

# 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

28 May 2020

## **SECURITIES AND EXCHANGE COMMISSION**

Ground Floor, North Wing Hall  
Secretariat Building, PICC Complex  
Vicente Sotto Street, Pasay City

Attention: **MR. VICENTE GRACIANO P. FELIZMENIO, JR.**  
Director, Markets and Securities Regulation Department

Attention: **ATTY. RACHEL ESTHER J. GUMTANG-REMALANTE**  
OIC, Corporate Governance and Finance Department

## **THE PHILIPPINE STOCK EXCHANGE**

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

Attention: **MS. JANET A. ENCARNACION**  
Head, Disclosure Department

## **PHILIPPINE DEALING & EXCHANGE CORP.**

37/F, Tower 1, The Enterprise Center  
6766 Ayala Ave. cor. Paseo de Roxas, Makati City

Attention: **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**  
Head - Issuer Compliance and Disclosure Department (ICDD)

Gentlemen/Ladies:

Please find attached Quarterly Report of Filinvest Development Corporation for the period ended 31 March 2020.

Thank you.

Very truly yours,



**SHARON P. PAGALING-REFUERZO**

Corporate Secretary and  
Corporate Information Officer

# COVER SHEET

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										

PRINCIPAL OFFICE ( No. / Street / Barangay / City / Town / Province )

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Form Type	Department requiring the report	Secondary License Type, If Applicable										
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COMPANY INFORMATION		
Company's Email Address	Company's Telephone Number	Mobile Number
<b>www.filinvestgroup.com</b>	<b>7798-3977</b>	<b>N/A</b>
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
<b>4,035</b> <small>(excluding treasury shares)</small>	<b>Every Last Friday of April</b>	<b>12/31</b>

CONTACT PERSON INFORMATION			
The designated contact person <b><i>MUST</i></b> be an Officer of the Corporation			
Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
<b>Mr. Nelson M. Bona</b>	<b>nelson.bona@filinvestgroup.com</b>	<b>7798-3977</b>	<b>N/A</b>

CONTACT PERSON'S ADDRESS
<b>The Beaufort, 5<sup>th</sup> Avenue Corner 23<sup>rd</sup> Street, Bonifacio Global City, Taguig City, Metro Manila</b>

**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-Q

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

1. For the period ended **March 31, 2020**

2. SEC Identification Number **51048**

BIR Tax Identification No.

3. **000-053-167-000**

Exact name of registrant as specified in its charter:

4. **FILINVEST DEVELOPMENT CORPORATION**

5. **Philippines**

Province, Country or other jurisdiction of incorporation of organization

6. **(SEC Use Only)**

Industry Classification Code:

7. **The Beaufort, 5<sup>th</sup> Avenue Corner 23<sup>rd</sup> Street, Bonifacio  
Global City, Taguig City 1634, Metro Manila**

Address of principal office

8. **02-77983977**

Registrant's telephone number, including area code

9. **Not applicable**

Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock  
Outstanding and Amount of Debt  
Outstanding

**Common Stock, P1.0 par value**

**8,648,462,987 shares**

**₱139,290.4 million long-term debt**

11. Are any or all of these securities listed in the Philippines Stock Exchange?

Yes [] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**Philippine Stock Exchange**

**Common Stock**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Revised Securities Act (RSA) and SRC Rule 17 thereunder and Sections 11 of the RSA and RSA 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):

Yes [] No []

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

Yes [] No []

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## **PART 1 – FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

Please refer to Attachment I for the Unaudited Interim Condensed Consolidated Financial Statements of Filinvest Development Corporation (FDC) and Subsidiaries (collectively referred to as the “Group”) as of March 31, 2020 (with comparative audited figures as at December 31, 2019) and for the three months ended March 31, 2020 and 2019. Aging of the Group’s Loans and Receivables and Supplementary Information and Disclosures required on SRC rules 68 and 68.1 as amended as of March 31, 2020 are also presented in Attachment II and III, respectively.

### **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation**

#### **Results of Operations**

#### **Three Months Ended March 31, 2020 Compared with Three Months Ended March 31, 2019**

##### **I. Consolidated Results of Operations**

FDC and Subsidiaries reported a 7.8% growth in net income attributable to equity holders of the Parent Company from ₱2,772.1 million for the first quarter of 2019 to ₱2,988.2 million for the first quarter of 2020.

The Group’s consolidated net income increased by 4.7% year-on-year from ₱3,863.9 million to ₱4,043.8 million. This was largely contributed by the banking and financial segment comprising 55.8% or more than half of the Group’s consolidated net income. On the other hand, the property business, consisting of real estate and hospitality, delivered a contribution of 38.3% of the total net income.

Consolidated revenues and other income reached ₱20,547.6 million, with major share of 53.1% and 31.3% of the total, contributed by the banking services and property segment, respectively. While the remaining portion of 10.6% and 5.0% of total revenues were delivered by the power operations and sugar business, respectively.

##### **II. Segment Operations**

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

Net income from the Group’s real estate operations registered a decline of 25.6% from ₱2,063.3 million in the first quarter of 2019 to ₱1,534.3 million in the first quarter of 2020. The decline was generally due to the impact of the unprecedented Enhanced Community Quarantine (ECQ) effective March 16, 2020 in Luzon and the Taal volcano eruption in January.

Real estate operations’ total revenues and other income amounted to ₱5,729.4 million for the first quarter of 2020, lower by 28.6% from ₱8,025.2 million for the first quarter of 2019. The decrease was attributable to the 40.2% or ₱2,312.8 million decline in sale of lots, condominium and residential units, from ₱5,750.7 million to ₱3,437.9 million.

Mall and rental revenues grew by 3.6% or ₱65.9 million from ₱1,814.5 million for the first three months of 2019 to ₱1,880.4 million for the first three months of 2020, due to the higher occupancy of office spaces, mainly in Filinvest Axis Tower 1 and Tower 2, Cebu Cyberzone and Vector 2, and the renewal of existing lease contracts at escalated rates. Other income went down by 10.6% or ₱48.9 million, from ₱460.0 million to ₱411.2 million, due to lower interest income generated from in-house installment contracts receivable.

Cost of sale of lots and condominium units decreased by 40.6% or by ₱1,358.2 million, from ₱3,345.7 million in first quarter of 2019 to ₱1,987.6 million in first quarter of 2020, in line with the

lower real estate sales booked. Cost of mall and rental services slightly decreased by 2.6% or ₱9.3 million, from ₱354.1 million to ₱344.8 million on account of lower cost from the interruption of mall operations.

Operating expenses decreased by 6.0% from ₱1,563.5 million to ₱1,469.7 million due to: a) lower selling and marketing expenses in line with the drop in sales; and b) decline in interest expense which resulted from higher level of capitalization of interest during the period.

### **Hospitality Operations**

The Group's hospitality operations reported a net income of ₱15.6 million for the first quarter of 2020, a decrease of 89.5% from the ₱148.0 million net income posted for the first quarter of 2019. This was principally due to the decline in occupancy rates upon imposition of travel restrictions and quarantine measures brought by the Covid-19 pandemic.

Revenues and other income for the first three months of 2020 amounted to ₱700.7 million, lower by 20.7% than the ₱883.7 million total revenues for the same period of last year. Cost decreased by 16.4% corresponding to the reduced business volume. However, expenses of hospitality operations slightly increased by 1.7% on account of interest expense due to higher level of bank loans year-on-year.

### **Banking and Financial Services**

The Group's banking and financial services posted an 82.8% surge in net income from ₱1,234.2 million for the three months ended March 31, 2019 to ₱2,255.9 million for the three months ended March 31, 2020, driven by better margins from its core lending and deposit-taking business and higher trading gains.

Total revenues and other income soared 24.3% year-on-year from ₱8,775.1 million to ₱10,910.2 million at the back of 16.5% rise in interest income from the higher level of investment securities and loans and 52.1% jump in other income brought by increase in gains from fixed-income securities.

Cost of banking and financial services went down by 39.3% or ₱867.8 million from ₱2,209.2 million to ₱1,341.3 million, in spite of higher level of deposits, due to decreasing interest rates and growth in low-cost deposits.

Expenses went up by 43.6% to ₱7,081.2 million from ₱4,932.6 million mainly attributed to increase in compensation-related expenses and higher cost of operations particularly gross receipts taxes and intensified marketing acquisition campaigns to generate more loans and retail deposits. Provisions for losses also increased as the Bank decided to be prudent in anticipation of the uncertainties brought by the COVID-19 pandemic. While the impact of the pandemic is yet to materialize given the extended ECQ, the Bank is continuously reviewing its provisioning policies in relation to risks inherent in its predominantly consumer portfolio.

### **Power Operations**

The Group's power operations generated a net income of ₱510.6 million for the first quarter of 2020, a 22.0% drop from ₱654.2 million for the first quarter of 2019. This was attributed to the 7.5% reduction in total revenues and other income from ₱2,358.8 million to ₱2,181.6 million, due to lower volume of energy sold. Likewise, cost and expenses decreased by 2.4% and 2.8%, respectively, on account of lower taxes and licenses and outside services.

## **Sugar Operations**

The Group's net income from sugar operations climbed to ₱243.4 million for the first three months of 2020 or a 14.7% growth from the ₱212.2 million for same period of 2019. Revenues and other income increased by 12.4% due to higher volume of sugar sold. Cost of sugar sold increased by 12.6%, in line with the increase in sales. Meanwhile, expenses decreased by 25.9% due to lower interest expense from the reduced level of outstanding loans.

## **Other Operations**

The Group's other operations incurred cost and expenses of ₱154.3 million and ₱361.8 million, respectively, or a total of ₱516.1 million, an increase of 13.2% over ₱448.2 million for the same period in previous year. This was due to the share in net loss of an associate and incremental interest expense from additional loan availment.

## **Financial Condition ⇒ As of March 31, 2020 Compared with as of December 31, 2019**

The Group's total consolidated assets as of as of March 31, 2020 amounted to ₱642,065.4 million, stood at almost same level as the ₱642,154.9 million balance as of December 31, 2019. Significant movements in asset accounts were as follows:

- **Cash and cash equivalents**  
⇒ **27.7% increase from ₱52,096.2 million to ₱66,502.0 million**  
Due to the proceeds from bank loans availed towards the end of first quarter to refinance the dollar bonds at maturity on April 2, 2020.
- **Loans and receivables of real estate operations**  
⇒ **16.9% increase from ₱5,124.1 million to ₱5,987.6 million**  
Decrease in contracts receivables due to collections from customers and lower real estate sales.
- **Loans and receivables of power operations**  
⇒ **13.2% decrease from ₱2,045.0 million to ₱1,775.9 million**  
On account of lower revenues from energy sold to other power companies during the period.
- **Loans and receivables of sugar operations**  
⇒ **4.0% increase from ₱108.1 million to ₱112.5 million**  
Due to higher level of advances to sugar planters.
- **Financial assets at fair value through profit or loss**  
⇒ **44.6% decrease from ₱16,840.7 million to ₱9,329.5 million**  
Driven by the movements in the banking segment's proprietary trading portfolio.
- **Financial assets at fair value through other comprehensive income**  
⇒ **75.3% increase from ₱5,323.7 million to ₱9,331.2 million**  
Mainly due to movements in the Bank's proprietary trading portfolio and revaluation of equity securities investments.
- **Investment securities at amortized cost**  
⇒ **27.1% decrease from ₱49,386.1 million to ₱35,995.8 million**  
In line with EW's balance sheet business model.

- **Contract assets**  
⇒ **18.5% decrease from ₱14,848.2 million to ₱12,095.3 million**  
Due to collections from customers and lower real estate sales.
- **Real estate inventories**  
⇒ **5.6% increase from ₱71,363.5 million to ₱75,345.5 million**  
The increase is attributed to continued disbursement for projects under construction.
- **Coal, spare parts and other inventories**  
⇒ **6.2% decrease from ₱710.3 million to ₱666.1 million**  
Lower level of sugar and coal inventories as of reporting date.
- **Investments in joint ventures and associate**  
⇒ **14.2% increase from ₱1,005.3 million to ₱1,148.2 million**  
Due to additional capital infusion of EW into its joint venture partially offset by the proportionate share of EW in its net loss.
- **Deferred tax assets**  
⇒ **9.4% increase from ₱3,255.4 million to ₱3,560.3 million**  
Related to the current period's take-up of provision for probable losses by EW and movement in FLI's temporary difference arising from advance rentals.
- **Right-of-use assets**  
⇒ **14.7% increase from ₱6,994.5 to ₱8,024.9 million**  
On account of EW's additional set-up of finance lease assets during the period.

Total consolidated liabilities stood at ₱506,080.3 million as of March 31, 2020, which remained flat versus the ₱510,004.9 million balance as of December 31, 2019. The following were the material changes in balances:

- **Bills and acceptances payable**  
⇒ **38.6% decrease from ₱30,949.8 million to ₱19,001.9 million**  
Lower volume of interbank borrowings.
- **Retirement liabilities**  
⇒ **3.6% increase from ₱1,139.7 million to ₱1,181.0 million**  
Additional accrual for the current period.
- **Contract liabilities**  
⇒ **12.1% increase from ₱3,468.2 million to ₱3,887.7 million**  
The increase was due to high customer reservations received during the period and collection on contracts not yet qualified for revenue recognition.
- **Long-term debt**  
⇒ **7.0% increase from ₱130,221.3 million to ₱139,290.4 million**  
Due to bank loans availed, as previously mentioned.
- **Income tax payable**  
⇒ **57.9% increase from ₱901.8 million to ₱1,424.2 million**  
Mainly attributable to provisions for income tax recognized for the current period.

The Group's commitments for capital expenditures cover the project developments of the real estate subsidiaries, development of power plant projects, construction and management of various hotels, and expenses necessary for new branches of the bank, all of which can be adequately funded by operating cash flow and availment of medium and long term loans and/or issuance of debt securities.

## Performance Indicators

	<b>As of and For The Three- Months Ended March 31, 2020 (Unaudited)</b>	<b>As of December 31, 2019 and For The Three- Months Ended March 31, 2019 (Unaudited)</b>
<b>Earnings per Share (EPS)</b>		
$\frac{\text{Net Income Attributable toEquity Holders of the Parent Company(Annualized)}}{\text{Weighted Average Number ofOutstanding Shares}}$	1.382 /share	1.282 /share
<b>Price Earnings Ratio</b>		
$\frac{\text{Closing Price}^{(1)}}{\text{EPS}}$	6.08 Times	11.76 Times
<b>Return on Revenues</b>		
$\frac{\text{Net Income}}{\text{Total Revenues}}$	19.7%	18.4%
<b>Return on Equity (Average)</b>		
$\frac{\text{Net Income}}{\text{Average Equity}}$	3.0%	3.1%
<b>Long-term Debt to Equity Ratio</b>		
$\frac{\text{Long-term Debt}}{\text{Total Stockholders' Equity}}$	1.0 : 1	1.0 : 1
<b>Total Liabilities to Equity Ratio</b>		
$\frac{\text{Total Liabilities}^{(2)}}{\text{Total Stockholders' Equity}}$	1.5 : 1	1.4 : 1
<b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) to Total Interest Expense</b>		
$\frac{\text{EBITDA}}{\text{Total Interest Expense}^{(3)}}$	6.4 Times	6.3 Times
<b>Current Ratio</b>		
<b>a. Including EW</b>		
$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.8 :1	0.8 :1

	<b>As of and For The Three Months Ended March 31, 2020 (Unaudited)</b>	<b>As of December 31, 2019 and For The Three Months Ended March 31, 2019 (Unaudited)</b>
<b>b. Excluding EW</b>		
<u>Current Assets</u>		
Current Liabilities	<b>2.3 :1</b>	2.2 :1
<b>Quick Ratio - Excluding EW</b>		
<u>Current Asset - Inventories</u>		
Current Liabilities	<b>0.9 :1</b>	0.5 :1
<b>Asset to Equity Ratio</b>		
<u>Total Assets</u>		
Total Equity	<b>4.7 :1</b>	4.9 :1

(1) Closing prices of P13.00 and P7.11 as of March 30, 2020 and March 29, 2019, respectively.

(2) Excluding deposit liabilities, bills and acceptances payable and finance lease liabilities.

(3) Excluding accretion expense on financial liability on lease contract

## **PART II - OTHER INFORMATION**

### **Item 3. Other Operations - Bond Issuance**

On January 24, 2014, The Parent Company issued and listed P8,800.0 million unsecured fixed-rate peso retail bonds due 2024 with annual coupon rate of 6.1458%. Interest is payable quarterly in arrears starting April 24, 2014.

I.	Proceeds	
	Gross proceeds	P8,800.0
	Net proceeds	8,754.9
II.	Utilization	
	Refinancing of debt obligations	4,877.1
	Capital expenditures for:	
	Power project	3,556.3
	Hotel projects	321.5
III.	Balance as of March 31, 2020	<u>P-</u>

### **Item 4. Subsequent Events**

There are no other material events subsequent to March 31, 2020 up to the date of this report that have not been reflected in the Unaudited Interim Condensed Consolidated Financial Statements and Notes to Unaudited Interim Condensed Financial Statements.

## **Item 6. Other Disclosures**

1. Except as disclosed in the Notes to Unaudited Interim Condensed Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
2. The Company's unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated annual financial statements as of and for the year ended December 31, 2019 (PAS 34, par 15).
3. The accounting policies and methods of computation adopted in the preparation of the unaudited interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements as of and for the year ended December 31, 2019.
4. There are no known trends, demands, comments, events or uncertainties that will have a material impact on liquidity.
5. Except for the sugar operations, the operating activities are carried out uniformly over the calendar year. Except for the milling season, there are no unusual operating cycles or seasons during the year. The milling activities of the sugar subsidiaries usually start in November and end in May or June of the following year.
6. There are no changes in estimates of amounts reported in prior year (2019) that have material effects in the current interim period.
7. Except for those discussed in the Management's Discussion, Analysis of Financial Condition and Results of Operations, and Subsequent Events, there are no other issuances, repurchases and repayments of debt and equity securities.
8. Except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, Subsequent Events, Financial Risk Exposures, Notes to Unaudited Interim Condensed Consolidated Financial Statements, Other Disclosures and Supplementary Information, there are no other material events subsequent to March 31, 2020 up to the date of this report that have not been reflected in the financial statements for the interim period.
9. There are no other dividends paid (aggregate or per share) separately for ordinary shares and other shares during the interim period, except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operation.
10. There have been no material changes in the composition of the Group during the interim period, such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations, except as discussed in the Notes to Unaudited Interim Condensed Consolidated Financial Statements, Management's Discussion and Analysis of Financial Condition and Results of Operations.
11. There are no material contingencies and any other events or transactions affecting the current interim 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. 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 Company 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.
16. 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:

*Outlook for 2020 Amidst the COVID-19 Pandemic*

As of this writing, the world continues to go through the biggest crisis of our generation brought about by the COVID-19 pandemic. In a move to contain the COVID-19 pandemic in the Philippines, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, the government expanded the scope by placing the entire Luzon region under an enhanced community quarantine (ECQ), with major cities in Visayas and Mindanao shortly following suit. On March 24, 2020, Republic Act No. 11469 was enacted declaring the existence of a national emergency arising from the COVID-19 situation and a national policy effectively authorizing the Philippine President, for a limited period and subject to restrictions, to exercise powers necessary and proper to carry out the declared national policy and for other purposes. On April 1, 2020, the Implementing Rules and Regulations (IRR) of Section 4(aa) of Republic Act No. 11469, otherwise known as the "Bayanihan to Heal As One Act", was released. On April 7, 2020, the Philippine President announced that the ECQ throughout the island of Luzon has been extended up to April 30, 2020. On April 24, 2020, the Philippine President extended the ECQ in Metro Manila, Central Luzon, CALABARZON and other selected high-risk areas until May 15, 2020. The President also placed some areas in the Visayas and Mindanao under ECQ but subject to reassessment, while provinces or areas which are considered moderate- and low-risk in the spread of COVID-19 were placed under a general community quarantine starting on May 1, 2020. On May 15, 2020, it was announced that Metro Manila, Laguna and Cebu City will transition from an ECQ to a modified ECQ from May 16 to May 31, 2020 while other parts of the country were placed in less stringent states of community quarantine.

The government-mandated temporary closure of non-essential shops and businesses are expected to have material effects on the Group's overall financial performance in 2020. While the Group cannot ascertain at this time the full impact to its financial position, performance and cash flows, the Group is cognizant of the following risks brought about by the disruptions:

- The Real Estate segment may face a decline in revenues following the temporary suspension of construction activities of its residential and commercial properties, and closure of mall operations except for essential business establishments within the malls such as supermarkets, pharmacies, healthcare centers and banks that remain open for limited operating hours. The uncertainties may also impact the office leasing business as tenants adopt a work-from-home scheme or other flexible working arrangements. Additional risks include the possible delays in collection of payments from residential buyers.
- The imposition of travel restrictions and quarantine measures across the globe have immediate negative effects on businesses especially on tourism and hospitality businesses. As an operator of hotels and resorts across the Philippines, a significant decline in occupancy rates is expected. Five out of the six hotels and resorts under the Group's portfolio remain in operation during the ECQ but on very limited basis to accommodate current business needs. Crimson Boracay however has

temporarily ceased operations while the entire island of Boracay is on lockdown. Quest Tagaytay is currently used as a quarantine facility for OFWs and other returning overseas Filipinos.

- The Banking segment is running on skeletal force while under ECQ. Nevertheless, it opens as many branches feasible, ensures cash availability in ATMs and maintains availability of various digital and online products. Following the government's mandate, it has provided its customers a 30-day grace period for all loans falling due within the ECQ period. Other possible measures of forbearance are likewise being evaluated. An extended disruption to business activities may affect East West Bank's loan portfolio and asset quality.
- The Company's 405-megawatt power plant located in Misamis Oriental, Mindanao is fully operational. While relatively less affected because of its geographic location, it has nonetheless undertaken measures called for under the ECQ program. It has employed a rotation setup for its work force and implemented various precautionary measures such as strict adherence to personal hygiene, practices, mandatory temperature checks and social distancing protocols, and proper and frequent sanitation and deep disinfection of plant premises.

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which have limited impact on its financial position and performance as of and for the three months ended March 31, 2020. However, the outbreak could have a material impact on its 2020 annual financial results and even periods thereafter. To mitigate the risks of the COVID-19 pandemic on its operations, the Company has undertaken several measures such as the following:

- It has reviewed its capital expenditure program and adjusted it to reflect the expected slowdown in demand as well as construction delays of projects.
- It has put in place mitigation measures to ensure the safety of its customers, homeowners, locators and tenants through sanitation and social distancing practices, and has carried out regular communication through digital means and work-from-home service desks.
- It has implemented various precautionary measures for a safe workplace such as work- from-home arrangements, strict adherence to personal hygiene practices, mandatory temperature checks and social distancing protocols, and proper and frequent sanitation and deep disinfection of premises.
- It has cancelled large group meetings in person and instead utilize technology for remote communication. It will conduct, for the first time, its annual shareholder's meeting virtually with online electronic voting.

Amidst the evolving nature of this outbreak, the Company remains committed to abide by and comply with all rules and regulations issued by the government in relation to the COVID-19 pandemic.

17. There are no other information required to be reported that have not been previously reported in SEC Form 17-C.

