationship Capital

- The Filinvest Group's trusted brand and consistent reputation has been a contributor to the growth of the conglomerate for nearly 70 years.
- Partnerships with ENGIE, Omni Hitachi, Changi Airports
- Partnerships with national government corporations and regulators such as BCDA, CDC, JHMC & TIEZA
- Partnerships with local governments
- Partnerships with our Supply Chain and network of Sales Agents

## VALUE C MOI



### Financial Services

- Loans and insurance services for retail customers and small businesses
- Digital channels for unbanked customers for convenience and reliability



### Real Estate

- Full spectrum development of sustainable townships, residential, office, retail and industrial assets
- Low-cost housing brands (Pabahay and Futura) to help address housing backlog
- Sustainable office leasing
- Retail spaces supporting both large retail and SMEs
- Industrial and commercial spaces
- Shared living spaces



### Hospitality

- Development of hotel assets in high tourism potential areas
- Expansion of F&B brands beyond hotel settings
- Unique guest experiences across all hospitality brands



### Power Generation

- Thermal-based power generation for energy security Mindanao and Visayas grids
- Retail electricity supply for institutional clients
- Renewable electricity sources for a low-carbon economy

# CREATION DEL



## Water and Wastewater

- Water supply and sewerage for townships, residential communities, office buildings, malls, and hotels
- On-site water source and bulk water supply development for water security



## Urban Solutions

- District cooling systems for office, retail and public infrastructure to reduce energy and water footprint
- On-site solar energy generation to reduce carbon emissions



## Sugar Farms Operations and Milling

- Farm-level technical and financial support to sugarcane planters
- Efficient extraction of sugar, molasses and bagasse from raw sugarcane
- Reuse of milling byproducts



## Infrastructure

- Fit-out operations and maintenance of regional airport terminals

# VALUE DELIVERED



## Financial Services

- P336 B loans 2024
- P80.1 B teachers' loans
- P20.3 B housing loans
- P90.9 B auto loans
- P10.2 B personal loans
- P288 M loans to SMEs



## Real Estate

- 250 residential developments
- 1,888 new affordable housing units completed 2024
- 2,609 units on 12 housing projects launched in 2024 located in Luzon\*, Visayas,\*\* & Mindanao\*\*\*

Footnote: (Naga in Camarines Sur, Cainta and Antipolo in Rizal, Bacoar Cavite, Calamba and San Pedro in Laguna, Balanga Bataan),

\*\*Visayas (Dumaguete in Negros Oriental, Leganes in Iloilo) and \*\*\*Mindanao (Davao City, Gensan South Cotabato)

- 881,000 total m2 GLA in office and retail
- > 10 townships in >2,300 ha
- 20 green building certifications & pre-certifications, LEED certification for Filinvest City neighborhoods



## Hospitality

- 7 hotels with 1,836 keys and a 36-hole golf course
- 256 keys in construction stage
- 2 F&B brands
- 883,676 guests; 38% international travelers
- Employed 1,278



## Power Generation

- Supplied to 29 distribution utilities in 20 VisMin provinces, serving 5.7 M households and 237,119 commercial and industrial establishments
- Supplied to 22 industrial accounts
- 2,731 MWH of rooftop solar energy generated in Festival Mall
- 235 ha. adopted carbon forests for greenhouse gas sequestration



## Urban Efficiency Solutions

- 20,831,680 TRH efficient cooling to Northgate Cyberzone clients



## Sugar Farm Operations and Milling

- 906,180 tons of cane processed
- 7,740 'lacsas' for 715 sugarcane planters served/supported
- 1,465 planters provided with production and harvesting loans
- 249,902 tons of bagasse re-used for energy generation
- 32,525 tons of mud press sent back to farms as soil conditioner



## Infrastructure

- 2.4 million passengers via Clark International Airport- 20% increase from 2023
- 19,221 flights facilitated - 29% increase from 2023

# UN SDG SUPPORTED BY FILINVEST



# EMBRACING CHANGE ALONG THE SUSTAINABILITY JOURNEY

**E**mbracing change is a vital component of a company's journey toward sustainability. It encourages management and stakeholders to adapt and innovate in response to emerging challenges driven by economic, social, environmental and technological megatrends that govern the near and far future, for better or worse. By fostering a mindset that values flexibility and resilience, we become more open to exploring new technologies, practices and lifestyles that prioritize ecological balance and the well-being of all. This shift not only empowers to reduce negative impacts but also inspires collaboration among internal and external stakeholders to create and deliver value for the communities we serve.

The evolution of corporate sustainability in the past decades represents a significant change from viewing corporate social responsibility as a form of philanthropy to integrating it as a fundamental aspect of business strategy, driven by a commitment to Environmental, Economic, Social, and Governance (EESG) practices. Early examples of corporate social responsibility often manifested as charitable donations or community support, focusing primarily on enhancing a company's image, generating goodwill, or opening doors to opportunities. However, as stakeholders increasingly demand transparency and accountability, organizations have begun to assess their genuine impacts on the planet and society, leading to a more authentic engagement with ESG criteria.

Today, as the conglomerate approaches its 70th year of existence, Filinvest recognizes its long-time role as a partner in addressing societal challenges and environmental issues. It leverages on innovation to develop sustainable solutions that not only promote what is good but also enhance its competitive edge, and drive business growth. By aligning goals with the broader needs of society and incorporating sustainability into the core operations, the business units of the Filinvest group (Group) can create Shared Value, fostering long-term resilience, and contributing to the well-being of the communities being served and the overall Philippine society and economy.

## Sustainability Governance

The Board is tasked with defining the Filinvest group's (Group) overarching strategy for Environmental, Economic, Social, and Governance (EESG) matters, assessing associated risks and opportunities, establishing measurable goals, and driving the implementation of sustainability initiatives. Additionally, the Board evaluates the impact of these efforts and identifies opportunities for enhancement. To support this mission, the senior management team of FDC and its subsidiaries play a crucial role, bolstered by the Centers of Excellence at FDC which champion best practices across various business processes. This collaborative approach ensures a comprehensive and effective implementation of EESG strategies throughout the organization.

Filinvest's Sustainability Council, composed of sustainability champions from each subsidiary, is responsible for developing and implementing conglomerate-wide ESG and sustainability policies and initiatives. The council fosters collaboration by sharing insights, best practices, and lessons learned across the organization. Leading the council is FDC's Chief Sustainability Officer (CSO), who serves as the Group's champion for its sustainability framework and commitments. The CSO is tasked with cultivating a culture of sustainability by strengthening the capabilities of key sustainability roles and overseeing each subsidiary's sustainability initiatives. While business units retain ownership and execution of these initiatives, the CSO monitors project traction and outcomes, and consolidates the business units' EESG data to produce regular communication materials for the Group's various stakeholders.

## Scope of the Sustainability Disclosures

Filinvest Development Corporation (FDC) is a diversified holding company with investments across banking and financial services, real estate, hospitality, utilities, sugar and infrastructure. This report covers the performance of the FDC group, including the parent company and subsidiaries where FDC has operational control.

- Banking and Financial Services: EastWest Banking Corporation (EW) and subsidiaries
- Real Estate: Filinvest Land, Inc. (FLI), Filinvest Alabang, Inc. (FAI), Filinvest REIT Corp. (FILRT) and subsidiaries
- Hospitality: Filinvest Hospitality Corporation, Chroma Hospitality and subsidiaries (together, FHG)
- Power: FDC Utilities, Inc. and subsidiaries (together, FDCUI)
- Sugar: Pacific Sugar Holdings Corporation (PSHC) and subsidiaries
- Other shared services business units, Countrywide Water Services, Inc. (CWSI), Corporate Technologies, Inc. (CTI), and SharePro Inc. (SPI)

Publicly listed Filinvest subsidiaries FLI, FILRT and EW publish their own sustainability reports annually, in accordance with the SEC's disclosure requirements. Filinvest Hospitality Corporation and Chroma Hospitality jointly publish their annual sustainability report on a voluntary basis.

The EESG performance of the real estate business is consolidated from both the publicly listed FLI and unlisted FAI. The quantities reported in the FDC report are not exactly as disclosed in FLI's, such as energy intensity, greenhouse gas emission and avoidance, and employee headcount, wherein data are aggregated and categorized under the real estate business segment. The EESG data of FILRT is considered a subset of FLI (FILRT's Sponsor) and not double counted in the FDC disclosure.

To avoid double counting, the report does not disclose some EESG data from the operations of the property management support services such as Pro Excel Property Managers Inc. and Pro Office Works Services Inc., as well as the water and wastewater operator Countrywide Water Services Inc. (CWSI). Energy, water, sewage, wastes and other environment-related information are reported directly at the asset-level and consolidated at the business unit. CWSI's other material inputs such as fuel are booked under the real estate business units' operations, in accordance with their service level agreements.

The EESG performance of companies under the FDC portfolio where it does not exercise operating control, tagged as affiliates, are not included in this report. These include: LIPAD which operates the Clark Airport terminal, EastWest Aegeas Life Insurance, Filinvest-Hitachi Omni Waterworks, Professional Operations and Maintenance Experts Inc., and the non-profit The Palms Country Club. All other entities covered in this EESG report, except the affiliates, are majority-owned and fully controlled by the Filinvest group.

There may be some restatements of previous years' EESG data primarily not due to errors but to give more granularity and comparability on new sub-categories of EESG parameters which are introduced in the present report.



## Materiality And Stakeholder Engagement

As part of the development of the Filinvest Group Sustainability Framework, a comprehensive assessment of material sustainability topics across the Group was conducted. In anticipation of evolving disclosure frameworks, FDC applied a double materiality approach, evaluating the significance

of impacts on both stakeholders and business operations.

A new materiality assessment will be conducted once the Securities and Exchange Commission (SEC) releases its revised guidance, following recent indication of adopting the newly developed ISSB S1 and S2 disclosure standards.

## Material Sustainability Topics

| <br>Environment                                                                                                                                                                                                                                                                                                                                                                      | <br>Economy                                                                                                                                                                                                                                                                                         | <br>Social                                                                                                                                                                                                                                                                                                                                                                             | <br>Governance                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Environmental compliance of projects and operating assets</li> <li>• Energy conservation: energy efficiency and renewable energy</li> <li>• Water conservation: water efficiency and water security</li> <li>• Waste minimization, reuse, recycling and disposal</li> <li>• Land use and biodiversity</li> <li>• Green designs for buildings and townships</li> <li>• Greenhouse gas emissions and climate change</li> </ul> | <ul style="list-style-type: none"> <li>• Distribution of economic value to all stakeholders that are co-creators of value</li> <li>• Supply chain support, particularly local businesses</li> <li>• Generation of direct and indirect jobs, and supporting clients that generate jobs</li> <li>• Macroeconomics influence on customer demand, affordability and financing</li> </ul> | <ul style="list-style-type: none"> <li>• Employee development and engagement</li> <li>• Diversity, inclusivity and equal opportunities</li> <li>• Occupational health and safety</li> <li>• Security</li> <li>• Service and product delivery/quality</li> <li>• Customer relations</li> <li>• Data privacy and cybersecurity</li> <li>• Community relations</li> <li>• Relations with regulators</li> <li>• Resilience against natural and man-made disasters</li> </ul> | <ul style="list-style-type: none"> <li>• Procurement practices</li> <li>• Code of Conduct and Business Ethics, including anti-corruption</li> <li>• Compliance</li> <li>• Risk management</li> <li>• Related Party transactions</li> <li>• Transparency in disclosures</li> </ul> |

Discussions on the management approach and actions of FDC and its business segments to address the topics listed are found across the other sections of this publication.

In its commitment to inclusive sustainability practices, the Filinvest group identified key

stakeholders by aligning shared goals, and considering their objectives and concerns. Business units have established engagement channels and implemented strategic initiatives in line with the Filinvest Sustainability Framework's commitments, continuously refining them to maximize positive impacts and mitigate negative ones.

Strategic business units were encouraged to develop their own sustainability agenda and identify focus areas, ensuring alignment with FDC's

overarching framework while addressing the unique sustainability risks and opportunities specific to their industries.

| Stakeholder                                                                                                                                                                  | Concerns                     | Company Response / Channels of Engagement                                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Customers</b></p>                                                                    | Affordability                | Brands developed per market segment                                                                                                     |
|  <p><b>Depositors and Borrowers</b></p>                                                     | Service quality              | Customer service desks, satisfaction surveys                                                                                            |
|  <p><b>Home buyers and residents, Office and Mall tenants, and Industrial locators</b></p> | Data privacy and cyber risks | Cybersecurity and data privacy protocols                                                                                                |
|  <p><b>Hotel and F&amp;B guests</b></p>                                                   | Health and safety            | Safety teams and protocols at facilities                                                                                                |
|  <p><b>Power distribution utilities and industrial clients</b></p>                        | Service resiliency           | <p>Green Design of townships, buildings and other properties (including green building certifications)</p> <p>Site risk assessments</p> |

| Stakeholder                                                                                                             | Concerns                                                                                             | Company Response / Channels of Engagement                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br><b>Sugarcane planters</b>          | Agricultural productivity                                                                            | Technical/field support to planters, efficiency in mill operations                                                                                                                                                                                                                                                                                                         |
| <br><b>Employees</b>                   | Career development<br>Work-life balance and talent connection<br>Health and safety<br>Gender balance | Competency assessments and individual development plans<br>Face to face and online trainings, one-on-one mentoring and stretched assignments<br>Employee engagement program<br>Review and recalibration of salaries, benefits, and working arrangements<br>Performance reviews<br>Women in leadership positions, but using competency and performance as the only criteria |
| <br><b>Supply Chain</b>              | Accreditation<br>Timeliness of contract awards and payments<br>Local procurement                     | Documented accreditation process<br>Systems process review and revised procedures, with digitization initiative<br>Devolvement of some procurement work to local operation                                                                                                                                                                                                 |
| <br><b>Regulators and Government</b> | Alignment of development plans<br>Compliance                                                         | Continuous coordination on zoning, transportation, utility master plans of national agencies and local governments<br>Timely renewal of permits and submittal/ publication of required reports                                                                                                                                                                             |

| Stakeholder                                                                                                                             | Concerns                                                                               | Company Response / Channels of Engagement                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                         | Good Governance                                                                        | <p>Business code of conduct and ethics, employee trainings on good governance</p> <p>Review, updating and documenting company policies</p> <p>Executive Development Program and annual governance trainings for improving competencies of Board and key officers</p>                                                                                                                                                              |
|  <p><b>Lenders and Investors/<br/>Shareholders</b></p> | <p>Transparency</p> <p>EESG / non-financial disclosures</p> <p>Financial liquidity</p> | <p>Annual reports, sustainability reports, press releases and regular structured/unstructured disclosures</p> <p>Analyst briefings</p> <p>Corporate website</p> <p>Compliance with provisions in loan covenants</p> <p>Adoption of a Sustainable Financing Framework</p>                                                                                                                                                          |
|  <p><b>Communities</b></p>                           | <p>Site-specific community or LGU issues</p>                                           | <p>Relationship management and community social investments, inclu partnerships on specific projects</p>                                                                                                                                                                                                                                                                                                                          |
|  <p><b>Environment</b></p>                           | <p>Environmental impacts</p>                                                           | <p>Green design principles and materials</p> <p>Energy and resource efficiency initiatives</p> <p>Renewable energy use and generation capacity development</p> <p>Water conservation and reuse</p> <p>Solid waste and hazardous waste management partnerships</p> <p>Environmental compliance of projects and operations</p> <p>Biodiversity-related programs</p> <p>Adoption of carbon forests and greenhouse gas accounting</p> |



# FILINVEST GROUP'S SUSTAINABILITY FRAMEWORK

Filinvest’s sustainability agenda is anchored on three core themes: Green, Inclusive, and Resilient—each reflecting the Group’s commitment to creating long-term value for its stakeholders while addressing the most significant environmental, social, and governance (ESG) impacts across its diverse businesses.

Green represents Filinvest’s dedication to environmental stewardship, focusing on sustainable resource management, climate action, and eco-friendly innovations. The Group actively integrates green building practices, renewable energy investments, and responsible land use into its operations to reduce its ecological footprint and promote a healthier planet.

Inclusive underscores the Group’s commitment to fostering social equity, ensuring that its businesses contribute to economic empowerment, community

development, and improved quality of life. Filinvest aims to provide accessible financial services, affordable housing, and meaningful employment opportunities, while also championing diversity, equity, and inclusion within its workforce.

Resilient highlights Filinvest’s focus on building strong and adaptive businesses that can withstand economic, environmental, and societal disruptions. This includes investing in disaster risk reduction, strengthening governance frameworks, and future-proofing its people and operations to ensure long-term sustainability and value creation.

At the heart of this agenda is Filinvest’s unwavering purpose: to empower Filipinos to achieve their dreams. Through sustainable business practices, the Group strives to create a positive and lasting impact on individuals, communities, and the nation as a whole.

| Filinvest Group’s Sustainability Framework                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                               |                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Filinvest is a sustainability champion whose commitments are manifested through corporate social investments, adoption of best practices and management of EESG and business risks to ensure long-term value creation, and delivering innovations to maximize positive impact. |                                                                                                                                                                                                                                               |                                                                                                        |
|  <b>GREEN</b>                                                                                                                                                                               |  <b>INCLUSIVE</b>                                                                                                                                          |  <b>RESILIENT</b> |
| We manifest responsibility towards the environment that provides ecosystem services which sustain our operations.                                                                                                                                                              | We support the unserved and underserved by providing innovative solutions and exploring where others are not.<br><br>We create value for both shareholders and stakeholders. We champion equality and diversity in all aspects of operations. | We are ready for disruptions, challenges and opportunities that come our way.                          |
| Green Designs for Sustainable Communities<br><br>Circular Economy<br><br>Net Zero                                                                                                                                                                                              | Serving the Underserved/Unserved<br><br>Nurturing Talent: Equal Opportunities for Jobs, Development and Growth<br><br>Engaging Communities                                                                                                    | Resilient Assets<br><br>Resilient Operations<br><br>Agile Organization                                 |

## The Filinvest Group's Sustainability Commitments

| GREEN                                                                  |                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Green Designs for Sustainable Communities                              | We commit to developing green communities and infrastructure that feature designs that minimize negative impact and enhance positive impact, not only on the physical environment but also on people and communities.                                                                                                                                         |
| Circular Economy                                                       | We commit to maximize all opportunities in contributing to a circular economy where material resources are utilized in an efficient manner and kept useful for a long time, wastes are minimized and made useful, and natural systems are regenerated.                                                                                                        |
| Net Zero                                                               | We commit to achieving net zero emissions in our value chain in the best practical way and at the soonest, in alignment with the country's development strategy, climate change targets and timelines.                                                                                                                                                        |
| INCLUSIVE                                                              |                                                                                                                                                                                                                                                                                                                                                               |
| Serving the Unserved and Underserved                                   | We commit to finding new solutions to address the pain points of the unserved and underserved segments of society through innovations in delivering products and services.                                                                                                                                                                                    |
| Nurturing Talent: Equal Opportunities for Jobs, Development and Growth | We commit to strengthening our human capital that will support our business growth aspirations, by nurturing capabilities and bringing out the best in our talents irrespective of background.                                                                                                                                                                |
| Engaging Communities                                                   | We commit to listening to and engaging with all relevant stakeholders where we operate, so that we could work together to attain common goals.                                                                                                                                                                                                                |
| RESILIENT                                                              |                                                                                                                                                                                                                                                                                                                                                               |
| Resilient Assets                                                       | We commit to retrofit existing assets and acquire or develop future assets to be resilient against all types of physical risk events such as climate-related or geological phenomena and manmade disruptions.                                                                                                                                                 |
| Resilient Operations                                                   | We commit to strengthening our capabilities in business continuity across the group, ensuring that our people are resilient to be able to serve customers well during disruptions, response capabilities across the Group are integrated, and operations protocols developed and regularly tested.                                                            |
| Agile Organization                                                     | We commit to always look ahead and continually transform and strengthen our human capital, technical practices, business processes, culture and leadership so that the Group is ready to address current and emerging global and local risks and opportunities that have an impact on our long-term ability to create and deliver value for our stakeholders. |

FDC's non-financial performance disclosures highlight achievements and future outlook in relation to its sustainability agenda, using recognized indicators and metrics from mainstream sustainability reporting frameworks whenever applicable. Additionally, bespoke sustainability indicators tailored to Filinvest's unique context are incorporated, particularly in narratives that emphasize Creating Shared Value for stakeholders, especially the customers.

For a more comprehensive perspective, quantitative performance data on sustainability topics not covered in the main report is presented in tabular format in the EESG Performance Index section of this publication. To enhance clarity, this section includes commentaries on data sources and methodologies used.

# COMMITMENT TO BE GREEN

## To Be Green is to be People-Centric

Filinvest's GREEN commitment is a key pillar of its sustainability framework, focusing on building sustainable communities through the adoption of green building principles. The company is dedicated to employing circular economy solutions that minimize waste and optimize resource use across its projects.

By aligning with the Philippine government's Net Zero goals and supporting the Paris Agreement's nationally determined contributions, Filinvest plays a proactive role in advancing the country's environmental aspirations. This commitment reflects the company's responsibility to contribute to a greener future while enhancing the lives of its stakeholders.

At the core of Filinvest's sustainability efforts is the belief that these environmental commitments will lead to a better experience for people, furthering its purpose of enabling the Filipino dream: addressing their pain points, providing them with a good quality of life, but doing it in a way that does not compromise the environment that enables them.

The company views its ongoing sustainability journey not only as a way to manage business risks but also as an opportunity to accelerate its growth trajectory. By integrating environmental sustainability into its operations and embedding it to the brand promise, Filinvest aims to create long-term value that benefits both the environment and the communities it serves, ensuring a lasting positive impact for future generations.

## Green Designs for Sustainable Communities

The real estate business is one of the key pillars of the FDC portfolio, having been started in the 1960's as a natural growth track to complement the thriving lending business which started the Filinvest enterprise. The word "Filinvest" has ever since been associated with the real estate business that has grown from the development of residential lots to a full spectrum real estate business that develops medium and high-rise condominiums, office spaces, retail spaces, hotels and industrial parks.

In the past decade, the tagline of "Dreams Built Green" was adopted to highlight the environmental features of the properties being developed. A high point was the 2021 launch of the Filinvest Real Estate Investment Trust (REIT) which was the first-ever sustainability focused REIT in the Philippines which has since received numerous awards on environmental stewardship and sustainability.

Filinvest has been an early adopter of sustainability solutions for green developments, integrating environmentally friendly features into its projects long before it became an industry standard. The company has made environmental sustainability a core aspect of its brand, incorporating green building principles and energy-efficient technologies into its developments. These sustainable features not only enhance the living and working experiences of customers but also serve as a key element of Filinvest's value proposition. By offering eco-friendly spaces, Filinvest attracts customers who value sustainability, reinforcing its commitment to both environmental responsibility and customer well-being.

As a validation of both energy, water and carbon reduction initiatives in design and operations, FILRT has secured building certifications under LEED (Leadership in Energy and Environmental Design) and the IFC-developed EDGE (Excellence in Design for Greater Efficiencies). As of the end of 2024, FILRT has two LEED certifications and seven EDGE certifications,





one of which is a Zero Carbon rating for Filinvest One building. In the entire real estate business of Filinvest (Filinvest Alabang and FLI non-FILRT), a total of seventeen green building certifications have been secured to date, with four pending. Notable in this set is Filinvest City's LEED Gold ND certification which is granted to a neighborhood development and not just a single building.

The 36-hole golf course in Mimosa Plus is the first GEO-certified golf course in the country. Conferred in September 2024 by the GEO Foundation for Sustainable Golf, the certification is a third-party validation of the efforts of Filinvest Hospitality in promoting environmental stewardship and climate action, among which are the shift to low-water demand grass and the upgrading of the irrigation system.

The Quest Plus Clark and Convention Center in Mimosa was also the first in the hotel portfolio to secure the Good Travel Seal, awarded by the global organization Green Destinations to businesses that demonstrate a strong commitment to sustainable tourism through various environmental and social best practices. The hotel underwent a rigorous audit of practices that were benchmarked against the best in its category.

### **Circular Economy**

The Filinvest group is committed to supporting the development of a circular economy by integrating sustainable practices across its operations and projects. The Group focuses on reducing waste, reusing materials, and recycling resources wherever

possible, ensuring that its business activities contribute to the efficient use of resources and minimize environmental impact. Filinvest's initiatives include implementing circular design principles in its developments, promoting waste diversion strategies, and collaborating with partners to close the loop in material flows. By embracing this approach, Filinvest is helping to drive a more sustainable future while contributing to the broader shift towards a circular economy in the Philippines.

The hospitality group of Filinvest adopted in 2018 a policy to reduce single use plastics in the operation of its hotels. Although the policy was lifted during the COVID-19 pandemic to comply with hygiene standards, the practice has resumed through the provision of water in glass bottles in hotel rooms, wall-mounted bath gel and shampoo dispensers in bathrooms and non-plastic food packaging and cutlery in F&B operations.

The Crimson hotels partnered with local women's organizations on repurposing used towels and linen into kitchen rags and tote bags. The hotel purchases the kitchen towels for its own use while guests support the initiatives by purchasing the tote bags. In a separate partnership with Diversey Philippines, used soap from the guest rooms are collected and given a new life through cold-pressing. The recovered soap bars are distributed to communities in need, and during calamities to support people's hygiene needs. For compostable wastes, the hotels have set up their onsite chef's gardens which grow vegetables and herbs which are used in kitchen operations. In Quest Clark, the vegetable plots are labeled with Tagalog and Kampangan names of the crops.



Vermicomposting is also implemented in the “back of house” of three townships in the real estate business: Filinvest City, Ciudad de Calamba and Clark Mimosa.

In Filinvest City, part of the treated effluent in the centralized sewage treatment facility (STP) is being used for landscape irrigation across the township. The STP is currently undergoing upgrade works to increase the facility throughput and improve reliability of effluent quality compliance. It was also redesigned to generate 10.5 million liters per day of clean water that can be pumped back to the community for potable use. The project is expected to be completed in 2026 and will improve the water security situation in the township, reducing the reliance supply from Metro Manila’s West Zone water concessionaire and aquifer reserves.

The industrial business of Filinvest also implements circular economy practices within and outside their core value chains. In the sugar business, nutrient-rich mud press from the milling activity is spread back onto the planters’ farmlands to enhance soil productivity. Dry bagasse, a byproduct of sugarcane crushing, is used to generate biomass energy. The fly and bottom ash generated in the Misamis power plant are transported to a cement manufacturer in Iligan to serve as clinker substitute. There is a recently formed partnership with the local government of Tagoloan, Misamis Oriental to explore the use of bottom ash as raw material in manufacturing paving blocks for public spaces.

### Net Zero

Filinvest group is deeply committed to achieving Net Zero emissions, aligning its efforts with the Philippine government’s climate change mitigation and adaptation goals, as outlined in the Paris

Agreement. Recognizing that the Filipino people are among the most vulnerable to climate change, despite the country’s relatively small contribution to global greenhouse gas emissions, Filinvest is dedicated to reducing its carbon footprint to help protect the most affected communities. The Group’s commitment to transitioning to a balanced energy generation portfolio, which includes both renewable energy and energy efficiency solutions, is not only in line with the government’s timelines but also slightly ahead, demonstrating a proactive approach to sustainability.

Filinvest is also cognizant of the country’s other priorities, particularly inclusive economic growth, especially in the underserved areas of the Philippines. The company ensures that its environmental initiatives are balanced with the need to foster economic opportunities for all Filipinos, creating sustainable communities and improving quality of life. This dual focus on climate action and economic inclusivity allows Filinvest to contribute meaningfully to both the country’s climate goals and the broader aspirations for equitable development.

### A two-pronged operational approach to Net Zero

Filinvest’s Net Zero aspiration follows a two-pronged approach to address energy and greenhouse gas emissions. The company focuses on energy efficiency to deliver quick operational wins and reduce consumption in the short term. At the same time, Filinvest is committed to adopting renewable energy sources as part of its transition to a low-carbon economy over the next two decades. While pursuing this transition, Filinvest ensures energy security by maintaining a reliable supply through baseload sources, particularly in regions with current and emerging energy gaps. This balanced approach enables Filinvest to reduce its carbon footprint while securing sustainable energy for the future.

**FDC's energy transition plan targets a balanced energy generation portfolio (50% thermal and 50% renewable) by the year 2033, ahead of the Department of Energy's target of 50-50 under the Clean Energy scenario in the Philippine Energy Plan 2020-2040.**

### Energy Efficiency for quick wins

Filinvest has implemented a range of energy efficiency initiatives across its operations, reflecting its commitment to sustainability and reducing environmental impact. In its Alabang and Clark developments, Filinvest has introduced District Cooling System solutions that are designed to reduce energy inputs by as much as 40 percent, providing an efficient, cost-effective alternative to traditional cooling methods. These systems deliver significant

energy savings by distributing cooled water to multiple buildings, optimizing energy consumption across large developments.

In its real estate developments, Filinvest adopts green building principles to enhance energy efficiency in every aspect of design and operation. These principles include the use of low-emission lighting and energy-efficient ventilation systems, ensuring that Filinvest's buildings consume less energy while maintaining a comfortable living and working environment for its occupants. In addition, the Northgate Cyberzone campus in Alabang enjoys the services of a centralized district cooling system which features energy reduction by as much as 40 percent. As a consequence, the company's focus on sustainable design reduces the environmental footprint of its real estate projects while offering tenants energy-efficient spaces.

Additionally, Filinvest has implemented operational efficiencies within its power generation facilities, such as reducing station service requirements to optimize energy use. By streamlining operations and continuously identifying areas for improvement, Filinvest ensures that its power generation assets operate at peak efficiency, further contributing to its overall sustainability goals.

### Electricity Intensity for the Organization (GRI 302-3)

| Business Segment         | Calculation Metric                                           | Metric             | Electricity Intensity |
|--------------------------|--------------------------------------------------------------|--------------------|-----------------------|
| Real Estate (FILRT only) | absolute electricity consumption / total leased area         | kWh/sqm            | 193                   |
| Real Estate (FLI + FAI)  | absolute electricity consumption / gross leasable area (GLA) | kWh/sqm            | 210                   |
| Hospitality              | absolute electricity consumption / number of rooms sold      | kWh/room sold      | 74                    |
| Sugar                    | absolute electricity consumption / total cane processed      | kWh/cane processed | 24                    |
| Group-wide               | absolute electricity consumption / total revenue             | kWh/PhP            | 0.00458               |

Notes: Electricity intensity is not applicable to the power generation business. The water operator's energy consumption in every real estate/hospitality asset is lumped with the overall energy consumption of the said assets and are not segregated. For the bank's operations, energy consumption is deemed immaterial from a financial and overall impact perspective.



## The journey to a low carbon economy

The real estate and power generation units of Filinvest group have been consciously implementing a transition to a low carbon economy through the adoption of renewable energy sources.

The leasing business in real estate has been actively pushing for the transition to renewable electricity particularly in the operations of Filinvest REIT (FILRT). In the past three years, FILRT has been increasing the proportion of renewables consumption in all its managed buildings through direct contracts with renewable power generators under the Department of Energy's Green Energy Options Program.

In July 2024, 16 of the 17 buildings of FILRT have finally switched to 100 percent renewable electricity supply. The remaining building is under the direct property management of the tenant. One of the buildings, Filinvest One in Alabang, has been awarded a Level 3 or Zero Carbon rating which signifies carbon neutrality.

Festival Mall has the largest capacity of roof-installed solar panels in Metro Manila, at 2.8 MW-p, helping reduce the dependence on power from the

local distribution utility. It is also partnering with Movem on the installation of an electric vehicle charging station in the mall.

On the energy generation front, FDC has adopted a transition plan to achieve a balanced generation portfolio by 2033, that is, 50 percent of the generation capacity is from the thermal power facility in Misamis, while the other 50 percent will be from renewable sources, ranging from solar to biomass and mini-hydro. This is more aggressive than the targets in the Department of Energy's Philippine Energy Plan 2020-2040 which aims for a 50:50 sharing by the year 2040, under the clean energy scenario.

In consideration of the growing power demand across the archipelago and the need for energy security, Filinvest is still cognizant of the need to increase baseload capacity while the renewables capacity is still ramping up. Thus, the capacity of the thermal power plant is undergoing expansion starting in 2024. However, a growing pipeline of solar power projects is currently being implemented along with Filinvest's partner, ENGIE. The latest to be completed, Merasenko (Mactan) rooftop solar with 0.5 MW capacity, was energized in the 4th quarter of 2024.



## 2024 Greenhouse Gas Emissions and Avoidance (tonnes CO<sub>2</sub>-e)

| GHG Emissions                                                                                                         | Banking | Real Estate | Hospitality | Power and Water | Sugar  | Total            |
|-----------------------------------------------------------------------------------------------------------------------|---------|-------------|-------------|-----------------|--------|------------------|
| Direct Emissions, Scope (GRI 305-1) – fuels                                                                           | 1,370   | 4,000       | 1,297       | 2,747,491       | 3,093  | <b>2,757,251</b> |
| Indirect Emissions, Scope (GRI 305-2) – purchased non-RE electricity (common areas in property management)            | N/A     | 48,241      | N/A         | N/A             | N/A    | <b>48,241</b>    |
| Indirect Emissions, Scope (GRI 305-2) – purchased non-RE electricity (total area in property management and projects) | 9,323   | 105,545     | 21,889      | N/A             | 1,636  | <b>138,393</b>   |
| Scope 1 & 2 – incl. common areas in property management                                                               | 1,370   | 52,241      | 1,297       | 2,747,491       | 3,093  | <b>2,805,492</b> |
| Scope 1 & 2 – incl. total areas for property management and projects                                                  | 10,693  | 109,545     | 23,186      | 2,747,491       | 4,729  | <b>2,895,644</b> |
| Scope 4 - avoided emissions due to the purchase of renewable electricity and energy generation from biomass           | 0       | 25,269      | 0           | 0               | 15,293 | <b>40,562</b>    |

### Notes:

- Fuels in Scope 1 are gasoline, diesel, liquefied petroleum gas (LPG) and coal. Emission factors for Scope 1 and 2 are:
  - Gasoline: 2.328 kg CO<sub>2</sub>-e/L
  - Diesel: 2.706 mg CO<sub>2</sub>-e/L
  - LPG: 2.78 kg CO<sub>2</sub>-e/kg
  - Coal: 1,919.08 kg CO<sub>2</sub>-e/tonne
  - Luzon-Visayas Grid: 0.7122 tons CO<sub>2</sub>-e/MWH
- Reported figures include projects execution and property management emissions of real estate operations of FLI and FAI. 'Common areas' refer to the areas under the control of property management, while 'total area' refers to both common areas and the areas leased by tenants.
- CWSI's Scope 2 due to electricity use is included in the column for Utilities.
- To avoid double counting, FILRT's reported Scope 3 emissions due to the District Cooling System services (an FLI subsidiary) are reported as FLI's Scope 2 under the Real Estate column.
- Avoided emissions are due to the use of renewables in FILRT (under FLI), onsite solar power at Festival Mall, and Davao Sugar's use of bagasse for boilers.

The change management for accounting for Scope 3 emissions is planned to be covered by a Greening of the Supply Chain initiative beginning in 2025. There is an ongoing rationalization and reorganization of the Filinvest Group's business support services that includes supply chain management, among other functions.

The overall greenhouse gas emissions increased by 52 percent due to the full utilization of the three units

of the FDC Misamis Power facility. This was partly offset by the avoidance of Scope 2 emissions when the Alabang buildings under the FILRT portfolio achieved full conversion to 100 percent renewable electricity supply in July 2024. There is an ongoing initiative to have third party-verified carbon sequestration data from the adopted carbon forests of FDC Misamis.



# COMMITMENT TO BE INCLUSIVE

**W**hen Filinvest articulates its purpose of helping Filipinos achieve their dreams, it does so with an unwavering commitment to inclusivity. For nearly 70 years, Filinvest has championed the aspirations of ordinary Filipinos—enabling them to own homes, purchase their first vehicles, start businesses, and build better futures. More recently, it has expanded its efforts to ensure a sustainable and thriving environment where every Filipino can prosper, by investing in utilities and infrastructure.

Through a people-centric approach to talent development, the Filinvest group (Group) harnesses the diverse strengths of its workforce, fostering

agility and innovation for the future. Likewise, by actively engaging key stakeholders, by way of listening to their concerns and aligning with shared goals, Filinvest not only manages risk but also uncovers opportunities for growth and improvement.

Growing the Business by Serving the Underserved  
The Filinvest group, driven by its purpose of enabling the Filipino dream, embodies the principles of Creating Shared Value. By addressing common challenges that hinder individual potential and community development, Filinvest not only empowers Filipinos to thrive but also contributes to national progress—all while ensuring sustainable financial growth for the enterprise.

| Sector                                                                                                              | Social Pain Point                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Filinvest's Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div></div> <div>Financial</div> | <p>Financial inclusion remains a dream for many Filipinos who still do not have effective access to financial products and services, such as savings, credit, insurance and investments.</p> <p>According to the Bangko Sentral ng Pilipinas' 2023 Annual Report on Financial Inclusion:</p> <ul style="list-style-type: none"><li>• Only 56% of Filipino adults have formal bank accounts. 22% of the unserved population admit that they do not know how banking accounts work.</li><li>• 79% of account holders use their accounts for payment transactions mostly. 56% used their accounts for savings.</li><li>• MSME loans comprise only 6.27% of total business loans, and only 4.06% of total banking system loans</li></ul> | <p>EastWest Bank's strategy is to be a consumer banking player, focused on the individual Filipino customer by providing excellent, innovative, and customer-centered banking services and solutions that empower them to achieve their financial goals. EastWest Bank is also developing digital technology and platforms towards this goal, with a parallel objective of providing timely financial education to existing customers and expanding our impact to the underserved and the unbanked sectors of society.</p> <p>Majority of its loan portfolio consists of housing loans, auto loans, salary loans, and personal loans. The bank is a leader in credit cards. It also offers insurance brokerage services to customers who borrow from EastWest.</p> <ul style="list-style-type: none"><li>• P80.1B in teachers' loans</li><li>• P20.3B housing loan</li><li>• P90.9B in auto loans</li><li>• P10.2B in personal loans</li><li>• P288M loans provided to SMEs</li><li>• 1.1 million customers using digital apps, with 4.8 out of 5 rating in app stores</li><li>• 6.4% deposit growth in CASA (current account, savings account) – above the industry average of 4.6% growth in 2024</li></ul> |

| Sector                                                                                                        | Social Pain Point                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Filinvest's Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>Housing</p>              | <p>The latest statistics from the DHSUD indicated that in December 2022, the country's unmet housing needs reached 6.66 million units, with Luzon accounting for 40.2%, VisMin with 23.1%, and Mindanao with 26.2%.</p> <p>TUN-Habitat Philippines' 2023 Country Report forecasts that the housing backlog in the country could reach 22 million by 2040.</p>                                                                                                                                                          | <p>In 2024, Filinvest Land launched 12 housing projects located in Luzon (Naga in Camarines Sur, Cainta and Antipolo in Rizal, Bacoar Cavite, Calamba and San Pedro in Laguna, Balanga Bataan), Visayas (Dumaguete in Negros Oriental, Leganes in Iloilo) and Mindanao (Davao City, Gensan South Cotabato), comprising a total of 2,609 units.</p> <p>In 2024, a total of 2,618 housing units (1,218 house and lot + 1,400 condo units) were delivered to homebuyers and a total of 179 house and lot and 444 condo units ready and waiting for turnover.</p> <p>37% of the units were in Metro Manila, 39% in Calabar, 5% in the rest of Luzon, and 19% in Visayas and Mindanao.</p> <p>Filinvest Land has over 1,900 hectares of land bank across the country, earmarked for future housing developments.</p> |
|  <p>Travel and Tourism</p> | <p>According to the Department of Tourism, in 2024, the sector earned an estimated P760B in tourism spending, a 27% increase from 2019 receipts, but the 7.7 million target for foreign visitors was not met. At least 6.21 million Filipinos are employed in the tourism sector, with 1.45 million in the accommodation sector.</p> <p>To boost tourism further, the DOT targets 456,000 hotel rooms by 2028, from a current count of 335, 592 rooms from 18,818 accommodation establishments across the country.</p> | <p>Filinvest Hospitality currently operates seven hotels in Luzon and the Visayas with a total of 1,836 rooms. A further 256 rooms are under construction.</p> <p>There was a workforce of 1,377 consisting of directly hired regular and contractual jobs in the hospitality business. This does not include the personnel count of third-party service providers (e.g. security, transport) as well as local businesses that indirectly benefit from Filinvest's hospitality investments and operations.</p>                                                                                                                                                                                                                                                                                                  |

| Sector                                                                                                    | Social Pain Point                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Filinvest's Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>Energy Security</p>  | <p>According to the DOE Power Development Plan 2023-2050, the country's existing supply capacity of 28,259 MW needs to increase 5 to 6 times to meet the anticipated growth in power demand under the reference and clean energy scenarios.</p> <p>The DOE Mindanao Field Office recently warned of a potential power shortage by 2027 if additional energy capacity is not secured.</p>                                                                                                                                                                                                                                                                        | <p>FDC Utilities (FDCUI) has contributed to solving Mindanao's power crisis in 2012 by setting up a 405 MW baseload power plant in Misamis.</p> <p>FDCUI currently serves 29 electric cooperatives serving 5.7 million energized households and 237,119 commercial and industrial accounts in the Visayas and Mindanao, as well as 22 directly engaged large industrial clients.</p> <p>To address the impending supply-demand gap, it is currently ramping up the development of renewables (solar and biomass) in Mindanao as well as expanding the existing power plant.</p>                               |
|  <p>Agriculture</p>      | <p>According to the Sugar Regulatory Administration, Mindanao accounts for 21% of the land planted to sugarcane (almost 79,000 ha) cultivated mostly by small sugarcane farmers, 85% of whom own less than 5 hectares each.</p> <p>While the number of hectares planted to sugarcane in the Philippines has been steadily dropping through the years, driven by low yields, high production inputs and the invasion of imported sugar, there was an increase of 4,000 hectares planted to sugar in Mindanao in the last two years.</p> <p>To date there are only four sugarcane mills in Mindanao with a combined processing capacity of 41,000 TC per day.</p> | <p>FDC's sugar subsidiary operates two sugar mills with a combined capacity of 11,000 TC/day in the Cotabato and Davao area, serving thousands of sugarcane planters and their families.</p>                                                                                                                                                                                                                                                                                                                                                                                                                  |
|  <p>Infrastructure</p> | <p>The transport infrastructure in the Philippines had been experiencing a backlog, weighing down the tourism industry as well as being inconvenient to individual travelers especially in the National Capital Region.</p> <p>Lack of infrastructure has long been cited as the "Achilles heel" of Philippine economic development.</p>                                                                                                                                                                                                                                                                                                                        | <p>Filinvest is the biggest shareholder in the LIPAD consortium which has taken over operations of Clark International Airport. The airport is set to ease congestion at Manila's main hub while providing a more convenient departure option for travelers from North and Central Luzon.</p> <p>In 2024, Clark International Airport served 2.4 million passengers, with the majority being international travelers. This marked a 20% increase from the previous year as the airport continued its post-pandemic recovery. Flight operations also expanded, rising by 29% to a total of 19,221 flights.</p> |

## Nurturing Talent: Equal Opportunities for Jobs, Development and Growth

On of the top business risks of the Filinvest group is the basket of talent risks: capacity, capability and connection. A deep bench of talents is required to fill in the new and expanded roles that are needed to grow the business. Every employee has to be the best in what they do, so they need to display a high proficiency level in core, leadership and functional competencies that their roles require. And to top it all, the talents need to feel energized and engaged as they perform their daily tasks, connecting with the Filinvest brand, its mission and promise.

The Filinvest group has been widely recognized as a champion for celebrating women's leadership in society. It has a high percentage of women in board, executive and managerial roles. FDC's Board has 6 women out of 9 directors. FDC's CEO is a woman, and more than half of the heads of centers of excellence are women. Across the Group, 49 percent of the executives are women.

These statistics are not the result of an intentional effort to hire women simply to boost their representation. Instead, there has long been an unwritten "gender-blind" approach, where hiring and promotions are based purely on competency and performance rather than gender, education, or social background.

## FDC and Filinvest Group's Human Capital (GRI 405-1)

### FDC Employees, by gender

| Gender | 2022 | 2023 | 2024 |
|--------|------|------|------|
| Male   | 19   | 25   | 46   |
| Female | 40   | 51   | 61   |
| TOTAL  | 59   | 76   | 107  |

### FDC Employees, by rank

| Rank        | 2022 | 2023 | 2024 |
|-------------|------|------|------|
| Executive   | 28   | 29   | 35   |
| Manager     | 11   | 19   | 35   |
| Supervisor  | 9    | 11   | 16   |
| Rank & File | 11   | 17   | 21   |
| Consultant  | 0    | 0    | 0    |
| TOTAL       | 59   | 76   | 107  |

### FDC Executives, by gender

| Executive | 2021 | 2022 | 2023 | 2024 |
|-----------|------|------|------|------|
| Male      | 12   | 14   | 15   | 18   |
| Female    | 11   | 14   | 14   | 17   |
| TOTAL     | 23   | 28   | 29   | 35   |



### Filinvest Group Employees, by gender

| Business Type         | Male  | Female | Total  |
|-----------------------|-------|--------|--------|
| Financial Services    | 3,128 | 5,346  | 8,474  |
| Real Estate           | 881   | 1,421  | 2,302  |
| Hospitality           | 761   | 517    | 1,278  |
| Power and Utilities   | 235   | 103    | 338    |
| Sugar                 | 406   | 95     | 501    |
| FDC Parent and Others | 565   | 415    | 980    |
| TOTAL                 | 5,976 | 7,898  | 13,873 |

**Filinvest Group Employees, by rank**

| Business Type | Banking      | Real Estate  | Hospitality  | Power & Utilities | Sugar      | FDC & Others | TOTAL         |
|---------------|--------------|--------------|--------------|-------------------|------------|--------------|---------------|
| Executive     | 343          | 107          | 45           | 10                | 4          | 70           | 579           |
| Manager       | 896          | 517          | 272          | 41                | 29         | 208          | 1963          |
| Supervisor    | 2470         | 539          | 325          | 144               | 145        | 226          | 3849          |
| Rank & File   | 4727         | 1139         | 636          | 143               | 319        | 476          | 7440          |
| Others*       | 38           | 0            | 0            | 0                 | 4          | 0            | 42            |
| <b>TOTAL</b>  | <b>8,474</b> | <b>2,302</b> | <b>1,278</b> | <b>338</b>        | <b>501</b> | <b>980</b>   | <b>13,873</b> |

\*Rank not identified

**Filinvest Group Executives, by gender**

| Executive    | 2021       | 2022       | 2023       | 2024       |
|--------------|------------|------------|------------|------------|
| Male         | 190        | 254        | 266        | 295        |
| Female       | 196        | 243        | 265        | 284        |
| <b>TOTAL</b> | <b>386</b> | <b>497</b> | <b>531</b> | <b>579</b> |

**Filinvest Group New Hires, by gender (GRI 401-1)**

| Gender       | Count        | Percentage  |
|--------------|--------------|-------------|
| Male         | 1293         | 44%         |
| Female       | 1,668        | 56%         |
| <b>TOTAL</b> | <b>2,961</b> | <b>100%</b> |

**Human Capital Readiness at the heart of Filinvest's growth**

Human capital readiness and employee development are central to the Filinvest group's future growth. By investing in continuous learning, skill enhancement, and leadership development, the company ensures that its workforce remains agile and prepared for evolving business demands. A strong commitment to nurturing talent fosters innovation, operational excellence, and long-term success across its diverse industries.

Filinvest has defined a set of core and leadership competencies that all employees are expected to embody. The company continues to enhance functional competencies for each role, enabling the identification of skill gaps and the development of personalized growth plans. This structured approach ensures continuous employee development, aligning individual progress with the company's long-term growth ambitions.

**Training Hours across the Filinvest Group (GRI 404-1)**

| Employee Rank | Male              |              | Female            |              | Both              |              |
|---------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
|               | Total Hours       | Average      | Total Hours       | Average      | Total Hours       | Average      |
| Executive     | 15,119.02         | 51.78        | 17,065.89         | 60.09        | 32,184.90         | 55.88        |
| Manager       | 58,807.90         | 61.13        | 63,395.78         | 63.08        | 122,203.68        | 62.13        |
| Supervisor    | 107,813.90        | 58.63        | 134,020.00        | 66.64        | 241,833.90        | 62.81        |
| Rank & File   | 131,695.04        | 46.47        | 306,357.81        | 67.02        | 438,052.85        | 59.16        |
| <b>TOTAL</b>  | <b>313,435.85</b> | <b>52.46</b> | <b>520,839.48</b> | <b>65.95</b> | <b>834,275.33</b> | <b>60.14</b> |

## Training Modules Delivered Across the Filinvest Group

[GRI 404-2]

| Type of Competency                                                                                              | Topics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>Core</p>                   | <ul style="list-style-type: none"> <li>• Filinvest Live series (Shared Benefit, Trustworthiness, Sustaining High Performance Teams)</li> <li>• Problem Analysis and Decision Making</li> <li>• Conflict Management</li> <li>• The Art of Effective Communication</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|  <p>Leadership</p>             | <ul style="list-style-type: none"> <li>• Leadership Excellence Acceleration Program (LEAP)</li> <li>• Problem Handling for GEMS And Training Leaders</li> <li>• Multipliers: How the Best Leaders Ignite Everyone's Intelligence</li> <li>• The Filipino Brand of Leadership / Workplaces</li> <li>• Ako Naman Muna: A Leader's ToolKit for Self Care</li> <li>• Next-Level Leadership: Embracing New Strategies for Success in 2024</li> <li>• Leadership Training: Sale Management</li> <li>• The Filipino Brand of Leadership / Workplaces</li> <li>• Leading Others: Unleash The Leader In You</li> <li>• Critical and Structured Thinking (CAST) Batch 1</li> <li>• The Filipino Brand of Leadership</li> <li>• Filinvest Leadership Empowerment Circle</li> <li>• Next Level Leadership Embracing New Strategies for Success in 2024</li> <li>• Leadership, Communication &amp; Work-Life Balance</li> <li>• Leaders' Assembly: Making Good Change Happen</li> <li>• Leadership Insight: DISC Personality Training</li> </ul> |
|  <p>Functional</p>           | <ul style="list-style-type: none"> <li>• Food Safety Refresher</li> <li>• Stock and Purchase Requisition Process Refresher Training</li> <li>• Lifeguard Training Run Swim Run</li> <li>• Brilliant in Skills: Telephone Etiquette</li> <li>• Data Story Telling and Visualization (DSAV) Batch 2Month End Reporting Orientation</li> <li>• How to improve your Skills as a Presenter</li> <li>• Making New Hire Onboarding Efficient and Fun</li> <li>• Condensate Water System Maintenance Batch 3</li> <li>• IFCA PPLUS Training: Contractor Management</li> <li>• Free Masterclass EP8 - Recruitment 101</li> <li>• Basic Incident Command System Training</li> <li>• Audit Calibration</li> <li>• Intro to Operations, Departmental Processes, and Real Estate Concepts</li> </ul>                                                                                                                                                                                                                                             |
|  <p>Employee empowerment</p> | <ul style="list-style-type: none"> <li>• Empowered Filipina: Redefining Strength, Achieving Dreams</li> <li>• Filinvest Live: Empower Talents to Succeed</li> <li>• Empowerment Circles</li> <li>• Growth Mindset: Beyond Comfort</li> <li>• Emotional Intelligence: Manage Your Mood Webinar (Part 2)</li> <li>• Mental Health Awareness</li> <li>• The HR Cafe Ep173: " The Winning Habits to a Successful Life"</li> <li>• Monday Motivation: Limitless</li> <li>• Shine Wellness Webinar: It's ok not to be okay</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |



| Type of Competency                                                                                        | Topics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>Regulatory trainings | <ul style="list-style-type: none"><li>• Fire Safety Refresher Training</li><li>• Fire Life Safety</li><li>• Food Safety Training</li><li>• Anti-money Laundering Act (AMLA) Training</li><li>• Safe Spaces Act</li><li>• Data Privacy Act</li><li>• Executive Briefing on the new EOPT Act and CREATE MORE Bill</li><li>• Occupational Safety and Health Training</li><li>• Whistleblower</li><li>• Drug Free Workplace</li><li>• Sexual Harassment</li><li>• Webinar: Cybersecurity</li><li>• Permits Application and Compliance Training Series: Environmental</li><li>• Clearance Compliance Process</li></ul> |

**Employee Benefits**  
(GRI 401-2, 401-3)

The various subsidiaries under the Filinvest group provide benefits beyond a basic 12-month salary:

- 13th month pay
- Group life insurance for employees
- Healthcare coverage for employees and optional coverage for dependents
- Paid leaves
  - Vacation leave
  - Sick leave
  - Maternity and Paternity leave
  - Solo parent leave
  - Birthday leave
  - Bereavement leave
  - Nuptial leave
  - Calamity leave
- Car plan, with fuel, repairs and maintenance subsidy (for select ranks)

In addition to these benefits, some subsidiaries may grant 14th month pay, performance bonuses and stock option plans depending on employee performance.

**Employee Engagement**

Employee engagement is a critical factor in driving Filinvest’s productivity and long-term success. When employees feel valued, motivated, and connected to their work, they are likely to be productive, innovative, and committed to achieving organizational goals. Engaged employees contribute to a positive work environment, collaborate effectively, and take ownership of their responsibilities, leading to higher efficiency and better business outcomes.

FDC conducts a company-wide employee engagement survey every two years. The methodologies for the past two surveys were developed internally. However, in 2024, the Group engaged an external advisor with access to industry benchmarks, providing a more comprehensive assessment of where individual companies and the group as a whole stand. As a result, the latest engagement scores are not directly comparable to those from previous surveys.





In 2024, the bi-annual group-wide employee engagement survey, Filinvest Listens, was undertaken with the support of a third-party consultant for the first time, thus the latest results are not comparable with those from previous years. The survey had an overall response rate of 95% from a workforce of almost 14,000 employees. The engagement score at the conglomerate level was 90%, while FDC's individual score was 85%, compared to the Philippine norm of 93%.

The detailed survey responses provided valuable insights, enabling the parent company to identify key strengths and priority areas for improvement. Based on these findings, strategic initiatives for 2025 and succeeding years have been developed and integrated into the execution plans of business units and departments to enhance employee experience and overall engagement. Voluntary attrition in 2024 decreased to 14.6% at the conglomerate level, compared to the previous year's 18%.

Additionally, on a group-wide level, the Employee Net Promoter Score (eNPS)—a measure of employee loyalty and willingness to recommend the company as a workplace—was 27, while the Product Net Promoter Score (pNPS)—which gauges customer satisfaction and likelihood to recommend the company's products—stood at 34. These scores serve as benchmarks to track progress and drive continuous improvement in both employee experience and customer satisfaction.

### Engaging Communities (GRI 413-1)

Filinvest's business units actively engage in corporate social investments for multiple strategic and socially responsible reasons. At the core of these efforts is the commitment to generating goodwill within the communities where they operate. By addressing social, environmental, and economic challenges, Filinvest strengthens relationships with local stakeholders, fostering trust and a positive brand reputation.

Beyond goodwill, these initiatives also serve as a catalyst for potential business opportunities. By investing in community development, Filinvest creates a more inclusive and sustainable environment, which can lead to new partnerships, market expansion, and innovative business models. Engaging with communities through social programs allows Filinvest to identify emerging needs, adapt its services accordingly, and explore synergies with local enterprises.

Moreover, corporate social investments align with the company's broader mission of nation-building, contributing to long-term economic growth and social progress. Whether through infrastructure support, environmental conservation, educational programs, or livelihood initiatives, these efforts reinforce Filinvest's role as a responsible corporate citizen.



Ultimately, Filinvest's approach to social investment is a win-win—strengthening both the communities it serves and the company's long-term business sustainability.

The following are a sampling of notable CSR initiatives undertaken by the business units at the local communities where they operate:

#### **Volunteer Work on Saturdays at Fish x Loaves**

The companies across the Filinvest group encourage their employees to get involved in CSR initiatives that the business units implement or support. In 2024, many Filinvest group employees rendered thousands of manhours of volunteer work every Saturday at the charity kitchen of Fish x Loaves Foundation located in Northgate Cyberzone in Alabang. Founded by former ambassador Joseph M. Yap who was inspired by the New Testament narrative on the miraculous multiplication of the loaves and fish, the foundation is committed to providing nutritious meals to needy beneficiaries through partner parishes and organizations in the Philippines. As of the end

of 2024, the foundation has provided more than 157,600 meals for 25 beneficiary groups, through the donations and efforts of 550 volunteers from within the Filinvest group and other organizations.

(More information can be found at [loavesxfish.com](http://loavesxfish.com))

#### **EastWest's Magenta Run**

EastWest Bank's Magenta Race is an annual initiative that underscores the institution's commitment to employee engagement and breast cancer awareness. Launched in 2022, this virtual event encourages participants to run, walk, or cycle, fostering a culture of health and wellness among employees while supporting a significant cause. The proceeds from registration fees and sales of shirts were donated to the Philippine Foundation for Breast Care Inc. (PFBCI), also known as Kasuso Foundation, to support breast cancer detection and prevention efforts.

Beyond fundraising, the Magenta Race serves as a platform for EastWest Bank to educate its predominantly female workforce—comprising over 60 percent of employees—about breast health. Collaborations with healthcare providers have facilitated webinars and educational sessions on breast cancer detection and treatment, empowering employees with knowledge and resources.

#### **Filinvest Hospitality's 'Live Love Local'**

Since 2022, Filinvest hotels have hosted pop-up stores in their lobbies to showcase locally crafted products and celebrate regional culture. By rotating displays, this initiative ensures continuous exposure for dozens of small businesses and community organizations, helping to sustain and promote local artisans. Meant to be just a one-off activity, Live Love Local has turned into a continuing initiative across the year.





### Filinvest Hospitality's Support to the Arts

Filinvest hotels serve as platforms for Filipino artistry through regular art exhibits at Crimson and Quest hotels, highlighting the richness of local talent to both local and foreign visitors. At Crimson Boracay, an artist in residence program takes this commitment further by transforming the hotel into a living gallery. Resident artists are provided space to create and showcase their work, drawing inspiration from the hotel's surroundings and culture. Through live painting sessions, exhibits, and interactive workshops, the program nurtures artistic expression while offering guests an immersive cultural experience.

### FDC Utilities' 4E Program

The '4E' program at FDC Misamis stands for Education for Empowerment, Environmental Stewardship, Enhanced Health Care, and Economic Enrichment, consisting of initiatives aimed at improving the well-being of surrounding communities, particularly in Villanueva and Tagoloan Misamis Oriental where the power generation facility is located. These efforts

are powered by employee volunteerism and feature recurring activities such as creek and coastal cleanup drives, medical missions, fire safety training with equipment donations, tree planting, livelihood training, and market linkage programs.

### CSR mainstays across the Group

Business units such as EastWest, Filinvest Land, Filinvest Hospitality and Davao Sugar also do their annual bloodletting drive to support the National Kidney and Transplant Institute and the local Red Cross chapters.

Also popular among Filinvest employees are the Brigada Eskwela, the country-wide schools maintenance activity organized by the Department of Education, as well as the Adopt an Estero river/beach cleanups organized by the local government units.





# COMMITMENT TO BE RESILIENT

**T**he Filinvest group's ability to create and sustain value, particularly in the Philippine context where natural calamities and external disruptions pose constant challenges, is deeply rooted in a holistic approach to resilience. This commitment extends across three critical dimensions: the resilience of its real estate assets, reliability of its operations, and the agility of the Filinvest organization and its people.

## Resilience of Assets

FILRT integrates resilience into the very foundation of its real estate assets. From structural integrity designed to withstand earthquakes and extreme weather conditions to energy-efficient and sustainable building systems, each property is built with long-term durability and adaptability in mind. Green building certifications, such as LEED and EDGE, further enhance environmental sustainability while improving disaster preparedness.

A key driver for resilient designs in the real estate and hospitality businesses are the weather-related calamities that have been getting intense in the previous decade. Crimson Mactan was devastated by Typhoon Odette in late 2021 and gave rise to the hospitality business' battlecry of 'build back better'. Damaged structures were rebuilt with future resilience in mind, avoiding the high exposure to storm surges and high winds which were the main hazards from that incident.

Festival Mall's expansion area straddles the Alabang River and it was a deliberate design decision to make it a vital feature of the mall's architecture and customer experience. As the river overflows during periods of heavy rain, Filinvest Land made provisions to allow the river flood to run its course naturally and allow short term inundation of the river park. Normal operations are quickly restored after a quick mud cleanup with no asset damage. During Typhoon Enteng in September 2024, reports on social media featured the river overflowing its banks but the mall went back to normal after a day's cleanup. The idea of the resilient design is not to fight the water but let it run its course, and to immediately rise back up and resume operations as if the flood did not happen.



Given the anticipated intensification of climate change impacts in the next few decades, FDC has engaged a third-party advisor in the conduct of a physical risk assessment on all Filinvest group assets across the country, taking into account location-specific hazards and quantifying their exposure.



Asset-specific technical and financial impact studies will follow along with the crafting of mitigation strategies and action plans that will hopefully minimize the overall impact to the bottom line.

The physical risk assessment initiative is also done in preparation for the impending changes in the sustainability disclosure specifications adopted by the Philippine's Securities and Exchange Commission (SEC), specifically the S1 and S2 standards developed by the International Financial Reporting Standards' sustainability standards board (IFRS/ISSB). Although the SEC MC has not been officially released as of the first quarter of 2025, FDC acted proactively as it estimates a multi-year glide path to full compliance with ISSB S1 and S2.

### Resilience of Operations

Beyond the physical structures, FILRT ensures that its operations can endure and recover quickly from disruptions. The property management team has robust contingency plans, covering emergency response, business continuity, and crisis management. Redundant power systems, flood mitigation measures, and smart building technologies all contribute to ensuring minimal disruption to tenants and stakeholders in times of crisis.

In 2024, several business units updated their Incident Action Plans. Notably, the hospitality operations team completed their business continuity plans that used the guidance from ISO 22000 as reference, at the headquarters level and property level. Action plans for several risk event scenarios covering both natural and man-made operational disruptions were developed and rolled out.

### Agility of the organization for sustainable growth

Throughout its long history, the Filinvest group has weathered numerous crises that tested its resilience and adaptability. Each decade brought challenges that threatened the conglomerate's survival—from the Philippine political and economic crisis of the 1980s to the Asian Financial Crisis of 1997, the Global Financial Crisis of 2008, and, just as the 2011-2020 decade seemed poised to conclude without a major disruption, the COVID-19 pandemic struck. Yet, time and again, Filinvest not only endured but emerged stronger, demonstrating its ability to navigate uncertainty, adapt to change, and thrive in the face of adversity.

**FILRT integrates resilience into the very foundation of its real estate assets. From structural integrity designed to withstand earthquakes and extreme weather conditions to energy-efficient and sustainable building systems, each property is built with long-term durability and adaptability in mind.**



At the heart of Filinvest's resilience is the agility of the Filinvest organization and its people. The company fosters a culture of adaptability, enabling teams to respond swiftly to changes in market dynamics, regulatory shifts, and unforeseen disruptions. Whether navigating economic downturns, shifting workplace trends, or the global push toward sustainability, Filinvest remains proactive—transforming challenges into opportunities for innovation and growth.

At the core of its strategy remains an unwavering dedication to serving customer needs—ensuring that, even in the face of disruption, the Filinvest group stands strong, ready to evolve, and prepared to lead in an ever-changing world.



To enhance the future-readiness and resilience of the Filinvest group against disruptions, a series of strategic change initiatives have been implemented. These initiatives are designed to strengthen governance, foster seamless collaboration, and enable faster, more agile execution across business units.

To drive these efforts, executive and functional councils have been established, creating a platform for standardized policies, streamlined procedures, and collective decision-making. These councils ensure that key strategies are aligned across the organization, risks identified and managed, thus reinforcing accountability and strategic cohesion.

Additionally, shared services functions are being consolidated to improve operational efficiency, eliminate redundancies, and optimize resource allocation. By centralizing critical support functions, Filinvest enhances its ability to respond swiftly



to emerging challenges while maintaining a strong foundation for sustainable growth. In the restructured organization, individuals in support roles will have opportunities for vertical career growth, rather than being regarded as subordinates to employees in the core businesses.

Efforts to deepen the talent pool for critical roles across all businesses remain a priority, alongside initiatives to reduce voluntary attrition and safeguard institutional knowledge. At the same time, future-focused upskilling is underway, complemented by

**At the heart of Filinvest's resilience is the agility of the Filinvest organization and its people. The company fosters a culture of adaptability, enabling teams to respond swiftly to changes in market dynamics, regulatory shifts, and unforeseen disruptions.**

the enhancement of functional competencies across all roles. These initiatives are designed to equip the organization with the skills and expertise needed to meet evolving business demands.

Through these transformative initiatives, Filinvest is positioning itself to navigate an increasingly complex business environment with resilience, efficiency, and agility.

# ANNEXES

# EESG PERFORMANCE INDEX

## A. ECONOMIC DISCLOSURES

### Economic Performance

Filinvest adopts a comprehensive approach to distributing the economic value generated by its business across its stakeholders whom it treats as value co-creators and providers of the six capitals—financial, manufactured, intellectual, human, social, and natural. The company ensures that value is fairly shared among its employees, customers, suppliers, investors, and the communities in which it operates.

By reinvesting profits into growth initiatives, creating job opportunities, fostering innovation, and supporting sustainable community development, Filinvest aligns its success with the well-being of its stakeholders. This approach reinforces its commitment to inclusive growth and long-term value creation for all involved.

| Direct Economic Value Generated and Distributed (GRI 201-1)                                                    | 2022       | 2023       | 2024        |
|----------------------------------------------------------------------------------------------------------------|------------|------------|-------------|
|                                                                                                                | ('000 PHP) | ('000 PHP) | ('000 PHP)  |
| Direct economic value generated (revenue)                                                                      | 71,123,592 | 92,841,541 | 113,445,538 |
| Direct economic value distributed                                                                              |            |            |             |
| a. Operating costs                                                                                             | 26,541,542 | 35,813,153 | 44,338,639  |
| b. Employee wages and benefits                                                                                 | 8,170,656  | 10,789,350 | 12,747,050  |
| c. Payments to suppliers and other operating costs                                                             | 9,473,544  | 9,674,473  | 13,068,538  |
| d. Dividends given to stockholders and interest payments to lenders (does not include principal debt payments) | 8,812,867  | 9,282,473  | 10,546,874  |
| e. Taxes paid to government                                                                                    | 4,738,853  | 6,735,277  | 7,976,177   |
| f. Community social investments (e.g. donations, CSR)                                                          | 1,188      | 946        |             |

### Procurement Practices

Filinvest's procurement practices are guided by the principles of good governance, ensuring transparency, fairness, and accountability in all transactions. While procurement is largely centralized in a shared services company that serves all business units, local procurement is done whenever possible, supporting regional economies

and fostering sustainable supply chains. Filinvest treats its suppliers as business partners and co-creators of value, respecting its obligations to them and promoting long-term, mutually beneficial relationships. This approach strengthens trust, enhances collaboration, and ensures that all parties work together toward shared success.

| Proportion of Spending on Local Suppliers (GRI 204-1)                                                          | 2022   | 2023   | 2024 |
|----------------------------------------------------------------------------------------------------------------|--------|--------|------|
| Percentage of procurement budget used for significant locations of operations that is spent on local suppliers | 98.11% | 99.16% | 81%  |

## Anti-corruption

Filinvest upholds a strong commitment to good governance, emphasizing ethical business practices and integrity in all its operations. The company's management approach to issues like corruption, conflict of interest, and fair competition is clearly codified in its recently revised Business Code of Conduct. This code serves as a comprehensive framework to ensure that all employees and

stakeholders adhere to high ethical standards, promoting transparency and accountability. Filinvest also enforces strict anti-retaliation policies, protecting employees who report unethical conduct or violations of the code. Through these measures, Filinvest fosters a culture of trust, fairness, and legal compliance, reinforcing its commitment to responsible business practices.

| Trainings on Anti-corruption Policies and Procedures (GRI 205-2)                                                                | 2022 | 2023 | 2024 |
|---------------------------------------------------------------------------------------------------------------------------------|------|------|------|
| Percentage of employees who have received written communication about corporate anti-corruption policies and procedures         | 0%   | 0%   | 0%   |
| Percentage of business partners who have received written communication about corporate anti-corruption policies and procedures | 0%   | 0%   | 0%   |
| Percentage of directors and management who have received anti-corruption training                                               | 100% | 100% | 100% |
| Percentage of employees who have received anti-corruption training                                                              | 100% | 100% | 100% |

| Incidents of corruption (GRI 205-3)                                                         | 2022 | 2023 | 2024 |
|---------------------------------------------------------------------------------------------|------|------|------|
| Number of incidents in which directors were removed or disciplined for corruption           | 0    | 0    | 0    |
| Number of incidents in which employees were dismissed or disciplined for corruption         | 0    | 0    | 0    |
| Number of incidents when contracts with business partners were terminated due to corruption | 0    | 0    | 0    |

## B. ENVIRONMENT DISCLOSURES

### Resource Management

Filinvest business units implement a two-pronged approach to energy management, focusing on both energy efficiency and the transition to clean renewable energy. The company optimizes energy use across its operations by adopting energy-efficient technologies, enhancing building systems, and improving operational practices to minimize

consumption. At the same time, Filinvest is committed to transitioning to renewable energy sources, reducing its reliance on fossil fuels, and lowering its carbon footprint. This dual strategy supports the company's sustainability goals related to Green Designs for Sustainable Communities and the aspiration for Net Zero.



| Energy Consumption (GRI 302-1)                                                  | Unit   | 2022        | 2023        | 2024        |
|---------------------------------------------------------------------------------|--------|-------------|-------------|-------------|
| Gasoline                                                                        | L      | 146,885     | 208,445     | 192,616     |
| LPG                                                                             | Kg     | 216,061     | 197,815     | 226,385     |
| Diesel                                                                          | L      | 3,098,690   | 3,328,692   | 4,073,231   |
| Coal                                                                            | Tonnes | 741,994     | 912,918     | 1,510,953   |
| Electricity (renewable) – common areas                                          | KWH    | 5,108,971   | 6,624,488   | 11,267,418  |
| Electricity (non-renewable) – common areas                                      | KWH    | 72,400,354  | 68,431,615  | 67,734,755  |
| Electricity (renewable) – total area in property mgt + real estate projects     | KWH    | 20,634,302  | 43,553,016  | 55,093,812  |
| Electricity (non-renewable) - total area in property mgt + real estate projects | KWH    | 328,753,142 | 392,195,256 | 465,653,739 |
| Electricity (RE & non-RE) – total area in property mgt + real estate projects   | KWH    | 349,387,444 | 435,748,272 | 520,747,550 |

## Notes:

- Electricity reported here is based on common areas for property management
- Renewables consumption are by FILRT assets and Festival Mall

| Energy Consumption (GRI 302-1)                                                  | Unit | 2022       | 2023       | 2024       |
|---------------------------------------------------------------------------------|------|------------|------------|------------|
| Gasoline                                                                        | GJ   | 5,023.5    | 7,129      | 6,587      |
| LPG                                                                             | GJ   | 10,651.8   | 9,752      | 11,161     |
| Diesel                                                                          | GJ   | 119,609    | 128,488    | 157,227    |
| Coal                                                                            | GJ   | 21,740,424 | 26,748,490 | 44,270,911 |
| Electricity (renewable) – common area                                           | GJ   | 18,392     | 23,848     | 40,563     |
| Electricity (non-renewable) – common area                                       | GJ   | 260,641    | 246,354    | 243,845    |
| Electricity (renewable) – total area in property mgt + real estate projects     | GJ   | 74,284     | 156,791    | 198,338    |
| Electricity (non-renewable) - total area in property mgt + real estate projects | GJ   | 1,183,511  | 1,411,903  | 1,676,353  |
| Electricity (RE & non-RE) – total area in property mgt + real estate projects   | GJ   | 1,257,795  | 1,568,694  | 1,874,691  |

Conversion to GJ (energy densities): Gasoline – 0.0342 GJ/L; LPG – 0.0493 GJ/kg (in the Phils, LPG is 60% butane [0.0491 GJ/kg] and 40% propane [0.0496 GJ/kg]; Diesel –0.0386 GJ/L; Electricity – 0.0036 GJ per KWH; Coal – 29.3 GJ/tonne

Filinvest's water management approach focuses on efficient usage, conservation, and pollution reduction. Where practicable, water recycling is implemented in properties to reduce dependency on

potable water. It ensures compliance with effluent regulations and uses wastewater treatment facilities to prevent water pollution.

| Water Withdrawal (in megaliters)<br>(GRI 303-3) | 2022    | 2023    | 2024           |
|-------------------------------------------------|---------|---------|----------------|
| Surface water                                   | 413,126 | 472,562 | 1,528          |
| Groundwater                                     |         |         | 140            |
| Seawater                                        |         |         | 583,482        |
| Third-party water                               |         |         | 4,059          |
| Produced water*                                 |         |         | 93             |
| <b>TOTAL</b>                                    |         |         | <b>589,209</b> |

Note: For 2024, water withdrawal information is presented with more granularity on source.  
The bulk of the seawater withdrawn is used as cooling water of the thermal power plant (i.e. non-consumptive).  
\*Produced water is not added in the total to avoid double counting as it is already part of the seawater withdrawn.

| Water Consumption (in megaliters)<br>(GRI 303-5) | 2022  | 2023  | 2024  |
|--------------------------------------------------|-------|-------|-------|
| Freshwater + other water                         | 2,847 | 2,519 | 3,270 |

Note: Water consumption = Total water withdrawal - Total water discharge [refer to the Effluents (GRI 303-4) table for the quantitative disclosure of water discharge]

Filinvest adopts a responsible approach to the use of materials across its business operations by prioritizing sustainability and minimizing waste. The company focuses on reducing, reusing, and recycling materials wherever possible, ensuring that resources are used efficiently throughout the

lifecycle of its projects. In line with the principles of a circular economy, Filinvest actively seeks opportunities to recycle materials both within and outside its value chain. In the hospitality, in particular, a single-use plastics reduction policy had been in effect since 2018.

| Materials Used (in tonnes)<br>(GRI 301-1) | 2022           | 2023           | 2024             |
|-------------------------------------------|----------------|----------------|------------------|
| <b>Non-renewable materials used</b>       | <b>784,606</b> | <b>970,432</b> | <b>1,690,246</b> |
| Steel                                     | 17,315         | 15,941         | 10,465           |
| Cement                                    | 25,297         | 41,573         | 33,826           |
| Coal                                      | 741,994        | 912,918        | 1,510,953        |
| Plastic Packaging*                        | Not reported   | Not reported   | 130              |
| Food Ingredients                          | Not reported   | Not reported   | 594              |
| Detergent                                 | Not reported   | Not reported   | 5                |
| Limestone                                 | Not reported   | Not reported   | 15,144           |
| Sacks**                                   | Not reported   | Not reported   | 119,129          |
| <b>Renewable materials used</b>           | <b>784,600</b> | <b>704,005</b> | <b>906,201</b>   |
| Cane                                      | 784,600        | 704,005        | 906,180          |
| Paper                                     | Not reported   | Not reported   | 21               |

| Materials Used (in tonnes)<br>(GRI 301-1) | 2022         | 2023      | 2024      |
|-------------------------------------------|--------------|-----------|-----------|
| <b>Recycled input materials used</b>      | <b>2,087</b> | <b>64</b> | <b>9</b>  |
| Recycled construction materials           | 2,087        | 64        | 9         |
| Total Materials Used                      | 1,571,293    | 1,674,501 | 2,596,456 |

\* Hospitality's top 15 used plastics, both back of house (BOH) and front of house (FOH) (e.g. gloves, food container, vacuum packaging for commissary etc.)

\*\* Used for sugar packaging.

| Recycled Input Materials Used (%)<br>(GRI 301-2)                                                            | 2022 | 2023 | 2024              |
|-------------------------------------------------------------------------------------------------------------|------|------|-------------------|
| Percentage of recycled input materials used to manufacture the organization's primary products and services | 4.9% | Nil  | 0.00036%<br>(Nil) |

Filinvest is dedicated to supporting biodiversity through sustainable development practices that prioritize the preservation of ecosystems. The company integrates eco-friendly designs, green spaces, and native flora into its projects. Filinvest also focuses on responsible land use and

collaborates with stakeholders to ensure that its developments contribute to the conservation of natural habitats and promote long-term ecological balance and sustain the ecosystems services that support the business.

| Ecosystems and Biodiversity                                                                                                                           | 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2023 | 2024 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|
| Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (GRI 304-1) | <p>FDC Utility's Misamis facility (99 hectares) is located in an industrial area, adjacent to a river and wetland but is not NIPAS protected.</p> <p>Filinvest Hospitality has two beachfront resorts—Crimson Resort and Spa Boracay (3 has.) and Mactan (6 has.)—which have coral reefs in the waters fronting the properties. These are considered as part of the attractions for the guests. It also operates a resort in a mountainous area, near but not within or at the buffer zone of the Upper Marikina River Basin Protected Landscape.</p>         |      |      |
| Habitats protected or restored (304-3)                                                                                                                | <p>FDC Utilities has adopted 235 hectares of carbon sequestration forests in Sambulawan, Laguindingan, Misamis Oriental, Maramag, Bukidnon and Brgy. Guilang Guilang, Manolo Fortich, Bukidnon and is developing partnerships with more communities in Mindanao for additional hectares to adopt.</p> <p>On June 29, 2024, Crimson Resort and Spa Mactan relaunched its commitment to an 8-hectare marine sanctuary in front of the property and continues to support the restoration work on parts that were damaged by Typhoon Odette in December 2021.</p> |      |      |

| Ecosystems and Biodiversity                                                                                                                        | 2022                                                                                                                                                                                        | 2023 | 2024 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|
| IUCN Red List species and national conservation list species with habitats in areas affected by operations (304-4)                                 |                                                                                                                                                                                             | 0    |      |
| Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization | FDC Utilities has adopted a Philippine Eagle named 'Dagitab', rescued in Misamis Oriental 1984 for a gunshot injury and is now under the care of the Philippine Eagle Center in Davao City. |      |      |

## Environmental Impact Management

Filinvest adopts a comprehensive management approach to address its environmental impacts, with a strong focus on energy, water, wastewater, solid wastes, and hazardous wastes. The company's environmental strategy is anchored on sustainability and regulatory compliance, ensuring that its business operations contribute to long-term environmental stewardship.

In energy management, Filinvest implements a two-pronged approach that combines energy efficiency measures and the shift to renewable energy sources. The company continuously improves energy performance across its operations through energy-saving technologies and operational efficiencies, while also exploring opportunities to transition to renewable energy to reduce its carbon footprint.

Filinvest is committed to reducing air and water pollution by ensuring full compliance with emissions and effluent regulations across its business units. The company invests in wastewater treatment

facilities to protect natural water bodies and maintain water quality in surrounding communities. Where practicable, effluent reuse is implemented through landscape irrigation. Air emissions control and monitoring systems are in place for the industrial installations of the group.

In managing solid and hazardous wastes, Filinvest promotes the transition to a circular economy by implementing responsible waste management practices. The company aims to minimize waste generation, segregate materials at source, and partner with accredited third-party providers for proper disposal of hazardous wastes. Wherever possible, Filinvest seeks innovative recycling solutions even beyond its own value chain, helping to close the loop on materials and extend the life cycle of resources. Management of hazwastes is implemented through partnerships with accredited service providers and organizations that promote the development of a circular economy.

| Greenhouse Gas Emissions (in tonnes CO2-e)                                                   | 2022      | 2023      | 2024      |
|----------------------------------------------------------------------------------------------|-----------|-----------|-----------|
| <b>I. Direct (Scope 1) GHG emissions (GRI 305-1)</b>                                         |           |           |           |
| Direct Emissions (Scope 1) – gasoline, diesel, LPG                                           | 9,053     | 12,710    | 12,923    |
| Direct Emissions (Scope 1) – coal                                                            | 1,423,946 | 1,751,962 | 2,744,328 |
| Total Scope 1                                                                                |           |           | 2,757,251 |
| <b>II. Energy Indirect (Scope 2) GHG emissions (GRI 305-2)</b>                               |           |           |           |
| Indirect Emissions (Scope 2) – purchased electricity for <b>common areas</b> in property mgt | 51,564    | 48,737    | 48,241    |

|                                                                                                                        |              |              |              |
|------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|
| Indirect Emissions (Scope 2) – purchased electricity for <b>total areas</b> in property mgt + projects – Total Scope 2 | 127,158      | 279,321      | 138,393      |
| Total Scope 1 & 2 – common areas in property mgt                                                                       | 58,941       | 1,810,490    | 2,805,492    |
| Total Scope 1 & 2 – total areas in property mgt + projects                                                             | 1,560,877    | 2,043,994    | 2,895,644    |
| <b>III. Other Indirect (Scope 3) GHG emissions (GRI 305-3)</b>                                                         | Not reported | Not reported | Not reported |
| Emissions of ozone-depleting substances (ODS)                                                                          | Not reported | Not reported | Not reported |

Note: GHG Intensity (GRI 305-4) cannot be expressed in terms of product or service because of the diversity of Filinvest businesses.

| Air Pollutant Emissions (GRI 305-7) | Unit        | 2022 | 2023  | 2024  |
|-------------------------------------|-------------|------|-------|-------|
| Nitrogen oxides (NOx)               | Tonnes/year | 105  | 307   | 479   |
| Sulfur oxides (SOx)                 | Tonnes/year | 206  | 1,894 | 1,038 |
| Persistent Organic Pollutants (POP) | Tonnes/year | N/A  | N/A   | N/A   |
| Volatile organic compounds (VOC)    | Tonnes/year | N/A  | N/A   | N/A   |
| Hazardous air pollutants (HAP)      | Tonnes/year | N/A  | N/A   | N/A   |
| Particulate Matter (PM)             | Tonnes/year | 33   | 66    | 49    |
| Carbon monoxide (CO)                | Tonnes/year | -    | 82    | 31    |

Note: Includes FDCUI's power plant emissions which are continuous. Only PM, Nox, SOx and CO are deemed significant, as results of tests for other parameters such as heavy metals, HF and H2S are below detection range. Emissions from other Filinvest units are deemed immaterial. Standby genset maintenance by property management units of the real estate business involves turning on the units only for a few minutes; airflow at stacks not enough to yield more than 1 gram of emissions.

Restatement of 2023 data: Not disclosed in the previous report - Carbon monoxide (CO) 2023 – 82 tonnes/year

| Waste Generated (in tonnes) (GRI 306-3)        | 2022           | 2023           | 2024           |
|------------------------------------------------|----------------|----------------|----------------|
| <b>I. Hazardous Waste Generated</b>            | 182,558        | 312            | 110            |
| <b>II. Total Non-Hazardous Waste Generated</b> | 351,292        | 283,596        | 407,524        |
| A. Reusable & Recyclable                       | 281,837        | 242,607        | 385,180        |
| B. Composted                                   | 56,400         | 25,910         | 4,559          |
| C. Residuals (Landfilled)                      | 13,055         | 15,079         | 17,785         |
| <b>Total Waste Generated</b>                   | <b>533,850</b> | <b>283,908</b> | <b>407,634</b> |

Restatement of 2023 data: Residuals (Landfilled) – 15,079 tonnes (typo error in the data of one entity);  
Total non-hazardous waste – 283,596 tonnes  
Restatement of 2022 data: Total non-hazardous waste – 351,292 tonnes (error in formula)

| Waste Diverted from Disposal<br>(in tonnes) (GRI 306-4)   | 2022                                                                   | 2023                                                                   | 2024                     |                          |                |
|-----------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------|--------------------------|----------------|
| Type of Waste                                             | Recovery<br>Operation<br>& Location<br>of Diversion<br>not<br>reported | Recovery<br>Operation<br>& Location<br>of Diversion<br>not<br>reported | Recovery<br>Operation    | Location of<br>Diversion | Weight         |
| <b>I. Hazardous Waste Diverted<br/>from Disposal</b>      | <b>17,475.00</b>                                                       | <b>16</b>                                                              | Recycling                | Offsite                  | <b>3</b>       |
| <b>II. Non-Hazardous Waste<br/>Diverted from Disposal</b> | <b>338,237</b>                                                         | <b>268,517</b>                                                         |                          |                          | <b>334,980</b> |
| A. Recyclable                                             | 281,837                                                                | 242,607                                                                | Recycling                | Offsite                  | 330,275.36     |
| B. Reusable                                               |                                                                        |                                                                        | Preparation<br>for reuse | Offsite                  | 145.31         |
| C. Composted                                              | 56,400                                                                 | 25,910                                                                 | Recycling                | Offsite                  | 4,559          |
| <b>Total Waste Diverted from<br/>Disposal</b>             | <b>355,712</b>                                                         | <b>268,533</b>                                                         |                          |                          | <b>334,983</b> |

| Waste Directed to Disposal (in<br>tonnes) (GRI 306-5)     | 2022                                                                   | 2023                                                                   | 2024                            |                          |               |
|-----------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------|--------------------------|---------------|
| Type of Waste                                             | Recovery<br>Operation<br>& Location<br>of Diversion<br>not<br>reported | Recovery<br>Operation<br>& Location<br>of Diversion<br>not<br>reported | Recovery<br>Operation           | Location of<br>Diversion | Weight        |
| <b>I. Hazardous Waste Directed<br/>from Disposal</b>      | <b>0</b>                                                               | <b>0</b>                                                               |                                 |                          | <b>0</b>      |
| <b>II. Non-Hazardous Waste<br/>Directed from Disposal</b> | <b>13,055</b>                                                          | <b>15,079</b>                                                          |                                 |                          | <b>20,101</b> |
| A. Residual                                               | 13,055                                                                 | 15,079                                                                 | Landfilling                     | Offsite                  | 17,785        |
| B. Compostable                                            | 0                                                                      | 0                                                                      | Other<br>disposal<br>operations | Offsite                  | 2,317         |
| <b>Total Waste Directed to Disposal</b>                   | <b>13,055</b>                                                          | <b>15,079</b>                                                          |                                 |                          | <b>20,101</b> |

| Effluents<br>(GRI 303-4)      | Unit           | 2022                                                   | 2023        | 2024                               |
|-------------------------------|----------------|--------------------------------------------------------|-------------|------------------------------------|
| Wastewater generated          | m <sup>3</sup> | 410,616,016                                            | 471,247,918 | 586,438,444                        |
| Treated wastewater discharged | m <sup>3</sup> | 410,279,453                                            | 470,042,401 | 585,939,832                        |
| Treated wastewater reused     | m <sup>3</sup> | 336,563                                                | 796,947     | 498,612                            |
| Percent of effluent recycled  | m <sup>3</sup> | 18%<br>(excluding<br>cooling water,<br>see note below) | 0.17%       | 4%<br>(excluding<br>cooling water) |

Note: The bulk of the used water generated is the cooling water of FDC Misamis that is discharged out to sea, approx. 99% of the total used water of the Group. The wastewater generated from other units is 2,663,501 m<sup>3</sup>, and 4% of the treated effluent is reused for landscape irrigation or recycled back into the industrial process units.

| Environmental Compliance<br>(GRI 2-27)                                                       | Unit | 2022 | 2023 | 2024 |
|----------------------------------------------------------------------------------------------|------|------|------|------|
| Total amount of monetary fines for non-compliance with environmental laws and/or regulations | PHP  | 0    | 0    | 0    |

## C. SOCIAL PERFORMANCE

### Employee Management

Filinvest has a gender-blind approach to hiring and promotion, ensuring that all decisions are based solely on competency and merit. The company is committed to fostering a diverse and inclusive work environment where individuals are evaluated based on their skills, experience, and potential rather than their gender. Additionally, Filinvest strives to offer competitive

salary and benefits packages that align with the Philippine market, ensuring that employees are fairly compensated for their contributions. This approach reflects the company's dedication to attracting and retaining top talent while promoting fairness and equity in the workplace.

| Employee Hiring and Benefits                | 2022                |                    |                    | 2023                |                    |                    | 2024                |                    |                    |
|---------------------------------------------|---------------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
|                                             | Total               | M                  | F                  | Total               | M                  | F                  | Total               | M                  | F                  |
| Total number of regular employees (GRI 2-7) | 59 (FDC)            | 19 (FDC)           | 40 (FDC)           | 76 (FDC)            | 25 (FDC)           | 51 (FDC)           | 90 (FDC)            | 35 (FDC)           | 55 (FDC)           |
|                                             | 12,650 (Group-wide) | 5,743 (Group-wide) | 6,907 (Group-wide) | 12,979 (Group-wide) | 5,581 (Group-wide) | 7,398 (Group-wide) | 12,543 (Group-wide) | 5,340 (Group-wide) | 7,203 (Group-wide) |
| Voluntary attrition rate (GRI 401-1)        | 5% (FDC)            |                    |                    | 25% (FDC)           |                    |                    | 35% (FDC)           |                    |                    |
|                                             | 23% (Group-wide)    |                    |                    | 18% (Group-wide)    |                    |                    | 15% (Group-wide)    |                    |                    |

| Employee Hiring and Benefits                                       | 2022         | 2023         | 2024  |
|--------------------------------------------------------------------|--------------|--------------|-------|
| Ratio of lowest paid employee against minimum wage (GRI 202-1)     | 1.07         | 1.04         | 1.00  |
| Ratio of basic salary and remuneration of women to men (GRI 405-2) | Not reported | Not reported | 0.99* |

Note: Employment figures are based on end of year. Seconded employees from parent companies are not double counted. Throughout the Filinvest Group, the basis for salaries is on competency and performance only, and not based on any other criteria.  
 \*Excludes average monthly basic salary and remuneration of executives

| Workers who are not employees (GRI 2-8) | 2024 Headcount |
|-----------------------------------------|----------------|
| Banking                                 | 90             |
| Real Estate                             | 1567           |
| Hospitality                             | Not reported   |
| Power and Water                         | Not reported   |
| Sugar                                   | 250            |
| <b>Total</b>                            | <b>1907</b>    |

Note: Figures are based on end of year headcount of contractual, project-based, and third-party service provider workers.

## Employee Training and Development

The Filinvest Group has standardized a set of core and leadership competencies that apply to all subsidiaries. Functional competency models and proficiency levels are prescribed for each profile which serves as the template for competency gaps

assessment and crafting of individual development plans. The upskilling on competencies is executed through various modalities that include formal trainings ( face-to-face or online), learning by doing, stretched assignments and mentoring.

| Employee Training and Development (GRI 404-1) | 2022    |         |         | 2023    |         |         | 2024    |         |         |
|-----------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                               | Total   | M       | F       | Total   | M       | F       | Total   | M       | F       |
| Total training hours provided to employees    | 390,686 | 216,428 | 174,259 | 896,868 | 281,922 | 614,946 | 834,275 | 313,436 | 520,839 |
| Average training hours provided to employees  | 44.96   | 66.29   | 32.12   | 52.59   | 46.40   | 56.02   | 60.14   | 52.46   | 65.95   |



## Labor Management Relations

| Labor Management Relations                                                            | 2022  |                                             |   | 2023  |     |   | 2024                                                                             |   |   |
|---------------------------------------------------------------------------------------|-------|---------------------------------------------|---|-------|-----|---|----------------------------------------------------------------------------------|---|---|
|                                                                                       | Total | M                                           | F | Total | M   | F | Total                                                                            | M | F |
| % of employees covered by Collective Bargaining Agreements (GRI 2-30)                 |       | 136                                         |   |       | 130 |   | 1% of group-wide regular employees<br><br>(125* out of 12,543 regular employees) |   |   |
| Number of consultations conducted with employees concerning employee related policies |       | 3,130**<br>(count of employees, not events) |   |       | 2   |   | 0                                                                                |   |   |

\* Davao Sugar has a collective bargaining agreement with its employees' union, the only duly recognized workers' union in the Filinvest Group to date.

\*\* Count of employees involved, not events.

## Diversity and Equal Opportunity

[See management approach on Employee Management disclosure above.]

| Diversity and Equal Opportunity (GRI 405-1)                              | 2022  |       |       | 2023  |       |       | 2024  |     |     |
|--------------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-----|-----|
|                                                                          | Total | M     | F     | Total | M     | F     | Total | M   | F   |
| % of Board members by gender (FDC)                                       | 100%  | 50%   | 50%   | 100%  | 57%   | 43%   | 100%  | 57% | 43% |
| % of executives by gender (FDC)                                          | 100%  | 50%   | 50%   | 100%  | 52%   | 48%   | 100%  | 51% | 49% |
| % of executives by gender (Group-wide)                                   | 100%  | 51.2% | 48.8% | 100%  | 50.1% | 49.9% | 100%  | 51% | 49% |
| % of employees by gender                                                 | 100%  | 45.4% | 54.6% | 100%  | 43.1% | 56.9% | 100%  | 43% | 57% |
| Number of employees from indigenous communities and/or vulnerable sector | 1     | 1     | 0     | 1     | 1     | 0     | 1     | 1   | 0   |

## Workplace Conditions and Occupational Health and Safety

Filinvest maintains a low risk tolerance for fire and life safety incidents, with a clear priority on protecting the health and safety of its employees, customers, service providers, contractors, and the general public. The company implements stringent health and safety protocols which include hazard identification and risk assessments, provisions

of health services and continuously monitors and improves practices to prevent accidents and ensure a safe working and living environment. Regular employees are covered by health and group life insurance and are made aware of the protocols and benefits of both wellness and occupational safety programs.

| Occupational Health and Safety                               | 2022         | 2023       | 2024        |
|--------------------------------------------------------------|--------------|------------|-------------|
| Safe manhours (employees)                                    | 22,052,495   | 29,155,505 | 29,754,208* |
| Safe manhours (service providers)                            | Not reported | 39,610,397 | 20,750,938  |
| Safe manhours (project contractors)                          | 14,766,421   | 20,052,239 | 15,806,962  |
| Number of work-related injuries <b>(GRI 403-9)</b>           | 4            | 12         | 8           |
| Number of work-related fatalities <b>(GRI 403-9, 403-10)</b> | 0            | 0          | 0           |
| Number of work-related ill-health <b>(GRI 403-10)</b>        | 0            | 2          | 0           |
| Number of safety drills                                      | 460          | 1602       | 1,108*      |

Note: Starting in the 2022 report, FDC tracks safety data of employees assigned to FLI & FAI projects, CWSI operations and EastWest, as well as safe manhours of the project contractors. In 2023, FDC started tracking the safe manhours of support service providers.

\*Total safe manhours and number of safety drills include data from the real estate, hospitality, power, sugar, banking and support services units.

## Labor Standards and Human Rights

Filinvest is committed to upholding fairness in all aspects of labor standards and human rights, ensuring that its practices align with ethical guidelines and legal requirements. The company

fosters a respectful, inclusive workplace where employees' rights are protected, and fair treatment is a core value in all interactions.

| Labor Laws and Human Rights                                                                                              | 2022         | 2023         | 2024 |
|--------------------------------------------------------------------------------------------------------------------------|--------------|--------------|------|
| Policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying in the workplace) | 4            | 4            | 4    |
| Number of legal actions or employee grievances involving forced or child labor                                           | 0            | 0            | 0    |
| Incidents of discrimination and corrective actions taken (GRI 406-1)                                                     | Not reported | Not reported | 0    |

## Relationship with Community

Filinvest is dedicated to supporting the communities where it operates by contributing to sustainable development and fostering positive social impact. The company engages in various initiatives, such as creating

job opportunities, and supporting local businesses. Through its CSR efforts, Filinvest subsidiaries also invest in education, health, and environmental programs to enhance the well-being of its communities.

| Significant Impacts on Local Communities                                                                                                         | 2022 | 2023 | 2024 |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------|------|------|
| For operations affecting IPs, total number of Free and Informed Prior Consent (FPIC) consultations and Certification Preconditions (CPs) secured | 0    | 0    | 1*   |

\*In 2024, FDC Utilities secured the FPIC for a mini-hydro project located in Pangasinan and Nueva Viscaya where there are IP communities consulted.

## Customer Management

Filinvest embraces customer centricity as a core value, placing the needs and satisfaction of its customers at the heart of its business operations. The company is committed to understanding and anticipating customer expectations, offering responsive solutions that enhance their experience.

Filinvest is committed to protecting customer privacy and data security by implementing strict measures and complying with data protection laws. The company uses advanced technologies and robust policies to ensure the confidentiality and integrity of customer information.

| Customer Satisfaction       | 2022 | 2023 | 2024                                                                                                                                                                                             |
|-----------------------------|------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer Satisfaction Score |      |      | Due to the diversity in Filinvest's operations, customer satisfaction scores are reported by the business units in their own disclosures, e.g. EastWest, Filinvest Land & Filinvest Hospitality. |

| Product/Service Health and Safety                                          | 2022                                                                                                                                                                                                                                                                                                              | 2023 | 2024 |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|
| Number of substantiated complaints on product or service health and safety | <p>FDC does not have direct engagements with customers of its subsidiaries.</p> <p>The publicly listed subsidiaries and the hospitality group make disclosures on this material topic.</p> <p>In 2024, there have been no reported health and safety-related complaints from customers or the general public.</p> |      |      |
| Number of complaints addressed                                             |                                                                                                                                                                                                                                                                                                                   |      |      |

| Marketing and Labeling                                                          | 2022                                                                                                                                                                                       | 2023 | 2024 |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|
| Number of substantiated complaints on product or service marketing and labeling | <p>FDC does not have direct engagements with customers of its subsidiaries.</p> <p>The publicly listed subsidiaries and the hospitality group make disclosures on this material topic.</p> |      |      |
| Number of complaints addressed                                                  |                                                                                                                                                                                            |      |      |
|                                                                                 | In 2024, there have been no reported complaints on product or service marketing and labeling.                                                                                              |      |      |

| Customer Privacy                                                                                | 2022                                                                                                                                                                                                                                                                                                                                                                          | 2023 | 2024 |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|
| Number of substantiated complaints on customer privacy (GRI 418-1)                              | <p>FDC does not have direct engagements with customers of its subsidiaries.</p> <p>The publicly listed subsidiaries and the hospitality group make disclosures on this material topic.</p> <p>In 2024 there have been no incidents or complaints on customer privacy or data loss in any of the operations of the Filinvest subsidiaries, except for 6 cases in EastWest.</p> |      |      |
| Number of complaints addressed                                                                  |                                                                                                                                                                                                                                                                                                                                                                               |      |      |
| Number of customers, users and account holders whose information is used for secondary purposes |                                                                                                                                                                                                                                                                                                                                                                               |      |      |

## Data Security

| Data Security                                                     | 2022 | 2023 | 2024 |
|-------------------------------------------------------------------|------|------|------|
| Number of data breaches, including leaks, thefts and loss of data | 0    | 0    | 0    |

# SEC CONTENT INDEX

| Disclosures                                             | Reporting location | Remarks/ explanation                                                                    |
|---------------------------------------------------------|--------------------|-----------------------------------------------------------------------------------------|
| Company details                                         |                    |                                                                                         |
| Name of Organization                                    | About This Report  | Filinvest Development Corporation                                                       |
| Location of Headquarters                                |                    | 6th Floor, The Beaufort<br>5 <sup>th</sup> Ave, Bonifacio Global City, Taguig           |
| Location of Operations                                  |                    | Philippines                                                                             |
| Report Boundary: Legal entities included in this report |                    | FDC, FLI (incl FILRT), FAI, FHC, FDCUI, PSHC, EW                                        |
| Business Model                                          |                    | Property Development and Operations, Hospitality, Utilities, Sugar & Financial Services |
| Reporting Period                                        |                    | January 1 to December 31, 2024                                                          |
| Highest Ranking Person for this report                  |                    | Mark Mulingbayan,<br>Chief Sustainability Officer,<br>sustainability@filinvestgroup.com |

| A. Economic disclosures                         |                                                                                                                         | Reporting location                                                                                                                                                           | Remarks/<br>explanation |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Economic Performance                            |                                                                                                                         |                                                                                                                                                                              |                         |
| Direct Economic Value Generated and Distributed |                                                                                                                         |                                                                                                                                                                              |                         |
| General Disclosures                             | Management Approach                                                                                                     | Sustainability Preliminaries<br>-Sustainability Framework;<br>Introduction narratives of<br>the 3 action areas under<br>each of the Green, Inclusive<br>and Resilient themes |                         |
|                                                 | The Impact and Where it<br>Occurs                                                                                       |                                                                                                                                                                              |                         |
|                                                 | Stakeholders Affected                                                                                                   |                                                                                                                                                                              |                         |
| KPIs                                            | Direct economic value<br>generated (Revenue)                                                                            | Sustainability Preliminaries<br>– Materiality and<br>Stakeholder Engagement<br><br>EESG Performance Index –<br>Economic Disclosures                                          |                         |
|                                                 | Direct economic value<br>distributed                                                                                    |                                                                                                                                                                              |                         |
| Climate-Related Risks and Opportunities         |                                                                                                                         |                                                                                                                                                                              |                         |
| General Disclosures                             | Governance                                                                                                              | Sustainability Preliminaries<br>- Sustainability Framework,<br>particularly on Green<br>Designs and Net Zero                                                                 |                         |
|                                                 | Strategy                                                                                                                |                                                                                                                                                                              |                         |
|                                                 | Risk Management                                                                                                         | 'Green' Section – 'Green<br>Design for Sustainable<br>Communities' and 'Net<br>Zero'                                                                                         |                         |
|                                                 | Metrics and Targets                                                                                                     |                                                                                                                                                                              |                         |
| Procurement Practices                           |                                                                                                                         |                                                                                                                                                                              |                         |
| Proportion of Spending on Local Suppliers       |                                                                                                                         |                                                                                                                                                                              |                         |
| General Disclosures                             | Management Approach                                                                                                     | EESG Performance Index –<br>Economic Disclosures                                                                                                                             |                         |
|                                                 | The Impact and Where it<br>Occurs                                                                                       |                                                                                                                                                                              |                         |
|                                                 | Stakeholders Affected                                                                                                   |                                                                                                                                                                              |                         |
| KPI                                             | Percentage of procurement<br>budget used for significant<br>locations of operations that<br>is spent on local suppliers |                                                                                                                                                                              |                         |

| Anti-Corruption                                     |                                                                                                                                 |                                                                                  |                                                                                                |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Training on Anti-Corruption Policies and Procedures |                                                                                                                                 |                                                                                  |                                                                                                |
| General Disclosures                                 | Management Approach                                                                                                             | Corporate Governance Report<br><br>EESG Performance Index – Economic Disclosures | More information can be found in the Corporate Governance disclosures in the Integrated Report |
|                                                     | The Impact and Where it Occurs                                                                                                  |                                                                                  |                                                                                                |
|                                                     | Stakeholders Affected                                                                                                           |                                                                                  |                                                                                                |
| KPIs                                                | Percentage of employees who have received written communication about corporate anti-corruption policies and procedures         |                                                                                  |                                                                                                |
|                                                     | Percentage of business partners who have received written communication about corporate anti-corruption policies and procedures |                                                                                  |                                                                                                |
|                                                     | Percentage of directors and management who have received anti-corruption training                                               |                                                                                  |                                                                                                |
|                                                     | Percentage of employees who have received anti-corruption training                                                              |                                                                                  |                                                                                                |
| Incidents of Corruption                             |                                                                                                                                 |                                                                                  |                                                                                                |
| General Disclosures                                 | Management Approach                                                                                                             | Corporate Governance Report<br><br>EESG Performance Index – Economic Disclosures | More information can be found in the Corporate Governance disclosures in the Integrated Report |
|                                                     | The Impact and Where it Occurs                                                                                                  |                                                                                  |                                                                                                |
|                                                     | Stakeholders Affected                                                                                                           |                                                                                  |                                                                                                |
| KPIs                                                | Number of incidents in which directors were removed or disciplined for corruption                                               |                                                                                  |                                                                                                |
|                                                     | Number of incidents in which employees were dismissed or disciplined for corruption                                             |                                                                                  |                                                                                                |
|                                                     | Number of incidents when contracts with business partners were terminated due to corruption                                     |                                                                                  |                                                                                                |

| B. Environment Disclosures                                                     |                                                                                                             | Reporting location                                        | Remarks/<br>explanation |
|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------|
| Resource Management                                                            |                                                                                                             |                                                           |                         |
| Energy consumption within the organization and Reduction of Energy Consumption |                                                                                                             |                                                           |                         |
| General Disclosures                                                            | Management Approach                                                                                         | Sustainability Preliminaries<br>-Sustainability Framework |                         |
|                                                                                | The Impact and Where it Occurs                                                                              | 'Green' Section – Green Designs and Net Zero              |                         |
|                                                                                | Stakeholders Affected                                                                                       | EESG Performance Index – Environment Disclosures          |                         |
| KPIs                                                                           | Energy consumption - by fuel type                                                                           |                                                           |                         |
|                                                                                | Energy reduction - by fuel type                                                                             |                                                           |                         |
| Water consumption within the organization                                      |                                                                                                             |                                                           |                         |
| General Disclosures                                                            | Management Approach                                                                                         | Sustainability Preliminaries<br>-Sustainability Framework |                         |
|                                                                                | The Impact and Where it Occurs                                                                              |                                                           |                         |
|                                                                                | Stakeholders Affected                                                                                       | 'Green' Section – Green Designs and Circular Economy      |                         |
|                                                                                | ESG Risks and Opportunities                                                                                 |                                                           |                         |
| KPIs                                                                           | Water consumption within the organization                                                                   | EESG Performance Index – Environment Disclosures          |                         |
|                                                                                | Water withdrawal                                                                                            |                                                           |                         |
|                                                                                | Water consumption                                                                                           |                                                           |                         |
|                                                                                | Water recycled and reused                                                                                   |                                                           |                         |
| Materials Used by the Organization                                             |                                                                                                             |                                                           |                         |
| General Disclosures                                                            | Management Approach                                                                                         | Sustainability Preliminaries<br>-Sustainability Framework |                         |
|                                                                                | The Impact and Where it Occurs                                                                              | 'Green' Section – Circular Economy                        |                         |
|                                                                                | Stakeholders Affected                                                                                       |                                                           |                         |
| KPIs                                                                           | Materials used by weight or volume                                                                          | EESG Performance Index – Environment Disclosures          |                         |
|                                                                                | Percentage of recycled input materials used to manufacture the organization's primary products and services |                                                           |                         |

| C. Social Disclosures             |                                                                                       | Reporting location                                                                              | Remarks/<br>explanation |
|-----------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------|
| Employee Management               |                                                                                       |                                                                                                 |                         |
| Employee Hiring and Benefits      |                                                                                       |                                                                                                 |                         |
| General Disclosures               | Management Approach                                                                   | 'Inclusive' section –<br>Nurturing Talent<br><br>EESG Performance Index<br>– Social Performance |                         |
|                                   | The Impact and Where it Occurs                                                        |                                                                                                 |                         |
| KPIs                              | Total number of employees                                                             |                                                                                                 |                         |
|                                   | Attrition rate                                                                        |                                                                                                 |                         |
|                                   | Ratio of lowest paid employee against minimum wage                                    |                                                                                                 |                         |
|                                   | List of employee benefits                                                             |                                                                                                 |                         |
| Employee Training and Development |                                                                                       |                                                                                                 |                         |
| General Disclosures               | Management Approach                                                                   | 'Inclusive' section –<br>Nurturing Talent<br><br>EESG Performance Index<br>– Social Performance |                         |
|                                   | The Impact and Where it Occurs                                                        |                                                                                                 |                         |
| KPIs                              | Total training hours provided to employees (by male/female)                           |                                                                                                 |                         |
|                                   | Average training hours provided to employees (by male/female)                         |                                                                                                 |                         |
| Labor Management Relations        |                                                                                       |                                                                                                 |                         |
| General Disclosures               | Management Approach                                                                   | EESG Performance Index<br>– Social Performance                                                  |                         |
|                                   | The Impact and Where it Occurs                                                        |                                                                                                 |                         |
| KPIs                              | % of employees covered by                                                             |                                                                                                 |                         |
|                                   | Collective Bargaining Agreements                                                      |                                                                                                 |                         |
|                                   | Number of consultations conducted with employees concerning employee-related policies |                                                                                                 |                         |



## Diversity and Equal Opportunity

|                     |                                                                          |                                                                                                 |
|---------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| General Disclosures | Management Approach                                                      | 'Inclusive' section –<br>Nurturing Talent<br><br>EESG Performance Index<br>– Social Performance |
|                     | The Impact and Where it Occurs                                           |                                                                                                 |
| KPIs                | % of female workers in the workforce                                     |                                                                                                 |
|                     | % of male workers in the workforce                                       |                                                                                                 |
|                     | Number of employees from indigenous communities and/or vulnerable sector |                                                                                                 |

## Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety

|                     |                                |                                                                                                 |
|---------------------|--------------------------------|-------------------------------------------------------------------------------------------------|
| General Disclosures | Management Approach            | 'Inclusive' section –<br>Nurturing Talent<br><br>EESG Performance Index<br>– Social Performance |
|                     | The Impact and Where it Occurs |                                                                                                 |
| KPIs                | Safe Man-Hours                 |                                                                                                 |
|                     | No. of work-related injuries   |                                                                                                 |
|                     | No. of work-related fatalities |                                                                                                 |
|                     | No. of work-related ill-health |                                                                                                 |
|                     | No. of safety drills           |                                                                                                 |

## Labor Laws and Human Rights

|                     |                                                                                                                          |                                                |
|---------------------|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| General Disclosures | Management Approach                                                                                                      | EESG Performance Index<br>– Social Performance |
|                     | The Impact and Where it Occurs                                                                                           |                                                |
| KPIs                | Policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace |                                                |
|                     | No. of legal actions or employee grievances involving forced or child labor                                              |                                                |

| Supply Chain Management                  |                                                                                                                                                  |                                                  |                                                                                                                                         |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Supplier Accreditation and Screening     |                                                                                                                                                  |                                                  |                                                                                                                                         |
| General Disclosures                      | Management Approach                                                                                                                              | EESG Performance Index<br>– Economic Disclosures |                                                                                                                                         |
|                                          | The Impact and Where it Occurs                                                                                                                   |                                                  |                                                                                                                                         |
| KPIs                                     | Supplier Accreditation Policy                                                                                                                    |                                                  |                                                                                                                                         |
|                                          | Sustainability Topics Considered When Selecting/Screening Suppliers                                                                              |                                                  |                                                                                                                                         |
| Relationship with Community              |                                                                                                                                                  |                                                  |                                                                                                                                         |
| Significant Impacts on Local Communities |                                                                                                                                                  |                                                  |                                                                                                                                         |
| General Disclosures                      | Management Approach                                                                                                                              | EESG Performance Index<br>– Social Performance   |                                                                                                                                         |
| KPIs                                     | Operations with significant impacts on local communities (by location, vulnerable group/ indigenous people (IPs))                                |                                                  |                                                                                                                                         |
|                                          | Mitigating measures (if negative) or enhancement measures (if positive)                                                                          |                                                  |                                                                                                                                         |
|                                          | For operations affecting IPs, total number of Free and Prior Informed Consent (FPIC) consultations and Certification Preconditions (CPs) secured |                                                  |                                                                                                                                         |
| Customer Management                      |                                                                                                                                                  |                                                  |                                                                                                                                         |
| Customer Satisfaction                    |                                                                                                                                                  |                                                  |                                                                                                                                         |
| General Disclosures                      | Management Approach                                                                                                                              | EESG Performance Index<br>– Social Performance   | FDC does not engage directly with customers. The listed subsidiaries and the hospitality group make disclosures on this material topic. |
|                                          | The Impact and Where it Occurs                                                                                                                   |                                                  |                                                                                                                                         |
| KPI                                      | Customer Satisfaction Score(s)                                                                                                                   |                                                  |                                                                                                                                         |

| Health and Safety       |                                                                                                 |                                             |                                                                                                                                         |
|-------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| General Disclosures     | Management Approach                                                                             | EESG Performance Index – Social Performance | FDC does not engage directly with customers. The listed subsidiaries and the hospitality group make disclosures on this material topic. |
|                         | The Impact and Where it Occurs                                                                  |                                             |                                                                                                                                         |
| KPIs                    | Number of substantiated complaints on product or service health and safety                      |                                             |                                                                                                                                         |
|                         | Number of complaints addressed                                                                  |                                             |                                                                                                                                         |
| Marketing and Labelling |                                                                                                 |                                             |                                                                                                                                         |
| General Disclosures     | Management Approach                                                                             | EESG Performance Index – Social Performance | FDC does not engage directly with customers. The listed subsidiaries and the hospitality group make disclosures on this material topic. |
|                         | The Impact and Where it Occurs                                                                  |                                             |                                                                                                                                         |
| KPIs                    | Number of substantiated complaints on marketing and labelling                                   |                                             |                                                                                                                                         |
|                         | Number of complaints addressed                                                                  |                                             |                                                                                                                                         |
| Customer Privacy        |                                                                                                 |                                             |                                                                                                                                         |
| General Disclosures     | Management Approach                                                                             | EESG Performance Index – Social Performance | FDC does not engage directly with customers. The listed subsidiaries and the hospitality group make disclosures on this material topic. |
|                         | The Impact and Where it Occurs                                                                  |                                             |                                                                                                                                         |
| KPIs                    | Number of substantiated complaints on customer privacy                                          | Risk Management section                     |                                                                                                                                         |
|                         | Number of complaints addressed                                                                  |                                             |                                                                                                                                         |
|                         | Number of customers, users and account holders whose information is used for secondary purposes |                                             |                                                                                                                                         |
| Data Security           |                                                                                                 |                                             |                                                                                                                                         |
| General Disclosures     | Management Approach                                                                             | EESG Performance Index – Social Performance |                                                                                                                                         |
|                         | The Impact and Where it Occurs                                                                  |                                             |                                                                                                                                         |
| KPI                     | No. of data breaches, including leaks, thefts and losses of data                                | Risk Management section                     |                                                                                                                                         |

# GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

|                         |                                                                                                                                                                                    |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Statement of use</b> | Filinvest Development Corporation has reported the information cited in this GRI content index for the period January 1 to December 31, 2024, with reference to the GRI Standards. |
| <b>GRI 1 used</b>       | GRI 1: Foundation 2021                                                                                                                                                             |

| GRI STANDARD                           | DISCLOSURE                                                                       | LOCATION/<br>PAGE | REASON/EXPLANATION<br>FOR OMISSION |
|----------------------------------------|----------------------------------------------------------------------------------|-------------------|------------------------------------|
| <b>GRI 2: General Disclosures 2021</b> | 2-1 Organizational details                                                       | 2, 6-9, 115       |                                    |
|                                        | 2-2 Entities included in the organization's sustainability reporting             | 32-33             |                                    |
|                                        | 2-3 Reporting period, frequency and contact point                                | 1, 115            |                                    |
|                                        | 2-4 Restatements of information                                                  | 108               |                                    |
|                                        | 2-5 External assurance                                                           | 129-132           |                                    |
|                                        | 2-6 Activities, value chain and other business relationships                     | 30-33             |                                    |
|                                        | 2-7 Employees                                                                    | 30, 110           |                                    |
|                                        | 2-8 Workers who are not employees                                                | 111               |                                    |
|                                        | 2-9 Governance structure and composition                                         | 64-78             |                                    |
|                                        | 2-10 Nomination and selection of the highest governance body                     | 70-72, 77-78      |                                    |
|                                        | 2-11 Chair of the highest governance body                                        | 64-66, 72         |                                    |
|                                        | 2-12 Role of the highest governance body in overseeing the management of impacts | 32, 70, 77, 82    |                                    |
|                                        | 2-13 Delegation of responsibility for managing impacts                           | 32, 77, 82-83     |                                    |
|                                        | 2-14 Role of the highest governance body in sustainability reporting             | 32, 82            |                                    |
|                                        | 2-15 Conflicts of interest                                                       | 76, 78, 84, 103   |                                    |
|                                        | 2-16 Communication of critical concerns                                          | 75, 82            |                                    |
|                                        | 2-17 Collective knowledge of the highest governance body                         | 70                |                                    |
|                                        | 2-18 Evaluation of the performance of the highest governance body                | 70, 77            |                                    |
|                                        | 2-19 Remuneration policies                                                       | 76-77             |                                    |
|                                        | 2-20 Process to determine remuneration                                           | 76-77             |                                    |

| GRI STANDARD                              | DISCLOSURE                                                                           | LOCATION/<br>PAGE                                                                                                                                                                               | REASON/EXPLANATION<br>FOR OMISSION                                                                                                                                         |
|-------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                           | 2-21 Annual total compensation ratio                                                 |                                                                                                                                                                                                 | Confidential information                                                                                                                                                   |
|                                           | 2-22 Statement on sustainable development strategy                                   | 10-11, 38-39, 42-43                                                                                                                                                                             |                                                                                                                                                                            |
|                                           | 2-23 Policy commitments                                                              | 3, 32, 38-39, 70, 82-83, 103-114<br><br><a href="https://www.filinvestgroup.com/corporate-governance/#code-of-conduct">https://www.filinvestgroup.com/corporate-governance/#code-of-conduct</a> |                                                                                                                                                                            |
|                                           | 2-24 Embedding policy commitments                                                    | 36, 42, 82-83, 102-114                                                                                                                                                                          |                                                                                                                                                                            |
|                                           | 2-25 Processes to remediate negative impacts                                         | 82-85                                                                                                                                                                                           |                                                                                                                                                                            |
|                                           | 2-26 Mechanisms for seeking advice and raising concerns                              | 35                                                                                                                                                                                              |                                                                                                                                                                            |
|                                           | 2-27 Compliance with laws and regulations                                            | 81, 110                                                                                                                                                                                         |                                                                                                                                                                            |
|                                           | 2-28 Membership associations                                                         |                                                                                                                                                                                                 | Not material. Subsidiaries are members of their respective industry associations.                                                                                          |
|                                           | 2-29 Approach to stakeholder engagement                                              | 34-37                                                                                                                                                                                           |                                                                                                                                                                            |
|                                           | 2-30 Collective bargaining agreements                                                | 112                                                                                                                                                                                             |                                                                                                                                                                            |
| <b>GRI 3: Material Topics 2021</b>        | 3-1 Process to determine material topics                                             | 34                                                                                                                                                                                              |                                                                                                                                                                            |
|                                           | 3-2 List of material topics                                                          | 34                                                                                                                                                                                              |                                                                                                                                                                            |
|                                           | 3-3 Management of material topics                                                    | 34                                                                                                                                                                                              | Discussion on the management approach and actions of FDC and its business segments to address the material topics are found across the other sections of this publication. |
| <b>GRI 201: Economic Performance 2016</b> | 201-1 Direct economic value generated and distributed                                | 102                                                                                                                                                                                             |                                                                                                                                                                            |
|                                           | 201-2 Financial implications and other risks and opportunities due to climate change | 56                                                                                                                                                                                              | Climate risk assessment commenced in Q4 2024 to anticipate ISSB S2 reporting requirement by SEC.                                                                           |
|                                           | 201-3 Defined benefit plan obligations and other retirement plans                    |                                                                                                                                                                                                 | Not material.                                                                                                                                                              |
|                                           | 201-4 Financial assistance received from government                                  |                                                                                                                                                                                                 | Not applicable.                                                                                                                                                            |

| GRI STANDARD                                   | DISCLOSURE                                                                            | LOCATION/<br>PAGE | REASON/EXPLANATION<br>FOR OMISSION                                                                                                                                                              |
|------------------------------------------------|---------------------------------------------------------------------------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>GRI 202: Market Presence 2016</b>           | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage    | 111               | No granularity on gender.                                                                                                                                                                       |
|                                                | 202-2 Proportion of senior management hired from the local community                  |                   | Not material.                                                                                                                                                                                   |
| <b>GRI 203: Indirect Economic Impacts 2016</b> | 203-1 Infrastructure investments and services supported                               | 20-23, 26-27      |                                                                                                                                                                                                 |
|                                                | 203-2 Significant indirect economic impacts                                           | 18-27             |                                                                                                                                                                                                 |
| <b>GRI 204: Procurement Practices 2016</b>     | 204-1 Proportion of spending on local suppliers                                       | 102               |                                                                                                                                                                                                 |
| <b>GRI 205: Anti-corruption 2016</b>           | 205-1 Operations assessed for risks related to corruption                             |                   | With ongoing assessment for operational risks which include probability of fraud and corruption.<br><br>The Company is also currently developing its "Conflict of Interest Disclosure Program." |
|                                                | 205-2 Communication and training about anti-corruption policies and procedures        | 103               |                                                                                                                                                                                                 |
|                                                | 205-3 Confirmed incidents of corruption and actions taken                             | 103               |                                                                                                                                                                                                 |
| <b>GRI 206: Anti-competitive Behavior 2016</b> | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices |                   | Not material.                                                                                                                                                                                   |
| <b>GRI 207: Tax 2019</b>                       | 207-1 Approach to tax                                                                 |                   | Not material.                                                                                                                                                                                   |
|                                                | 207-2 Tax governance, control, and risk management                                    |                   | Not material.                                                                                                                                                                                   |
|                                                | 207-3 Stakeholder engagement and management of concerns related to tax                |                   | Not material.                                                                                                                                                                                   |
|                                                | 207-4 Country-by-country reporting                                                    |                   | Not material.                                                                                                                                                                                   |
| <b>GRI 301: Materials 2016</b>                 | 301-1 Materials used by weight or volume                                              | 105-106           |                                                                                                                                                                                                 |
|                                                | 301-2 Recycled input materials used                                                   | 106               |                                                                                                                                                                                                 |
|                                                | 301-3 Reclaimed products and their packaging materials                                |                   | Not material.                                                                                                                                                                                   |
| <b>GRI 302: Energy 2016</b>                    | 302-1 Energy consumption within the organization                                      | 104               |                                                                                                                                                                                                 |
|                                                | 302-2 Energy consumption outside of the organization                                  |                   | Not material.                                                                                                                                                                                   |
|                                                | 302-3 Energy intensity                                                                | 43                |                                                                                                                                                                                                 |
|                                                | 302-4 Reduction of energy consumption                                                 | 43                |                                                                                                                                                                                                 |
|                                                | 302-5 Reductions in energy requirements of products and services                      |                   | Not material.                                                                                                                                                                                   |

| GRI STANDARD                                           | DISCLOSURE                                                                                                                                      | LOCATION/<br>PAGE | REASON/EXPLANATION<br>FOR OMISSION                        |
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| <b>GRI 303: Water and Effluents 2018</b>               | 303-1 Interactions with water as a shared resource                                                                                              | 104               |                                                           |
|                                                        | 303-2 Management of water discharge-related impacts                                                                                             | 104, 107          |                                                           |
|                                                        | 303-3 Water withdrawal                                                                                                                          | 105               |                                                           |
|                                                        | 303-4 Water discharge                                                                                                                           | 110               |                                                           |
|                                                        | 303-5 Water consumption                                                                                                                         | 105               |                                                           |
| <b>GRI 304: Biodiversity 2016</b>                      | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 106               |                                                           |
|                                                        | 304-2 Significant impacts of activities, products and services on biodiversity                                                                  | 106-107           |                                                           |
|                                                        | 304-3 Habitats protected or restored                                                                                                            | 106               |                                                           |
|                                                        | 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations                                | 107               |                                                           |
| <b>GRI 305: Emissions 2016</b>                         | 305-1 Direct (Scope 1) GHG emissions                                                                                                            | 107               |                                                           |
|                                                        | 305-2 Energy indirect (Scope 2) GHG emissions                                                                                                   | 107-108           |                                                           |
|                                                        | 305-3 Other indirect (Scope 3) GHG emissions                                                                                                    | 108               |                                                           |
|                                                        | 305-4 GHG emissions intensity                                                                                                                   | 108               |                                                           |
|                                                        | 305-5 Reduction of GHG emissions                                                                                                                | 40, 45            |                                                           |
|                                                        | 305-6 Emissions of ozone-depleting substances (ODS)                                                                                             | 108               |                                                           |
|                                                        | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions                                                           | 108               |                                                           |
| <b>GRI 306: Waste 2020</b>                             | 306-1 Waste generation and significant waste-related impacts                                                                                    | 41-42             |                                                           |
|                                                        | 306-2 Management of significant waste-related impacts                                                                                           | 107, 41-42        |                                                           |
|                                                        | 306-3 Waste generated                                                                                                                           | 108               |                                                           |
|                                                        | 306-4 Waste diverted from disposal                                                                                                              | 109               |                                                           |
|                                                        | 306-5 Waste directed to disposal                                                                                                                | 109               |                                                           |
| <b>GRI 308: Supplier Environmental Assessment 2016</b> | 308-1 New suppliers that were screened using environmental criteria                                                                             |                   | Ongoing development of greening the supply chain program. |
|                                                        | 308-2 Negative environmental impacts in the supply chain and actions taken                                                                      |                   | Ongoing development of greening the supply chain program. |

| GRI STANDARD                                                          | DISCLOSURE                                                                                                           | LOCATION/<br>PAGE | REASON/EXPLANATION<br>FOR OMISSION |
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| <b>GRI 401: Employment 2016</b>                                       | 401-1 New employee hires and employee turnover                                                                       | 50, 110           |                                    |
|                                                                       | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees             | 52                |                                    |
|                                                                       | 401-3 Parental leave                                                                                                 |                   | Not material.                      |
| <b>GRI 402: Labor/ Management Relations 2016</b>                      | 402-1 Minimum notice periods regarding operational changes                                                           |                   | Not material.                      |
| <b>GRI 403: Occupational Health and Safety 2018</b>                   | 403-1 Occupational health and safety management system                                                               | 113               |                                    |
|                                                                       | 403-2 Hazard identification, risk assessment, and incident investigation                                             | 113               |                                    |
|                                                                       | 403-3 Occupational health services                                                                                   | 113               |                                    |
|                                                                       | 403-4 Worker participation, consultation, and communication on occupational health and safety                        | 113               |                                    |
|                                                                       | 403-5 Worker training on occupational health and safety                                                              | 52                |                                    |
|                                                                       | 403-6 Promotion of worker health                                                                                     | 113               |                                    |
|                                                                       | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships  | 113               |                                    |
|                                                                       | 403-8 Workers covered by an occupational health and safety management system                                         | 113               |                                    |
|                                                                       | 403-9 Work-related injuries                                                                                          | 113               |                                    |
|                                                                       | 403-10 Work-related ill health                                                                                       | 113               |                                    |
| <b>GRI 404: Training and Education 2016</b>                           | 404-1 Average hours of training per year per employee                                                                | 50, 111           |                                    |
|                                                                       | 404-2 Programs for upgrading employee skills and transition assistance programs                                      | 51-52             |                                    |
|                                                                       | 404-3 Percentage of employees receiving regular performance and career development reviews                           |                   | Not material.                      |
| <b>GRI 405: Diversity and Equal Opportunity 2016</b>                  | 405-1 Diversity of governance bodies and employees                                                                   | 49, 112           |                                    |
|                                                                       | 405-2 Ratio of basic salary and remuneration of women to men                                                         | 111               |                                    |
| <b>GRI 406: Non-discrimination 2016</b>                               | 406-1 Incidents of discrimination and corrective actions taken                                                       | 113               |                                    |
| <b>GRI 407: Freedom of Association and Collective Bargaining 2016</b> | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk |                   | Not material.                      |



| GRI STANDARD                                      | DISCLOSURE                                                                                          | LOCATION/<br>PAGE | REASON/EXPLANATION<br>FOR OMISSION                        |
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| <b>GRI 408: Child Labor 2016</b>                  | 408-1 Operations and suppliers at significant risk for incidents of child labor                     |                   | Not material.                                             |
| <b>GRI 409: Forced or Compulsory Labor 2016</b>   | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor      |                   | Not material.                                             |
| <b>GRI 410: Security Practices 2016</b>           | 410-1 Security personnel trained in human rights policies or procedures                             |                   | Not material.                                             |
| <b>GRI 411: Rights of Indigenous Peoples 2016</b> | 411-1 Incidents of violations involving rights of indigenous peoples                                |                   | Not material.                                             |
| <b>GRI 413: Local Communities 2016</b>            | 413-1 Operations with local community engagement, impact assessments, and development programs      | 53-55             |                                                           |
|                                                   | 413-2 Operations with significant actual and potential negative impacts on local communities        | 53                |                                                           |
| <b>GRI 414: Supplier Social Assessment 2016</b>   | 414-1 New suppliers that were screened using social criteria                                        |                   | Ongoing development of greening the supply chain program. |
|                                                   | 414-2 Negative social impacts in the supply chain and actions taken                                 |                   | Ongoing development of greening the supply chain program. |
| <b>GRI 415: Public Policy 2016</b>                | 415-1 Political contributions                                                                       |                   | Not material.                                             |
| <b>GRI 416: Customer Health and Safety 2016</b>   | 416-1 Assessment of the health and safety impacts of product and service categories                 | 114               |                                                           |
|                                                   | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 114               |                                                           |
| <b>GRI 417: Marketing and Labeling 2016</b>       | 417-1 Requirements for product and service information and labeling                                 | 114               |                                                           |
|                                                   | 417-2 Incidents of non-compliance concerning product and service information and labeling           | 114               |                                                           |
|                                                   | 417-3 Incidents of non-compliance concerning marketing communications                               | 114               |                                                           |
| <b>GRI 418: Customer Privacy 2016</b>             | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data  | 114               |                                                           |



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## Independent Limited Assurance Report

The Stockholders and Board of Directors  
Filinvest Development Corporation  
The Beaufort 5th avenue corner 23rd Street  
Bonifacio Global City, Fort Bonifacio, Taguig City

### Scope

We have been engaged by Filinvest Development Corporation to perform a 'limited assurance engagement,' as defined by Philippine Standard on Assurance Engagements 3000 (Revised) [PSAE 3000 (Revised)], Assurance Engagements Other than Audits or Reviews of Historical Financial Information, here after referred to as the engagement, to report on selected sustainability information as detailed below (the "Subject Matter") contained in the 2024 Filinvest Development Corporation Integrated Report for the year ended December 31, 2024 (the "Report").

### Subject Matter

The Subject Matter and the Global Reporting Initiative Standards (GRI Standards) covered in our limited assurance engagement are as follows:

#### Covered Entities

- Filinvest Development Corporation
- EastWest Banking Corporation and Subsidiaries
- Filinvest Land, Inc. and Subsidiaries, and Filinvest Alabang, Inc.
- Filinvest Hospitality Corporation and Subsidiaries, and Chroma Hospitality, Inc.
- FDC Utilities, Inc. and Subsidiaries
- Pacific Sugar Holdings Corporation and Subsidiaries

#### Economic Disclosures

- 204-1 Proportion of spending on local suppliers
- 205-2 Communication and training about anti-corruption policies and procedures
- 205-3 Confirmed incidents of corruption and actions taken

#### Environmental Disclosures

- 301-1 Materials used by weight or volume
- 302-1 Energy consumption within the organization
- 302-3 Energy intensity
- 303-3 Water withdrawal
- 303-4 Water discharge
- 303-5 Water consumption
- 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
- 304-3 Habitats protected or restored
- 305-1 Direct (Scope 1) GHG emissions
- 305-2 Energy indirect (Scope 2) GHG emissions
- 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions



## Social Disclosures

|        |                                                                                              |
|--------|----------------------------------------------------------------------------------------------|
| 2-7    | Employees                                                                                    |
| 2-8    | Workers who are not employees                                                                |
| 2-30   | Collective bargaining agreements                                                             |
| 401-1  | New employee hires and employee turnover                                                     |
| 403-9  | Work-related injuries                                                                        |
| 403-10 | Work-related ill health                                                                      |
| 405-1  | Diversity of governance bodies and employees                                                 |
| 413-1  | Operations with local community engagement, impact assessments, and development programs     |
| 418-1  | Substantiated complaints concerning breaches of customer privacy and losses of customer data |

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

### *Criteria applied by Filinvest Development Corporation*

In preparing the Subject Matter, Filinvest Development Corporation applied the criteria for reporting with reference to the GRI Standards (the "Criteria").

### *Filinvest Development Corporation's responsibilities*

Filinvest Development Corporation's management is responsible for selecting the Criteria, and for presenting the Subject Matter with reference to that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### *SGV's responsibilities*

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the PSAE 3000 (Revised) and the terms of reference for this engagement as agreed with Filinvest Development Corporation on 10 October 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.



#### *Our independence and quality management*

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Regulation Commission and have the required competencies and experience to conduct this assurance engagement.

SGV also applies Philippine Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Description of procedures performed*

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

1. Interviewing the management and relevant process owners to:
  - a. Understand the principal business operations.
  - b. Appreciate the key sustainability issues and developments related to the Subject Matter.
  - c. Understand the processes for collection, processing and accurate reporting of sustainability information.
2. Checking the mathematical accuracy of calculations performed.
3. Performing analytical tests and obtaining documentation/reports on a sampling basis to test assumptions, estimations and computations made by management in relation to the Subject Matter in the Report.
4. Testing that the data had been correctly transcribed from corporate systems and/or supporting evidence into the Report.



5. Reviewing the disclosure contents of the Report to check compliance with the requirements of the Criteria.

We also performed such other procedures as we considered necessary in the circumstances.

*Conclusion*

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the year ended December 31, 2024, in order for it to be in accordance with the Criteria.

SYCIP, GORRES, VELAYO & CO.

A handwritten signature in black ink that reads "Benjamin N. Villacorte". The signature is written in a cursive style.

Benjamin N. Villacorte

Partner

CPA Certificate No. 111562

PTR No. 10465403, January 2, 2025, Makati City

April 24, 2025