FILINVEST DEVELOPMENT CORPORATION

6F, The Beaufort
5th Avenue corner 23rd Street, Bonifacio Global City
1634 Taguig City, Metro Manila, Philippines

Registration in the Philippines and Offer of up to
[6,000,000] Cumulative, Non-Voting, Non-Participating, Non-Convertible, Redeemable and Re-issuable, Philippine Peso-Denominated Perpetual Preferred Shares

with an Oversubscription Option
of up to [2,000,000] Preferred Shares

consisting of up to:
Series A Preferred Shares
with a Dividend Rate of [•]% p.a.

Series B Preferred Shares
with a Dividend Rate of [•]% p.a.

at an Offer Price of ₱1,000.00 per Series A and Series B Preferred Share

to be listed and traded on the
Main Board of The Philippine Stock Exchange, Inc.

Sole Issue Manager

BPI Capital Corporation

Joint Lead Underwriters and Bookrunners

BDO Capital · BPI Capital Corporation · Chinabank Capital · LANDBANK · SECURITY BANK CAPITAL

Selling Agents
PSE Trading Participants

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE OFFER PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

The date of this Preliminary Prospectus is 16 May 2025.

FILINVEST DEVELOPMENT CORPORATION
6F, The Beaufort, 5th Avenue corner 23rd Street
Bonifacio Global City, Taguig City, Philippines
Telephone Number: (+632) 7798-3977
Website: www.filinvestgroup.com

This prospectus (the "**Prospectus**") relates to the registration and offer and sale in the Philippines (the "**Offer**") within the Offer Period (as hereinafter defined) of up to [8,000,000] cumulative, non-voting, non-participating, non-convertible, redeemable and re-issuable Philippine Peso-denominated perpetual preferred shares with a par value of ₱1.00 per share (the "**Offer Shares**"), by Filinvest Development Corporation ("**FDC**", the "**Company**", the "**Issuer**", or, when referred to collectively with its consolidated subsidiaries and their joint ventures, the "**Group**"), a corporation duly organized and existing under Philippine law. The Offer Shares shall consist of a base offer of up to [6,000,000] preferred shares (the "**Base Offer**" and the shares under the Base Offer, the "**Base Offer Shares**"), with an oversubscription option of up to [2,000,000] preferred shares (the "**Oversubscription Option**" and the shares under the Oversubscription Option, the "**Oversubscription Option Shares**"), at an offer price of ₱1,000.00 per Offer Share (the "**Offer Price**") to be offered in up to two (2) series: [•]% per annum Series A Preferred Shares (the "**Series A Preferred Shares**") and/or [•]% per annum Series B Preferred Shares (the "**Series B Preferred Shares**").

As of the date of this Prospectus, the authorized capital stock of the Issuer is ₱17,000,000,000.00 (the "**Authorized Capital Stock**"), divided as follows: (a) 15,000,000,000 Common Shares with ₱1.00 par value per share (the "**Common Shares**") and (b) 2,000,000,000 preferred shares with ₱1.00 par value per share.

On [•], 2025, the Company filed an application with the Philippine Securities and Exchange Commission ("**SEC**") to register the Offer Shares under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799). On [•], 2025, the Issuer obtained pre-effective clearance in respect of such application and upon compliance with the pre-effective conditions from the SEC, an order of registration is expected to be issued by the SEC for the Offer Shares. A listing application was submitted to The Philippine Stock Exchange, Inc. ("**PSE**") on [•], 2025 and was officially filed on [•], 2025 upon payment of the listing fee. However, there is no assurance that such a listing will actually be achieved either before or after the issue date of the Offer Shares or whether such a listing will materially affect the liquidity of the Offer Shares on the secondary market. Furthermore, the PSE approval for listing is permissive only and does not constitute a recommendation or endorsement of the Offer Shares by the PSE. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in this Prospectus. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of this Prospectus. As a listed company, FDC regularly disseminates such updates and information in its disclosures to the SEC and the PSE.

BDO Capital & Investment Corporation ("**BDO Capital**"), BPI Capital Corporation ("**BPI Capital**"), China Bank Capital Corporation ("**Chinabank Capital**"), Land Bank of the Philippines ("**LANDBANK**"), and Security Bank Capital Investment Corporation ("**Security Bank Capital**") (the "**Joint Lead Underwriters and Bookrunners**") have agreed to distribute and sell the Offer Shares at the Offer Price, pursuant to an Underwriting Agreement with the Company dated [•] 2025.

The Issuer, in consultation with BPI Capital as the sole issue manager (the "**Sole Issue Manager**"), and the Joint Bookrunners, shall have the discretion to allocate the Offer between up to two (2) series at the end of the Offer Period based on the results of bookbuilding.

FDC expects to raise gross proceeds of up to ₱[6.00] billion from the Offer or should the Joint Lead Underwriters and Bookrunners, with the consent of the Issuer, exercise in full the Oversubscription Option, ₱[8.00] billion from the Offer. Without exercising the Oversubscription Option, the net proceeds are estimated to be ₱[5.94] billion, after deducting fees, commissions, and expenses relating to the issuance of the Offer. If the Oversubscription Option is fully exercised, the net proceeds are estimated to be approximately ₱[7.93] billion, after deducting fees, commissions, and expenses relating to the issuance of the Offer. Proceeds of the Offer shall be used by the Company to [refinance existing debt obligations, for capital expenditures and for general corporate purposes]. For a more detailed discussion on the use of proceeds, see *"Use of Proceeds"* of this Prospectus.

The issue management fees to be paid to the Sole Issue Manager shall be [0.05]% of the final aggregate nominal principal amount of the Offer Shares. The underwriting fees to be paid by the Company to the Joint Lead Underwriters and Bookrunners in relation to the Offer shall be equivalent to [0.45]% of the gross proceeds of the Offer. This shall be exclusive of fees to be paid to the PSE Trading Participants. The estimated underwriting and

selling fee shall be ₱[27.00] million or ₱[36.00] million (in case of full exercise of the Oversubscription Option). Please see "*Use of Proceeds*" and "*Plan of Distribution*" of this Prospectus.

Upon listing with the PSE on [•] 2025 ("**Issue Date**"), the Offer Shares will be traded under the symbols "[FDCPA]" for the Series A Preferred Shares, and "[FDCPB]" for the Series B Preferred Shares.

As of the date of this Prospectus, the Company has 8,648,462,987 outstanding common shares and no outstanding Preferred Shares. Following the Offer, assuming the Oversubscription Option is exercised in full, the Company will have 8,648,462,987 outstanding common shares and [8,000,000] outstanding Preferred Shares. The holders of the Offer Shares do not have identical rights and privileges with holders of existing common shares of the Company.

The Company reserves the right to withdraw any offer and sale of the Offer Shares at any time before the commencement of the Offer Period, and the Company, in consultation with the Sole Issue Manager, the Joint Lead Underwriters and Bookrunners reserve the right to reject any application to purchase the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If an offer of the Offer Shares is withdrawn or discontinued, the Company shall subsequently notify the SEC and the PSE. The Sole Issue Manager, Joint Lead Underwriters and Bookrunners, any participating underwriter, co-manager and selling agent for any offer of the Offer Shares may acquire for their own account all or a portion of the Offer Shares.

Before the execution of the Underwriting Agreement, the Offer may be withdrawn at any time. The Offer may also be withdrawn at any time (i) after the execution of the Underwriting Agreement and before the commencement of the Offer Period, and (ii) on or after the commencement of the Offer Period and prior to the Issue Date, due to conditions beyond the Company's and/or the Joint Lead Underwriters and Bookrunners' control referred to in the section *"Withdrawal of the Offer"*.

The distribution of this Prospectus and the offer and sale of the Offer Shares may, in certain jurisdictions, be restricted by law. This Prospectus does not constitute an offer to sell or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person to whom it is unlawful to make such offer in such jurisdiction. The Company, the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. Each investor in the Offer Shares must comply with all laws applicable to it and must obtain the necessary consent, approvals or permission for its purchase or subsequent offer and sale of the Offer Shares under the laws and regulations in force in any jurisdiction to which it is subject. None of the Company, the Sole Issue Manager, or the Joint Lead Underwriters and Bookrunners will have any responsibility therefor.

Dividends may be declared at the discretion of the Board of Directors and will depend upon the future results of operations and general financial condition and capital requirements of the Company; its ability to receive dividends and other distributions and payments from its subsidiaries; foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations (both at the parent and subsidiary levels) and other factors the Board of Directors may deem relevant. The date of declaration of cash dividends on the Offer Shares will be subject to the discretion of the Board of Directors to the extent permitted by law. The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders of the Company. For a more detailed discussion on dividends and the dividend policy of the Company, see "*Dividends and Dividend Policy*" of this Prospectus.

The Offer Shares may be issued in various series. As and if cash dividends are declared by the Board of Directors in accordance with the enabling resolutions for the Offer Shares ("**Enabling Resolutions**") and as set out in this Prospectus, cash dividends shall be at a rate of [•]% per annum for the Series A Preferred Shares and [•]% for the Series B Preferred Shares (each, the "**Initial Dividend Rate**" for the relevant series), calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period (as defined below).

Subject to limitations on the payment of cash dividends as described in the section on the *"Summary of the Offer"*, dividends on the Offer Shares will be payable quarterly in arrear every [August 4], [November 4], [February 4] and [May 4] of each year (each a "**Dividend Payment Date**") being the last date of each three (3)-month period (a "**Dividend Period**"). The dividends on the Offer Shares will be calculated on a 30/360-day basis. If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

The Board of Directors will not declare and pay dividends on any Dividend Payment Date where (a) payment of the dividend would cause the Issuer to breach any of its financial covenants, (b) the unrestricted retained earnings available to the Company for distribution as dividends are not sufficient to enable the Company to pay the dividends in full on all other classes of the outstanding shares of the Company that are scheduled to be paid on or before any Dividend Payment Date and that have an equal right and priority to dividends as the Offer Shares or (c) will impair the capital of the Company. Please see "*Dividend Payment Conditions*" of this Prospectus.

Unless the Offer Shares are redeemed by the Issuer on an Optional Redemption Date (as defined below) or on the next Business Day in case the relevant dividend rate re-setting date falls on a non-Business Day, the dividends on each series will be adjusted as follows:

- For Series A Preferred Shares: On and from the sixth (6^{th}) month after the third (3^{rd}) anniversary of the Issue Date or the next Business Day in case the dividend rate re-setting date falls on a non-Business Day (the "**Series A Dividend Rate Re-Setting Date**"), the Dividend Rate for all subsequent Dividend Periods shall be the higher of: (i) the Series A Initial Dividend Rate; or (ii) the sum of (x) the seven (7)-year PHP BVAL reference rate as published on the website of PDS, or if unavailable, the PDEx page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) on the Series A Dividend Rate Re-Setting Date, and (y) the Step-Up Spread; and

- For Series B Preferred Shares: On the seventh (7^{th}) anniversary of the Issue Date or the next Business Day in case the dividend rate re-setting date falls on a non-Business Day (the "**Series B Dividend Rate Re-Setting Date**") the Dividend Rate for all subsequent Dividend Periods (as defined below) shall be the higher of: (i) the Series B Initial Dividend Rate, or (ii) the sum of (x) the fifteen (15)-year PHP BVAL reference rate as published on the website of PDS, or if unavailable, the PDEx page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) on the Series B Dividend Rate Re-Setting Date, and (y) the Step-Up Spread.

Dividends on the Offer Shares will be cumulative. If for any reason the Issuer's Board of Directors does not declare dividends on the Offer Shares for a dividend period, on any future Dividend Payment Date on which dividends are declared, holders of the Offer Shares must receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Offer Shares prior to such Dividend Payment Date.

As and if approved by the Board of Directors, the Company may redeem in whole or in part, any series of the Offer Shares as follows:

(a) in respect of the Series A Preferred Shares, on the second (2^{nd}) anniversary of the Issue Date or on any Dividend Payment Date thereafter; and

(b) in respect of the Series B Preferred Shares, on the fifth (5^{th}) anniversary of the Issue Date or on any Dividend Payment Date thereafter.

(each, an "**Optional Redemption Date**" for each of the Series A Preferred Shares and Series B Preferred Shares), after giving not more than 60 nor less than 30 days' prior written notice nor more than 60 days' prior notice (by publication in two (2) national newspapers) to the intended date of redemption, at a redemption price equal to the Offer Price plus any accrued and unpaid dividends after deduction for any tax and customary transfer costs to effect the redemption (the "**Redemption Payment**"). Such notice to redeem shall be deemed irrevocable upon issuance thereof.

For the avoidance of doubt, on the applicable Optional Redemption Date, the Issuer has the option to redeem, in whole but not in part, any or all of the series.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem any or all of the series falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Payment and the amount of dividends to be paid.

The Issuer may also redeem the Offer Shares, in whole but not in part, at any time prior to any Optional Redemption Date if an Accounting Event or a Tax Event (each as defined below) has occurred and is continuing, having given not more than 60 nor less than 30 days' written notice (by publication in two (2) national newspapers) prior to the intended date of redemption. The redemption due to an Accounting Event or a Tax Event shall be

made by the Issuer at the Redemption Price which shall be paid within five (5) Business Days of the exercise of the right to redeem the Offer Shares; provided, that if the Accounting Event or Tax Event is specific to a series, then the foregoing optional redemption may be exercised only with respect to such series.

Each Offer Share has a liquidation right equal to the Offer Price of the Offer Share plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then current dividend period to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be (the "**Liquidation Right**").

Upon listing of the Offer Shares on the Main Board of the PSE, the Company may purchase the Offer Shares which will then be tradable at any time in the open market or by public tender or through negotiated transactions at any price through the PSE without any obligation to purchase or redeem the other outstanding preferred shares of the Company. The Offer Shares so purchased may be redeemed (pursuant to their terms and conditions as set out in the Prospectus) and cancelled or kept as treasury shares, as applicable.

All payments in respect of the Offer Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government of the Republic of the Philippines (the "**Government**"), including, but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that the holders of Offer Shares will receive the full amount of the relevant payment which otherwise would have been due and payable; provided, however, that the Issuer shall not be liable for: (a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Offer Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Offer Shares or on the liquidating distributions as may be received by a holder of the Offer Shares; (c) any expanded value added tax which may be payable by any holder of the Offer Shares on any amount to be received from the Issuer under the terms and conditions of the Offer Shares; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of the Offer Shares or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Offer Shares by any holder of the Offer Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

In the event dividend payments in respect of the Offer Shares become subject to additional or higher withholding or any new tax for the account of the Issuer (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer ("**Tax Event**"), the Issuer, having given not more than 60 days' nor less than 30 days' written notice (by publication in two (2) national newspapers) prior to the intended date of redemption which must be a Business Day, may redeem the Offer Shares at any time in whole but not in part, at the Redemption Price; provided that if the Tax Event is specific to a series, then the foregoing optional redemption may be exercised only with respect to such series ("**Redemption by reason of Tax Event**"). See *"Summary of the Offer"* and *"Description of the Offer Shares"*.

Documentary stamp tax and all other costs and expenses for the issuance of the Offer Shares and the documentation, if any, shall be for the account of the Issuer.

In the event an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Issuer stating that there is more than an insubstantial risk that either the Offer Shares or the funds raised through the issuance of the Offer Shares may no longer be recorded as "equity" pursuant to PFRS Accounting Standards, or such other accounting standards which succeed PFRS Accounting Standards, as adopted by the Republic of the Philippines, applied by the Issuer for drawing up its consolidated financial statements for the relevant financial year ("**Accounting Event**"), and such event cannot be avoided by use of reasonable measures available to the Company, the Company having given not more than 60 days' nor less than 30 days' notice (by publication in two (2) national newspapers) prior to the intended date of redemption which must be a Business Day, may redeem the Offer Shares in whole, but not in part at the Price; provided, that if the Accounting Event is specific to a tranche, then the foregoing optional redemption may be exercised only with respect to such series ("**Redemption by reason of an Accounting Event**"). See *"Summary of the Offer"* and *"Description of the Offer Shares"*.

FDC confirms that this Prospectus contains all material information relating to the Company and its subsidiaries, as well as all material information on the issue and offer of the Offer Shares as may be required by the applicable laws of the Republic of the Philippines. To the best of the Company's knowledge, no facts have been omitted that would make any statement in this Prospectus misleading in any material respect.

Neither the delivery of this Prospectus nor any sale made pursuant to the Offer shall, under any circumstance, create any implication that the information contained or referred to in this Prospectus is accurate as of any time subsequent to the date hereof.

The Company, the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners have exercised reasonable due diligence required by applicable laws, rules, and regulations in ascertaining that all material representations contained in this Prospectus, and any amendment or supplement thereto, are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading in any material respect.

No representation, warranty, or undertaking, express or implied, is made by the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners, as to the accuracy, adequacy, reasonableness, or completeness of the information and materials contained herein (excluding any and all information pertaining to the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners) or any other information provided by the Company herein in connection with the Offer, and no responsibility or liability is accepted by any of them unless any of the Sole Issue Manager, or the Joint Lead Underwriters and Bookrunners is at fault or grossly negligent in the conduct of its duty of due diligence.

No dealer, salesman or other person has been authorized by FDC, the Sole Issue Manager, or the Joint Lead Underwriters and Bookrunners to give any information or to make any representation concerning the Offer Shares other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by FDC, the Sole Issue Manager, or the Joint Lead Underwriters and Bookrunners.

All information in the Prospectus is as of the date hereof, unless otherwise indicated. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof, or that there has been no changein the affairs of the Company and its subsidiaries since such date.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor any of the Joint Lead Underwriters and Bookrunners makes any representation as to the accuracy or completeness of such information. Any reliance placed on any projections or forecasts is a matter of commercial judgment.

Certain agreements are referred to in this Prospectus in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

The contents of this Prospectus are not to be considered as definitive legal, business or tax advice. This Prospectus is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Sole Issue Manager, the Joint Lead Underwriters and Bookrunners or their respective affiliates or legal advisers that any recipient of this Prospectus should purchase the Offer Shares.

The price of securities, such as the Offer Shares, can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Offer Shares described in this Prospectus involves a certain degree of risk. A prospective purchaser of the Offer Shares should carefully consider several risk factors relating to the Company's business and operations, risks relating to the Philippines and risks relating to the Offer Shares, as set out in "*Risk Factors*" of this Prospectus, in addition

to the other information contained in this Prospectus, in deciding whether to invest in the Offer Shares. The risk disclosure discussion does not purport to disclose all the risks and other significant aspects of investing in the Offer Shares. A person contemplating an investment in the Offer Shares should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities. Investing in the Offer Shares involves a higher degree of risk compared to debt instruments.

FDC is organized under the laws of the Philippines. Its principal office is at The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Philippines with telephone number (+632) 7798-3977 and corporate website, www.filinvestgroup.com.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

FILINVEST DEVELOPMENT CORPORATION
By:

RHODA A. HUANG
President and Chief Executive Officer

REPUBLIC OF THE PHILIPPINES)
Makati City) S.S

SUBSCRIBED AND SWORN to before me this May 16, 2025 in Makati City, Metro Manila, Philippines, affiant exhibiting to me as competent evidence of her identity, Philippine Passport No. **P8263113C**, bearing her photograph and signature, issued by the DFA NCR EAST and valid until January 14, 2035.

Doc. No. 13
Page No. 04
Book No. I
Series of 2025.

25353580

ATTY. KARISSE RIENZI U. SANTOS
Notary Public
Until December 31, 2026
Roll of Attorneys No. 81455
IBP No. 505402/01-10-2025/Makati City Chapter
PTR No. 10471274/01-07-2025/Makati City
Notarial Commission No. M-353(Rev)(2025-2026), Makati City
MCLE Compliance No. VIII-0013818/09-27-2024/Pasig City
29th Floor, PBCOM Tower, 6795 Ayala Avenue
cor. V.A. Rufino St., Makati City

FORWARD-LOOKING STATEMENTS

This Prospectus contains statements of future expectations, projections and forward-looking statements. Statements that are not historical facts, including statements about the Company's beliefs or expectations, are forward-looking statements and can generally be identified by the use of the words "anticipate", "believe", "estimate", "expect", "intend", "seek", "plan", "may", "will", "would", "could" and words of similar import. These forward-looking statements include, without limitation, statements relating to:

- the Company's overall future business, financial condition and results of operations, including, without limitation, its financial position or cash flow;
- the Company's business and investment strategy, including acquisitions and divestments, investments and potential investments in new business segments and expansion plans for its existing assets and operations or other capital expenditure plans;
- the Company's goals for or estimates of its future operational performance or results;
- the Company's dividend policy;
- the future demand for the Company's services, including demand for real estate, hospitality, banking and financial services, power generation, sugar or other future products or services the Company may offer; and
- changes in the Company's regulatory environment, including policies, decisions and determinations of governmental or regulatory authorities.

Forward-looking statements involve inherent risks and uncertainties and should not be unduly relied upon. The forward-looking statements contained in this Prospectus reflect the Company's current views with respect to future events and are in most cases beyond the Company's control. Actual results or outcomes may differ materially from those expressed in any forward-looking statements as a result of a number of factors, including, among others:

- the Company's ability to successfully implement its strategies;
- the Company's ability to anticipate and respond to consumer trends;
- the Company's ability to successfully manage growth;
- the Company's ability to successfully enter into, and compete in, new lines of business;
- the condition and changes in the Philippine economy;
- general political, social and economic conditions in the Philippines;
- changes to the laws, regulations and policies applicable to or affecting the Company, including changes to laws, regulations and policies relating to the real estate, banking and financial services, sugar, hospitality or power businesses;
- changes in the Company's relationship with the Philippine Bureau of Internal Revenue ("**BIR**") or other Philippine regulatory authorities or licensors;
- legal or regulatory proceedings in which the Company is or may become involved;
- changes in interest rates, inflation rates and the value of the peso against the U.S. dollar and other currencies;
- competition in the real estate, banking and financial services, sugar, hospitality or power generation industries; and

- uncontrollable events, such as war, civil unrest or acts of international or domestic terrorism, the outbreak of contagious diseases, accidents and natural disasters.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially include, but are not limited to, those disclosed under "*Risk Factors*." These forward-looking statements speak only as of the date of this Prospectus. The Company and the Joint Lead Underwriters and Bookrunners expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. In light of these risks, uncertainties and assumptions associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. The Company's actual results could differ substantially from those anticipated in the Company's forward-looking statements. Investors should not place undue reliance on any forward-looking information.

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Glossary of Terms

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. A specific time of day refers to Philippine Standard Time.

Aboitiz	AboitizPower
Accounting Event	when, in the opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Issuer, there is more than an insubstantial risk that the funds raised through the issuance of the Offer Shares may no longer be recorded as "equity" pursuant to PFRS, or such other accounting standards which succeed PFRS, as adopted by the Republic of the Philippines, applied by the Issuer for drawing up its consolidated financial statements for the relevant financial year
ADB	Asian Development Bank
Affiliate	with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with, such person, including, for the avoidance of doubt, subsidiaries
AFRD	allocate for required direct compliance
Ageas	Ageas Insurance International N.V.
Agri-Agra	agrarian beneficiaries and agricultural sectors
AIC	Asset Impairment Committee
AIG	American International Group, Inc.
AIG PhilAm	AIG PhilAm Savings Bank, Inc.
AIPL	Archipelago International Pte. Ltd.
ALCO	Asse-Liability Management Committee
ALGI	A.L. Gotianun, Inc. (formerly ALG Holdings Corporation)
Allocation per TP	the [9,670] Offer Shares allocated to each Trading Participants
AML/CFT	anti-money laundering/counter-financing of terrorism
AMLA or Anti-Money Laundering Act	the Anti-Money Laundering Act 2001 of the Philippines, as amended
AMLC	Anti-Money Laundering Council
APG	Asia-Pacific Group on Money Laundering
API	Application Programming Interface
Applicable Dividend Rate	the (a) Initial Dividend Rate or (b) if the dividend rate is subject to resetting, the higher of the Initial Dividend Rate or such dividend rate resulting from the Dividend Rate Adjustment

Applicable Law	any statute, law, regulation, ordinance, rule, judgment, order, decree, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any governmental authority.
Applicant	a person, whether natural or juridical, who seeks to subscribe for the Offer of the Offer Shares
Application or Application to Purchase	the documents to be executed and/or submitted by any Person or entity qualified to become a shareholder offering to purchase the Offer
APG	Asia-Pacific Group on Money Laundering
ARMM	Autonomous Region in Muslim Mindanao
ARRS	anti-money laundering risk rating system
ASIA	Assurance Solutions Insurance Agency, Inc.
ATM	automated teller machine
Audit Com	Audit Committee
Authorized Capital Stock	the Authorized Capital stock of FDC at ₱17,000,000,000.00, divided as follows: (a) 15,000,000,000 Common Shares with ₱1.00 par value per share and (b) 2,000,000,000 Preferred Shares with ₱1.00 par value per share.
Ayala Land	Ayala Land, Inc.
B2B	business-to-business
Bangsamoro Autonomous Region	Bangsamoro Autonomous Region in Muslim Mindanao
Bangsamoro Organic Law	Republic Act No. 11054 or the Organic Law for the Bangsamoro Autonomous Region
BAP	Bankers Association of the Philippines
Base Offer	the base offer of up to [6,000,000] preferred shares
Base Offer Shares	the [6,000,000] preferred shares under the Base Offer
Basel III	Basel III Endgame
BCBS	Basel Committee on Banking Supervision
BCDA	Bases Conversion Development Authority
BDO Capital	BDO Capital & Investment Corporation
Bellevue	The Bellevue Hotels and Resorts
BFSI	BSP-Supervised Financial Institutions
BIR	Philippine Bureau of Internal Revenue
BIR Revenue Memorandum Order No.	Streamlining the Procedures and Documents for the Availment of

14-21	Treaty Benefits, dated March 31, 2021
Board or Board of Directors or BOD	the Board of Directors of FDC
BMI	Baguio Mountainscapes Inc.
BOC	Philippine Bureau of Customs
BOI	Philippine Board of Investments
BP 220	Batas Pambansa Bilang 220
BPI Capital	BPI Capital Corporation
BPO	business process outsourcing
BRR	borrower risk rating
BSP Circular No. 538	Revised Risk-Based Capital Adequacy Framework
BSP Circular No. 639	Internal Capital Adequacy Assessment Process (ICAAP) and Supervisory Review Process (SP)
BSP Circular No. 709	Amendment Of The Risk-Based Capital Adequacy Framework For Banks/Quasi-Banks On The Definition Of Qualifying Capital Instruments
BSP Circular No. 716	Amendment Of The Risk-Based Capital Adequacy Framework For Banks/Quasi-Banks On The Definition Of Qualifying Capital Instruments
BSP Circular No. 781	Basel Ill Implementing Guidelines on Minimum Capital Requirements
BSP Circular No. 855	Guidelines on Sound Credit Risk Management Practices; Amendments to the Manual of Regulations for Banks and Non-Bank Financial Institutions
BSP Circular No. 905	Implementation of Basel III Framework on Liquidity Standards — Liquidity Coverage Ratio ("LCR") and Disclosure Standards
BSP Circular No. 1007	Implementing Guidelines on the adoption of the Basel III Framework on Liquidity Standards - Net Stable Funding Ratio
BSP Circular No. 1142	Amendments to the Guidelines on the Computation of Minimum Required Capital and Risk-Based Capital Adequacy Ratio
BSP Circular No. 1205	Lifting of the Moratorium on the Establishment of Digital Banks
BSP Memorandum Circular No. M-2020-039	Utilization of Basel III Capital and Liquidity Buffers
BSI	Boracay Seascapes, Inc.
BSFI	BSP supervised financial institutions
BSP	Bangko Sentral ng Pilipinas, the Philippine central bank

BTO	build-transfer-operate
Building Code	RA 6541, as amended, or the National Building Code of the Philippines
Business Day	any day other than Saturday, Sunday and public non-working holidays on which the BSP's Philippine Payment and Settlement System (**"PhilPaSS"**), and the Philippine Clearing House Corporation (or, in the event of discontinuance of their respective functions, their respective replacements) are open and available for clearing and settlement, and commercial banks are generally open for the transaction of business in Metro Manila, Philippines.
Cajel	Cajel Realty Corporation
Captive Market	end-users who may not choose their supplier of electricity, as determined by the ERC
CAR	Certificate Authorizing Registration
CASA	cost current account/savings account
CBD	central business district
CCB	capital conservation buffer
CCC	Climate Change Commission
CCO	Chief Compliance Officer
CCyB	countercyclical capital buffer
CDC	Clark Development Corporation
CEO	Chief Executive Officer
CET1 Capital	Common Equity Tier 1 capital
CFB	circulating fluidized bed
CFCM	Crimson Hotel Filinvest City, Manila
CGCC	Corporate Governance and Compliance Committee
CHI or Chroma	Chroma Hospitality, Inc.
Chinabank Capital	China Bank Capital Corporation
CIA	Clark International Airport
CIAC	Construction Industry Arbitration Commission
CLUP	comprehensive land use plans
COC	certificate of compliance
Colliers	Colliers International Philippines, Inc.

Commonwealth Act 141	Public Land Act
Company	FDC
Company Disclosures	all disclosures, reports and filings of the Company made after the date of the Prospectus
Contestable Customers	eligible end-users with an average monthly peak demand of 750kW and certified by the ERC to be such
COVID-19	severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Court of Appeals	Court of Appeals of the Philippines
CPI	Cyberzone Properties Inc., renamed as Filinvest REIT Corp.
CREATE Act	RA 11534, otherwise known as "The Corporate Recovery and Tax Incentives Enterprises Act"
CREATE MORE Act	RA 12066, otherwise known as "An Act Amending Sections 27, 28, 32, 34, 57, 106, 108, 109, 112, 135, 237, 237-A, 269, 292, 293, 294, 295, 296, 297, 300, 301, 308, 309, 310, And 311, And Adding New Sections 135-A, 295-A; 296-A, And 297-A Of The National Internal Revenue Code Of 1997, As Amended, And For Other Purposes"
CREM	Competitive Retail Electricity Market
CRO	Chief Risk Officer
CRSB	Crimson Resort and Spa Boracay
CRSM	Crimson Resort and Spa Mactan
CSR	corporate social responsibility
CSCC	Cotabato Sugar Central Company
CSEZ	Clark-Subic Economic Zone
CSP	competitive selection process
CTRP	Comprehensive Tax Reform Program
Cumulative, Nonparticipating	if for any reason the Issuer's Board of Directors does not declare a dividend on the Offer Shares for a Dividend Period, the Issuer will not pay a dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, the Preferred Shareholders must receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the Preferred Shareholders prior to such Dividend Payment Date. Preferred Shareholders shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Offer Shares.
CV	collateral value
CWSI	Countrywide Water Services, Inc.

D-SIBs	Domestic Systemically Imported Banks
DA	Department of Agriculture
DAR	Department of Agrarian Reform
Data Privacy Act	Data Privacy Act of 2012
DENR	Department of Environment and Natural Resources
DepEd	Philippine Department of Education
DepEd Teachers' Loans	the DepEd Teachers' Loans scheme which allows public school teachers who are permanent personnel of the DepEd to borrow a maximum of ₱1.0 million for a five (5)-year term loan to teachers (from three (3) years previously)
DHSUD	Department of Human Settlements and Urban Development
DHSUD Resolution No. 926, series of 2015	The Revised Implementing Rules and Regulations to Govern the Time of Completion of Subdivision and Condominium Projects under P.D. No. 957
Dividend Payment Date	every [August 4], [November 4], [February 4] and [May 4] of each year, being the last day of each three (3)-month dividend period, as and if declared by the Issuer in accordance with the terms and conditions of the Offer Shares. If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.
Dividend Period	the period commencing on the Issue Date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of the immediately succeeding Dividend Period; or the next Business Day if such date falls on a non-business day, during the period that the Offer Shares remain outstanding.
DOE	Department of Energy
DOSRI	directors, officers, stockholders and related interests, as defined under the MORB
DOT	Department of Tourism
DPI	Dreambuilders Pro, Inc.
DSCC	Davao Sugar Central Company
DST	documentary stamp tax
DU	distribution utility
E-Money	electronic money
EaR limit	Earnings-at-Risk limit
EBITDA	net income after adding interest and other finance charges (including interest expense on financial liability on lease contract),

	depreciation and amortization and provision for income tax
EC	electric cooperatives
ECC	Environmental Compliance Certificate
Ecozones	special economic zones designated by the PEZA
EGF	Environmental Guarantee Fund
EGGA	Engineering Geological and Geohazard Assessment
EHSI or Entrata	Entrata Hotel Services, Inc.
EIS	Environmental Impact Statement
Eligible Investors	any (a) natural person of legal age who is a resident of the Philippines, regardless of nationality or (b) a corporation, partnership, association, trust account, fund or equity, that is a resident in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, regardless of nationality, provided that at any time, at least 60% of the outstanding capital stock of the Issuer shall be owned by citizens of the Philippines or by partnerships, associations or corporations at least 60% of whose voting stock or voting power is owned and controlled by citizens of the Philippines
Eligible RE Plants	eligible renewable energy plants
EMB	Environmental Management Bureau of DENR
EMF	Environmental Monitoring Fund
EMV	Europay, MasterCard and Visa
Enabling Resolutions	the enabling resolutions for the Offer Shares
Engie	Engie Services Philippines
EO 18	Executive Order No. 18
EPFS	electronic payments and financial services
EPIRA	Electric Power Industry Reform Act of 2001
EPM	efficient portfolio management
EPPA	Electric Power Purchase Agreement
EPR	Extended Producer Responsibility
EQAR	External Quality Assessment Review
ERC	Energy Regulatory Commission
ERC Resolution No. 03, series of 2021	A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies
ERC Resolution No. 4, Series of 2019	clarifying the public offering requirements for generation companies

	and distribution utilities
ERC Resolution No. 9, Series of 2011	A Resolution Adopting The Rules Requiring Generation Companies And Distribution Utilities Which Are Not Publicly Listed To Offer And Sell To The Public A Portion Of Not Less Than Fifteen Percent (15%) Of Their Common Shares Of Stock Pursuant To Section 43 (T) Of Republic Act No. 9136 And Rule 3, Section 4 (M) Of Its Implementing Rules And Regulations (Irr)
ESBI	Ecology Savings Bank, Inc.
ESG	environment, social, and governance
ESS	energy storage system
ESS Framework	DOE Department Circular No. DC2019-08-0012 dated August 1, 2019 setting forth the framework for energy storage systems in the electric power industry in the Philippines
ESTA	EW System Tech Assistant
ETF	Exchange Traded Funds
EVE	Economic Value of Equity
Event of Default	any event occurring and is continuing as listed in the "Events of Default" section
EW	East West Banking Corporation
EW Ageas Life	East West Ageas Life Insurance Corporation
EWIB	East West Insurance Brokerage, Inc.
EWLF	East West Leasing and Finance Corporation
F(DEV)	f(dev) Digital Innovations and Ventures Inc.
FAC	Filinvest Asia Corporation
FAI	Filinvest Alabang, Inc.
FATCA	Foreign Account Tax Compliance Act of the United States
FATF	Financial Action Task Force
FCDU	Foreign Currency Deposit Unit
FCI	Filinvest Cyberparks, Inc.
FDC, the Company, the Issuer or the Parent Company	Filinvest Development Corporation
FDC Green	FDC Green Energy Corporation
FDC Misamis	FDC Misamis Power Corporation
FDC Res	FDC RES Corporation, a subsidiary of FDCUI

FDCPA	Symbol of Series A Preferred Shares traded
FDCPB	Symbol of Series B Preferred Shares traded
FDC, the Company, the Issuer or the Parent Company	Filinvest Development Corporation
FDCUI	FDC Utilities, Inc.
FFIs	foreign financial institutions
FHC	Filinvest Hospitality Corporation
Filinvest REIT Corp. or FILRT	Filinvest REIT Corp. (formerly Cyberzone Properties, Inc.)
FIRB	Department of Finance's Fiscal Incentives Review Board Resolution
First Metro	First Metro Investment Corporation
FIT	Feed-in tariff
FIT Rate	the FIT scheme mandating electric power industry participants to source RE-derived electricity at a guaranteed fixed price
FIT Rules	ERC Resolution No. 16-2010 or the Resolution Adopting the Feed-In Tariff Rules
FIT-All	the method of establishing and approving the FITs and the FIT Allowance
Fitch	Fitch Ratings Inc.
FLI	Filinvest Land, Inc.
FLOW	Filinvest-Hitachi Omni Waterworks, Inc.
FMI	Filinvest Mimosa, Inc.
FPSCPA	Financial Products and Services Consumer Protection Act
FRBI	FinMan Rural Bank, Inc.
FREE	Filinvest-Engie Renewable Energy Enterprise, Inc.
FREITFM	FREIT Fund Managers, Inc.
FSS	Financial Supervision Sector
FVI	FDC Ventures, Inc. (formerly FDC Forex Corporation)
FVOCI	fair value through other comprehensive income
FWUI	FDC Water Utilities Inc.
GAAP	Generally Accepted Accounting Principles
GBI	Green Bank (A Rural Bank), Inc.

GDP	gross domestic product
General Banking Law	RA No. 8791 or the General Banking Law of 2000
GFA	Gross floor area
GIS	General Information Sheet
GLA	Gross leasable area
Governing Law	the laws of the Republic of the Philippines
Gotianun Family	means any of the following: • Mr. Jonathan T. Gotianun, Mrs. Josephine Gotianun-Yap, Mr. Michael T. Gotianun and Mr. Francis C. Gotianun; • the spouses and the direct descendants up to the first degree of consanguinity of any person described above; • the estates or legal representatives of any person described or named above; • trusts or other analogous arrangements established for the benefit of any person described or named above or of which any such person is a trustee or holder of an analogous office; or • ALGI
Government	the Government of the Republic of the Philippines
Grid Code	Philippine Grid Code
Group	FDC and its consolidated subsidiaries and their joint ventures
Guidelines	Philippine SEC-issued Memorandum Circular No. 8, Series of 2013
H&L	house and lot
HAQT	Hitachi Aqua-Tech Engineering Pte. Ltd.
Hectare	land measurement equivalent to 10,000 square meters
HLA	higher loss absorbency
HLURB	Housing and Land Use Regulatory Board
HQLA	High-quality liquid assets
HRB	high-rise building
HSAC	Human Settlement Adjudication Commission
HUDCC	Housing and Urban Development Coordinating Council
HYSFC	High Yield Sugar Farms Corporation
I-ACGR	Integrated Annual Corporate Governance Report

IA	internal audit
IAET	improperly accumulated earnings tax
ICAAP	Internal Capital Adequacy Assessment Process
ICT	Information and Communications System
ID	identification document
IEE	Initial Environmental Examination
IEMOP	Independent Electricity Market Operator of the Philippines Inc
IFRIC	IFRS Interpretations Committee
International Investor	any person or entity that is not a: (a) natural person of legal age who is resident in the Philippines, regardless of nationality; or (b) a corporation, association partnership, trust account, fund or entity, that is resident in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, regardless of nationality
IMA	investment management account
IMEM	DOE's Department Circular No. 2013-05-0008 "Promulgating the Interim Mindanao Electricity Market Implementing Rules"
Initial Dividend Rate	the fixed rate of: • Series A Preferred Shares: [●]% per annum; and • Series B Preferred Shares: [●]% per annum in all cases calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period.
Initial Public Offering	Initial public offering
International Investor	any person or entity that is not a: (a) natural person of legal age who is resident in the Philippines, regardless of nationality; or (b) corporation, association partnership, trust account, fund or entity, that is resident in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, regardless of nationality
IPO	Philippine Intellectual Property Office
IPP	independent power producer
IPPA	independent power producer administrator
IRC	Interest rate corridor
IRR	Implementing Rules and Regulations
IRS	U.S. Internal Revenue Service
ISSPIA	International Standards for the Professional Practice of Internal
Issue Date	[August 4,] 2025 or the subsequent Business Day if such Issue Date is not a Business Day, or such other date as may be mutually agreed between the Issuer and the Joint Lead Underwriters and Bookrunners with advice to the SEC and PSE.

IT	information technology
ITAD	International Tax Affairs Division
ITH	income tax holiday
JCEC	Joint Congressional Energy Commission
Joint Lead Underwriters and Bookrunners	BDO Capital, BPI Capital, Chinabank Capital, Land Bank, and Security Bank Capital
kW	kilowatt, or one thousand (1,000) watts
KYC	know-your-customer
Land Bank	Land Bank of the Philippines
LCR	Liquidity Coverage Ratio
LGU	local government unit
LIPAD	Luzon International Premiere Airport Development Corp.
Listing Date	Listing of Offer with the PSE on [•] 2025
LNG	liquified natural gas
Local Small Investor or LSI	a share subscriber who is willing to subscribe a minimum purchase of 50 Offer Shares and whose subscription does not exceed [₱1,000,000.00]
LPCD	liters per capita per day
LSI Allocation	up to [600,000] Base Offer Shares, or up to 10% of the Base Offer Shares allocated to Local Small Investors
LSI Guidelines	the implementing guidelines for the offering of the Offer Shares to the Local Small Investors
LTP	last traded price
LTNCD	long term negotiable certificate of deposit
LTV	loan-to-value
Maceda Law	RA 6552, a Philippine statute entitled "An Act to Provide Protection to Buyers of Real Estate on Installment Payments"
Management Areas	National Water Resources Board designated areas as water quality management areas
Material Adverse Effect	a material adverse effect on the business, condition (financial or otherwise), results of operations, properties or prospects of the relevant person, whether or not arising in the ordinary course of business, or on the ability of the Issuer to perform its obligations under the Prospectus, or on the legality, validity or enforceability of the Prospectus
MC No. 18-001	Memorandum Circular No. 1-001
MCI	Mimosa Cityscapes, Inc.

MCIT	minimum corporate income tax
MCWD	Metro Cebu Water District
MGEN	Meralco PowerGen Corp.
Metro Manila	the metropolitan area comprising the cities of Manila, Quezon City, Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, San Juan, Taguig, and Valenzuela, as well as the municipality of Pateros, which together comprise the "National Capital Region" and are commonly referred to as "Metro Manila"
MICE	meetings, incentives, conventions and exhibitions
MILF	Moro Islamic Liberation Front
Mitsubishi	Mitsubishi Corporation
MLD	million liters per day
Monetary Board	Monetary Board of the BSP
Moody's	Moody's Investors Services, Inc.
MORB	Manual of Regulations for Banks
MPO	minimum public ownership
MRB	medium-rise building
MRPTs	material related party transactions
MSMEs	small and medium-sized enterprises
MSSI	Mactan Seascapes Services, Inc.
MT	metric ton, or one thousand (1,000) kilograms
MTBE	methyl tertiary butyl ether
MW	Megawatt, or one million (1,000,000) watts
NASDAQ	Nasdaq Composite
Nationalized Corporations	Filipino-Foreign ownership requirements under the Philippine Constitution and other existing laws by corporations engaged in nationalized or partly nationalized activities
NBB	RA 9367 or the National Biofuel Board
NEA	National Electrification Administration
NEDA	National Economic Development Authority
New Central Bank Act	RA No. 7653 or the New Central Bank Act of 1993
NGCP	National Grid Corporation of the Philippines
NIM	net interest income

Niyog	Niyog Property Holdings, Inc.
NLAC	North Luzon Airport Consortium
NOLCO	net operating loss carry-over
Non-convertible	holders of the Offer Shares shall have no right to convert the Offer Shares into any other preferred shares or common shares of the Company
Non-voting	holders of the Offer Shares will not be entitled to vote at the Company's stockholders' meetings, except as otherwise provided by law
Notice of Final Allocation	notice containing the final allocation of a Trading Participant
NOW	negotiable order of withdrawal
NOx	nitrogen oxide
NPC	National Power Corporation
NPLs	non-performing loans
NRFC	non-resident foreign corporation
NSFR	net stable funding ratio
NSSLA	non-stock savings and loan association
NTDP	National Tourism Development Plan
O&M	operation and maintenance
OATS Rules	the Rules, Terms and Conditions for the Provision of Open Access Transmission Service
OBUs	offshore banking units
Offer	the issuance of Preferred Shares by FDC under the conditions as herein contained
Offer Period	to the period, commencing at 9:00 a.m. on [July 21], 2025 and ending at 12:00 noon on [July 25], 2025, or such earlier or later date as may be mutually agreed between the Issuer and the Joint Lead Underwriters and Bookrunners
Offer Price	₱1,000.00 per Offer Share
OFW	an overseas Filipino worker
OFOC	Open Finance Oversight Committee
OMP	open market purchases
Open Access	refers to the system of allowing any qualified person the use of electric power transmission and distribution systems
Operational Guidelines	AMLC Letter No. AMLET-18-03 / Operational Guidelines in the Conduct of the 2018 Third Round Mutual Evaluation of the Philippines

Optional Redemption Date	each Series A Optional Redemption Date and Series B Optional Redemption Date
OPS	operators of payment systems
OSS	One-Stop-Shops
Oversubscription Option	the option given by the Issuer in favor of the Joint Lead Underwriters and Bookrunners to, in consultation with the Issuer, increase the offer size by up to ₱[2,000,000,000.00], consisting of up to [2,000,000] Preferred Shares, to cover oversubscriptions, if any
Oversubscription Option Shares	shares under the Oversubscription Option
PAGCOR	Philippine Amusement and Gaming Corporation
PAO	Provisional Authority to Operate
Par Value	₱1.00 per Offer Share
PAS	Philippine Accounting Standards
PBR	The Rules for Setting Distribution Wheeling Rates that apply to privately owned distribution utilities entering Performance Based Regulation.
PCA	RA No. 10667, or the Philippine Competition Act
PCAB	Philippine Contractors Accreditation Board
PCC	Philippine Competition Commission
PCC Commission Resolution No. 04-2025	Adjusting the Merger Notification Threshold
PCD	Philippine Central Depository
PCD Nominee	PCD Nominee Corporation, a corporation wholly owned by the PDTC
PD 957	Presidential Decree No. 957, as amended
PD 1152	Presidential Decree No. 1152, also known as "the Philippine Environmental Code
PD 1529	Presidential Decree No. 1529, also known as "the Property Registration Decree"
PDEx	the Philippine Dealing & Exchange Corp.
PDEx Rules	the applicable rules, conventions, and guidelines of PDEx
PDIC	Philippine Deposit Insurance Corporation
PDP/PIP	Philippine Development Plan / Public Investment Program
PDTC	Philippine Depository & Trust Corp.
PDTC Rules	the rules and regulations of the Registrar and Paying Agent and the Terms and Conditions for the Use of the e-Securities Issue Portal

PEMC	Philippine Electricity Market Corporation
Penalty Interest	rate of 12% per annum
Permit to Sell	the permit to sell securities issued by the SEC in connection with the Offer
Perpetual	the Offer Shares have no fixed maturity or mandatory redemption date
Person	an individual, corporation, partnership, joint venture, unincorporated association, trust, or other juridical entity, or any governmental authority
Pesos, PHP or ₱	the lawful currency of the Philippines
PEZA	Philippine Economic Zone Authority
PEZA Act	The Special Economic Zone Act of 1995
PFFIs	Participating Foreign Financial Institutions
PFMI	Principles for Financial Market Infrastructures
PFRS	Philippine Financial Reporting Standards
PHIVIDEC	Philippine Veterans Investment Development Corporation Industrial Authority
Philguarantee	Philippine Guarantee Corporation
Philippine Clean Water Act	RA 9275
Philippine Constitution	1987 Philippine Constitution
Philippine Corporation Code	Revised Corporation Code of the Philippines, RA 11232
Philippine National	as defined under Republic Act No. 7042 or the Foreign Investments Act, as amended, means a citizen of the Philippines, a domestic partnership or association wholly owned by citizens of the Philippines or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine National
Philippines	Republic of the Philippines
PhilRatings	Philippine Rating Services Corporation
PIC	PIC Asia Pacific SDN
PIC Q&A	Philippine Interpretations Committee Questions and Answers
picul	a unit of weight used for measuring sugar, equivalent to approximately 50 kilograms

PMT	personal management trust
PNS	RA 8749 or the Philippine Clean Air Act of 1999
POGOs	Philippine Offshore Gaming Operators, entities that provide and participate in offshore gaming services or service providers that deliver components of offshore gaming operations
Policy	limits and approval of the policy on RPTs
Power Partners	Power Partners Ltd. Co.
Preferred Shares	SEC-registered, cumulative, non-voting, non-participating, nonconvertible, redeemable, and re-issuable Philippine Peso-denominated perpetual preferred shares
Prospectus	this Prospectus and any amendments, supplements and addenda thereto for the offer and sale to the public of the Offer Shares
PRS Aaa	the highest Corporate Credit Rating assigned by PhilRatings for a bond
PSA	Philippine Standards on Auditing
PSALM	Power Sector Assets and Liabilities Management Corporation
PSE	The Philippine Stock Exchange, Inc.
PSE EASy	PSE Electronic Allocation System
PSE Edge	PSE Electronic Disclosure Generation Technology
PSEi	the Philippine Stock Exchange Index (previously "**PHISIX**")
PSHC	Pacific Sugar Holdings Corporation
PSE Trade XTS	PSE's trading system
PWSI	ProOffice Works Services, Inc.
PwC	PricewaterhouseCoopers
QMIS	Quest Marketing and Integrated Services, Inc.
QPCC	Quest Plus Hotel and Conference Center, Clark and Mimosa Golf Course, Clark
Quedanning	evidence of ownership with respect to specified quantities of sugar
RA	Republic Act
RA 809	Republic Act No. 809, or "An Act To Regulate The Relations Among Persons Engaged In The Sugar Industry"
RA 3844	Republic Act No. 3844, as amended, or the "Agricultural Land Reform Code"
RA 4726	Republic Act No. 4726, or "The Condominium Act"
RA 7279	Republic Act No. 7279, or "Urban Development and Housing Act of 1992"

RA 6969	Republic Act No. 6969, or the "Toxic Substances, Hazardous and Nuclear Wastes Control Act"
RA 7916	Republic Act No. 7916, or "The Special Economic Zone Act of 1995"
RA 9646	Real Estate Service Act of the Philippines regulating the practice of real estate brokers by requiring licensure examinations and attendance in continuing professional education programs.
RA 10641	An Act Allowing the Full Entry of Foreign Banks in the Philippines, Amending for the Purpose RA No. 7721
RA 10641	Republic Act No. 10641, or "An Act Allowing the Full Entry of Foreign Banks in the Philippines, Amending for the Purpose RA No. 7721"
RA 10870	Republic Act No.10870, or the "Philippine Credit Card Industry Regulation Law"
RA 11127	Republic Act No.11127, or "An Act Providing for the Regulation and Supervision of Payment Systems"
RA 11552	Republic Act No. 11552, or "An Act Extending and Enhancing the Implementation of the Lifeline Rate, Amending for the Purpose Section 73 of Republic Act No. 9136"
RA 11571	Republic Act No. 11571, or the "JCEC Enhancement Act"
RA 11573	Republic Act No. 11573, or "An Act Improving The Confirmation Process For Imperfect Land Titles, Amending For The Purpose Commonwealth Act No. 141, As Amended, Otherwise Known As "The Public Land Act," And Presidential Decree No. 1529, As Amended, Otherwise Known As The "Property Registration Decree"
RA 9153	Republic Act No. 9153, or "Philippine Tourism Act of 2009"
RA 9154	Republic Act No. 9154, or "The Fire Code of the Philippines"
RA 9184	Republic Act No. 9184, or the "Government Procurement Reform Act"
RA 9275	Republic Act No. 9275, or the "Philippine Clean Water Act"
RA 9646	Republic Act No. 9646, or the "Real Estate Service Act of the Philippines"
RCOA	Retail Competition and Open Access
RE	renewable energy
RE Law	Republic Act No. 9513 or Renewable Energy Act of 2008
Real Estate Companies	FLI and subsidiaries
Receiving Agency Agreement	the agreement dated on or about [•] 2025 by and between the Issuer and Stock Transfer Service, Inc.
Redemption by reason of an Accounting Event	the redemption of Offer Shares due to an Accounting Event of a specific tranche
Redemption Price	the redemption price equal to the relevant Offer Price of the Offer Shares plus all dividends due the relevant shareholder on such Optional Redemption Date as well as all arrears of dividends after deduction of

	transfer costs customarily chargeable to the relevant shareholder, as applicable, to effect the redemption
Registrar, Receiving Agent, Paying Agent, and Stock Transfer Agent	Stock Transfer Service, Inc
Registration Statement	the registration statement filed with the SEC in connection with the offer and sale to the public of the Offer Shares
Registry of Shareholders	the electronic register of shareholders which shall be maintained by the Registrar
REIT	real estate investment trust
RES	Retail Electricity Supplier
RESA	Retail Electricity Suppliers Association
Resignation Effective Date	the effectivity of the resignation notice sent by the Trustee under the Trust Agreement
REST Limit	real estate stress test limit
Retail Aggregation Rules	refers to the Rules for the Electric Retail Aggregation Program
Retail Competition	the provision of electricity to a contestable market (which, under prevailing regulations, refer to electricity end-users with monthly average peak demand of at least 500 KW) by persons licensed by the ERC to engage in the business of supplying electricity end-users through Open Access
Revised Financial Guidelines	ERC's Resolution No. 03, series of 2021 entitled "A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies"
RMC 24-2022	Revenue Memorandum Circular No. 24-2022
RMC 62-2016	Revenue Memorandum Circular No. 62-2016
RMC	Risk Management Committee
RMCG	Revised Manual for Corporate Governance
RMD	Risk Management Division
RMSC	Risk Management Subcommittee
RMC 24-2022	Clarifying Issues Relative to Revenue Regulations (RR) No. 21-2021 Implementing the Amendments to the Value-Added Tax (VAT) Zero-Rating Provisions Under Sections 106 and 108 of the National Internal Revenue Code of 1997 (Tax Code), in Relation to Sections 294(E) and 295(D), Title XIII of the Tax Code, Introduced by Republic Act (R.A.) No. 11534 (CREATE Act), and Section 5, Rule 2 and Section 5, Rule 18 of the CREATE Act Implementing Rules and Regulations (CREATE IRR)
RMC 62-2016	Clarification on Proper Tax Treatment of Passed-on Gross Receipts Tax
ROIC	return on invested capital

ROPA	real and other properties acquired
RPT	related party transaction
RR 9-2021	Department of Finance's Revenue Regulations No. 9-202 imposing a 12% VAT on transactions which were previously taxed at 0% VAT.
RR 21-2021	Department of Finance's Revenue Regulations No. 21-2021 implementing Sections 294 (E) and 295 (D) of the CREATE Act. RR 21-2021.
S&P	Standard & Poor's Rating Services
Sanitation Code	Presidential Decree No. 856 or the Code on Sanitation of the Philippines
SBL	single borrower limit
SBLC	standby letter of credit
SCB	Standard Chartered Bank
SCB Philippines	Standard Chartered Bank, Philippines
SCCP	Securities Clearing Corporation of the Philippines
SEC	the Securities and Exchange Commission
Security	any lien, pledge, mortgage, charge, hypothecation, encumbrance or other security or preferential arrangement on or with respect to any asset or revenue of the Company
Security Bank Capital	Security Bank Capital Investment Corporation
Selling Agents	PSE Trading Participants
Series A Preferred Shares	the Series A preferred shares, with ₱1.00 par value per share, from the Authorized Capital Stock
Series A Dividend Rate Re-Setting Date	the sixth (6^{th}) month after the third (3^{rd}) anniversary of the Issue Date or the next Business Day in case the dividend rate re-setting date falls on a non-Business Day
Series B Preferred Shares	the Series B preferred shares, with ₱1.00 par value per share, from the Authorized Capital Stock
Series B Dividend Rate Re-Setting Date	the seventh (7^{th}) anniversary of the Issue Date or the next Business Day in case the dividend rate re-setting date falls on a non-Business Day
SES	Supervision and Examination Sector of the BSP
SGV & Co.	SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited
Sole Issue Manager	BPI Capital
Sox	sulfur oxide

SPA	Notarized Special Power of Attorney
SPURA	securities purchased under resale agreement
sq.m.	square meter(s)
SRA	Sugar Regulatory Administration
SRC	Securities Regulation Code of the Philippines (RA 8799) and its implementing rules and regulations, as amended
SRP	South Road Properties
SSS	Social Security System
Step-Up Spread	300 bps
STP	sewage treatment plants
Sugar Subsidiaries	PSHC, DSCC, CSCC, and HYSFC
Tax Code	National Internal Revenue Code of the Philippines, as amended
Tax Event	shall occur if dividend payments on the Offer Shares become subject to additional or higher withholding tax or any new tax for the account of the Issuer (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer.
Taxes	any present or future taxes, including, but not limited to, documentary stamp tax, levies, imposts, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, including surcharges, penalties and interests on said taxes.
TCD	tons of cane per day
TDF	term deposit facility
THR	Timberland Highlands Resort
TOFA	trust and other fiduciary accounts
TP Guidelines	the implementing guidelines for the offering of the Preferred Shares to the Trading Participants
TPA	third-party access
TRABAHO Bill	second package of the CTRP that aims to lower corporate income taxes while rationalizing fiscal incentives for corporations, such as income tax holidays, special rates, and custom duty exemptions.
Trading Participant or Selling Agent	each of the Trading Participants of the PSE
TRAIN Law	Republic Act No. 10963, or "Tax Reform for Acceleration and Inclusion"
TransCo	National Transmission Corporation
TRC	Tax Residency Certificate

TRO	Temporary restraining order
TTRA	tax treaty relief application
UID	unearned interest and discounts
UITF	unit investment trust fund
UKB	Universal/Commercial Bank
Ultimate Parent	A.L. Gotianun, Inc.
UNCLOS	United Nations Convention on the Law of the Sea
Underwriting Agreement	the agreement dated on or about [•] 2025 by and among the Issuer, and the Joint Lead Underwriters and Bookrunners
UNFCCC	United Nations Framework Convention on Climate Change
U.S. Person	classified as U.S. Persons under the Foreign Account Tax Compliance Act of the United States and include (1) a U.S. citizen (including dual citizen); (2) a U.S. resident alien for U.S. tax purposes; (3) a US partnership; (4) a U.S. corporation; (5) any U.S. estate; (6) any U.S. trust if: (a) a court within the United States is able to exercise primary supervision over the administration of the trust; (b) one of more U.S. persons have the authority to control all substantial decisions of the trust; (7) any other person that is not a non-U.S. person
VaR	value at risk
VAT	value-added tax
VP	Vice President
WESM	Wholesale Electricity Spot Market
WTP	wastewater treatment plants
2023 Revised COC Rules	Resolution No. 17, series of 2023, "A Resolution Adopting the 2023 Revised Rules for the Issuance of Certificates of Compliance for Generation Facilities

Executive Summary

This summary highlights information contained elsewhere in this Prospectus. This summary is qualified in its entiretyby more detailed information and financial statements, including notes thereto, appearing elsewhere in this Prospectus. For a discussion of certain risks that should be considered in evaluating an investment in the Offer Shares, please refer to the section entitled "Risk Factors". Investors are advised to read this entire Prospectus carefully, includingthe Company's consolidated financial statements and related notes contained herein.

OVERVIEW

The Group is one of the Philippines' leading conglomerates and focuses on the "middle-market" segment of the Philippine economy, which it believes is underserved and has continuing high growth potential. The assets of FDC amounted to ₱813,680 million as of December 31, 2024.It is ranked among the top 10 Philippine listed conglomerates in terms of asset size as of December 31, 2024:

Total Assets of comparable listed conglomerates as of December 31, 2024 (₱ millions)

Rank	Conglomerate[1] (PSE Ticker)	Total Assets[2]
1	SMC	2,459,365
2	AC	1,749,326
3	SM	1,699,052
4	LTG	1,374,330
5	JGS	1,050,536
6	AEV	893,701
7	AGI	824,078
8	FDC	813,680
9	GTCAP	474,088
10	DMC	288,446

During its five (5)-decade long history, its businesses have been pioneers in their respective industries, sustaining Group's overall growth targets. The Group's principal businesses comprise:

- *Real Estate* – The Group's real estate business has been active for over 50 years and is a leader in the affordable and middle-income real estate segment. The Group has an established brand name and reputation in real estate, combining sales of lots and other residential developments with a growing commercial and mall leasing portfolio. The Group was a pioneer in focusing on the incentive-laden BPO industry starting in 2000.[3] Filinvest Land, Inc. ("**FLI**") established the first campus style IT park in the Philippines in Northgate Cyberzone in Alabang, Muntinlupa City. Two (2) office buildings within Northgate Cyberzone (Plaza B and Plaza C) were completed in March 2001. As of March 31, 2025 FLI operates 38 office buildings under its Offices by Filinvest Brand, totaling 677,986 sq.m. and retail spaces with 257,648 sq.m. GLA, across its five (5) major malls under Filinvest Malls brand as well as its other retail locations in mixed-use developments. FLI was also one of only three developers that received PEZA incentives for being among the first facilities providers for the BPO industry. Northgate Cyberzone is an 18.7 hectare, PEZA-registered special economic zone and IT park. It was also one of the first companies to develop large-scale, master-planned leisure townships such as Filinvest City, a CBD in southern Metro Manila.[4] Filinvest Alabang, Inc. ("**FAI**") was incorporated on August 25, 1993 in connection with the development of Filinvest City in Alabang, a joint venture with the Government's Public Estates Authority. FAI Is 80% owned by FDC and 20% owned by FLI. FAI's primary project is Filinvest City, a 244-hectare mixed-use development project located at the southern end of Metro Manila and adjacent to the South Expressway in Alabang. FAI uses modern, ecological

[1] Based off PSE's Holding Firms Index
[2] PSE Edge
[3] Filinvest REIT Corp. Offering Circular 2021
[4] Filinvest REIT Corp. Offering Circular 2021

urban planning and design in developing Filinvest City as an alternative to Metro Manila's business districts. Since the start of its development in 1995, Filinvest City has grown to become the preferred smart and sustainable central business district in southern Metro Manila, affording its community a comfortable urban lifestyle, through its complete mixed-use offerings, including residential developments, offices, retail, civic spaces and recreation areas. It is home to key anchor locators such as Asian Hospital, Insular Life and FEU Alabang. Its PEZA-accredited Ecozone, Northgate Cyberzone, serves as business address for multinational and local corporations, as well as major players in the Philippine IT-BPM industry such as Accenture and Capital One. Filinvest City is the only CBD in the country to achieve dual green certifications-LEED Neighborhood Development Gold and BERDE Districts Certifications from the U.S. and Philippine Green Building Councils The Group has also accumulated a considerable land bank in strategic locations, comprising some of the largest contiguous areas of developable land in the country, laying a foundation for continued growth;

- *Hospitality* – the Group has taken advantage of the strong growth in Philippine tourism and the economy more generally to grow its hospitality business and thereby strengthen the Group's recurring income base. In a relatively short time, the Group believes it has built strong hospitality brands which cater to different segments of the market. The Group's hospitality business also features an independent property management arm, which complements its core hospitality operations business. In April 2018 a provisional casino license was awarded by PAGCOR to Mimosa Cityscapes, which is a subsidiary of FHC;

- *Banking and Financial Services* – East West Banking Corporation ("**EW**") is a universal bank primarily focused on high margin consumer lending, which has grown in recent years along with the Philippine economy. Supported by an expanded and strategically located store network, EW offers differentiated services tailored to mid-market corporates and retail customers. In addition, EW has expanded its overall product offerings and lending portfolio in the consumer and middle-market banking sector through, among others, various acquisitions and joint ventures, the latest of which was a joint venture with Ageas to provide bancassurance services;

- *Power* – the Group's subsidiary FDC Utilities, Inc. ("**FDCUI**") operates a 405 MW (3 x 135 MW) clean coal power plant in Mindanao, with power supply agreements for a total of 368 MW as of October 2023 with 26 distribution utilities and one retail electricity supplier. FDCUI's power plant features CFB clean coal technology, and has capacity for further expansion which the Group believes ideally positions the plant to take advantage of the growing market demand for power in Mindanao. FDCUI also has a RES license which allows it to trade electricity and cater to contestable customers under the RCOA regime. FDCUI has been actively exploring renewable energy projects as part of its pipeline, specifically solar, biomass and hydropower energy projects. The Group established FDC Green Energy Corporation ("**FDC Green**") a wholly owned company of FDCUI and Filinvest-Engie Renewable Energy Enterprise, Inc. ("**FREE**") a joint venture company between FDCUI and Engie Services Philippines; and

- *Sugar* – the Group owns and operates sugar mills and also develops owned or leased farmland into corporate sugarcane farms, all in Mindanao. The Group's Sugar Subsidiaries have a combined milling capacity of 11,000 TCD Band a refining capacity of 600 metric tons ("**MT**") of refined sugar per day.

RECENT DEVELOPMENTS

Banking and Financial Services

On February 10, 2020 EW issued a 4.50% fixed-rate bonds amounting to ₱3.7 billion and matured on February 21, 2023.

On September 1, 2023, EW disclosed that the Board of Directors of the bank, at its regular board meeting, approved the issuance of up to ₱30.0 billion bonds via staggered program over a period of five (5) years. Any issuance of bonds by EW is subject to market conditions.

Power

FDCUI continues to pursue opportunities to expand its business. With a strong focus on renewable energy development. Currently, pre-development activities are underway for several renewable energy projects. Its firs solar project, with a capacity of 20.77 MW is targeted for completion by September 2025. Similarly, the 33 MW Pampanga run-of-river hydroelectric project is in the final stages of pre-development, with all the necessary permits expected to be secured within the year and construction anticipated to commence in 2026. Another key project in the pipeline is the 33 MW Cotabato Solar Facility, which is slated for completion by the second quarter of 2027.

In addition, FDCUI's joint venture with Engie, which operates the 2.8 MW Solar Rooftop Facility at the Festival Supermall, is actively developing several solar rooftop projects to supply clean energy to various commercial and industrial customers. A 0.5 MW solar rooftop project in Mactan, Cebu was completed in October 2024 and is currently undergoing testing and commissioning, while a 3.1 MW solar rooftop in Cabuyao, Laguna is expected to be completed by April 2025. In addition, an 11 MW solar project in Naga City, Cebu is in the latter stage of pre-development, with the remaining permits currently being secured to allow transition to the construction phase.

Key Strategies and Strengths of the Group

Competitive Strengths of the Group

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, 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. As a result of this early entry into the BPO space, the Group has more than tripled its aggregate office GLA from 175,565 sq.m. as of December 31, 2012 to 677,986 sq.m as of March 31, 2025.

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, Tagaytay City and Baguio City is also well positioned to benefit from the booming Philippine tourism industry.

In banking and financial services, EW entered the consumer financing business in 2004 and has built a top quartile consumer banking business with one of the highest percentages of consumer 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.

The Group has begun development of its infrastructure business through its participation in the consortium that operates Clark International Airport in Pampanga. The North Luzon Airport Consortium comprising FDC, as lead consortium member, JG Summit Holdings Inc., Philippine Airport Ground Support Solutions Inc. and Changi Airport Philippines (I) Pte. Ltd. (wholly owned by Changi Airports International), was awarded an operation and maintenance contract for the CIA and the fit out of the new passenger terminal.

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.

As of March 31, 2025 the Group had an aggregate land bank of 1,910.40 hectares of raw land, primarily for residential development, which includes 196.5 hectares of raw land held through joint venture arrangements and 76.4 hectares of unsold lots in Filinvest City beneficially owned by the Group. The Group's strategic land bank investments across key regions of the Philippines is more than enough to support the future expansion of the Group's office and retail segments plus the construction of additional hotels in the next five (5) years, thereby providing the Group the sources its growth in real estate and hospitality. In October 2019, FAI signed a joint venture agreement with Japanese company, Mitsubishi Corporation ("**Mitsubishi**") for the development of a ₱15.0-billion multi-tower mixed-use complex within Filinvest City. Mitsubishi will have 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 is targeting a combined office, retail, co-living, industrial land, and warehouse lease GLA of 1.7 million square meters by 2029 and is expecting to significantly grow over the next five (5) years.

In banking, EW is embarking on a customer centric and digital first transformation that will propel it to become a leading consumer bank. 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 expansion into bancassurance and wealth management, will be integral to its overall customer offering.

In the power sector, FDCUI's 405 MW (3 x 135 MW) clean coal power plant sustained an average contracted capacity of 368 MW in 2024 through various power supply agreements. The Group expects that continued industrial expansion within the PHIVIDEC Industrial Estate and nearby urban centers will further drive electricity demand in the area. Power demand in Mindanao continues its upward trajectory --- according to NGCP data, peak demand in the region reached 2,577 MW in 2024 a 10.93% increase from 2023. In its March 2025 release, the Department of Energy forecasted a further 8.23% increase in peak demand for the year, The Power Development Plan ("**PDP**") 2023-250 projects an annual average growth rate of 6.5% in peak demand for Mindanao from 2022 to 2030.

To diversify its energy portfolio, FDCUI has entered the retail electricity supply ("**RES**") market, enabling the company to trade electricity and serve contestable customers nationwide under the fully implemented Retail Competition and Open Access ("**RCOA**") regime.

FDCUI is also expanding its renewable energy footprint through the development of 53.77 MW of solar power projects in Mindanao and a 33.4 MW hydropower project in Luzon. To further strengthen its generation and trading operations, the Group has formed strategic partnerships with Engie to pursue renewable energy and energy efficiency solutions tailored to large industrial and commercial customers. These initial projects including solar power and district cooling systems position FDCUI to capitalize on the global transition toward sustainable energy solutions.

In addition, the Group has established a joint venture with Japanese firm Hitachi Aqua-Tech Engineering Pte. LTD. ("**HAQT**") to create Filinvest-Hitachi Omni Waterworks Inc. ("**FLOW**"). This partnership aims to deploy advanced desalination technologies to address water scarcity and quality challenges, offering reliable desalinated water solution in underserved or water-stressed areas.

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

With business interests in 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 then to ₱832.1 billion as at March 31, 2025; and net income reaching ₱4.5 billion for the first three months of 2025, a 21% increase from the same period in 2024. 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 portfolio has evolved to a more balanced mix of diverse businesses . From its beginnings in consumer finance and banking in the 70s and early 80s, the Group has since expanded adding Real Estate, Power and Utilities, Sugar, and Hospitality. The mix of defensive and cyclical businesses has also evolved. In 2014, defensive businesses of the Group comprised only 14% of the portfolio in terms of revenues. As at end of 2024, 34% of the Group's portfolio are in defensive low - beta cash flow stable and consistent industries that are able to weather low economic cycles while maintaining a healthy 66% of the portfolio in consumer and cyclical industries that are able to capitalize on the rapid economic growth of the Philippine economy.

EastWest Bank has been a key contributor to the Group's revenues and earnings in terms of value and growth. The Group believes EW's focus on the fast-expanding retail and consumer lending has allowed it to quickly scale its operations in line with the strong Philippine economic growth of the past decade. EW has established a nationwide presence of 465 stores as of March 31, 2025, compared with 168 stores as of December 31, 2011. Today, EW remains one of the fastest growing universal banks in the Philippines which grew net income attributable to the Parent Company by 26% in 2024 to ₱5.8 billion which contributed almost 39% of the Group's consolidated net income attributable to the Parent Company. As of the first quarter of 2025, EW grew by 16% to ₱1.4 billion.

In recent years, the Group has benefited from steady cashflows contributed by its Power business through FDCUI. As at end of 2024, the Power and Utilities segment contributed up to 28% of the Group's attributable income Its Misamis Power Plant has been a source of stable cashflows and income especially throughout the pandemic years to record a net income of ₱2.8 billion in 2023, ₱4.3 billion in 2024 and ₱1.2 billion for the first three (3) months of 2025. That income is expected to increase further due to the interconnectivity with Visayas grid for which it secured additional supply contracts with several Visayas distribution utilities. To build on the coal power capacity, the Group will be investing on renewable energy in line with its sustainability goal and as part of ensuring the long-term role of growth and profitability of Power in the Group.

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 2010 to 2024, from ₱10.4 billion in 2010 to ₱28.1 billion in 2024. The real estate businesses of FDC contributed 25% of the Group's net income attributable to Parent in 2024. The real estate businesses of FDC contributed about 25% of the Group's attributable net income in 2024. FDC's real estate business is a diversified portfolio of residential, office, industrial and retail offerings that cater to 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. The Group complemented its initial real estate investments and developments by building a considerable recurring income base of office and commercial leasing, primarily to the BPO industry. From an aggregate 341,000 sq.m. as of December 31, 2014, the Group's leasing portfolio has more than doubled to 935,634 sq.m. as of March 31, 2025.

The Group has also grown its hospitality business in recent years. The Group believes its hospitality business not only complements its real estate developments but is a key segment that will provide incremental earnings and accretive revenues and earnings growth over the long-term. In 2024, the hospitality segment of the Group has seen recovery in profit contribution to the Company Group growing profit by 2.8x to almost ₱300 million and so far as at end of the first quarter of 2025 delivered higher attributable income to FDC by 4.1x over the same period last year. This is in line with the expectation that tourism is expected to be one of the drivers of Philippine growth in the years to come helped by the inherently strong hospitality culture of the Filipinos and the massive investments by government and private sector in infrastructure around key emerging cities and tourist destinations. This segment of the Group has grown from 290 keys managed in 2010 to approximately 1,800 as of March 31, 2025, capitalizing on the strong demand from both foreign and domestic travel and the demand coming from the meetings, incentives, conventions and exhibitions ("**MICE**") sector. Under the Crimson and Quest Hotel brands, the Group today has hotels located in Cebu City, Mactan Island, Muntinlupa City, Clark Freeport Zone, Pampanga, Tagaytay City, Boracay and Baguio City.

For the Group's sugar subsidiary, the stable sugar business also plays a key role in the portfolio that is a good hedge against the economic cycles. It has delivered steady returns every year. Improvements in milling operations translated to increased cane supply thereby improving productivity which offset sugar price volatility. While the sugar business only contributed 0.5% of the Group's total attributable earnings, this segment, has however, delivered a 26% increase in income in 2024 and so far close to 20% growth as of the first quarter of 2025.

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 emerging business opportunities.

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, mergers and acquisitions or as a buffer against industry shocks or cycles. 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 ₱12.0 billion bonds consisting of up to three (3) tranches, namely, Series B Bonds Due 2030, Series C Bonds due 2032 and Series D Bonds due 2035). The Group believes these top-tier ratings are warranted due to the following key considerations: FDC's steady earnings and diversified business portfolio; maintenance of good credit standing and reputation even during times of economic and 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.

Strong and Experienced Management Team

The Group's management team has extensive experience in, and in-depth knowledge of the business segments the conglomerate is engaged in. 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 reputable business schools from within and outside of the Philippines.. 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 have been and will continue to be an integral part of the Group's performance and 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 50 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:

- Extensive and diversified land bank.
- Strong development and investment revenue stream.
- Strong credit record and financial position.
- Benefits of large-scale operations.
- Experienced management team.

See *"Business——Real Estate Business Strengths"* for more details.

Hospitality Operations

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

- Strategically positioned to develop properties in key leisure destinations.
- Unique and superior guest experience.
- Ability to quickly build brands with strong recognition such as Crimson and Quest.
- Strong and experienced hotel management team with extensive global expertise in the hospitality industry.

See *"Business——Hospitality Business Strengths"* for more details.

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:

- Well positioned to capture growth in the Philippine consumer market.
- Comprehensive platform to drive a superior customer experience.
- Attractive returns coupled with prudent financial and risk management.
- Strong and experienced management team.
- Opportunities to leverage on the Group's ecosystem.
- Commitment to financial inclusion.

See *"Business——Banking and Financial Services Business Strengths"* for more details.

Power 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:

- Poised to maximize supply into the grid due to its track record of reliable supply.
- Clean coal circulating fluidized bed technology providing a more environmentally sustainable energy source.
- Commitment to increase the renewable energy contribution to the portfolio as part of its transition plan.
- Strong and experienced management team.
- Strong Unit Economics and Prudent Financial Management.

See *"Business——Power Business Strengths"* for more details.

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.

See *"Business——Sugar Business Strengths"* for more details.

BUSINESS STRATEGY

Business Strategy of the Group

FDC's portfolio goals are the following: (1) to unlock optimum value by improving returns and accelerating 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, by establishing a platform to enable them to scale profitably and deliver sustainable and profitable growth; while (3) looking out for potential businesses that can be long-term value accretive to the Group's current businesses or as new additional businesses that will further diversify the Group's portfolio.

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 focused on building competitive advantages that will drive strong, sustained long-term profitable growth. This entails supporting the various businesses of the group with the capital, management systems, tools, people development and other enablers to achieve differentiation in customer value and operational excellence. The Group has set up centers of excellence since 2022 and have enabled that with new leadership that will guide in the implementation of programs to improve productivity and operating efficiencies, which includes, among others, the establishment of group-wide shared services organization, upgrading of key systems, raising the competencies skills and functional expertise and effectiveness of various corporate and operating functions, and talent development to future proof organization and to support the growth ambitions of the Group'.

2. Deliver a higher return on invested capital relative to competition. Businesses are impelled to drive deliberate actions to improving profit margins, strong unit economics, and improved asset efficiency and productivity. These are key pillars that will drive value creation. Improvements in profit margins, asset-light or asset efficiency, and dynamic reallocation of resources to value-adding investments will translate to stronger cash generation and asset efficiency. FDC and its subsidiaries are expected to maintain at the minimum a healthy balance sheet that is able to meet its debt and liability obligations. As the return on invested capital improves, businesses of the group will be able to build a fortress that hassufficient cash buffers, to maintain flexibility to access capital to fund its growth plans and to take advantage of new opportunities.

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 in its 70-year history. With the infusion of new seasoned leadership who lead the Group's transformation, the next phase to this strategic imperative has been the implementation of programs around building a culture of high performing, highly engaged and purpose-driven organization.

4. Carry forward on the Group's heritage and the strengths of its current businesses to build brand equity through brand building and driving customer centricity in key customer touchpoints. 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 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.

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

The Real Estate Companies, Filinvest Land Inc. and Filinvest Alabang Inc. have the following strategies:

- Continue product, market and geographic diversification to strengthen leadership position in the affordable middle-income and high-income market segments.
- Continue to build up recurring income streams and capitalize on REIT opportunities.
- Optimize returns on existing assets.
- Accelerate monetization of land bank.
- Targeted vertical operations integration and digitization to improve cost efficiency.

See *"The Company—Real Estate Business Strategy"* for more details.

Hospitality Operations

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

- Pursue growth in major and upcoming leisure destinations for key mass middle and mass affluent customers.
- Scale the MICE (Meeting, Incentives, Conferences, and Exhibitions) business within Tier 1 and 2 cities
- Enhance synergies with the Group.
- Cultivate Crimson, Grafik and Quest brand equity by optimizing hotel developments and renovations, operations and services.
- Enhance synergies with the Group.
- Establish condotel and asset light business models for Quest products.
- Maximize marketing reach and distribution channels.
- Explore third party management opportunities and joint ventures with third party hotel developers.

See *"Business——Hospitality Business Strategy"* for more details.

Banking and Financial Services

EW's principal strategies are the following:

- Building channels with a customer centric and digital-first mindset.
- Deepening customer relationships through better value propositions and programs.
- Enhancing efficiency and productivity across the organization, processes, and data with IT enablement.
- Building a sustainable EW DNA.
- Strengthen risk management and governance framework.

See *"Business——Banking and Financial Services Business Strategy"* for more details.

Power Operations

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.

See *"Business——Power Business Strategy*" for more details.

Sugar Operations

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.

See *"Business——Sugar Business Strategy"* for more details.

Infrastructure Operations

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

Please refer to the section entitled *"Business——Infrastructure Business Strategy"* for a more detailed discussion.

RISKS OF INVESTING

Before making an investment decision, investors should carefully consider the risks associated with an investment inthe Offer Shares.

Risks relating to the Group's Business:

- 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;

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

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

- 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;

- The Group relies heavily on automated systems to operate its business and the failure to maintain, upgrade and secure these systems could harm the Group's business;

- The Group may not be able to successfully manage its growth;

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

- The Group may face challenges expanding and optimizing its newer businesses;

- 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 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;

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

- Certain directors and members of senior management may retire, resign or be reassigned;

- The Group may be unable to attract and retain skilled professionals;

- Ownership over certain land owned by the Group may only be evidenced by tax declarations or may be

contested by third parties;

- Any future changes in PFRS Accounting Standards may affect the financial reporting of the Group's business, particularly with respect to its real estate and banking and financial services businesses;

- FDC has a number of related party transactions with affiliated companies;

- Some of the Group companies are involved in litigation, which could result in financial losses or harm its business;

- Natural or other catastrophes, including severe weather conditions and earthquakes, may materially disrupt the Group's operations, affect its ability to complete projects and result in losses not covered by its insurance; and

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

Risks relating to the Group's Real Estate and Hospitality Businesses

- 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 and FHC 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 and hospitality 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;

- The hospitality business face certain risks coming from the change in the macroeconomic environment. political stability, perception of peace and order in the country, post-pandemic risks, travel restrictions, issues related to economic recession in source markets, among others; and

- The success of the Group's hospitality businesses depends on its ability to efficiently develop new hotel keys, to effectively operate and manage hotel operations, and to compete with other hospitality offerings within the Philippines and the Asian region.

Risks relating to the Group's Banking and Financial Services Businesses

- 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; and
- 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 Businesses

- 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;
- 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; and

- The loss of certain tax exemptions and incentives as well as adverse determination in pending tax cases will increase FDCUI's tax liability and decrease any profits it might have in the future.

Risks relating to the Group's Sugar Businesses

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

Risks relating to the Group's Infrastructure Businesses

- 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.

Risks relating to the Offer Shares:

- The Offer Shares may not be a suitable investment for all investors;

- Dividends on the Offer Shares may not be paid in full, or at all;

- Volatility of market price of the Offer Shares;

- FDC's obligations in respect of the Offer Shares are subordinated to all of the Company's indebtedness;

- There may be insufficient distributions upon liquidation;

- The market price of the Offer Shares may be volatile, which may result in the decline in the value of investments of the investors;

- The Offer Shares have no stated maturity date and FDC has the sole right to redemption;

- There may be a lack of public market for the Offer Shares;

- Non-payment of dividends may affect the trading price of the Offer Shares;

- Holders of Offer Shares may be unable to reinvest at a similar return on investment;

- The Offer Shares have no voting rights; and

- There is no guarantee that the Offer Shares will be listed.

Please refer to the section entitled "*Risk Factors*" of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with the purchase of the Offer Shares.

COMPANY INFORMATION

The Company is a Philippine corporation with its business address at The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Philippines. The Company's telephone number is +(632) 7798-3977 and its fax number is +(632) 7798-3970. Its corporate website is www.filinvestgroup.com. The information on the Company's website is not incorporated by reference into, and does not constitute part of, this Prospectus.

Summary of Financial Information

*The following tables present summary consolidated financial information for the Group and should be read in conjunction with the auditor's reports and the Group's consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary of financial information presented below as of and for the years ended December 31, 2024, 2023 and 2022 was derived from the consolidated financial statements of FDC prepared in accordance with PFRS Accounting Standards and audited by SyCip Gorres Velayo & Co. ("**SGV & Co.**") in accordance with the PSA. The summary of financial information presented below as of March 31, 2025 and for the three (3) months ended March 31, 2025 and 2024 was derived from the interim condensed consolidated financial statements of FDC prepared in accordance with PAS 34, Interim Financial Reporting. The information below is not necessarily indicative of the results of future operations.*

The Group adopted the remaining provisions of PIC Q&A 2018-12, specifically on the: (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), using modified retrospective approach with the initial date of application of January 1, 2024. Amounts presented in the consolidated statements of financial position, consolidated statements of income and consolidated statements of comprehensive income as at and for the years ended December 31, 2023 and 2022 are based on PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The comparable financial information for accounts affected by the adoption may not be comparable to the information presented as of and for the year ended December 31, 2024. Please refer to Note 2 of the Group's 2024 consolidated financial statements, which are included elsewhere in the Prospectus, for the effect of the adoption of the remaining provisions of PIC Q&A 2018-12, specifically on the: (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).

CONSOLIDATED STATEMENTS OF INCOME

	For the three months ended March 31,		For the years ended December 31,		
	2025 (Unaudited)	2024 (Unaudited)	2024 (Audited)	2023 (Audited)	2022 (Audited)
	(in millions expect per share figures)				
REVENUE					
Real estate operations					
Sale of lots, condominium and residential units	₱4,063.7	₱3,622.3	₱17,567.0	₱16,094.8	₱13,314.7
Rental and related services	2,259.7	1,894.0	8,486.8	7,663.9	6,732.2
Hospitality operations	1,096.9	930.8	3,763.3	2,856.5	1,929.0
Banking and financial services	11,617.6	9,971.8	41,730.5	33,943.0	25,652.7
Power and utility operations	5,024.2	5,425.5	24,398.0	17,207.2	12,899.8
Sugar operations	2,335.9	2,193.4	5,815.2	5,027.1	4,280.1
	26,398.0	24,037.8	101,760.8	82,792.5	64,808.5
OTHER INCOME					
Real estate operations	462.3	469.1	2,026.4	1,647.6	1,180.7
Hospitality operations	105.2	59.9	552.9	563.9	4.2
Banking and financial services	2,311.8	1,843.5	8,932.1	7,429.2	4,912.4
Power and utility operations	13.9	16.4	130.2	358.2	139.0
Sugar operations	20.1	18.9	43.1	50.1	78.8
	2,913.3	2,407.8	11,684.7	10,049.0	6,315.1
Total Revenues and Other Income	29,311.3	26,445.6	113,445.5	92,841.5	71,123.6
COSTS					
Real estate operations					
Sale of lots, condominiums and residential units	1,895.3	1,812.1	7,754.9	8,534.3	7,521.1
Rental and related services	851.3	790.7	3,614.0	2,824.6	2,366.5
Hospitality operations	666.1	530.5	2,526.3	1,827.8	1,334.2
Banking and financial services	2,337.8	1,899.0	8,418.7	5,986.4	2,593.8
Power and utility operations	3,168.4	3,543.0	16,691.1	12,060.6	8,700.8
Sugar operations	1,572.5	1,510.1	4,741.8	4,061.4	3,554.8
Other operations	135.0	144.4	591.8	518.0	470.3
	10,626.4	10,229.8	44,338.6	35,813.1	26,541.5
EXPENSES					
Real estate operations	2,379.3	1,982.2	9,309.9	7,217.5	6,419.8
Hospitality operations	350.4	409.8	1,449.6	1,392.6	1,192.4
Banking and financial services	9,232.0	7,848.3	32,855.4	27,907.9	22,097.8

	For the three months ended March 31,		For the years ended December 31,		
	2025 (Unaudited)	2024 (Unaudited)	2024 (Audited)	2023 (Audited)	2022 (Audited)
	(in millions expect per share figures)				
Power and utility operations	366.6	580.8	2,355.7	2,151.1	2,264.5
Sugar operations	70.5	55.8	202.0	184.0	160.3
Other operations	565.5	479.8	2,379.0	2,674.0	1,755.7
	12,964.3	11,356.7	48,551.6	41,527.1	33,890.5
Total Cost and Expenses	23,590.7	21,586.5	92,890.2	77,340.2	60,432.0
INCOME BEFORE INCOME TAX	₱5,720.6	₱4,859.1	₱20,555.3	₱15,501.3	₱10,691.6
PROVISION FOR INCOME TAX					
Current	1,564.5	1,292.9	3,895.9	3,482.7	2,059.1
Deferred	(312.8)	(121.6)	961.1	(118.2)	329.8
	1,251.7	1,171.3	4,857.0	3,364.5	2,388.9
NET INCOME	₱4,468.9	₱3,687.8	₱15,698.3	₱12,136.8	₱8,302.7
Net income attributable to:					
Equity holders of the Parent Company	₱3,647.5	₱2,922.3	₱12,131.3	₱8,947.5	₱5,650.7
Noncontrolling interest	821.4	765.5	3,567.0	3,189.3	2,652.0
	4,468.9	3,687.8	15,698.3	12,136.8	8,302.7
Basic/Diluted Earnings Per Share Attributable to the Equity Holders of the Parent Company	₱0.42	₱0.34	₱1.40	₱1.03	₱0.65

Notes:

(1) *Basic/diluted earnings per share amounts are calculated by dividing (a) the net income attributable to the equity holders of FDC for the period attributable, and (b) the weighted average number of outstanding common shares during the period attributable.*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of March 31, 2025 (Unaudited)	2024 (Audited)	As of December 31, 2023 (Audited)	2022 (Audited)
	(in millions)			
ASSETS				
Cash and cash equivalents	₱58,041.2	₱52,317.4	₱48,962.1	₱71,312.0
Loans and receivables				
Real estate operations	12,080.4	11,384.9	9,285.8	9,739.6
Hospitality operations	313.6	396.1	247.6	121.9
Banking and financial services	325,713.5	323,459.4	281,253.4	241,976.6
Power and utility operations	4,888.2	4,789.1	4,862.0	3,679.8
Sugar operations	94.1	153.7	134.6	101.8
Financial assets at fair value through profit or loss	10,689.2	9,174.3	4,112.3	1,958.3
Financial assets at fair value through other comprehensive income	33,086.0	29,983.6	19,411.4	17,377.3
Investment securities at amortized cost	81,537.7	81,922.8	75,401.0	63,546.2
Contract assets	8,428.8	8,436.6	9,867.6	7,609.5
Real estate inventories	79,978.3	78,900.3	81,004.4	79,659.4
Coal, spare parts and other inventories	4,217.5	2,397.0	1,665.8	2,316.7
Investment properties	103,939.9	103,641.0	98,240.3	95,503.4
Property, plant and equipment	52,648.8	51,890.8	49,253.9	49,283.3
Investments in joint ventures and associate	2,033.9	2,010.8	1,907.1	1,948.6
Deferred tax assets – net	6,473.9	5,791.6	5,628.9	5,167.7
Goodwill	10,381.2	10,381.2	10,381.2	10,381.2
Other assets – net	37,591.9	36,649.6	33,314.6	25,137.3
Total Assets	₱832,138.1	₱813,680.2	₱734,934.0	₱686,820.6
LIABILITIES AND EQUITY				
Liabilities				
Deposit liabilities	₱386,384.3	₱372,542.8	₱338,781.3	₱312,374.5
Bills and acceptances payable	31,725.9	40,117.2	15,403.7	6,761.4

	As of March 31, 2025 (Unaudited)	2024 (Audited)	As of December 31, 2023 (Audited)	2022 (Audited)
			(in millions)	
Accounts payable, accrued expenses and other liabilities	52,379.1	53,901.4	46,888.9	40,304.0
Contract liabilities	3,158.4	3,156.4	2,996.9	3,923.0
Long-term and short-term debt	146,089.3	137,331.2	132,371.9	137,224.9
Income tax payable	1,453.2	439.5	488.5	248.8
Retirement liabilities	1,766.2	1,660.4	1,575.0	1,671.2
Lease liabilities	8,971.5	9,042.6	8,454.3	8,507.8
Deferred tax liabilities – net	9,412.6	9,108.2	10,281.6	10,133.0
Total Liabilities	₱641,340.5	₱627,299.7	₱557,242.1	₱521,148.6
EQUITY				
Equity attributable to equity holders of the Parent Company:				
Capital stock – ₱1 par value				
Authorized common shares – 15,000,000,000				
Authorized preferred shares – 2,000,000,000				
Issued common shares – 9,319,872,387	₱9,319.9	₱9,319.9	₱9,319.9	₱9,319.9
Treasury shares – 671,409,400	(3,614.5)	(3,614.5)	(3,614.5)	(3,614.5)
Additional paid-in capital	11,900.0	11,900.0	11,900.0	11,900.0
Retained earnings	131,439.8	127,792.3	119,711.5	111,329.1
Other comprehensive income – net of tax				
Revaluation reserve on financial assets at fair value through other comprehensive income	(447.3)	(547.8)	(302.5)	(1,326.2)
Remeasurement losses on retirement plans – net of tax	(224.6)	(214.4)	(176.1)	(186.8)
Cumulative translation adjustments	132.9	121.2	201.2	(159.8)
Share in other components of equity of joint ventures	0.7	0.7	0.7	0.7
	148,506.9	144,757.4	137,040.2	127,262.4
Noncontrolling interests	42,290.7	41,623.1	40,651.7	38,409.6
Total Equity	₱190,797.6	186,380.5	₱177,691.9	₱165,672.0
TOTAL LIABILITIES AND EQUITY	₱832,138.1	₱813,680.2	₱734,934.0	₱686,820.6

CONSOLIDATED STATEMENTS OF CASH FLOW

	For the three months ended March 31,		For the years ended December 31,		
	2025 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
			(in millions)		
Net cash provided by (used in) operating activities	₱ 14,737.9	(₱12,008.7)	₱4,907.9	₱9,184.1	(₱23,894.4)
Net cash provided by (used in) investing activities	(6,550.7)	(5,382.6)	(17,820.7)	(23,896.0)	(25,290.3)
Net cash provided by (used in) financing activities	(2,463.4)	15,402.1	16,268.0	(7,637.9)	(2,578.3)

FINANCIAL RATIOS AND PERFORMANCE INDICATORS OF THE GROUP

	As of and for the three months ended March 31	As of an for the years ended December 31		
	2025	2024	2023	2022
		(in millions, except ratios and percentages)		
Current Assets – excluding EW [(a)]	₱161,238.4	₱152,284.2	₱146,250.1	₱116,992.4
Current Liabilities – excluding EW [(b)]	₱66,341.9	₱71,999.2	₱54,166.0	₱53,749.6

Current Ratio – excluding EW [(c)]	2.43x	2.12x	2.70x	2.18x
Financial Indebtedness [(d)]	₱146,089.3	₱137,331.2	₱132,371.9	₱137,224.9
Financial Indebtedness-to-Equity Ratio	0.77x	0.74x	0.74x	0.83x
Gross Profit [(e)]	₱15,771.6	₱57,422.2	₱46,979.4	₱38,267.0
Gross Profit Margin [(f)]	59.7%	56.4%	56.7%	59.0%
Net Income Margin [(g)]	15.2%	13.8%	13.1%	11.7%
Return on Average Equity [(h)]	9.5%	8.6%	7.1%	5.1%
EBITDA to Total Interest Expense [(i)]	4.90x	4.72x	5.01x	4.42x
Price Earnings Ratio [(j)]	2.90x	3.53x	5.19x	9.83x

Notes:

(a) "Current Assets – excluding EW" is computed as the Group's consolidated current assets after deducting the total current assets of EW. The following table shows the reconciliation of current assets excluding EW to the total current assets:

	As of March 31,		As of December 31,	
	2025	**2024**	**2023**	**2022**
Current assets – excluding EW	161,238.4	152,284.2	146,250.1	116,992.4
Current assets – EW	192,083.5	192,757.0	194,266.2	159,360.1
Total current assets	353,321.9	345,041.2	340,516.3	276,352.5

(b) "Current Liabilities – excluding EW" is computed as the Group's consolidated current liabilities after deducting the total current liabilities of EW. The following table shows the reconciliation of current liabilities excluding EW to the total current liabilities:

	As of March 31,		As of December 31,	
	2025	**2024**	**2023**	**2022**
Current liabilities – excluding EW	66,341.9	71,999.2	54,166.0	53,749.6
Current liabilities – EW	436,492.3	431,030.3	370,944.9	334,633.3
Total current liabilities	502,834.2	503,029.5	425,110.9	388,382.9

(c) "Current Ratio – excluding EW" is computed as Current Assets – excluding EW divided by Current Liabilities – excluding EW.

(d) "Financial Indebtedness" represents consolidated long-term and short-term debt. "Financial Indebtedness-to-Equity Ratio" is computed as consolidated long-term and short-term debt divided by total equity.

(e) "Gross Profit" is computed as total revenues (excluding other income) less total costs.

(f) "Gross Profit Margin" is computed as Gross Profit divided by total revenues (excluding other income).

(g) "Net Income Margin" is computed as net income divided total revenues and other income.

(h) "Return on Average Equity" for the years ended December 31, 2024, 2023 and 2022 is computed as net income divided by average equity during the period computed as the sum of equity, beginning and equity, ending divided by 2.

(i) "EBITDA to Total Interest Expense" is computed as EBITDA (as reconciled below) divided by total interest expense (excluding financial liabilities on leases contract).

(j) "Price Earnings Ratio" is computed as closing price of the Parent Company's shares of stock divided by actual earnings per share for the years ended December 31, 2024, 2023 and 2022, and annualized earnings per share for the three (3) months ended March 31, 2025.

EBITDA RECONCILATION

"EBITDA" represents net income after adding back interest expense (excluding financial liabilities on lease contract), depreciation and amortization and provision for income tax equals, as adjusted for eliminating entries across business segments.

The following table shows the reconciliation of "EBITDA" to the Group's net income for the periods stated:

	For the three months ended March 31,		For the years ended December 31,		
	2025 (Unaudited)	**2024 (Unaudited)**	**2024 (Audited)**	**2023 (Audited)**	**2022 (Audited)**
			(in millions)		
Net Income	₱4,468.9	₱3,687.8	₱15,698.3	₱12,136.8	₱8,302.7
Plus:					
Interest expense	1,877.4	1,481.2	7,167.4	5,165.2	4,698.7
Depreciation and amortization	1,607.7	1,432.9	6,083.5	5,204.3	5,368.9
Provision for income tax	1,251.7	1,171.3	4,857.0	3,364.5	2,388.9
EBITDA	₱9,205.7	₱7,773.2	₱33,806.2	₱25,870.8	₱20,759.2

Summary of the Offer

The following summary of the Offer does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus. A specific time of day refers to Philippine Standard Time.

Issuer	:	Filinvest Development Corporation ("**FDC**", the "**Company**" or the "**Issuer**")
Instrument	:	SEC-registered, cumulative, non-voting, non-participating, non-convertible, redeemable, and re-issuable Philippine Peso-denominated perpetual preferred shares (the "**Preferred Shares**")
Offer	:	The public offer, distribution, and sale by the Company of up to [6,000,000] preferred shares, equivalent to up to ₱[6,000,000,000.00] (the "**Base Offer**", and the shares subject of the Base Offer, the "**Base Offer Shares**") with an Oversubscription Option of up to [2,000,000] preferred shares, equivalent to up to ₱[2,000,000,000.00] (the "**Oversubscription Option**", and the shares subject of the Oversubscription Option, the "**Oversubscription Option Shares**"; together with the Base Offer Shares, the "**Offer Shares**")
Par Value	:	The Offer Shares have a par value of ₱1.00 per Offer Share.
Offer Price	:	The Offer Shares shall be offered at a price of ₱1,000.00 per share.
Initial Dividend Rate	:	As and if cash dividends are declared by the Board of Directors ("**Board**"), cash dividends on the Preferred Shares shall be at the fixed rates as follows (the **"Initial Dividend Rate"**): a. Series A Preferred Shares: [●]% per annum (the "**Series A Initial Dividend Rate**") b. Series B Preferred Shares: [●] per annum (the "**Series B Initial Dividend Rate**")
Reference Rate	:	The per annum rate that is the simple average of the BVAL rates for three (3) consecutive business days immediately preceding and ending on the Initial Dividend Rate Setting Date as shown on the "PHP BVAL Reference Rate" page on the PDS website or if unavailable, the PDEx page of Bloomberg (or such successor website or page of the publication agent or electronic service provider), as relevant: a. Series A Preferred Shares: The interpolated 3.5-year PHP BVAL reference rate based on the three (3)-year and four (4)-year PHP BVAL reference rates as published on the website of PDS, or if unavailable, the Philippine Dealing & Exchange Corp. ("**PDEx**") page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) b. Series B Preferred Shares: The seven (7)-year PHP BVAL reference rate as published on the website of PDS, or if unavailable, the PDEx page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) In the event that BVAL is replaced by a new benchmark rate as determined by the Bankers Association of the Philippines ("**BAP**") or the Bangko Sentral ng Pilipinas ("**BSP**"), such new benchmark rate shall be adopted for purposes of determining the dividend rate.

Initial Dividend Rate Setting Date		The date on which the Initial Dividend Rate is set, which shall be no earlier than the end of the institutional bookbuilding period and the receipt of the PSE Notice of Approval.
Dividend Rate Re-Setting Date	:	Unless the Offer Shares are redeemed by the Issuer (subject to the applicable optional redemption provisions defined below) on their respective Optional Redemption Date, the dividend rates of the Preferred Shares shall be subject to re-set on the following dates: a. Series A Preferred Shares: On and from the sixth (6^{th}) month after the third (3^{rd}) anniversary of the Issue Date or the next Business Day in case the dividend rate re-setting date falls on a non-Business Day (the "**Series A Dividend Rate Re-Setting Date**") b. Series B Preferred Shares: On the seventh (7^{th}) anniversary of the Issue Date or the next Business Day in case the dividend rate re-setting date falls on a non-Business Day (the "**Series B Dividend Rate Re-Setting Date**.")
Applicable Dividend Rate	:	The Applicable Dividend Rate for a Dividend Period will be (a) the Initial Dividend Rate or (b) if the dividend rate is subject to resetting, the higher of the Initial Dividend Rate or such dividend rate resulting from the Dividend Rate Adjustment.
Dividend Rate Adjustment		Unless the Offer Shares are redeemed by the Issuer (subject to the applicable optional redemption provisions defined below), the applicable dividend rate for each series of Offer Shares shall be, on the relevant Dividend Rate Re-Setting Date, the higher of the relevant Initial Dividend Rate or: a. Series A Preferred Shares: The sum of (i) the 7-year PHP BVAL reference rate as published on the website of PDS, or if unavailable, the PDEx page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) on the Series A Dividend Rate Re-Setting Date, and (ii) the Step-Up Spread b. Series B Preferred Shares: The sum of (i) the 15-year PHP BVAL reference rate as published on the website of PDS, or if unavailable, the PDEx page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) on the Series B Dividend Rate Re-Setting Date, and (ii) the Step-Up Spread
Step-Up Spread		300 bps
Dividend Payment Conditions	:	The Board of Directors of the Issuer has full discretion over the declaration and payment of dividends on the Offer Shares, to the extent permitted by law. The Board of Directors of the Issuer will not declare and pay dividends on any Dividend Payment Date where: (a) payment of the dividend would cause the Issuer to breach any of its financial covenants;

(b) the unrestricted retained earnings available to the Issuer for distribution as dividends are not sufficient to enable the Issuer to pay the dividends in full on all other classes of the Issuer's outstanding shares that are scheduled to be paid on or before any Dividend Payment Date and that have an equal right and priority to dividends as the Offer Shares; or

(c) will impair the capital of the Company.

If the unrestricted retained earnings available to distribute as dividends are, in the Board of Directors' opinion, not sufficient to enable the Issuer to pay both dividends on the Offer Shares and the dividends on other shares that have an equal right and priority to dividends as the Offer Shares, in full and on the same date, then the Issuer may:

1. first, pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that dividend payment date on any shares with a right to dividends ranking higher in priority to that of the Offer Shares; and

2. second, to pay dividends on the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in such retained earnings pro rata to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on any past cumulative dividends on any shares ranking equal in priority with the Offer Shares to receive dividends.

The profits available for distribution are, in general and with some adjustments, equal to the Issuer's accumulated realized profits, less accumulated, realized losses, and in general, are subject to the regulations of the SEC.

The Issuer covenants that, in the event:

(a) any cash dividends due with respect to any Offer Shares then outstanding for any period are not declared and paid in full when due;

(b) where there remain outstanding arrears of dividends on any of the Offer Shares; or

(c) any other amounts payable under the terms and conditions of the Offer Shares are not paid in full when due for any reason,

then it will not declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking *pari passu* with, or junior to, the Offer Shares (or contribute any money to a sinking fund for the redemption of any securities ranking *pari passu* with, or junior to, the Offer Shares) until any and all arrears of dividends and accrued but unpaid cash dividends have been paid to the holders of the Offer Shares (unless such declaration or payment of dividends or distributions in respect of *pari passu* securities shall be in accordance with the paragraph numbered 2) of this section in respect of pro rata payment between the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in the retained earnings).

Dividend Payment Dates : Dividends will be payable every [August 4], [November 4], [February 4] and [May 4] of each year (each a "**Dividend Payment Date**"), being the

last day of each three (3)-month dividend period (a "**Dividend Period**"), as and if declared by the Issuer in accordance with the terms and conditions of the Offer Shares.

If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

Payment to Shareholders arising from the Offer Shares : All payments of dividends and any other amounts under the Offer Shares shall be paid by FDC in Philippine Pesos. On the relevant payment dates, the Paying Agent shall (a) make available to shareholders, checks drawn against the Receiving and Payment Settlement Account in the amount due to each shareholder of record as of the relevant Record Date, either (i) for pick-up by the shareholder or its duly authorized representative at the office of the Paying Agent or (ii) delivery via courier or, if courier service is unavailable for deliveries to the address of the relevant shareholder, via mail, at the shareholder's risk, to the address of the shareholder appearing in the Registry of Shareholders or (b) deposit and pay the amount due to each shareholder as of the relevant Record Date to the bank account nominated by the shareholder; provided, that the shareholder has complied with the credit to account requirements of the Paying Agent and such shareholder's nominated bank account has qualified for the credit to account facility of the Paying Agent.

Optional Redemption and Purchase : FDC has the option, but not the obligation, to redeem all or in part of the outstanding Offer Shares (having given not less than 30 days' prior written notice nor more than 60 days' prior notice by publication in two (2) national newspapers) on:

(a) in respect of the Series A Preferred Shares, on the second (2^{nd}) anniversary of the Issue Date or on any Dividend Payment Date thereafter; and

(b) in respect of the Series B Preferred Shares, on the fifth (5^{th}) anniversary of the Issue Date or on any Dividend Payment Date thereafter.

(each, an "**Optional Redemption Date**" for each of the Series A Preferred Shares and Series B Preferred Shares).

Exercise of FDC's redemption option shall be completed by payment of the redemption price equal to the Offer Price plus any accrued and unpaid dividends after deduction for any tax and customary transfer costs to effect the redemption (the "**Redemption Payment**"). Administrative costs and expenses, including the cost of checks used, supplies, paying agent services, courier and mailing costs in relation to effecting the redemption shall be for the account of FDC. The Redemption Payment shall be made to the shareholders as of the Record Date set by FDC for such redemption.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem the Offer Shares falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Payment, and the amount of dividends to be paid.

Subject to compliance with law, the Company may purchase the Offer Shares at any time at any price either through the PSE, in the open market, by public tender or through negotiated transactions.

Any Offer Shares redeemed or purchased by the Company shall be recorded as treasury stock of the Company and may be re-issued in the future once fully redeemed at such terms and at such time as the Company may determine.

Philippine Taxation : All payments made by the Issuer in respect of the Offer Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines, including but not limited to, documentary stamp, issue, registration, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that holders of the Offer Shares will receive the full amount of the relevant payment which otherwise would have been due and payable. Provided, however, that the Issuer shall not be liable for:

(a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Offer Shares prescribed under the Tax Code, including any additional tax on such dividends imposed by changes in law, rule, or regulation;

(b) any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Offer Shares or on the liquidating distributions as may be received by a holder of the Offer Shares;

(c) any expanded value added tax which may be payable by any holder of the Offer Shares on any amount to be received from the Issuer under the terms and conditions of the Offer Shares;

(d) any withholding tax, including any additional tax imposed by changes in law, rule, or regulation, on any dividends payable to any holder of the Offer Shares or any entity which is a non-resident foreign corporation; and

(e) any applicable taxes on any subsequent sale or transfer of the Offer Shares by any holder of the Offer Shares which shall be for the account of such holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

All sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges provided said entities present sufficient proof of such tax-exempt status from the tax authorities. Payments to entities that claim tax sparing or preferential tax treaty rates shall be supported by the proper documentation under relevant tax laws and BIR issuances.

Any documentary stamp tax for the recording of the Offer Shares in the name of an investor under the Preferred Share Offer shall be paid for by the Issuer. After the Issue Date, taxes generally applicable to a subsequent sale of the Offer Shares by any shareholder, including receipt by such shareholder of a Redemption Payment, shall be for the account of the said shareholder.

The applicable taxes to any subsequent sale of the Offer Shares by any holder of the Offer Shares shall be for the account of the said holder.

Redemption by reason of a Tax Event	:	In the event dividend payments in respect of the Offer Shares become subject to additional or higher withholding or any new tax for the account of the Issuer (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Company ("**Tax Event**"), the Company, having given not more than 60 days' nor less than 30 days' written notice (by publication in two (2) national newspapers) prior to the intended date of redemption which must be a Business Day, may redeem the Offer Shares at any time in whole but not in part, at the Redemption Price; provided that if the Tax Event is specific to a series, then the foregoing optional redemption may be exercised only with respect to such series ("**Redemption by reason of Tax Event**"). See *"Summary of the Offer"* and *"Description of the Offer Shares"*.
Redemption by reason of an Accounting Event	:	In the event an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Issuer stating that there is more than an insubstantial risk that either the Offer Shares or the funds raised through the issuance of the Offer Shares may no longer be recorded as "equity" pursuant to PFRS, or such other accounting standards which succeed PFRS, as adopted by the Republic of the Philippines, applied by the Issuer for drawing up its consolidated financial statements for the relevant financial year ("**Accounting Event**"), and such event cannot be avoided by use of reasonable measures available to the Company, the Company having given not more than 60 days' nor less than 30 days' notice (by publication in two (2) national newspapers) prior to the intended date of redemption which must be a Business Day, may redeem the Offer Shares in whole, but not in part at the Redemption Price; provided, that if the Accounting Event is specific to a series, then the foregoing optional redemption may be exercised only with respect to such series ("**Redemption by reason of an Accounting Event**"). See "*Summary of the Offer*" and "*Description of the Preferred Shares*" of this Prospectus.
No Sinking Fund	:	The Issuer is not legally required, has not established, and currently does not intend to establish a sinking fund for the redemption of the Offer Shares.
Liquidation Rights	:	In the event of a return of capital in respect of the liquidation, dissolution or winding up or otherwise, whether voluntarily or involuntarily, of the affairs of the Company but not on a redemption or purchase by the Company of any of its share capital, the holders of Offer Shares at the time outstanding will be entitled to receive, in Philippine Pesos out of the assets of the Company available for distribution to shareholders, together with the holders of any other shares of the Company ranking, as regards repayment of capital, *pari passu* with the Offer Shares and before any distribution of assets is made to holders of any class of shares of the Company ranking junior to the Offer Shares as regards repayment of capital, liquidating distributions in an amount of ₱1,000.00 per Offer Share plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then-current dividend period to (and including) the date of commencement of the winding up of the Company or the date of any such other return of capital, as the case may be. If, upon any return of capital in the winding up of the Company, the amount payable with respect to the Offer Shares and any other shares of the Company ranking as to any such distribution *pari passu* with the Offer Shares are not paid in full, the holders of the Offer Shares and of such other shares will share ratably in any such distribution of the assets of the Company in

		proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Offer Shares will have no right or claim to any of the remaining assets of the Company and will not be entitled to any further participation or return of capital in a winding up.
Non-convertible	:	Holders of the Offer Shares shall have no right to convert the Offer Shares into any other preferred shares or common shares of the Company.
Non-voting	:	Holders of the Offer Shares will not be entitled to vote at the Company's stockholders' meetings, except as otherwise provided by law.
Cumulative, Non-participating	:	If for any reason the Issuer's Board of Directors does not declare a dividend on the Offer Shares for a Dividend Period, the Issuer will not pay a dividend on the Dividend Payment Date for that dividend period. However, on any future Dividend Payment Date on which dividends are declared, the holders of the Offer Shares must receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Offer Shares prior to such Dividend Payment Date. Holders of the Offer Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Offer Shares.
Perpetual	:	The Offer Shares are equity securities in the capital stock of FDC and thus have no fixed maturity or mandatory redemption date. The Offer Shares are not repayable in cash unless the Board should approve resolutions providing for the optional redemption of the Offer Shares for the cash redemption amount set out in the terms and conditions of the Offer, at the sole discretion of the Board. Furthermore, holders of the Offer Shares have no right to require the Issuer to redeem the Offer Shares.
Status of the Offer Shares in the Distribution of Assets in the Event of Dissolution	:	The Offer Shares will constitute the direct and unsecured subordinated obligations of the Issuer ranking at least *pari passu* in all respects and rateably without preference or priority among themselves or with all other preferred shares issued by the Issuer.
Form, Title and Registration of the Offer Shares	:	The Offer Shares will be in scripless form and shall be lodged with the PDTC not later than Issue Date. The applicant must provide the information required for the PDTC lodgment of the Offer Shares. The applicant may request to receive stock certificates through their nominated PDTC depository participant after the Issue Date. Any expense to be incurred for such issuance of certificates shall be borne by the applicant.
Selling and Transfer Restrictions	:	Initial placement of the Offer Shares and subsequent transfers of interests in the Offer Shares shall be subject to applicable selling restrictions and registration requirements for equity securities as may prevail in the Philippines from time to time.
Title and Transfer	:	Legal title to the Offer Shares shall pass by endorsement and delivery to the transferee and registration in the Registry of Shareholders to be maintained by the Registrar. Settlement of the Offer Shares in respect of such transfer or change of title to the Offer Shares, including the settlement of documentary stamp taxes, if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities in the PSE.

Governing Law	:	The Offer Shares will be issued pursuant to, and the terms and conditions of the Offer Shares will be governed by, the laws of the Republic of the Philippines.
Offer Period	:	The Offer Period shall commence at 9:00 a.m. on [July 21], 2025 and end at 12:00 noon on [July 25], 2025, or on such other dates as may be agreed upon between the Issuer and the Joint Lead Underwriters and Bookrunners. The Issuer and the Joint Lead Underwriters and Bookrunners reserve the right to extend or terminate the Offer Period with the approval of the SEC and the PSE.
Minimum Subscription	:	Each Application to Purchase shall be for a minimum of 50 Offer Shares, equivalent to ₱50,000.00, and thereafter, in multiples of 10 Offer Shares equivalent to ₱10,000.00. No Application to Purchase for multiples of any other number of Offer Shares will be considered.
Eligible Investors	:	The Offer Shares may be owned or subscribed to by any (a) natural person of legal age who is a resident of the Philippines, regardless of nationality or (b) a corporation, partnership, association, trust account, fund or equity, that is a resident in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, regardless of nationality; provided, that at any time, at least 60% of the outstanding capital stock of the Issuer shall be owned by citizens of the Philippines or by partnerships, associations or corporations at least 60% of whose voting stock or voting power is owned and controlled by citizens of the Philippines. In addition, under certain circumstances the Issuer may reject an Application to Purchase or reduce the number of Offer Shares applied for subscription or purchase. Subscription to the Offer Shares may be restricted by law or in certain jurisdictions. An International Investor or any persons classified as U.S. Persons under the Foreign Account Tax Compliance Act of the United States, as this may be amended from time to time are neither eligible to receive documents related to the Offer Shares nor to subscribe or purchase the Offer Shares. For avoidance of doubt, an International Investor means any person or entity that is not a: (a) natural person of legal age who is resident in the Philippines, regardless of nationality; or (b) corporation, association partnership, trust account, fund or entity, that is resident in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, regardless of nationality. U.S. Persons include: (1) a U.S. citizen (including dual citizen); (2) a U.S. resident alien for U.S. tax purposes; (3) a US partnership; (4) a U.S. corporation; (5) any U.S. estate; (6) any U.S. trust if: (a) a court within the United States is able to exercise primary supervision over the administration of the trust; (b) one of more U.S. persons have the authority to control all substantial decisions of the trust; (7) any other person that is not a non-U.S. person.
Application Procedure	:	Application to Purchase may be obtained from a Joint Lead Underwriter and Bookrunner or Selling Agent. All applications shall be evidenced by the Application to Purchase, duly executed in each case by an authorized signatory of the applicant and accompanied by two (2) duly accomplished signature cards, the corresponding payment for the Offer Shares covered by the application and all other required documents including documents required for registry with the Registrar and Depository Agent. The duly executed Application to Purchase and required documents should be submitted to the Joint Lead Underwriters and Bookrunners or Selling Agents on or prior to the set deadline for submission of Applications to Purchase for the Joint Lead Underwriters and Bookrunners and Selling Agents, respectively. If the applicant is a

corporation, partnership, or trust account, the application must be accompanied by the required documents indicated on the Application to Purchase.

If the applicant is a corporation, partnership, or trust account, the Application must be accompanied by the following documents:

1. A certified true copy of the applicant's latest articles of incorporation and by-laws and other constitutive documents or equivalent documents, each as amended to date, duly certified by the corporate secretary or equivalent officer;

2. The applicant's SEC certificate of registration, duly certified by the corporate secretary or equivalent officer;

3. A duly notarized corporate secretary's certificate or certificate of the managing partner (in the case of a partnership) or certificate of equivalent officer setting forth the resolution of the applicant's board of directors or equivalent body, namely authorizing (i) the purchase of the Offer Shares indicated in the application, and (ii) the designated signatories for the purpose, including their respective specimen signatures.

4. Certified true copy of latest general information sheet duly certified by the corporate secretary, managing partner, or equivalent officer;

5. Two (2) duly accomplished specimen signature cards with specimen signatures of the signatory or signatories of the application;

6. Photocopy of any one (1) of the following valid and current government issued identification documents ("**ID**"): Philippine Identification Card, passport/driver's license, company ID, Social Security System/Government Service and Insurance System ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the Joint Lead Underwriters and Bookrunners, or the Receiving Agent, as applicable, of (a) the authorized signatory(ies), duly certified as a true copy by the corporate secretary and (b) the corporate secretary, duly certified as true copy by an authorized officer of the corporation; and

7. Foreign corporate and institutional applicant-purchasers who qualify as Eligible Investors are required to submit in quadruplicate, a representation and warranty stating that their Application to Purchase will not violate the laws of their jurisdictions of incorporation or organization, and that they are allowed to acquire, purchase and hold the Offer Shares; and

8. Such other documents as may be reasonably required by the Trading Participants or Joint Lead Underwriters and Bookrunners in the implementation of its internal policies regarding "know-your-customer", anti-money laundering, combating the financing of terrorism, and countering proliferation financing.

If the applicant is an individual, two (2) duly accomplished specimen signature cards duly authenticated by the Joint Lead Underwriter and Bookrunner or the Selling Agent which forwarded the Application and a photocopy of any one (1) valid ID.

An applicant who is claiming exemption or preferential rates from any applicable tax must indicate such exemption or entitlement in the Application to Purchase and also submit additional documents as may be required by the Issuer, including but not limited to, the documents described under the relevant section in this Prospectus.

Payment for the Offer Shares : For Trading Participants, the Offer Shares must be paid for in full upon submission of the Application to Purchase. The subscription may be paid in full in Pesos upon the submission of the duly completed and signed Application to Purchase and specimen signature card together with the requisite attachments.

Payment by the Trading Participants shall be in the form of either:

- a personal or corporate check drawn against an account with a BSP authorized bank having a clearing period of no more than one (1) Business Day;
- a manager's or cashier's check issued by a BSP authorized bank having a clearing period of no more than one (1) Business Day; or
- a direct deposit to the designated bank account to be indicated in a notice containing the final allocation of said Trading Participant ("**Notice of Final Allocation**"). Proof of full payment must be submitted to the Receiving Agent, together with the Application to Purchase and required attachments. All checks should be made payable to "[Filinvest Development Corporation Preferred A and B]", crossed "Payee's Account Only" and dated the same date as the Application to Purchase.

The procedure in subscribing to Offer Shares is indicated in the Company's TP Guidelines to be announced through the PSE EDGE website.

For applicants submitting their Application to Purchase to any of the Joint Lead Underwriters and Bookrunners, in accordance with the instructions to be provided by such Joint Lead Underwriter and Bookrunner.

All check payments shall be in the form of personal or corporate checks, or manager's or cashier's checks with a clearing period of not more than one (1) Business Day and drawn against any BSP authorized agent bank. The check must be made payable to "[Filinvest Development Corporation Preferred A and B]" and crossed "Payee's Account Only." Checks subject to clearing periods of more than one (1) Business Day shall not be accepted.

For Local Small Investors, the allocation of the Offer Shares will be through the PSE Electronic Allocation System or "PSE EASy." The procedure in subscribing to the Offer Shares via PSE EASy is indicated in the Company's Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website.

Payment by the Local Small Investors shall be made either by:

- BPI Bills Payment under the biller name [Filinvest Development Corporation Preferred A and B] via:
    - Over-the-counter cash or check deposit payment in any BPI branch.
    - Online payment through BPI Internet Banking or BPI Mobile Banking App.
- Online payment via DragonPay, with [Filinvest Development Corporation Preferred A and B] as the merchant.

Should the payment of the Local Small Investor be incomplete or below the full payment or below the full payment amount of the purchase, the LSI Application shall be rejected.

The procedure in subscribing to Offer Shares is indicated in the Company's TP Guidelines to be announced through the PSE EDGE website.

Acceptance/Rejection of Applications to Purchase : The actual number of Offer Shares that an applicant will be allowed to subscribe to is subject to the confirmation of the Joint Lead Underwriters and Bookrunners. The Company reserves the right to accept or reject, in whole or in part, or to reduce any Application to Purchase due to any grounds specified in the Underwriting Agreement entered into by the Company, the Sole Issue Manager and the Joint Lead Underwriters and Bookrunners. Applications to Purchase which were unpaid or where payments were insufficient and those that do not comply with the terms of the Offer shall be rejected. Moreover, any payment received pursuant to the Application to Purchase does not ensure or indicate approval or acceptance by the Company of the Application to Purchase.

An Application to Purchase, when accepted, shall constitute a binding and effective agreement between the applicant and the Company for the subscription to the Offer Shares at the time, in the manner and, notwithstanding any provision to the contrary as may be found in the Application to Purchase, this Prospectus, and other offer-related documents. Notwithstanding the acceptance of any Application to Purchase by the Company, the actual issuance of the Offer Shares will become effective only upon listing of the Offer Shares on the PSE.

Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Shares prior to Issue Date pursuant to the Withdrawal of the Offer section of the Prospectus, the Company and any of its agents involved in the Preferred Share Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Preferred Share Offer, to ensure the listing of the Offer Shares on the Issue Date.

Refunds of Application Payments : In the event that the number of Offer Shares to be allotted to an applicant, as confirmed by a Joint Lead Underwriter and Bookrunner or by the Receiving Agent, is less than the number covered by its Application to Purchase, or if an Application to Purchase is wholly or partially rejected by the Company, then the Company shall refund, without interest, within five (5) Business Days from the end of the Offer Period, all, or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Joint Lead Underwriter and Bookrunner, Receiving Agent, or Selling Agent with whom the applicant has filed the Application to Purchase. In case of joint applicants, the check refund shall be made payable to the first named applicant and crossed "Payee's Account Only" in an amount

corresponding to the number of Offer Shares rejected and delivered (at the risk of the Applicant) to the relevant Applicant's specified delivery address in the Application in the case of the Trading Participants and the LSIs, or to the Joint Lead Underwriters and Bookrunners, or Selling Agents with whom the applicant has filed the Application to Purchase in the case of applicants other than Trading Participants and LSIs.

Withdrawal of the Preferred Share Offer : The Joint Lead Underwriters and Bookrunners may suspend or terminate this Agreement, by written notice of suspension or termination to the Issuer, the SEC, and the PSE, if, prior to the commencement of the Offer Period, any of the following events occurs:

(a) receipt by the Issuer of an order cancelling, suspending, preventing, or terminating the Offer is issued by a Government Authority having jurisdiction on the matter which order is not lifted;

(b) the PSE Notice of Approval, the SEC Pre-effective Clearance, the SEC Order of Registration or the SEC Permit to Sell is suspended, cancelled, or terminated;

(c) trading in the PSE is closed or suspended for at least three (3) consecutive Trading Days, other than due to weekends or declared holidays, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares within a period of thirty (30) calendar days counted from the Issue Date;

(d) there is a change or impending change in any Applicable Law which shall have a Material Adverse Effect or have a material adverse effect on the ability of the Joint Lead Underwriters and Bookrunners to perform any of their respective obligations hereunder, or on the taxes on fees or costs (if applicable) in connection with the Offer or this Agreement;

(e) a material change occurs or is revealed in the political, economic, or fiscal conditions, policies, or foreign relations of the Philippines, or any material adverse development in the securities or other financial or currency market in the Philippines, in any of which case, in the reasonable determination of the Issuer or the Joint Lead Underwriters and Bookrunners (as relevant), may adversely affect the financial market in the Philippines in general, the Offer Shares or the Offer in particular;

(f) a general debt moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;

(g) any court proceeding, litigation, arbitration, or other similar proceeding is commenced or threatened against the Joint Lead Underwriters and Bookrunners in connection with or with respect to the offering, issuance, or sale by the Issuer of the Offer Shares or the Offer in general which renders the performance of their Underwriting Commitment impossible or impracticable;

(h) any event occurs which makes it impossible for the Joint Lead Underwriters and Bookrunners to perform their

obligations hereunder due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting the Joint Lead Underwriters and Bookrunners, or directing the Joint Lead Underwriters and Bookrunners to cease, from performing their obligations hereunder;

(i) the Issuer and its Subsidiaries, taken as a whole, shall be adjudicated bankrupt or insolvent by a Philippine court of competent jurisdiction, or shall be proven to be unable to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer and its Subsidiaries, taken as a whole, shall apply for or consent to the appointment of any receiver, trustee, or similar officer for it or for all or any substantial part of its property; or the Issuer and its Subsidiaries, taken as a whole, shall institute (by petition, application or otherwise), or consent to the institution of, any bankruptcy, insolvency, financial reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against it without its consent; or any judgment, writ, warrant of attachment, or execution or similar process shall be issued or levied against any material part of the assets of the Issuer and its Subsidiaries', taken as a whole; or any event occurs which under Applicable Laws has an effect equivalent to any of the foregoing;

(j) performance of the Agreement by the relevant Joint Lead Underwriter and Bookrunner becomes impossible due to conditions beyond its control, including a Force Majeure Event;

(k) the Issuer fails to perform any of its undertakings, covenants, and obligations herein strictly in accordance with the provisions of this Agreement, provided the Joint Lead Underwriters and Bookrunners shall grant the Issuer a period of five (5) Business Days from the date of consultation to effect such corrective measures;

(l) the Issuer decides to or is compelled to stop its operations which is not remedied within a period of five (5) Business Days;

(m) unavailability of the PDTC and the PSE facilities used for the Offer and/or listing of the Offer Shares and such unavailability impacts the ability of the Issuer and the Joint Lead Underwriters and Bookrunners to fully comply with the listing requirements of the PSE;

(n) any significant, adverse, and unforeseeable change or development in the Issuer's long term financial condition, assets, liabilities, results of operations, business, properties, profitability, management, corporate structure

or relationships, actual or potential liabilities, investments or revenues, which would have a Material Adverse Effect;

(o) any of the representations and warranties of the Issuer is untrue or misleading or has become untrue or misleading, and such supervening event could not be corrected by the Issuer within a curing period as may be agreed upon by the Issuer with the Joint Lead Underwriters and Bookrunners shall grant the Issuer a period of five (5) Business Days from the date of consultation to effect such corrective measure; or

(p) any other event similar to the foregoing events should occur or be revealed which, in the reasonable determination of the Joint Lead Underwriters and Bookrunners, involves a material and adverse change in the circumstances existing when this Agreement was entered into.

Registration of Foreign Investments	:	The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the domestic banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor.
Use of Proceeds	:	The net proceeds are intended to be used by the Company to refinance existing debt obligations, for capital expenditures, and for general corporate purposes. Please refer to the *"Use of Proceeds"* on page 127 of this Prospectus.
Stock Transfer and Receiving Agent	:	Stock Transfer Service, Inc.
Registrar	:	Stock Transfer Service, Inc.
Paying Agent	:	Stock Transfer Service, Inc.
Depository Agent	:	Philippine Depository and Trust Corporation
Sole Issue Manager	:	BPI Capital Corporation ("**BPI Capital**")
Joint Lead Underwriters and Bookrunners	:	BPI Capital BDO Capital & Investment Corporation ("**BDO Capital**") China Bank Capital Corporation ("**Chinabank Capital**") Land Bank of the Philippines ("**LANDBANK**") Security Bank Capital Investment Corporation ("**Security Bank Capital**")
Selling Agents	:	PSE Trading Participants [●]
External Auditor	:	SyCip, Gorres, Velayo & Co.
Counsel to the Issuer	:	FDC's Legal Services Division
Counsel to the Joint Lead Underwriters and Bookrunners	:	Picazo Buyco Tan Fider Santos & Dee

Schedule of the Preferred Share Offer : The Offer is scheduled as follows:

SEC Pre-effective Approval	[July 10], 2025
PSE Board Approval	[July 16], 2025
Initial Dividend Rate Setting Date	[July 16], 2025
Offer Period	[July 21 – 25], 2025
Submission of Firm Order from Trading Participants to the Receiving Agent	[July 23], 2025
Issue Date	[August 4], 2025

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Issue Date : [August 4], 2025 or the subsequent Business Day if such Issue Date is not a Business Day, or such other date as may be mutually agreed between the Issuer and the Joint Lead Underwriters and Bookrunners with advice to the SEC and PSE.

Risk Factors

An investment in the Offer Shares involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of these securities. Investors deal with a range of investments, each of which may carry a different level of risk. Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below, before deciding to invest in the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the Company's business, financial condition and results of operations and cause the market price of the Offer Shares to decline. All or part of an investment inthe Offer Shares could be lost.

The means by which the Company plans to address the risks discussed herein are principally presented in the sectionsof this Prospectus entitled "Business — Competitive Strengths", "Business — Business Strategy"and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus. This section entitled "Risk Factors" does not purport to disclose all of the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors should take note that the risks disclosed in this section are not necessarily arranged based on the order of importance or significance. The risk factors are only separated into categories for ease of reference. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in the trading of securities, and specifically those of high-risk securities. Investors may request publicly available information on the Offer and FDC from the SEC and PSE.

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.

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 public health emergencies 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 public health emergencies on its operations.

The Group continues to monitor and assess developments relating to public health emergencies, and, to the extent practicable, may implement contingency measures to mitigate potential adverse effects on its business, financial condition, and results of 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. Each of the Group's business segments may be particularly affected by competition as follows:

Competition in the real estate industry

The Real Estate Companies are subject to significant competition in connection with the acquisition of land for residential real estate projects, investment properties and the leasing business. The Real Estate Companies' future growth and development are dependent, in part, on their ability to acquire or enter into agreements to develop additional tracts of land suitable for the types of residential real estate projects they have developed over the years. As the Real Estate Companies and their competitors attempt to locate sites for development, the Real Estate Companies may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable

to them, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. The Real Estate Companies may also have difficulty in attracting landowners to enter into joint venture agreements with them that will provide the Company with reasonable returns. In the event the Real Estate Companies are unable to acquire suitable land at acceptable prices, or at all, or to enter into agreements with joint venture partners to develop suitable land with reasonable returns, or at all, the Real Estate Companies' growth prospects could be limited and its business, financial condition and results of operations could be adversely affected. The Real Estate Companies continuously searches for suitable land for its projects especially in areas that it perceives will have significant demand.

The Company competes with several commercial developers, some of which have greater financial and other resources and may be perceived to have more attractive projects. Moreover, FLI's emphasis on medium-rise buildings ("**MRBs**") potentially exposes the Group to greater competition for real estate projects due to there being fewer barriers to entry in this segment as compared to larger developments. Competition from other developers, and in the cases of Festival Supermall, Fora Mall or Main Square Mall, Il Corso from neighboring shopping malls, may adversely affect the Real Estate Companies' ability to successfully operate their investment properties or attract and retain tenants, and continued development by these and other market participants could result in saturation of the market for office and retail space. The Real Estate Companies also faces competition with respect to its commercial office space properties, principally from Megaworld Corporation, Eton Properties Philippines, Robinsons Land Corporation, SM Prime Holdings, Inc. and Ayala Land, Inc., each of which has a large portfolio of commercial office space available for lease in Metro Manila'sprincipal business districts. These competitors may have greater experience in commercial leasing operations and there can be no assurance that the Real Estate Companies will be able to successfully compete with larger and more experienced competitors. Consequently, the competition that Real Estate Companies faces could have a material adverse effect on the Company's business, financial condition and results of operations.

Competition in the hospitality industry

The Group develops and operates its hospitality business 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. As such, the Group faces significant competition in the hospitality industry from both developers and operators.

In areas where FHC operates, the market might be saturated with similar hotel developments, leading to intense competition for guests and pricing pressures. Continual entry of new developers could intensify competition, influencing market dynamics and potentially impacting the Group's ability to secure prime locations or achieve projected returns.

Increased competition with other developers for land has made suitable parcels of land more expensive and difficult to acquire. The Group faces competition from both small and large real estate developers, including but not limited to, Ayala Land, Inc., SM Investments Corporation, Robinsons Land Corporation, Megaworld and Shangri-La Properties, as well as independent hotel developers. Any increase in land prices and decrease in prime locations for raw land may adversely affect the Group's budget and timetable for completing hotel properties.

As an operator, the Group faces competition with other more established hotel management companies with more well-known brands. The Group also faces competition in hiring qualified personnel to run the day-to-day operations of various hotels, resorts and condotels. Also, as the Group seeks to explore third party management opportunities, it will compete with other hotel operators to capture potential hotel partners thus further intensifying the competition between hotel operators. Further, the rapid expansion of room supply and emerging tourist destinations in the Philippines have also created significant competition for the patronage of international and domestic business and leisure travelers. A decrease in the share of customers for the Group's hotel locations could have a material adverse effect on the Group's business, financial condition and result of operation.

Competition in the banking and financial services industry

In the banking and financial services industry, EW is subject to significant levels of competition in all areas of its business from many other Philippine banks and branches of foreign banks, including competitors which, in some instances, have greater financial and other capital resources, a greater market share, or greater name recognition in certain areas than EW. The banking industry in the Philippines has, in recent years, been subject to consolidation and liberalization, including liberalization of foreign ownership restrictions. There are currently a total of 44 domestic and foreign universal and commercial banks operating in the Philippines as of March 31, 2025. In the

future, EW may face increased competition from other financial institutions offering a wider range of commercial banking services and products than EW and that have larger lending limits, greater financial resources and stronger balance sheets than EW. Increased competition may arise from:

- other large Philippine banking and financial institutions with significant presence in Metro Manila and large country-wide store networks such as the big three banks namely, BDO Unibank, Metropolitan Bank and Trust Company and Bank of the Philippine Islands;

- foreign banks, due to, among other things, relaxed standards and regulations permitting large foreign banks to expand their store network through the acquisition of domestic banks;

- domestic banks entering into strategic alliances with foreign banks with significant financial and management resources;

- continued consolidation in the Philippine banking sector involving domestic and foreign banks, driven in part by the gradual removal of foreign ownership restrictions; and

- the emergence of Fintech, including businesses such as an all-digital bank set up by CIMB and mobile payment tools or e-wallet applications such as GCash and PayMaya, and the growing popularity of peer-to-peer lending through digital platforms.

There can be no assurance that EW will be able to compete effectively in the face of such increased competition. In addition, EW faces intense competition in areas it has identified for growth such as the retail customer and corporate mid-market segments. Increased competition may make it difficult for EW to increase the size of its loan portfolio and deposit base, its store network (particularly in restricted areas for new bank stores), as well as cause increased pricing competition, which could have a material adverse effect on its margins, business, financial condition and results of operations and inhibit EW's ability to implement its growth strategy.

Competition in the power business

In the power generation industry, FDCUI faces significant competition in connection with the acquisition of power supply agreements with various distribution utilities and industrial customers for its existing clean coal plant's remaining uncontracted capacity as well as additional capacities from potential new projects. Since 2001, the Government has been implementing measures designed to establish a competitive energy market, including the privatization of the power generation facilities previously owned and operated by National Power Corporation ("**NPC**"), the grant of a concession to operate transmission facilities, the establishment of the Wholesale Electricity Spot Market ("**WESM**") and the implementation of the Retail Competition and Open Access ("**RCOA**") regime. The nature of contracting with distribution utilities has changed given the competitive selection process, which mandates all power supply agreements go through a bidding process to ensure cost-effectiveness. Further, the RCOA regime has reduced the barriers to entry in the electricity supply sector. This new market platform does not require ownership of a power plant to be able to provide retail supply to customers and has resulted in a highly competitive environment. While a generation asset is not required to compete in the retail market, the availability of such asset in a particular grid offers an advantage over competitors. This platform is also reliant on marketing efforts that target numerous commercial and industrial facilities. In light of the competition in the power sector, there is no assurance that FDCUI will be able to attract new clients, maintain existing accounts or gain market share.

In addition, the private sector's appetite for investment in the electric power sector of Mindanao was motivated by a power crisis in 2010 when the region suffered from 10-hour rotating brownouts. The Mindanao grid needed more reliable baseload capacity since the capacity mix then was dominated by hydropower plants. The situation has resulted in the development of numerous coal-fired power plants causing a supply surplus in the region. FDCUI currently operates the second largest baseload facility in Mindanao and has 100% of its net available capacity contracted to off-takers in the latter part of 2023, with 40% short term emergency power supply agreement.

On August 5, 2019, the ERC and the Philippine Competition Commission ("**PCC**"), the independent quasi-judicial body created pursuant to Republic Act No. 10667, otherwise known as the Philippine Competition Act ("**PCA**"), which exercises concurrent jurisdiction over anti-competitive cases in the energy industry, executed a memorandum of agreement which outlined the working relationship of the parties in view of their respective mandates or powers under the EPIRA and PCA, as well as other relevant laws, rules and regulations. The

memorandum of agreement included provisions on sharing of information, and coordination and cooperation through conduct of joint fact-finding inquiries pertaining to competition matters within the energy industry to determine whether there have been violations of the EPIRA or PCA, as the case may be. On February 22, 2024, the ERC and PCC issued a joint press release announcing the launch of a joint task force to monitor and investigate allegations of anti-competitive practices within the power sector in order operationalize the 2019 memorandum of agreement between the two regulators.

On December 23, 2024, the PCC has approved the joint acquisition of power facilities and a liquefied natural gas ("**LNG**") terminal by Meralco PowerGen Corp. ("**MGEN**"), Therma Natgas Power Inc. ("**Therma**"), and San Miguel Global Power Holdings Corp. ("**San Miguel Power**"). The ultimate parent companies of these entities submitted voluntary commitments to address competition concerns. In addition to this, the PCC imposed conditions to maintain a competitive market. These conditions include PCC oversight of the CSP to ensure power supply agreements are awarded through a transparent and competitive bidding process, the requirement to submit reports on unplanned outages to the PCC as well as the DOE, appointment of competition compliance officers by the parent companies, and sharing of Competitive Retail Electricity Market ("**CREM**") reports with the PCC.

There is no assurance that FDCUI will be able to continue to compete successfully with other power generators or new competitors entering the market, which may result in a material adverse effect on FDCUI's business, financial conditions and results of operation.

Competition in the sugar industry

The sugar industry is highly competitive. The Sugar Subsidiaries face significant competition from domestic sugar manufacturers as well as producers of alternative sweeteners, all of which may adversely affect their profitability. The Sugar Subsidiaries compete with other Philippine sugar producers to obtain sufficient quantities of its raw material, sugarcane. If the Sugar Subsidiaries are unable to procure enough sugarcane to sustain their profitability, the Group's sugar business and financial results may be materially adversely affected. Further, the use of alternative sweeteners, especially artificial sweeteners such as saccharine and high fructose corn syrup, has reduced the demand for sugar in other markets for sweeteners around the world. Soft drink bottlers and confectioners in many countries have switched from sugar to, or increased consumption of, alternative sweeteners. The use of alternative sweeteners by sugar consumers, including soft drink bottlers and confectioners, may reduce the demand for sugar. A substantial decrease in sugar consumption, or the increased use of alternative or artificial sweeteners in the Philippines, could have a material adverse effect on the Sugar Subsidiaries' business, financial condition and results of operations. The situation is compounded by the Government's policy of importing sugar in anticipation of production shortfalls due to weather disturbances. Importation affects sugar prices especially when volume imported exceeds the shortfall.

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. For details of Government policies and regulations applicable to each of the Group's businesses, see *"Regulatory and Environmental Matters."* Each of the Group's business segments may be particularly affected by regulations as follows:

Regulation in the real estate industry

The Real Estate Companies are subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. Use of lands may be limited by zoning, comprehensive land use plans ("**CLUP**") and reclassification ordinances enacted and implemented by local government units ("**LGU**"), such as provinces, cities or municipalities. In addition, projects that are to be located on agricultural land must get a conversion or exemption clearance from the Philippine Department of Agrarian Reform ("**DAR**") so that the land can be converted to non- agricultural use or certified as exempt from the coverage of the Comprehensive Agrarian Reform Program pursuant to Republic Act No. 6657 or the "Comprehensive Agrarian Reform Law of 1988," as amended. In certain cases, tenants occupying agricultural land may have to be relocated at the Company's expense.

Presidential Decree No. 957, as amended, ("**PD 957**") and Republic Act No. 4726, also known as The Condominium Act ("**RA 4726**"), and Republic Act No. 6552, also known as the "Realty Installment Buyer Protection Act," more commonly known as the "Maceda Law" ("**RA 6552**") are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and RA 4726 cover subdivision projects for residential, commercial, industrial, or recreational purposes and condominium projects for residential or commercial purposes. The Department of Human Settlements and Urban Development ("**DHSUD**") is the administrative agency of the Government of the Philippines which, together with LGUs, enforces these statutes and has jurisdiction to regulate the real estate trade and business. RA 6552, on the other hand, confers certain rights to buyers and covers all transactions or contracts involving the sale or financing of real estate on installment payments, including residential condominiums, except industrial lots, commercial buildings and sales to tenants under Republic Act No. 3844, as amended, or the "Agricultural Land Reform Code" ("**RA 3844**").

Other regulations applicable to the Real Estate Companies include land registration laws and regulations, real property taxation, as well as standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage systems, garbage disposal systems, electricity supply, lot sizes, easements, the length of the housing blocks, and house construction. All subdivision development plans are required to be filed with and approved by the DHSUD and LGU with jurisdiction over the area where the project is located. 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. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Real Estate Companies and their respective subsidiaries or associates or partners will be able to obtain governmental approvals for their projects, or that these approvals can be secured without delay, or that when given, such approvals will not be revoked. In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing units.

The DHSUD issued Resolution No. 926 series of 2015, or the Revised Implementing Rules and Regulations to Govern the Time of Completion of Subdivision and Condominium Projects under P.D. No. 957. The said resolution narrowed the grounds to grant additional time to complete a given project. In response to the challenges posed by the COVID-19 pandemic, the DHSUD issued Department Order (DO) No. 10-2020 which granted a one-time, one-year extension for all projects, which have been delayed or affected by the COVID-19 pandemic, originally scheduled for completion from March 2020 onward. Subsequently, DHSUD issued DO No. 2021-009 which further extended the timeframe for project completion. This additional period amounting to one (1) year is reckoned from the initially specified time of completion of the project indicated in the license to sell or availed of under DO No. 10-2020.

Republic Act No. 11573 ("**RA 11573**") simplified the process of perfecting imperfect land titles by amending certain provisions of Commonwealth Act 141, or the "Public Land Act", and Presidential Decree 1529, also known as the "Property Registration Decree." RA 11573 removed the deadline for agricultural free patent applications, shortened the required period of possession and occupation of alienable and disposable agricultural lands from 74 years to 20 years, and delegated processing of patent applications for agricultural lands to the Community or Provincial Environment and Natural Resources Offices.

Project permits and any license to sell may be suspended, cancelled or revoked by the DHSUD based on its own findings or upon complaint from an interested party and there can be no assurance that the Real Estate Companies and their respective subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Moreover, under Republic Act No. 7279 or the "Urban Development and Housing Act of 1992" ("**RA 7279**"), the Real Estate Companies may, in certain instances, be required to devote at least 20% of the total project area or cost for socialized housing. The price per unit that the Real Estate Companies are permitted to charge for socialized housing is subject to a pre-specified maximum, fixed by proper Government agencies and which could be reduced or increased at any time. Any of the foregoing circumstances or events could affect the Real Estate Companies' ability to complete projects on time, within budget, at a profit or any at all, and could have a material adverse effect on the Group's financial condition and results of operations. The Group monitors government regulations to ensure compliance at all times and to anticipate its effects on operations.

Regulation in the hospitality sector

The Group's hospitality business is subject to a wide range of government laws, rules and regulations covering project delivery, construction and operation. Permits and clearances are issued based on local zoning considerations, environmental laws, and construction-related guidelines, varying from one municipality to another. These include ECC issued by DENR, permits issued by various local governments (e.g., locational clearance, barangay clearance, development permit, occupancy permits, and operating permits) and accreditations issued by the Department of Tourism ("**DOT**"). Obtaining regulatory permits, licenses and approvals can take a significant amount of time which could adversely delay or hinder the development and operation of the projects.

Regulation in the banking and financial services industry

In the banking and financial services industry, EW is regulated principally by, and has reporting obligations to, the BSP. EW is also subject to banking, corporate and other laws in effect in the Philippines from time to time. The regulatory and legal framework governing EW differs in certain material respects from that in effect in other jurisdictions and may continue to change as the Philippine economy and commercial and financial markets evolve.

In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and added transparency in the Philippine banking sector. These rules include new guidelines on the monitoring and reporting of suspected money laundering activities as well as regulations governing the capital adequacy and reserve requirements of banks in the Philippines. Institutions that are subject to Anti-Money Laundering Act of 2001 ("**RA 9160**"), as amended, are required to establish and record the identities of their clients based on official documents, and update said client information no later than once every three years. In addition, all records of transactions are required to be maintained and stored for a minimum of ten (10) years from the date of the transaction. Records of closed accounts must also be kept for five (5) years after their closure. The AMLA regulations also require covered institutions to report covered and suspicious transactions as defined under the relevant law.

The BSP has also ordered universal, commercial, and thrift banks to conduct real estate stress tests to determine whether their capital is sufficient to absorb a severe shock. The real estate stress test limit (the "**REST Limit**") combines a macro-prudential overlay of a severe stress test scenario, the principle of loss absorbency through minimum capital ratio thresholds, and heightened supervisory response. If a bank fails to comply with the prescribed REST Limits, it shall be directed to explain why its exposures do not warrant immediate remedial action. If the bank is unable to render a sufficient explanation, the bank shall be required by the Monetary Board to submit an action plan to meet the REST Limits within a reasonable time frame. The latest regulation on the REST Limit, BSP Circular No. 1093, Series of 2020, provides that total real estate loans of universal banks and commercial banks shall not exceed 25% of the total loan portfolio of a bank, net of interbank loans, excluding certain items listed in the relevant BSP regulations and the Manual of Regulations for Banks ("**MORB**"). This percentage is an increase from the previous 20%.

In June 2016, the BSP implemented the interest rate corridor ("**IRC**") which effectively narrowed the band among the BSP's key policy rates. The pricing benchmark, which used to be the special deposit account prior to the implementation of the IRC, was replaced by the overnight deposit facility with a current rate of 5.25% (as of April 9, 2025), and forms the lower bound of the IRC. Meanwhile, the rate for the OLF, which replaced the previous repurchase facility, and forms the upper bound of the IRC, is currently at 6.25% (as of April 9, 2025). The BSP likewise introduced the "term deposit facility" ("**TDF**"**)** to serve as the main tool for absorbing liquidity through weekly term deposit facility auctions, the frequency for which may be changed depending on the BSP's liquidity forecasts. According to the BSP, the changes from IRC are purely operational in nature to allow it to conduct monetary policy effectively.

On June 25, 2021, the FATF released its grey list of countries that will be subjected to increased monitoring to prove their progress as they address strategic deficiencies in their regimes against money laundering, terrorist financing, and proliferation financing. With its inclusion in the grey list, the Philippines needed to implement the 18 action items required within the prescribed timelines to ensure the country's removal from such list. Progress reports must likewise be submitted to the FATF thrice a year. The BSP, through various circular letters and policy issuances, instructed all financial institutions under its supervision to undertake the necessary measures to address and implement the FATF recommendations. On February 21, 2025, the FATF announced the Philippines' exit from the grey list.

In the event of any changes to existing guidelines or rules, or introduction of additional regulations, EW will have to comply with the same and may incur substantial compliance and monitoring costs. EW's failure to comply with current or future regulations and guidelines issued by regulatory authorities in the Philippines and in other relevant

jurisdictions could have a material adverse effect on the EW's business, financial condition and results of operations. Such failure to comply could also result in the imposition of administrative sanctions or filing of criminal charges against EW and its employees responsible for violations.

The Implementation of Basel III in the Philippines may impose additional burden on EW's compliance with banking laws

In 2007, the implementing guidelines of the revised International Convergence of Capital Measurement and Capital Standards known as Basel II took effect. To supplement these guidelines, the BSP issued BSP Circular No. 639 requiring banks to have in place an Internal Capital Adequacy Assessment Process ("**ICAAP**") that (i) takes into account not just the credit, market and operational risks but also all other material risks to which a bank is exposed (such as interest rate risk in the banking book, liquidity risk, compliance risk, strategic/business risk and reputation risk); (ii) covers more precise assessments and quantification of certain risks (i.e. credit concentration risk); and (iii) evaluates the quality of capital.

In December 2010, the Basel Committee on Banking Supervision ("**BCBS**") issued an update to the Basel Accords, known as Basel III that modified the structure of regulatory capital. The Basel III regulations included tighter definitions of qualifying capital, and introduced frameworks for capital conservation buffer, countercyclical buffer, systemically important financial institutions, leverage ratio, and short-term and medium-term quantitative liquidity ratios.

In January 2013, the BSP issued the Basel III Implementing Guidelines on Minimum Capital Requirements, effective January 2014. The guidelines include the following highlights:

- adoption of a new categorisation of the capital base;
- keeping the minimum capital adequacy ratio at 10%, and prescribing: (i) a minimum CET1 ratio of 6.0%, (ii) a minimum Tier 1 capital adequacy ratio of 7.5%, and (iii) an additional capital conservation buffer ("**CCB"**) of 2.5%;
- rendering ineligible existing capital instruments that do not meet the eligibility criteria for capital instruments under the revised capital framework; and
- subjecting covered banks and quasi-banks to the enhanced disclosure requirements pertaining to regulatory capital.

On October 29, 2014, the BSP issued Circular No. 856, or the "Implementing Guidelines on the Framework for Dealing with Domestic Systemically Important Banks ("**D-SIBs**") under Basel III," as amended by BSP Circular No. 1051 on September 27, 2019, to address systemic risk and interconnectedness by identifying banks which are deemed systemically important within the domestic banking industry. Banks that will be identified as D-SIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and CCB. Identified D-SIBs will need to put up an additional 1.5% to 2.5% CET1 depending on their classification.

Banks identified as D-SIBs will be required to have higher loss absorbency ("**HLA**") to ensure that D-SIBs have a higher share of their balance sheets funded by instruments which increase their resilience as a going concern. To ensure a maximum degree of consistency in terms of effective loss absorbing capacity, the HLA requirement will be addressed through CET1 capital. Further, the BSP imposes restrictions on distributions, depending on the countercyclical capital buffer ("**CCyB**") rate of the bank. However, payments which do not result in the depletion of CET1 capital are not considered capital distributions.

A D-SIB will not be subject to any restriction on distribution if it has positive retained earnings as of the preceding quarter and complies with the regulatory requirements for the declaration of dividends, and is compliant with total required CET1 capital (under the relevant BSP Circulars) before the distribution and minimum capital ratios after distribution.

Banks will be required to maintain higher minimum levels of capital if they are designated as D-SIBs by the BSP.

On March 10, 2016, the BSP issued Circular No. 905, or the "Implementation of Basel III Framework on Liquidity Standards — Liquidity Coverage Ratio ("**LCR**") and Disclosure Standards", requiring banks to hold a sufficient level of high-quality liquid assets ("**HQLA**") to enable them to withstand a 30-day liquidity stress scenario.

Furthermore, banks face new liquidity requirements under Basel III's new liquidity framework, namely, the LCR and the net stable funding ratio ("**NSFR**"). The LCR requires banks to hold sufficient level of high-quality liquid assets to enable them to withstand a 30-day liquidity stress scenario. Banks have been required to meet a LCR threshold of 100% beginning on January 1, 2019.

Subsequently, the BSP imposed a 70% LCR floor for subsidiary banks and quasi-banks, which are required to comply with the minimum LCR of 100% starting January 1, 2020.

On June 6, 2018, the BSP issued Circular No. 1007 in relation to the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards – NSFR. As of January 1, 2020, the minimum 100% NSFR became effective for covered banks and quasi-banks. Compliance with these ratios may also further increase competition among banks for deposits as well as high quality liquid assets.

The BSP has approved the Philippine Adoption of the Basel III CCyB under Circular No. 1024 issued on December 6, 2018, which imposes a CCyB of 0% subject to upward adjustment to a rate determined by the Monetary Board when systemic conditions warrant, but not to exceed 2.5%. Any increase in the CCyB rate shall be effective 12 months after its announcement, while decreases shall be effective immediately. A CCyB sets as percent of risk-weighted assets shall be required of banks, comprised of CET1 capital.

On May 4, 2020, the BSP issued BSP Memorandum Circular No. M-2020-039, which allows universal and commercial banks, and their subsidiary banks and quasi-banks, which have built up their CCB and LCR buffer, to utilize the same during this state of health emergency. A covered bank which draws down its 2.5% minimum capital conservation buffer will not be considered in breach of the capital adequacy framework. A covered bank which utilizes its capital conservation buffer is restricted from making distributions in the form of dividends, share buybacks, discretionary payments on other Tier 1 capital instruments, or discretionary bonus payments to staff. A covered bank may draw on its stock of liquid assets to meet liquidity demand even if may cause to maintain a LCR that is below the 100% minimum requirement. However, a covered bank that has recorded a shortfall in the stock of its High-Quality Liquid Assets for three Business Days within any two (2)-week rolling calendar period, causing it to fall below the 100% must notify the BSP on the Business Day immediately following the occurrence of the third liquidity shortfall.

On March 3, 2022, the BSP issued BSP Circular No. 1142, which amends the Guidelines on the Computation of Minimum Required Capital and Risk-Based Capital Adequacy Ratio. Under this circular, government-owned or controlled banks need not deduct from the computation of qualifying capital the unsecured peso-denominated credit accommodations to the Philippine National Government.

Banks and quasi-banks will be given a reasonable time period to restore their Basel III capital conservation and liquidity buffers after the COVID-19 pandemic. Meanwhile, non-compliance with the minimum CAR and NSFR requirements as a result of the COVID-19 pandemic will be handled on a case-by-case basis by the BSP.

These may result in an increase in the capital adequacy requirement of EW. Unless EW is able to access the necessary amount of additional capital, any incremental increase in the capital requirement due to the implementation of ICAAP and Basel III, may impact EW's ability to grow its business, which could materially and adversely affect EW's business, financial condition and results of operations. There can be no assurance that EW will be able to raise adequate additional capital in the future on terms favorable to it or at all and comply with the requirements of Basel III as implemented by the BSP.

Whenever the capital accounts of a bank are deficient with respect to the prescribed risk-based CAR of 10%, the Monetary Board, may impose monetary and non-monetary sanctions. The Monetary Board will also prohibit the opening of new branches whenever a bank's CAR falls below 12% on a non-consolidated and consolidated basis. Furthermore, the Monetary Board will also prohibit the distribution of dividends whenever a bank's CET1 ratio and CAR falls below 8.5% and 10%, respectively. Such limitations or restrictions imposed by the BSP's implementation of Basel III could materially and adversely affect EW's business, financial condition and results of operations, as well as limit EW's ability to declare dividends.

Although intended to strengthen banks' capital positions and thwart potential asset bubbles, the new BSP and Monetary Board regulations will add pressure to local banks to meet these additional capital adequacy requirements, which may effectively create greater competition among local banks for deposits and temper bank lending in the commercial property and home mortgage loan sectors given that banks' ability to lend to these sectors depends on their exposure to the sector and the capital levels they maintain. This may also lead banks in

the Philippines to conduct capital raising exercises. Through its compliance with these regulations, EW's business, financial position and results of operations may be adversely affected. While EW closely monitors its compliance with the requirements of Basel III as implemented by the BSP, there can also be no assurance that it will be able to raise adequate additional capital in the future at all or on terms favorable to it.

Regulation in the power generation industry

The power business and its customers are subject to strict regulation in the Philippines. Several Government agencies, such as the Energy Regulatory Commission ("**ERC**"), DOE, the Philippine Department of Environment and Natural Resources ("**DENR**") and LGUs regulate the power generation industry such that any perceived violation or any amendments to existing rules and regulations or other newly enacted rules and regulations could adversely delay or entirely hinder the development of projects.

While the Electric Power Industry Reform Act of 2001 ("**EPIRA**") provides for deregulation in the power generation sub-sector, the ERC still regulates the distribution utilities and the electricity rates charged by the distribution utilities to their customers. Even if the power generator and the offtaker reach agreement on the rates, the agreement still has to undergo scrutiny by the ERC. Agreed rates may be changed based on the results of the ERC's evaluation. A significant change in the rates would substantially alter the profitability of a project, which in turn could affect the feasibility of the development of such project. The DOE oversees all industry developments and issues policies governing the industry. Any major shifts in policy direction may hinder the development of FDCUI's planned projects which in turn may materially and adversely affect the Group's results of operations.

In addition to its tasks of evaluating power supply agreements, the ERC issues the certificate of compliance ("**COC**"), which is the license to commercially operate the power plant. On September 13, 2023, the ERC issued Resolution No. 17, series of 2023, "A Resolution Adopting the 2023 Revised Rules for the Issuance of Certificates of Compliance for Generation Facilities" (or the "**2023 Revised COC Rules**"), which provides that a person is allowed to commercially operate a generation facility pending the completion of the requirements for issuance of a COC if a Provisional Authority to Operate ("**PAO**") is issued by the ERC. Additionally, the 2023 Revised COC Rules requires a new COC or PAO application for expansions. Expansion of a generation facility, in this case, refers to the construction of a new generation facility adjacent to the existing facility which will be provided with or install a new connection point that will connect it to the grid or to the distribution system, as the case may be. Pursuant to the 2023 Revised COC Rules, COCs shall be valid from the date provided in the COC and shall remain valid unless otherwise suspended, revoked, or annulled by the ERC upon due notice and hearing. The Environmental Compliance Certificate ("**ECC**"), on the other hand, which is issued by the DENR, is valid for the entire life of the power plant. The conditions provided under the ECC are periodically monitored and reviewed by the DENR. Any failure by the Group to renew the plant's COC or to comply with the conditions provided under the ECC may affect the Group's ability to operate its power plants, which may materially and adversely affect the Group's results of operations.

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 Statement ("**EIS**") may be required and thedeveloper 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 existinglaws. Project proponents that prepare an EIS are also required to establish an Environmental Guarantee Fund ("**EGF**") when the ECC is issued to projects determined by the DENR to pose a significant public risk to life, health, property and the environment. The EGF is intended to answer for damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund ("**EMF**") when an ECC is eventually issued. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations. In addition to the requirement for the issuance of an ECC, all public and private proponents of subdivision development projects, housing projects and other land development and infrastructure projects are required to undertake an Engineering Geological and Geohazard Assessment ("**EGGA**"). The EGGA is undertaken in order that project proponents can adequately and comprehensively address and mitigate the possible effects/impacts of geologic hazards.

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 its business 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 incur costs in order to cure the violation and to compensate its 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 applicableto 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 Group strives to ensure compliance to environmental regulations by strictly monitoring all the properties where the Real Estate Companies' projects or the Group's hospitality projects and businesses are located.

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 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.

For a more detailed discussion, please refer to the section "*Environmental Laws – Legal Framework of Hazardous Waste Management*"

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. See *"Risks Relating to the Group's Banking and Financial Services Business"* for more details. 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 computershave 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 not be able to successfully manage its growth.

The Group has acquired various new and diversified commercial assets in recent years, and the Group intends to continue to pursue an aggressive growth strategy for each of its business segments. There can be no assurance that, in the course of implementing its growth and diversification strategy, FDC will not experience capital constraints, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate expanded businesses. Any inability or failure to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that may not be recovered as quickly as anticipated, if at all. These problems could have a material adverse effect on the Group's reputation and on its business, financial condition and results of operations.

In the real estate business, the Company holds 53.9 hectares in the SRP, which is a reclaimed land project located in Cebu City. FLI has developed City di Mare, the Il Corso Mall on a 10.6-hectare portion it owns in SRP. In addition, FLI constructed MRBs known as San Remo and Amalfi under a 40-hectare joint venture and profit-sharing arrangement with the Cebu City Government. In 2019, the Filinvest group has fully paid an additional acquisition of 9.6 hectares of land in SRP where FLI owns 3.3 hectares as of December 2021. In September 2015, FLI won the bid for the right to own 55.0% of a joint venture company with the Bases Conversion Development Authority ("**BCDA**") tasked with the development, marketing, management and leasing of the first phase of Clark Green City that covers 288 hectares of land adjoining Clark Freeport Zone and the CIA in Northern Luzon. Further, in 2016, together with FLI and the Clark Development Corporation, FLI formed Filinvest Mimosa, Inc. ("**FMI**") which entered into a 50-year lease (renewable for another 25 years) with the Clark Development Corporation for the development of 200-hectare Mimosa Leisure Estate. On July 14, 2023, FLI signed a share purchase agreement with Rizal Commercial Banking Corporation ("**RCBC**") for the acquisition of 100% of the outstanding capital stock of Cajel Realty Corporation ("**Cajel**") and Niyog Property Holdings, Inc. ("**Niyog**"). With direct ownership of Cajel and Niyog, which owns several properties in Bacoor, Cavite, this transaction will increase FLI's real estate developments in the said area. These are just some of the land acquisitions of the Group within the last few years. All these projects require significant manpower resources, including the contracting of suitable and reputable third-party contractors. If FLI cannot manage its growth, find suitable contractors or

otherwise incur any delay or default on any of its development or construction obligations, business, results of operations and financial condition may be materially and adversely affected. The Company continuously reviews its expansion plans and implements measures to ensure execution of these plans.

In the hospitality business, FHC manages the development of the Group's hospitality assets. These multi-year developments require significant expertise and manpower resources, including design, development and contracting of suitable and reputable third-party consultants and contractors. As of March 31, 2025, FHC has two (2) pipeline project expansions under planning and construction, along with contractual commitments established with third-party partners. Additionally, there are other hotel projects included in its future development pipeline. There can be no assurance that FHC will be able to effectively, efficiently and timely implement its existing and future hotel development pipeline.

The Group currently has seven operating hotels such as Crimson Resort and Spa Mactan (opened in 2010), Quest Hotel and Conference Center, Cebu (opened in 2012), Crimson Hotel Filinvest City, Manila (opened in 2013), Quest Hotel and Conference Center, Clark and Mimosa Golf, Clark (acquired in 2016), Crimson Resort and Spa Boracay (launched in 2018), Quest Hotel Tagaytay, Tagaytay City (opened in 2018) and Timberland Highlands Resort (re-launched in 2021). There can be no assurance that the Group will be able to consistently manage and operate the existing and future hotels in a proper manner and in accordance with the Group's growth and profitability objectives.

In the banking and financial services business, in 2009, EW acquired AIG PhilAm Savings Bank, Inc. ("**AIG PhilAm**"). EW also acquired Green Bank (A Rural Bank), Inc. ("**GBI**") in 2011 and FinMan Rural Bank, Inc. ("**FRBI**") in 2012. Further, in 2015, EW made an initial equity investment of ₱30.0 million in East West Insurance Brokerage, Inc. ("**EWIB**"), an insurance brokerage company, and entered into a joint venture agreement with Ageas Insurance International N.V. to form East West Ageas Life Insurance Corporation ("**EW Ageas Life**"). Also, in 2016, EW also acquired SCB Philippines' retail banking business (including the credit cards, personal loans, wealth management and retail deposits businesses of Standard Chartered Bank, Philippines ("**SCB Philippines**") and SCB Philippines' three branches) and 100% ownership of Price Solutions Philippines, Inc. (now known as Quest Marketing and Integrated Services, Inc. ("**QMIS**")) which is primarily engaged in sales and marketing services, and Assurance Solutions Insurance Agency, Inc. ("**ASIA**"), which was incorporated to primarily engage in general insurance agency business. In addition, in 2016, EW made an initial equity investment of ₱100.0 million in East West Leasing and Finance Corporation, which has a license to operate as a financing company. These entities and businesses will require a reallocation of management resources away from EW's operations, and will also require EW to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. EW will also need to manage its internal control and compliance functions so that it can comply with legal and contractual obligations and, at the same time, minimize operational and compliance risks. EW also plans to expand its middle-market corporate and consumer loans in order to earn better returns on EW's capital. There can be no assurance that EW will be successful in any new lines of business that it enters. If EW cannot manage its growth and evolving business by managing its middle-market and consumer loan risks, controlling costs, effectively evaluating credit exposures and risks, adequately predicting growth trends, developing competitive products and succeeding in new lines of business, attracting new customers, or managing its information technology systems, then EW may not realize a sufficient increase in revenues from its investments in growing its business. Consequently, FDC's business, financial condition and results of operations may be materially and adversely affected.

With respect to the sugar business, the Sugar Subsidiaries in the last two years have implemented a free cane points program to encourage its farmers to increase their cane output and thus increase the cane supply necessary for the Group's sugar production operations. Although this program has resulted in improvement in production and incentives to the farmers which the Sugar Subsidiaries work with, there can be no assurance that this program will ensure an increasing supply of cane necessary to grow the Group's sugar business, especially in light of possible weather disturbances and other factors which could interrupt the regular harvest season. In such an event, the production and growth targets of the Sugar Subsidiaries may not be met from year to year.

Following the Group's re-entry into the power generation industry in 2009 through FDC's wholly owned subsidiary, FDCUI, the Group only started operating the first two 135 MW units of its 405 MW (3 x 135 MW) clean coal power plant in 2016 and completed the third 135 MW unit in 2017 under FDCUI's subsidiary, FDC Misamis Power Corporation ("**FDC Misamis**"). FDC Misamis entered into a three (3)-year contract with a competent and licensed consultant starting January 1, 2022 for the management and oversight of the plant operations and maintenance, among others. FDCUI, through its subsidiary FREE, is currently finalizing several contracts and processing permits 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. The project, which is registered with the BOI, started commercial operation on January 1, 2022. If FDCUI is unable to maintain the necessary permits and licenses or attract or retain qualified personnel in a timely manner, its power projects may not be successful and the business, financial condition and results of operations of the Group may be materially and adversely affected. Further, there is no assurance that FDCUI will continue to be successful in identifying, winning bids or finding the right partners for any future power projects.

In addition to the foregoing, the Group continuously ventures into new growth areas for further value creation. The Group has already made inroads into the infrastructure industry with its participation in two (2) separate consortiums for large-scale development of key infrastructure projects aimed at increasing economic growth, tourism and consumer demand in the country. The Group does not have track record in these businesses. There is no assurance that any of these new ventures will be successful, or that the Group will not incur significant cost or allocate significant resources.

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 the North Luzon Airport Consortium, to operate and maintain, the Clark International Airport. The Group will explore opportunities for similar airport operation and maintenance (O&M) opportunities either as sole bidder or as part of a consortium with other parties. 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.

Furthermore, the Group's banking and financial services operations require significant capital to fund their operations and to comply with regulatory requirements. In 2009, the Group increased EW's capitalization through the issuance of preferred stock amounting to ₱3.0 billion. In 2012, the Group increased EW's capitalization through an initial public offering. In 2015, EW raised ₱8.0 billion through a stock rights offering to existing shareholders. In 2017, EW declared a stock dividend to fulfill the minimum subscription required for the increase in its authorized capital stock from ₱20.0 billion to ₱50.0 billion. There can be no assurance that the Group will not need to increase EW's capitalization further pursuant to regulatory requirements or otherwise. In particular, the implementation of the Basel III accords in the Philippines may require the Group to further increase EW's capitalization. See *"— Risks Relating to the Group's Businesses — The Group's businesses are highly regulated and Government policies and regulations could adversely affect the Group's operations and profitability. — Regulation in the banking and financial services industry"* for more details.

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, manyof 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 industryor 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 thecapital 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 ofthe 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 March 31, 2025, members of the Gotianun Family were the beneficial and record owner of approximately 89.26% 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. Jonathan T. Gotianun, Chairman; Lourdes Josephine Gotianun-Yap, Vice Chairman; Michael Edward T. Gotianun, VP and Director, are non-executive directors of FDC. Lourdes Josephine Gotianun-Yap was previously the CEO of FDC and has since transitioned this role to Rhoda Huang as CEO. Only Francis Nathaniel C. Gotianun and Isabelle Therese G. Yap, both directors, concurrently have executive roles in the Group such as in Hospitality and in EastWest Banking Corporation, respectively. 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.

Ownership over certain land owned by the Group may only be evidenced by tax declarations or may be contested by third parties.

The Philippines has adopted the Torrens system of land registration, which is intended to conclusively confirm land ownership by providing a state guarantee of indefeasible title to those in the register, and which is binding

on all persons (including the Government). However, in certain instances and for various reasons such as inadequate record keeping or delays in the processing of certificates of title, it is not uncommon for landowners such as the Real Estate Companies to have their ownership evidenced only by tax declarations, and not the more common certificates of title. Although the Real Estate Companies may have conducted the requisite due diligence on their properties and are confident of their ownership over such properties, there can be no assurance that other parties will not assert their own claims of ownership and present similar or stronger documents of title over such properties.

Moreover, it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued. There have been cases where third parties have produced false or forged title certificates over land and there are difficulties in obtaining title guarantees with respect to properties in the Philippines. Title to land is often fragmented and land may have multiple owners. Land may also have irregularities in title, such as non-execution or non-registration of conveyance deeds, and may be subject to encumbrances of which the Group, its subsidiaries and their respective joint venture partners may not be aware. The difficulty of obtaining title guarantees in the Philippines means that title records provide only for presumptive rather than guaranteed title. As each transfer in a chain of title may be subject to a variety of defects, the title and development rights of the Group, its subsidiaries and their respective joint ventures may be subject to various defects of which they are not aware. For these and other reasons, title insurance is not readily available in the Philippines. Title defects may result in the loss by the Group or its subsidiaries or their respective joint ventures of the title over land.

From time to time the Real Estate Companies in particular have had to and may continue to have to defend themselves against third parties who claim to be the rightful owners of land which has been the subject of tax declarations in the name of the Real Estate Companies, titled in the name of the persons selling the land to the Real Estate Companies or which has already been titled in the name of the Real Estate Companies. Although historically these claims have not had a material adverse effect on the Real Estate Companies, in the event a greater number of similar third-party claims are brought against the Real Estate Companies or the Group in the future or any such claims involves land that is material to the residential and land development projects of the Group or its subsidiaries, the management of the Group or relevant subsidiary may be required to devote significant time and incur significant costs in defending itself against such claims. In addition, if any such claims are successful, the Group may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of its land development or other business projects. Any of the foregoing circumstances could have a material adverse effect on the Group's business, financial condition and results of operation, as well as on its business reputation. The Group follows strict processes and documentation standard to make sure that land purchase transactions are without issues.

Any future changes in PFRS Accounting Standards may affect the financial reporting of the Group's businesses, particularly with respect to its real estate and banking and financial services businesses.

PFRS Accounting Standards continue to evolve, and certain newly promulgated standards and interpretations taking effect at the beginning of a relevant year may affect the financial reporting of the Group's businesses.

Any further changes in PFRS Accounting Standards in the future may affect the financial reporting of the Group's businesses, particularly with respect to its real estate and banking and financial services businesses.

To mitigate the risk, the Company continuously monitors developments in accounting standards to anticipate its impact on the Company's financial statement.

FDC has a number of related party transactions with affiliated companies.

The companies controlled by the Gotianun Family have a number of commercial transactions with the Company. As of December 31, 2024, the Company had an outstanding net amount due from related parties of ₱425.0 million. These related party transactions, consist mostly of share of the related parties in various common expenses but may include directors, officers, stockholders and related interests ("**DOSRI**") loans to EW's officers, non-interest bearing cash advances and various charges to and from non-consolidating affiliates for management fees, rent, share of expenses and commission charges. The Company also applies this principle to contracts between different companies within the Group. See *"Related Party Transactions"* and the notes to the Group's consolidated financial statements appearing elsewhere in this Prospectus.

The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the Gotianun Family. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its shareholders. Conflicts of interest may also arise between the Gotianun Family and the Company in a number of other areas relating to its businesses, including:

- major business combinations involving the Company and its subsidiaries;
- plans to develop the respective businesses of the Company and its subsidiaries; and
- business opportunities that may be attractive to the Gotianun Family and the Company.

The Company can provide no assurance that the Group's related party transactions will not have a material adverse effect on its business, financial condition and results of operations.

Some of the Group companies are involved in litigation, which could result in financial losses or harm its business.

The Group is subject to lawsuits and legal actions in the ordinary course of its real estate development, power business and other allied activities. Litigation could result in substantial costs to, and a diversion of effort by, the the Group to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm the Group's business, reputation or standing in the market or that the Group will be able to recover any losses incurred from third parties, regardless of whether any companyis at fault. There can be no assurance that losses relating to litigation would not have a material adverse effect on the Group's business, financial condition and results of operation, or that provisions made for litigation related losseswill be sufficient to cover the Group's ultimate loss or expenditure. See "*Business—Legal Proceedings*" for more details. The Group continues to monitor all project implementations and contract commitments to ensure compliance with agreements as to minimize the probability of litigations against the Group.

Natural or other catastrophes, including severe weather conditions and earthquakes, may materially disrupt the Group's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts,volcanic eruptions and earthquakes. Natural catastrophesmay disrupt the Group's business operations and impair the economic conditions in the affected areas, as well as the overall Philippine economy. These factors, which are not within the Group's control, could potentially have significant effects on the Real Estate Companies and their development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls, that are susceptible to damage; EW's loan portfolio due to potential increased credit losses; and the Sugar Subsidiaries' sugarcane harvests and facilities. Damages resulting from such natural catastrophes could also give rise to claims against the Group from third parties or from customers, for example for physical injury or loss of property in the case of the Real Estate Companies. As a result, the occurrence of natural or other catastrophes or severe weather conditions, may adversely affect the Group's business, financial condition and results of operations. Further, although Group carries insurance for certain catastrophic events, of different types, in varying amounts and with deductibles and exclusions that the Group believes are in line with general industry practices in the Philippines (including business interruption insurance for its sugar, leasing, power and hospitality operations), there are losses for which the Group cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project costs or other financial obligations related to the business. Any material uninsured loss could materially and adverselyaffect the Group's business, financial condition and results of operations. The Group has planned for these events and have put in place a business continuity plan to ensure continuous operations.

On December 16, 2021, Typhoon Rai (local name Odette) brought torrential rains, violent winds, landslides, and storm surges to various provinces in Visayas and Mindanao. While this did not materially hamper the overall operations of the Group's properties in Cebu, it had a substantial impact on its hospitality segment due to the temporary closure of Crimson Resort and Spa Mactan from December 17, 2022 until August 2023. Although the properties sustained damages, the Group was eligible to receive insurance claims.

In 2022, there were several tropical storms and typhoons that hit the Philippines: Tropical Storm Megi (Agaton) on April 9 to 11, Typhoon Noru (Karding) on September 24 to 26 which meandered through Luzon provinces

Laguna, Rizal, Quezon, Cavite, Batangas, Metro Manila, Zambales, Bulacan, Pampanga, Pangasinan, Tarlac, Nueva Ecija, Nueva Vizcaya, Bataan and Aurora, and Severe Tropical Storm Nalgae (Paeng) which dropped intense to torrential rain across Luzon and Visayas on October 28 to 30.

On June 3 to 4, 2023, Typhoon Mawar (Betty) hit Northern Philippines. These did not materially affect the operations of the Group and there were no material damages to the Group's properties.

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 AND HOSPITALITY BUSINESSES

The Real Estate Companies' portfolio of residential property development projects exposes the Group to sector-specific risks.

Because the Real Estate Companies' real estate business is concentrated in the Philippine residential property market, reduced levels of economic growth, adverse changes in the country's political or security situation, or weaker performance of the country's property development market generally could materially adversely affect the Group's profitability. The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Real Estate Companies may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. The Real Estate Companies' results of operations are therefore dependent, and are expected to continue to be dependent, on the continued success of their residential and land development projects.

Additionally, the Philippine residential real estate industry is highly competitive. The Real Estate Companies' projects are largely dependent on the acceptance of their projects when compared to similar types of projects in their geographic areas, as well as on the ability of the Real Estate Companies to correctly gauge the market for their projects. Important factors that could affect the Real Estate Companies' ability to effectively compete include a project's relative location versus that of its competitors, particularly to transportation facilities and commercial centers, as well as the quality of the residences and related facilities offered by the Real Estate Companies, pricing and the overall attractiveness of the project. The time and costs involved in completing the development and construction of residential projects can be affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, depreciation of the peso, natural disasters, labor disputes with contractors and subcontractors, and the occurrence of other unforeseeable circumstances. Any of these factors could result in project delays and cost overruns, which could negatively affect the Real Estate Companies' margins. Moreover, failure by the Real Estate Companies to complete construction of a project to its planned specification or schedule may result in contractual liabilities to purchasers and lower returns, all of which could have a material adverse effect on the Real Estate Companies' business, financial condition and results of operations. The Group follows a planning process taking into account all factors that affect the completion of projects. The Group is able to anticipate changes and accordingly adjust its plans and implementation should such adjustments become necessary.

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 operations of the Real Estate Companies' commercial real estate assets, which includes interests in leasable office space in PBCom Tower and the Northgate Cyberzone and other commercial properties in Filinvest City and elsewhere in the Philippines, as well as ownership of Festival Supermall and other malls, are subject to risks relating to their respectiveoperations. The Real Estate Companies' ability to lease out their commercial and office properties in a timely manner and collectrent at profitable rates, or at all, is affected by each of the following

factors, among others:

- the national and international economic climate;
- changes in demand caused by policies affecting call centers, POGOs and other BPO operations in the Philippines and worldwide, including the relative cost of operating BPOs and POGOs in the Philippines as compared to othermarkets (such as India), which depends in part on the continued favorable regulations and fiscal incentive regimes with respect to such industries and the Government's general policy with respect to investments and industries from China;
- trends in the Philippine retail industry;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning,environment, taxes and government charges;
- the inability to collect rent due to bankruptcy of tenants or otherwise;
- competition for tenants;
- changes in market rental rates;
- the need to periodically renovate, repair and re-let space and the costs thereof;
- the quality and strategy of management; and
- the Real Estate Companies' ability to provide adequate maintenance and insurance coverage.

The Real Estate Companies could also be adversely affected by the failure of tenants to comply with the terms of their leases or commitments to lease, declining sales turnover of tenants at Filinvest Lifemalls or oversupply of or reduced demand for BPO services, office space and/or retail space. In particular, with respect to retail property leases, including thoseat Festival Supermall and other retail properties, it is generally the case that all or a portion of the rent to which the Real Estate Companies are entitled comprises a percentage of the tenant's sales, which percentage generally ranges from 1.5%to 15% depending on the tenant's merchandise. Accordingly, the Real Estate Companies are exposed to deterioration in the businesses of their tenants. If the Real Estate Companies are unable to lease their properties in a timely manner or collect rent at profitable rates or at all, this could have a material adverse effect on the Real Estate Companies' operations and financial condition.Further, the success of the Real Estate Companies' investment properties will depend, in part, on their ability to realize the potential revenue and growth opportunities from these assets.

The Real Estate Companies are subject to risks incidental to the ownership and operation of commercial, office and related retail properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs. In particular, FLI's BPO properties rely on the growth of the BPO business as a source of revenue. If the BPO business does not grow as the Real Estate Companies expect or if the Real Estate Companies are not able to continue to attract BPO-based tenants to development projects that are targeted for BPO companies, FLI may not be able to lease its BPO office space in a timely manner or at satisfactory rents or at all, which could have a material adverse effect on the Real Estate Companies' operations and financial condition.

The Real Estate Companies are subject to the risk that government pronouncements, such as the Department of Finance's Fiscal Incentives Review Board Resolution ("**FIRB**") No. 026-22, may affect the demand for office space leasing. This FIRB Resolution allows Information Technology and Business Process Management ("**IT-BPM**") companies to shift registration from the Philippine Economic Zone Authority ("**PEZA**") to the Board of Investments ("**BOI**") to adopt up to 100% work from home arrangement. The Real Estate Companies target a wide range of clients from the BPO sector as well as traditional offices. It also engages in marketing activities on a continuing basis to build up its client base.

The Real Estate Companies are also subject to risks arising from accidents at its commercial, office and related

retail properties. Although the buildings and their facilities are subject to regular testing and maintenance, there is no assurance that the facilities of the Real Estate Companies' properties will not malfunction and cause injuries.

The Real Estate Companies follow a planning process taking into account all factors that affect the profitability of projects. The Real Estate Companies are able to anticipate changes and accordingly adjust its plans and implementation should such adjustments become necessary.

The exit of POGOs from the Philippines may materially and adversely affect the Real Estate Companies' business and operations.

On November 5, 2024, Philippine President Ferdinand R. Marcos, Jr. signed Executive Order No. 74 (E.O. 74), entitled, "Immediate Ban of Philippine Offshore Gaming, Internet Gaming, and Other Offshore Gaming Operations in the Philippines, and for other purposes." E.O. 74 expressly provides that all POGOs, among others, shall completely cease operations including the winding up of their affairs on December 31, 2024 or earlier. In support of the government's measures to implement the ban, the Real Estate Companies ensures that no POGO companies remain in Filinvest office spaces. .

The Real Estate Companies have already contracted tenants in a diverse range of sectors: from traditional corporates to IT-BPO firms, as well as government agencies, and even educational and religious institutions.

The Real Estate Companies believe that its office properties are well-suited to attract a diverse range of tenants, including multinational BPOs and headquarters. The Real Estate Companies market to potential tenants such as BPOs and traditional tenants on an ongoing basis through constant communication. It also employs multinational brokers to help market the office spaces.

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.

Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on the Real Estate Real Estate Companies' residential property development, and demand for their real estate projects. For example:

- Higher interest rates make it more expensive for the Real Estate Companies to borrow funds to finance ongoing projects, obtain financing for new projects, or service existing debt with floating interest rates.

- Insofar as the Real Estate Companies' residential housing and land development business is concerned, because the Real Estate Companybelieves that a substantial portion of their customers procure financing (either from banks or using the Real Estate Companies' in-house financing program) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Real Estate Companies' residential projects.

- In connection with the Real Estate Companies' in-house financing activities, from time to time the Real Estate Companies sell receivablesfrom customers who obtain in-house financing to financial institutions on a "with recourse" basis, which requires the Real Estate Companies to pay interest to the financial institution purchasing the receivable and obligates the Real Estate Companies to repurchase the principal balance of the receivable plus accrued interest in certain circumstances. The difference between the interest rate the Real Estate Companies charges its customers and the interest rate they pay to these financial institutions contributes to the Real Estate Companies' interest income. Higher interest rates charged by these financial institutions would reduce the Real Estate Companies' net interest income.

- The Real Estate Companies' access to capital and its cost of financing is also affected by restrictions, such as the single borrower limit ("**SBL**") imposed by the BSP on bank lending. If the Real Estate Companies were to reach the SBL with respectto any bank, the Real Estate Companies may have difficulty obtaining financing with reasonable rates of interest from other banks.

- If the Government significantly increases its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Real Estate Companies.

- Increased inflation in the Philippines could result in an increase in raw materials costs, which the Real Estate Companies may not be able to pass onto its customers as increased prices.

- A further expansion in the budget deficit of the Government could also result in an increase in interest rates and inflation, which could in turn have a material effect on the ability of the Real Estate Companies to obtain financing at attractiveterms, and on the ability of its customers to similarly obtain financing.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Real Estate Companies' business, financial condition and results of operations.

The Real Estate Companies have a wide range of funding sources, where it can avail of new borrowings to fund new projects or to refinance existing debt. It also has the ability to revise plans to conserve cash such as decreasing any intended capex levels.

A significant portion of the demand for the Real Estate Companies' residential real estate projects is from 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 rely on OFWs and expatriate Filipinos to generate a significant portion of the demand for their residential projects, particularly for their affordable and middle-income projects. For the years ended December 31, 2024, 2023, 2022 and the first three months ended March 31, 2025, sales attributable to OFWs accounted for approximately 22%, 24%, 20%, and 18%% of the Real Estate Companies' total real estate option sales, respectively. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFWs or a reductionin the purchasing power of expatriate Filipinos. These include a downturn in the economic performance of the countries and regions where a significant number of potential customers are located, such as the Middle East, Singapore, Japan, Italy and the United Kingdom, a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines, the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East, and restrictions imposed by other countries on the entry or the continued employment of foreign workers. Any of these events could adversely affect demand for the Real Estate Companies' residential real estate projects from OFWs and expatriate Filipinos, which could have a material adverseeffect on the Real Estate Companies' business, financial condition and results of operations. The Real Estate Companies continue to offer affordable products and reasonable payment terms.

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.

As a developer and seller of residential real estate, the Real Estate Companies' business, financial condition and results of operations could be adversely affected in the event a material number of subdivision lot or residential sales are cancelled.

The Real Estate Companies are subject to Republic Act No. 6552 (the "**Maceda Law**"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units (but excluding industrial and commercial lots). Under the Maceda Law, buyers who have paid at least two (2) years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid for less than two (2) years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without the right of a refund.

While the Real Estate Companies have not experienced a material number of cancellations to which the Maceda

Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or similar situations. In the event the Real Estate Companies experience a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or the Real Estate Companies may have to incur indebtedness in order to pay such cash refunds. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Real Estate Companies would be able to resell the same property at an acceptable price or at all. Any of the foregoing events would have a material adverse effect on the Real Estate Companies' business, financial condition and results of operations.

In the event the Real Estate Companies experiences a material number of sales cancellations, investors are cautioned that the Real Estate Companies' historical revenue from its real estate operations could be overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Real Estate Companies' historical statements of income as indicators of its future revenues or profits.

For sales of residential units in the Real Estate Companies' middle-income and high-end projects, from time to time the Real Estate Companies generally commences construction of a unit even before the full amount of the required down payment is made, and thus, before the sale is recorded as revenue. Therefore, the Real Estate Companies risk having spent cash to begin construction of a unit before being assured that the sale will eventually be booked as revenue, particularly, if the buyer is unable to complete the required down payment and the Real Estate Companies are unable to find another purchaser for such property.

There can be no assurance that the Real Estate Companies will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on the Real Estate Companies' financial condition and results of operations. The Real Estate Companies continue to offer reasonable and affordable payment terms to buyers so as to minimize cancellations.

The Real Estate Companies and FHC face risks relating to the management of their land bank, including area concentration within the land bank, which could adversely affect their margins.

The Real Estate Companies must continuously acquire land to replace and expand land inventory within their current markets. The risks inherent in purchasing and developing land increase as consumer demand for the Real Estate Companies' core property businesses, including residential, commercial and retail, decreases, and can be further affected by the concentration of land in a particular area within the land bank. The market value of land, subdivision lots, housing and condominium inventories, retail and leasing spaces, can all fluctuate significantly as a result of changing market conditions. An adverse change in the market value of land in those areas in which the concentration of the Real Estate Companies' land bank is highest would amplify the negative impact on the Real Estate Companies' business and financial condition. The Real Estate Companies cannot assure investors that the measures they employ to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Real Estate Companies may have to sell subdivision lots, residential units, lease retail spaces or rent rooms in their hospitality projects at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Real Estate Companies to defer the commencement of its various real estate projects. This would require the Real Estate Companies to continue to carry the cost of acquired but undeveloped land on its statement of financial position, as well as reduce the amount of property available for sale or development. Any of the foregoing events could have a material adverse effect on the Real Estate Companies' business, financial condition and results of operations. To minimize the risks, the Real Estate Companies conduct comprehensive market studies on land and sets plans on the timely rollout of projects.

The Group faces risks relating to its real estate and hospitality projects, including risks relating to project cost, completion time frame and development rights.

The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Real Estate Companies may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. In addition, obtaining required Government approvals and permits may take substantially more time and resources than anticipated or construction of projects may not be completed on schedule and within budget.

In addition, the time and the costs involved in completing the development and construction of real estate projects

can be adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, changes in laws or in Government priorities and other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or squatters, the Real Estate Companies may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Real Estate Companies' margins. This may also result in sales and resulting profits from a particular project not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Real Estate Companies' results of operations for that year. Further, the failure by the Real Estate Companies to complete construction of a project to its planned specifications or schedule may result in triggering contractual liabilities to purchasers or other counterparties, and lower returns. The Real Estate Companies cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect the Real Estate Companies' business, results of operations or financial condition. The Real Estate Companies follow a planning process taking into account all factors that affect the profitability of projects. The Real Estate Companies are able to anticipate changes and able to adjust its plans and implementation.

The Group's reputation may be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

Over the years, the Real Estate Companies believe it has established in the Philippines an excellent reputation and brand name in the property development business, and in more recent years in the hospitality business. If any of the Real Estate Companies' real estate projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Real Estate Companies' reputation and make it more difficult to attract new customers to its new and existing property development projects. Any negative effect on the Real Estate Companies' reputation or its brand could also affect its ability to pre-sell their residential and land development projects. This would impair the Real Estate Companies' ability to reduce its capital investment requirements. The Real Estate Companies cannot provide any assurance that such events will not occur in a manner that would adversely affect the Real Estate Companies' business, results of operations or financial condition. To minimize risks, the Real Estate Companies make sure that projects are constructed following the highest standards of quality and strives to adhere to project schedules.

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.

While the Real Estate Companies recently set up its own construction Real Estate Companies subsidiary, Dreambuilders Pro, Inc. ("**DPI**"), to construct certain projects such as MRBs, the Real Estate Companies still rely on independent contractors to provide various services for its other real estate projects, including land clearing, various construction projects and building and property fitting-out works. The Real Estate Companies select independent contractors principally by conducting tenders and taking into consideration factors such as the contractors' experience, their financial and construction resources, any previous relationship with the Real Estate Companies, their reputation for quality and their track record. There can be no assurance that the Real Estate Companies will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Real Estate Companies' budget, which could result in costs increases and/or project delays. In particular, the Real Estate Companies may face difficulty engaging or finding available suitable independent contractors in areas outside Metro Manila or other metropolitan areas. Further, although the Real Estate Companies' personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of the independent contractors will always be satisfactory or match the Real Estate Companies' requirements for quality. Contractors may also experience financial or other difficulties, and shortages or increases in the price of construction materials may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Real Estate Companies may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Real Estate Companies' business, financial condition and results of operations. The Real Estate Companies maintain a large pool of contractors to ensure availability and subjects each one through a stringent selection process to meet the professional standards required by its projects.

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.

As of the date of this Prospectus, certain projects of the Real Estate Companies benefit from certain tax incentives

and tax exemptions. In particular:

- Income from sales of subdivision lots and housing units in socialized housing projects (i.e., sales of a lot with a gross selling price of ₱180,000.00 or below or house and lot ("**H&L**") unit with a gross selling price of ₱580,000.00 or below) are currently exempt from taxation;

- Several of FLI's assets, such as the Filinvest Technology Park-Calamba and the Northgate Cyberzone, are registered with the Philippine Economic Zone Authority ("**PEZA**") as special economic zones ("**Eco zones**") and FLI's modified gross income generated from these assets is subject to a preferential income tax rate of 5%;

- FMI, FCMI and MCI are registered as Clark Freeport enterprises in the Clark-Subic Economic Zone ("**CSEZ**") which entitles them to a special tax rate of 5% on gross income earned in lieu of national and local taxes, tax exemption and duty-free importation; and

- The Group's hotel projects Crimson Resort and Spa Boracay, Crimson Suites and Grafik Mactan (the latter two are under planning and development) and some FLI residential projects are registered with the Philippines Board of Investments ("**BOI**") and, as such, enjoy a three (3)- to six and a half (6.5)-year and four (4)-year income tax holiday. The income tax holiday of Crimson Resort and Spa Boracay is available from December 2017 to May 2024 while the income tax holiday of Grafik Duawon will commence from 2023 or actual start of commercial operations, whichever is earlier. In October 2023, CRSB received a three (3)-year ITH extension period.

Several developments of the Real Estate Companies are registered with BOI and granted an income tax holiday for certain number of years. On December 19, 2017, the President of the Philippines signed into law the Tax Reform for Acceleration and Inclusion or Republic Act No. 10963 ("**TRAIN Law**") which took effect on January 1, 2018. The TRAIN Law amends certain provisions of the Tax Code and is the first package of the Comprehensive Tax Reform Program ("**CTRP**") of the Duterte administration.

Under the TRAIN Law, sales of residential lots with a gross selling price of ₱1,919,500.00 or less and sales of residential houses and lots or condominium units with a gross selling price of ₱3,199,200.00 or less are currently not subject to the value-added tax ("**VAT**") of 12%, and beginning January 1, 2021, the VAT exemption shall only apply to socialized housing and to house and lots and residential dwellings with selling price of not more than ₱2.0 million. This may result in some of the Real Estate Companies' sales becoming subject to VAT, leading to an increase in the selling price. This could adversely affect the Real Estate Companies' sales. Taxes, such as VAT, are expected to have an indirect effect on the results of operations of the Group due to their effect on the levels of spending of consumers or buyers.

Package 2 under the CTRP is Republic Act No. 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprise Act (previously the CITIRA bill or the TRABAHO bill) ("**CREATE Act**"). The CREATE Act intends to incentivize businesses by reducing corporate income tax and rationalizing incentives, among others. The CREATE Act was signed by the President on March 26, 2021 and became effective on April 11, 2021.

The CREATE Act reduced the regular corporate income tax rate from 30% to 25% effective July 1, 2020. It also provides that corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million, excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed, shall be taxed at 20%. In addition, the CREATE Act reduced the minimum corporate income tax imposed on domestic and resident foreign corporations from 2% to 1% effective July 1, 2020 until June 30, 2023.

The CREATE Act also rationalized the grant of certain tax incentives. Registered business enterprises with tax incentives granted prior to the effectivity of the CREATE Act shall be subject to the following rules:

1. Those that have been granted only the income tax holiday ("**ITH**") may continue availing of the ITH for the remaining period of the ITH as specified in the terms and conditions of their registration;

2. Those that have been the granted ITH but have not yet availed of the incentive may use the ITH for the period specified in the terms and conditions of their registration;

3. Those that have been granted ITH and are entitled to the 5% tax on gross income earned may avail of the 5% tax on gross income for ten (10) years; and

4. Those currently availing of the 5% tax on gross income earned may continue to avail of the said incentive for ten (10) years.

Therefore, BPO companies, which are PEZA-registered information technology enterprises, and FMI, FCMI and MCI which are registered as Clark Freeport enterprises in CSEZ may lose the benefit of the 5% special tax on gross income earned (which is imposed in lieu of all national and local taxes, except real property taxes on machineries) after ten (10) years and may instead be subjected to the regular corporate income tax rate of regular corporations. As a result, BPO companies may find it less feasible to conduct their business in the Philippines, and this may adversely affect the demand for Grade A buildings.

Under package 4 of the CTRP, the Department of Finance reportedly proposes to lower the rate of transaction taxes on land, including documentary stamp tax, transfer tax and registration fees, centralize and rationalize valuation of properties, increase valuation of properties closer to market prices, review property valuations every three (3) years and adjust accordingly. While package 4 aims to lower the rate of transaction taxes on land, the increase in valuation could lead to an increase in the taxes to be paid by the Group.

Moreover, the Department of Finance issued Revenue Regulations No. 9-2021 ("**RR 9-2021**"), which imposed 12% VAT on transactions which were previously taxed at 0% VAT. This covers, among others, those considered export sales under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1997, and other special laws under Section 106(A)(2)(a)(5) of the Tax Code, as well as the sale of services and the use or lease of properties under subparagraphs (1) and (5) of Section 108(B) of the Tax Code.

RR 9-2021 implements the imposition of 12% VAT on certain transactions that were previously taxed at 0% VAT after satisfaction of the conditions set forth in the TRAIN Law. Following the issuance of RR 9-2021, suppliers started imposing 12% VAT on their sale of goods and/or services to export-oriented enterprises such as BPO companies, including lease rentals and utilities. The PEZA issued a letter dated July 6, 2021 stating its position that RR 9-2021 is contrary to the provisions of the CREATE Act, as well as the separate customs territory principle provided under Republic Act No. 7916 or the PEZA Law and Philippine jurisprudence. The PEZA requested the Department of Finance and the BIR to defer the implementation of RR 9-2021. On July 21, 2021, the Department of Finance issued Revenue Regulations No. 15-2021, deferring the implementation of RR 9-2021 until the issuance of amendatory revenue regulations.

On December 7, 2021, the Department of Finance issued Revenue Regulations No. 21-2021 ("**RR 21-2021**") to implement Sections 294(E) and 295(D) of the CREATE Act. RR 21-2021 provides that the VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity of a registered export enterprise, for a maximum period of 17 years from the date of registration, unless otherwise extended under the Strategic Investments Priority Plan. It also provides that sales to existing registered export enterprises located inside ecozones and freeport zones shall also be qualified for VAT zero-rating until the expiration of the transitory period.

On March 9, 2022, the BIR issued Revenue Memorandum Circular No. 24-2022 ("**RMC 24-2022**") to clarify the transitory provisions under RR 21-2021 and certain issues pertaining to the effectivity and VAT treatment of transactions by registered business enterprises particularly the registered export enterprises. RMC 24-2022 clarified, among others, that enterprises registered prior to the effectivity of the CREATE Act shall continue to enjoy VAT exemption and VAT zero-rating on local purchases of goods and services subject to the rules as provided in Rule 18, Section 5 of the CREATE Act implementing rules and regulations, that is, VAT-exemption on importation, and VAT zero-rating on local purchases, shall only apply to goods and services directly attributable to and exclusively used in the registered project or activity of the export enterprises during the period of registration of the said registered project or activity of the export enterprises until the expiration of the transitory period under Section 311 of the Tax Code. RMC 24-2022 further clarified that sale of goods or services to existing registered non-export enterprises located inside the ecozones or freeport zones shall be subject to 12% VAT.

On November 8, 2022, Republic Act No. 12066 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy ("**CREATE MORE Act**") introduced significant amendments to the Tax Code, particularly in Sections 106 and 108 thereof on VAT on sale of goods or properties and services and Sections 295 on incentives granted to registered business enterprises.

Under the CREATE MORE Act, Sections 106 and 108 now provide that goods or services sold to export-oriented enterprises qualify for VAT zero-rating if: (a) the enterprises export at least 70% of their annual production from the previous year, and (b) the sales are "directly attributable" to the export activity, as certified by the Export Marketing Bureau.

In addition, Section 295(D) of the Tax Code on incentives was also amended to provide that VAT exemption on importation and VAT zero-rating on local purchases now apply to goods and services "directly attributable" to the registered project or activity, including incidental expenses, of a registered export enterprise or high-value domestic market enterprise (HV DME), regardless of the location of these enterprises. A definition of "directly attributable" was added to refer to goods and services that are incidental to and reasonably necessary for the export activity of the export-oriented enterprise.

These tax reforms may affect the overall competitiveness of doing business in the Philippines, thereby affecting the number of prospective tenants or companies that wish to continue their operations in the country. Implementation of tax reforms may affect overall demand for leasing spaces in the Philippines including that for the Company's properties. It may also prompt existing BPO tenants to cease their operations in the Philippines, and terminate or not renew their leases with the Company. Any of these events may have a material and adverse effect on the Company's business, results of operations and financial condition.

Under the REIT Law, REIT companies are allowed to claim the dividend distributions as deductible expense for income tax purposes, which can result to zero corporate income tax payable.

On October 2, 2024, FLI submitted a tender offer report with the SEC and the PSE in connection with its intention to reacquire FLI common shares in exchange for FILRT common shares. Prior to the Tender Offer, FLI owned 63.3% of FILRT. The tendered shares crossed on December 9, 2024 resulting in FLI's ownership in FILRT of 51.06% and FILRT's public float of 46.68%, well above the SEC and PSE's requirement of one-third of outstanding capital stock for REITs.

The Real Estate Companies continue to monitor all tax developments to anticipate their potential effects on operations and to be able to plan accordingly.

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.

Although historically the Real Estate Companies have provided a substantial amount of in-house financing particularly to buyers of affordable and middle-income housing products, the increased availability of bank financing at competitive rates has lessened customers' availment of in-house financing. However, in cases where the Real Estate Companies provide in-house financing, they charge customers interest at rates that are substantially higher than comparable rates for bank financing and which also provide for upward adjustments to the interest charged if bank financing rates also move upward. As a result, and particularly during periods when interest rates are relatively high, the Real Estate Companies face the risk that a greater number of customers who utilize the Real Estate Companies' in-house financing facilities will default on their payment obligations, which may require the Real Estate Companies to incur expenses, such as those relating to sales cancellations, foreclosures and eviction of occupants.

There is also no assurance that the Real Estate Companies can resell any property once a sale has been cancelled. Therefore, the inability of their customers who obtain in-house financing from the Real Estate Companies to meet their payment obligations and a decline in the number of customers obtaining such in house financing could also have a material adverse effect on the Real Estate Companies' business, financial condition and results of operations.

Further, if customers choose to obtain financing from other sources, such as banks and other financial institutions, this would result in a decline in the income the Real Estate Companies derive from interest due on in-house financing, which could have a material adverse effect on the Group's business, financial condition and results of operations.

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.

Philippine law provides that property developers, such as the Real Estate Companies, warrant the structural integrity of houses that were designed or built by them for a period of 15 years from the date of completion of the house. The Real Estate Companies may also be held responsible for hidden (i.e., latent or non-observable) defects in a house sold by them when such hidden defects render the house unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, RA 6541, as amended, or the National Building Code of the Philippines (the "**Building Code**"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Real Estate Companies. The Real Estate Companies or their officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Real Estate Companies will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Real Estate Companies' insurance and not subject to effective indemnification agreements with the Real Estate Companies' contractors. Neither can there be any assurance that the contractors engaged by the Real Estate Companies will be able to either correct defects or indemnify the Real Estate Companies for costs incurred by them to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Real Estate Companies' reputation and on the Group's business, financial condition and results of operations.

A domestic asset price bubble could adversely affect the Real Estate Companies' business.

One of the risks inherent in any real estate property market is the possibility of an asset price bubble. This occurs when there is a gross imbalance between the supply and demand in the property market, causing an unusual increase in asset prices, followed by a drastic drop in prices when the bubble bursts. In the Philippines, the growth of the real estate sector is mainly driven by low interest rates, robust remittances from Overseas Filipino Workers, and the continued growth of the Business Process Outsourcing and Knowledge Process Outsourcing sectors.

The Company believes that the Philippine property sector is adequately protected against a domestic asset price bubble burst. The country has a very young demographic profile benefitting from rising disposable income. It likewise remains to be one of the fastest growing emerging economies in the Asia Pacific region, registering Gross Domestic Product growth rates of 5.4% in 2024, 5.5% in 2023, 7.1% in 2022, and 5.4% in the first three (3) months of 2025. Growth in the property sector is largely supported by infrastructure investments from both the public and private sectors and strong macroeconomic fundamentals. Due to business disruptions brought about by the COVID-19 pandemic, the Philippine GDP contracted by 9.5% in 2020, but the economy has since rebounded with the gradual reopening of the country's economy.

There can be no assurance however, that the Philippines will achieve strong economic fundamentals in the future. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition and results of operations. The Company has a planning process that provides for alternatives when conditions change that enables it to adjust its plans.

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.

While the Group has recently grown its in-house sales team, the Real Estate Companies also rely on third-party brokers to market and sell their residential housing and land development projects and to lease their commercial and office properties to potential customers inside and outside of the Philippines. These brokers may also act as brokers for other developers in the same markets in which the Real Estate Companies operate, and there can be no assurance that they will not favor the interests of their other clients over the interests of the Real Estate Companies in lease or sale opportunities, or otherwise act in the best interests of the Real Estate Companies. The Real Estate Service Act of the Philippines ("**RA 9646**") was signed into law on June 29, 2009. RA 9646 strictly regulates the practice of real estate brokers by requiring licensure examinations and attendance in continuing professional education programs. Thus, there is competition for the services of third-party brokers in the Philippines, and many of the Real Estate Companies' competitors either use the same brokers as the Real Estate Companies or attempt to recruit brokers away from the Real Estate Companies. If a large number of these third-party brokers were to terminate or breach their brokerage agreements, the Real Estate Companies would be required to seek other external brokers, and there can be no assurance that the Real Estate Companies could do so

quickly or in sufficient numbers. This could disrupt the Real Estate Companies' business and negatively affect the Group's financial condition, results of operations and prospects.

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.

As of the date of this Prospectus, the Group has registered with the Philippine Intellectual Property Office ("**IPO**") a variety of marks including "FILINVEST LAND, INC," the Filinvest logo, "One Oasis," "One Oasis Ortigas," "The Linear Makati," "Crimson Hotel and Resorts," and "Crimson Hotels and Resorts." Generally, the registrations of these marks and/or trademarks are effective for a period of ten years from the date of the original registrations and may be renewed for periods of ten years at their expiration upon the filing of appropriate requests with the IPO. There can be no assurance that any renewal applications or applications to register other marks will be approved or that the actions the Group has taken will be adequate to prevent third parties from using the "Filinvest" name or Filinvest Group corporate brands and logos or from naming their products using the same brands the Filinvest Group uses. In addition, there can be no assurance that third parties will not assert rights in, or ownership of, the Filinvest Group name, trademarks and other intellectual property rights. Because the Group believes that the reputation and track record it has established under the "Filinvest" and "FLI" names are key to its future growth, the Group's business, financial condition and results of operations may be materially and adversely affected by the unauthorized use of these name and of any associated trademarks by third parties or if the Group were restricted from using such marks.

Certain residential real estate customers of the Real Estate Companies rely on financing from Government-mandated funds, which may not always be available.

The residential housing industry in the Philippines has been and continues to be characterized by a significant shortage of mortgage financing, particularly in the low-cost housing sector. For example, a significant portion of the financing for purchases of socialized housing projects is provided by Government-sponsored housing funds such as the Pag-IBIG Fund, which is financed primarily through mandatory contributions from the gross wages of workers and the amount of funding available and the level of mortgage financing from these sources is limited and may vary from year to year. The Group depends on the availability of mortgage financing provided by these Government-mandated funds for substantially all of its sales of socialized housing, which represented less than 3% of the Group's total real estate sales for the three (3) months ended March 31, 2025. In the event potential buyers of socialized housing products are unable to obtain financing from these Government-mandated funds, this could result in reduced sales for these products and, in turn, could have a material adverse effect on the Real Estate Companies' and the Group's business, financial condition and results of operations.

The success of the Group's hospitality businesses depends on its ability to efficiently develop new hotel keys, to effectively operate and manage hotel operations, and to compete with other hospitality offerings within the Philippines and the Asian region.

The success of the Group's hospitality business is dependent on the Group's ability to successfully expand its portfolio of developments. In 2011, FHC was established to evaluate, plan, develop and optimize the Group's potential and current hospitality investments. By 2028, the Group is targeting to grow its hotel portfolio by approximately 2,000 keys across eleven new hotels and expansions. The additional keys would bring the total number of rooms owned by the Group to approximately 4,000. Any interruptions or delays in the development or construction of the Group's existing or future properties, for example, as a result of delays in obtaining regulatory permits or approvals, environmental factors, or other factors outside the Group's control, could prolong the development period or prevent the development altogether, which would have a negative impact on the Group's results of operations.

The profitability and success of the Group's hospitality businesses is also dependent on the Group's ability to operate and manage its properties in an efficient manner. As of March 31, 2025, the Group manages the operations of a total of approximately 1,800 rooms across seven (7) properties. The Group may not be able to successfully compete with larger or more established properties, for example, if CHI is not able to recruit and retain experienced managers and employees with a background in the leisure or tourism industries, which may affect the occupancy rate and profitability of the Group's hospitality ventures.

In addition, the Group is exposed to local economic and competitive conditions, travel restrictions or advisories imposed by other jurisdictions on their respective citizens in respect of travel to the Philippines, inaccessibility of the Philippines as a destination due to inclement weather, decline of travel to or within the Philippines due to

higher air ticket costs or safety concerns, changes in laws or regulations, natural disasters and outbreaks of infectious disease. Any of these factors could materially and adversely affect the Group's hospitality business and its financial condition and results of operations.

The Group's hotel and leisure operations will require a substantial number of qualified managers and employees, and there is no guarantee that the Group will be able to successfully recruit, train and retain a sufficient number of such qualified personnel.

The Group's hotel and leisure properties will require a substantial number of qualified managers and employees to operate. There is no guarantee that the Group will be able to recruit, train or retain the required number of qualified personnel, including Philippine or foreign nationals with overseas hospitality and managerial experience that the Group intends to recruit. Increasing competition in the Philippine hospitality industry may also reduce the employee pool available to the Group and/or increase labor costs, and such competition is expected to continue. Moreover, the eventual development of the Group's other projects across the Philippines may result in difficulties fulfilling the growing manpower requirements with the necessary candidates.

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.

As of December 31, 2024, 2023, 2022 and March 31, 2025, consumer loans comprised 82.1%, 79.9%,73.4% and 84.0% of EW's gross loans net of unearned interest and discounts ("**UID**"), respectively. EW has expanded and plans to continue to expand its consumer loan operations, including auto loans which comprised 27.2% and 27.5% of EW's gross loans net of UID as of December 31, 2024 and March 31, 2025, respectively, as well as credit card and other unsecured loans. Such expansions increase EW's exposure to changes in general economic conditions affecting Philippine consumers, which in turn affect consumer debt. Accordingly, economic difficulties in the Philippines that have a significant adverse effect on Philippine consumers could result in reduced growth and deterioration in the credit quality of EW's personal loan portfolios. For example, an increase in interest rates could have an adverse impact on the ability of borrowers to make payments and increase the likelihood of potential defaults, while reducing demand for consumer loans. In addition, the number of loan accounts may be negatively affected by declines in household income, public concerns about unemployment or other negative macroeconomic factors. Moreover, the lack of a central credit bureau and access to readily available data on credit quality in the Philippines may limit EW's ability to effectively assess consumer loan applications which may expose EW to significant credit risks. To the extent EW's aggressive growth strategy results in significant increases in exposures to consumer loans, the effects of adverse changes in the economic environment on EW's financial condition and results of operations could be exacerbated, resulting in significant losses.

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 has credit exposure to various industry sectors. As of March 31, 2025, EW's five largest exposures are to the personal consumption sector ₱265,386 million, real estate, renting and business activity ₱23,245 million, wholesale and retail trade ₱20,099 million, financial intermediaries ₱7,452 million, and manufacturing ₱6,825 million, which, comprise 77.8%, 6.8%, 5.9%, 2.2% and 2.0%, respectively, of EW's gross loans. The global and domestic trends in these industries will therefore affect EW's financial position. Any significant downturn in the performance of any or all of the abovementioned sectors, caused primarily by events outside the control of EW, such as but not limited to changes in regulatory policies by the Government and/or the general global and economic conditions, could adversely impact the ability of borrowers in the affected industries to service their debt obligations to EW, and in turn would adversely affect EW's business and results of operations. There can be no assurance that borrowers in such affected industries would continue to meet their obligations to EW.

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.

A significant portion of EW's liabilities are from short-term sources, primarily in the form of time deposits and short-term loans from other banks. As of December 31, 2024 and March 31, 2025, 96.6% and 96.6%, respectively, of EW's deposit liabilities were current or had maturities of three months or less. Accordingly, the maturity profiles of EW's assets and liabilities have consistently shown and are expected to continue to show a negative

gap in the short-term when EW's liabilities have shorter average maturity than its loans and investments, thereby creating potential funding mismatches.

Although these deposits and short-term loans have historically been a stable source of funding for EW, no assurance can be given that this will continue to be the case. In the event EW is unable to attract or retain sufficient deposits and short-term loans, if a substantial number of EW's 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 position could be adversely affected and EW may be unable to fund its loan portfolio and may be required to seek alternative sources of funding. EW can provide no assurance as to the availability or terms of such funding. To the extent EW is unable to obtain sufficient funding on acceptable terms or at all, EW's liquidity and financial condition and results of operations will 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.

As of March 31, 2025, EW's secured receivables (loans secured by chattel, real estate, hold-out on deposit or other assets) represented 38.0% of EW's gross loans (receivables from customers) and 20.9% of the collateral on these secured loans consisted of real estate properties. EW's portfolio of secured real estate properties gives EW significant exposure to the Philippine property market and provides it with holdings in real and other properties acquired ("**ROPA**"). The recorded values of EW's collateral may not accurately reflect its liquidation value, which is the maximum amount EW is likely to recover from a sale of collateral, less expenses of such sale.

EW periodically disposes of its ROPA and other collateral in public auctions and through negotiated sales at the prevailing market prices, primarily determined by purchasers. The Philippine property market is highly cyclical and property prices have been generally volatile as such prices are affected to a certain extent by various factors such as but not limited to the economic performance of and the recent political developments in the Philippines as well as the supply and demand of comparable properties.

There can be no assurance that the realized value of the collateral would be adequate to cover EW's loans. An economic downturn, in particular, a downturn in the real estate market, could result in a fall in relevant collateral values for EW. Some of the valuations in respect of EW's collateral may also be out of date or may not accurately reflect the value of the collateral and in turn may not accurately reflect the net recovery that EW is likely to receive from sale of such collateral. EW may also experience difficulties in disposing of any collateral at a reasonable price if prevailing market conditions dampen demand for a particular asset. Any decline in the value of the collateral securing EW's loans, including with respect to any future collateral taken by EW, would mean that its provisions for impairment and credit losses may be inadequate and EW may need to increase such provisions. There can be no assurance that the collateral securing any particular loan will protect EW from suffering a partial or complete loss if the loan becomes non-performing. Any increase in EW's provisions for impairment and credit losses would adversely affect its business, its financial condition, results of operations and capital adequacy ratio.

In addition, EW may not be able to recover in full the value of any collateral or enforce any guarantee due, in part, to difficulties and delays involved in enforcing such obligations through the Philippine legal system. To foreclose on collateral or enforce a guarantee, banks in the Philippines are required to follow certain procedures specified by Philippine law. These procedures are subject to administrative and bankruptcy law requirements which may be more burdensome than in certain other jurisdictions. The resulting delays can last several years and lead to the deterioration in the physical condition and market value of the collateral, particularly where the collateral is in the form of inventory or receivables. In addition, such collateral may not be insured. These factors have exposed, and may continue to expose, EW to legal liability while in possession of the collateral. These factors may also significantly reduce EW's ability to realize the value of its collateral and therefore the effectiveness of taking security for the loans it grants. Furthermore, EW may incur expenses to maintain such properties and prevent their deterioration. In realizing cash value for such properties, EW may incur further expenses such as legal fees and taxes.

EW is subject to interest rate risk and foreign currency risk.

Domestic interest rates have been on an uptrend since the reopening of the economy but has started to trend downward in 2024. On October 26, 2023, the BSP, on an off-cycle action, increased rates by 25 basis points to 6.50% for target reverse repurchase rates. But on August 15, 2024, the BSP reduced the target reverse repurchase rate by 25 basis points to 6.25%. On October 16, 2024, it was further reduced to 6.00%, and on December 19, 2024, to 5.75%. On February 13, 2025, the BSP decided to keep the target reverse repurchase rate at 5.75%.

Nonetheless, interest rates in the Philippines may continue to increase in response to the inflationary pressures resulting from strong economic growth, tax reforms and global developments.

EW realizes income from the margin between interest collected on interest-earning assets (due from BSP, due from other banks, interbank loans receivable and securities purchased under resale agreement ("**SPURA**"), trading and investment securities and loans and receivables), and interest paid on interest-bearing liabilities (deposit liabilities, bills and acceptances payable and subordinated debt). The business of EW is subject to fluctuations in market interest rates as a result of mismatches in the re pricing of assets and liabilities. These interest rate fluctuations are neither predictable nor controllable and may have a material adverse impact on the operations and financial condition of EW. In a rising interest rate environment, if EW is not able to pass along higher interest costs to its customers, it may negatively affect EW's profitability. If such increased costs are passed along to customers, such increased rates may make loans less attractive to potential customers and result in a reduction in customer volume and hence operating revenues. In a decreasing interest rate environment, potential competitors may find it easier to enter the markets in which EW operates and to benefit from wider spreads. As a result, fluctuations in interest rates could have an adverse effect on EW's margins and volumes and in turn adversely affect EW's business, financial condition and results of operations.

As a financial organization, EW is exposed to exchange rate risk. Movements in foreign exchange rates could adversely affect EW's business, financial condition and results of operations. The foreign exchange transactions of Philippine banks are subject to stringent BSP regulation. Under BSP guidelines, EW is required to provide 100% foreign asset cover for all foreign currency liabilities in its Foreign Currency Deposit Unit ("**FCDU**") books. As of March 31, 2025, EW had ₱1,627 million of total assets which covers the total liabilities amounting to ₱1,617 million under FCDU books, primarily in U.S. dollars. Ratio is at 100.62%. The decline in the value of the Peso against foreign currencies, in particular, the U.S. dollar may affect the ability of EW's customers or the Government to service debt obligations denominated in foreign currencies and, consequently, increase non-performing loans ("**NPLs**"). Conversely, increases in the value of the Peso can depress the export market which can negatively affect the ability of EW's customers to repay their debt obligations or may reduce credit quality or demand. There can be no assurance that the Peso will not fluctuate further against other currencies and that such fluctuations will not ultimately have an adverse effect on EW.

EW's provisioning policies in respect of classified loans require significant subjective determinations which may increase variation in the application of such policies.

BSP Circular No. 855, series of 2014, require that Philippine banks classify performing loans and other credit accommodations based on five different categories corresponding to levels of risk: Loans Especially Mentioned, Substandard, Doubtful and Loss. Generally, classification depends on a combination of a number of qualitative as well as quantitative factors such as the number of months payment is in arrears, the type of loan, the terms of the loan, and the level of collateral coverage. These requirements have in the past, and may in the future, be subject to change by the BSP. Periodic examination by the BSP of these classifications may also result in changes being made by EW to such classifications and to the factors relevant thereto. In addition, these requirements in certain circumstances may be less stringent than those applicable to banks in other countries and may result in particular loans being classified as non-performing later than would be required in such countries or being classified in a category reflecting a lower degree of risk.

Furthermore, Philippine banks are also required to develop a sound loan loss methodology to ensure that specific and collective allowance for credit losses are adequate and approximates the expected losses in their credit portfolio. The level of loan loss provisions which EW recognizes may increase significantly in the future due to the introduction of new accounting standards and implementation of tighter regulations on credit risk (e.g., BSP Circular 855). At present, BSP Circular No. 1011-18 classifies credit exposures into three stages: Stage 1 (credit exposures that are considered "performing"), Stage 2 (credit exposures that are considered "under-performing"), and Stage 3 (credit exposures that are considered "non-performing"). It further mandates that BSP supervised financial institutions ("**BSFIs**") are required to set up general loan loss provision equivalent to 1% of all outstanding Stage 1 on-balance sheet loans, except for accounts considered as credit risk-free.

As a result, the level of provisions currently recognized by EW in respect of its loan portfolio depends largely on the quality of the portfolio and estimated value of the collateral coverage for the portfolio. Although EW has a policy to test its loan portfolio for impairment on a monthly basis in order to ensure adequacy of provisions as needed and in line with changing market conditions, the level of EW's provisions may not be adequate to cover increases in the amount of its NPLs, or any deterioration in the overall credit quality of EW's loan portfolio,

including the value of the underlying collateral. In particular, the amount of EW's reported loan losses may increase in the future as a result of factors beyond its control.

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 has business interests in a number of highly regulated sectors, including banking, leasing and credit cards. Each of these businesses is subject to separate regulatory regimes and guidelines that are periodically subject to change. Failure to comply with relevant laws and regulations may result in financial penalties or administrative or legal proceedings against EW, including the revocation of EW's licenses, permits or certificates. Regulators of EW's businesses may alter current regulations or introduce new regulations to control any particular line of business. For example, in 2018, the Personal Property Security Act was passed in the Philippines which repealed the Chattel Mortgage law and provisions of the Civil Code relating to pledges, and imposed a new registration regime for security over personal assets. Further, in the first half of 2018, EW had to suspend extending salary loans to public school teachers pending the renewal of the automatic payroll deduction arrangement with the Philippine Department of Education ("**DepEd**"). There can be no assurance that the guidelines issued by the regulatory authorities will not materially and adversely affect EW's business, financial condition or results of operations. For a discussion of the banking regulations governing EW, see *"– EW may have to comply with stricter regulations and guidelines issued by the Monetary Board and the BSP with respect to real estate exposure of the banking sector"*, *"– EW may have to comply with strict regulations and guidelines issued by banking regulatory authorities in the Philippines, including the BSP, the BIR and international bodies, including the FATF"* and *"Banking Regulation and Supervision"*. For instance, in June 2016, the BSP implemented the IRC which effectively narrowed the band among the BSP's key policy rates. The pricing benchmark, which used to be the special deposit account prior to the implementation of the IRC, was replaced by the overnight deposit facility with a current rate of 5.25% (as of April 9, 2025), and forms the lower bound of the IRC. Meanwhile, the rate for the OLF, which replaced the previous repurchase facility, and forms the upper bound of the IRC, is currently at 6.25% (as of April 9, 2025). The BSP likewise introduced the TDF to serve as the main tool for absorbing liquidity through weekly term deposit facility auctions, the frequency for which may be changed depending on the BSP's liquidity forecasts. According to the BSP, the changes from IRC are purely operational in nature to allow it to conduct monetary policy effectively.

Meanwhile, on June 25, 2021, the FATF released its grey list of countries that will be subjected to increased monitoring to prove their progress as they address strategic deficiencies in their regimes against money laundering, terrorist financing, and proliferation financing. With its inclusion in the grey list, the Philippines needed to implement the 18 action items required within the prescribed timelines to ensure the country's removal from such list. Progress reports must likewise be submitted to the FATF thrice a year. The BSP, through various circular letters and policy issuances, instructed all financial institutions under its supervision to undertake the necessary measures to address and implement the FATF recommendations. On February 21, 2025, the FATF announced the Philippines' exit from the grey list.

Since EW is subject to various regulatory regimes and guidelines that are prone to change from time to time, EW may have to comply with evolving and stringent requirements to avoid financial penalties or administrative or legal proceedings against it, including the revocation of its licenses, permits or certificates.

EW is subject to credit, market, and liquidity risks which may adversely affect EW's credit ratings and its cost of funds.

To the extent that the different measures and strategies that EW uses in order to manage its risk exposures are ineffective, EW may not be able to effectively mitigate its risk exposures, particularly to the market environments or against particular types of risk. EW's balance sheet growth will depend on economic conditions as well as upon its determination to securitize, sell, purchase or syndicate particular loans or loan portfolios. EW's trading revenues and interest rate exposure are to a large extent dependent on its ability to properly identify changes in market conditions and to mark to market the changes in the value of financial instruments caused by movements in market prices or rates. Moreover, EW's earnings are dependent on the effectiveness of EW's management of the migrations in credit quality and risk concentrations, the accuracy of its valuation models and its critical accounting estimates and the adequacy of its allowance for impairment and credit losses. To the extent its assessments, assumptions or estimates prove inaccurate or not predictive of actual results, EW could suffer higher than anticipated losses. The successful management of credit, market and operational risks is an important

consideration in managing EW's liquidity risk since it affects the evaluation of EW's credit ratings by rating agencies. Failure by EW to manage its credit, market, operational and consequently, its liquidity risks could adversely affect its business, financial condition and results of operations.

EW may not be successful in implementing its growth strategies.

EW's business strategy includes growth through organic expansion and through potential acquisitions. In 2009, EW acquired AIG PhilAm. EW also acquired GBI in 2011 and FinMan Rural Bank, Inc. ("**FRBI**") in 2012. Further, in 2015, EW made an initial equity investment of ₱30.0 million in EWIB, an insurance brokerage company, and entered into a joint venture agreement with Ageas Insurance International N.V. to form East West Ageas Life Insurance Corporation ("**EW Ageas Life**"). Also, in 2016, EW acquired SCB Philippines' retail banking business (including SCB Philippines' three branches) and 100% ownership of Price Solutions Philippines, Inc. (now known as QMIS) which is primarily engaged in sales and marketing services, and ASIA, which was incorporated to primarily engage in general insurance agency business. In addition, in 2016, EW made an initial equity investment of ₱100.0 million in East West Leasing Corporation, which has a license to operate as a financing company. In addition, EW's business 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, may expose it to a number of risks and challenges including, but not limited to the following:

- new and expanded business activities may require greater marketing and compliance costs than EW's current products and services;
- new and expanded business activities may have less growth or profit potential than expected, and there can be no assurance that new business activities will become profitable at all;
- EW may fail to identify and offer attractive new services in time in response to market demand, placing EW at a disadvantage against competitors;
- EW's competitors may already have developed a competitive advantage for the new and expanded business activities and thus, EW may not be able to attract customers from its competitors;
- liability for mis-selling bancassurance products at EW's stores;
- EW may need to further enhance the capability and improve the implementation of its information technology systems to support a broader range of activities and may incur additional costs; and
- economic conditions, such as rising interest rates or inflation, could hinder EW's expansion, particularly in the consumer loan industry.

EW also intends to grow its earning assets, which by nature are risky, to improve its return on assets and capital and reduce EW's operating cost-to-income ratio. If EW cannot expand its earning asset base, it would need to reduce its operating costs to improve its financial performance which may not be possible. If EW fails to reduce operating costs, it could have a material adverse effect on EW's financial performance.

In addition, new business endeavors require knowledge and expertise which differ from those used in the current business operations of EW, including different management skills, risk management procedures, guidelines and systems, credit appraisal, monitoring and recovery systems. EW may not be successful in developing such knowledge and expertise. Furthermore, managing such growth and expansion requires significant managerial, financial and operational resources, which EW may not be able to procure on a timely basis or at all. EW's inability to successfully implement its growth strategies could have a material adverse effect on its business, financial condition and results of operations.

As part of its inorganic growth strategy, EW regularly evaluates potential acquisition targets, and may in the future seek to acquire other businesses to expand its operations. There can be no assurance that EW will be able to identify suitable acquisition targets, successfully bid on, finance and execute acquisitions or will be able to successfully integrate acquired businesses, retain and integrate key employees of acquired companies, or address new business risks not currently faced by EW. 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, EW may decide to delay, modify or forego some aspects of its growth strategies, and this could have a material adverse effect on EW's financial condition and results of operations as well as its future growth prospects.

In addition, completing acquisitions could require use of a significant amount of EW's available cash and the incurrence of further financial leverage, which increases risks to EW's financial condition, results of operations and liquidity. Acquisitions and investments may also have negative effects on EW's reported results of operations due to acquisition related charges, amortization of acquired technology and other intangible assets, and/or actual or potential liabilities, known and unknown, associated with the acquired businesses or joint ventures. Any of these acquisition related risks or costs could adversely affect EW's business, financial condition and results of operations.

A downgrade in the credit rating of EW could adversely affect their business, financial condition and results of operations.

On February 7, 2024, PhilRatings assigned an issuer rating of PRS Aa plus (corp.) to EW. There is no assurance that EW would be able to obtain the equivalent ratings in the future or at all or that the current issue rating of EW will not be downgraded or withdrawn. In such event, EW may have to accept less favorable terms in its transactions with counterparties, including capital raising activities, or may be unable to enter into certain transactions. This could adversely affect its financial condition and results of operation. Rating agencies may downgrade or indicate their intention to reduce their ratings at any time. The credit rating agencies may also choose to withdraw their ratings altogether, which may have the same effect as a reduction in its ratings. Any reduction in or withdrawal of EW's credit rating or in ability of EW to obtain equivalent credit ratings in the future may increase their borrowing costs, limit its access to capital markets and adversely affect its ability to sell or market its products, engage in business transactions, particularly longer term and derivative transactions, or retain its customers. This could in turn reduce EW's liquidity and adversely impact its operating results and financial condition.

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.

Any lending activity is exposed to credit risk arising from the risk of default by borrowers. EW's results of operations may be adversely affected by the level of its NPLs. EW's total NPLs were ₱15.065.7 million, ₱16,362.6 million, ₱18,460.8 million, and ₱16,457.3 million, as of December 31, 2024, 2023 and 2022 and March 31, 2025, respectively. A number of factors affect EW's ability to reduce and control its NPLs, such as, but not limited to volatile economic conditions, which may adversely affect many of EW's customers and may cause uncertainty regarding their ability to fulfill their loan obligations, in effect increase EW's exposure to credit risk. EW's business is focused on the mid-market corporate and retail consumer segment, which may have a higher risk of default than other segments. These and other factors could result in an increased amount of NPLs in the future, which will require EW to book additional provision for impairment and credit losses on loans.

While EW regularly monitors its NPL levels and has strict credit policies in place, there can be no assurance that EW will be successful in reducing its NPL levels or that the percentage of NPLs EW will be able to recover will be similar to its historical recovery rates or that the overall quality of its loan portfolio will not deteriorate in the future. Failure on the part of EW to control and reduce its NPLs or recover expected amounts from NPLs, if the quality of collateral is lower than estimated or if there is a significant increase in its provisions for loan losses, EW's operating costs, business, financial condition, results of operations and capital adequacy could be adversely affected.

Further, EW evaluates loan loss allowances for specific impairments based on discounted cash flow analysis. Other loan loss allowances are subject to collective impairment. EW's actual loan losses could prove to be materially different from EW's estimates and could materially exceed its recorded allowance for impairment and credit losses. If EW's actual loan losses are higher than it currently expects, EW's current allowance for impairment and credit losses would be insufficient. If general economic conditions in the Philippines deteriorate, causing EW to change some of its assumptions and estimates, or if EW is adversely affected by other factors to an extent worse than anticipated, EW may have to provide an additional allowance for impairment and credit losses. If EW must make additional provisions for losses it could adversely affect EW's business, financial condition and results of operations.

EW's trading activities are subject to volatility.

EW engages in trading activities, primarily maintaining proprietary trading positions in Philippine government

securities and some corporate debt securities. Trading and securities gain (including gain on sale of investments securities at amortized cost) comprised 0.9% and 0.9% of total operating income for the years ended December 31, 2024 and 2023, while foreign exchange gain comprised 1.8% and 1.8% of total operating income for the years ended December 31, 2024 and 2023. For the year ended December 31, 2024, EW incurred a trading and securities gain (including loss on sale of investment securities at amortized cost) of ₱401.1 million, while for the three (3) months ended March 31, 2025, EW incurred a trading and securities loss of ₱16.5 million. EW recorded foreign exchange gains of ₱746.2 million and ₱188.0 million for the same periods. EW's trading earnings are inherently volatile as trading securities and currencies are subject to economic, political and other conditions that may fluctuate from time to time. There can be no assurance that, in the future, EW will be able to earn trading gains at levels similar to the gains it realized for the years ended December 31, 2024 and 2023, that it will not continue to incur a loss from such trading or that it will not hold on to its trading and investment securities to realize interest income, any or all of which could have a material adverse effect on EW's future net income. Risks arising both from its trading and investment strategy and general market volatility, which are beyond its control, could expose EW to potential losses and may materially and adversely affect its business, financial condition and results of operations.

EW may fail to effectively operate its information technology systems and manage risks associated with such systems, which could adversely affect its business.

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 stores, at a time when transaction processes have become increasingly complex with increasing volume. The proper functioning of EW's financial control, risk management, accounting or other data collection and processing systems, together with the communication networks connecting EW's various stores and offices is critical to its business and its ability to compete effectively. EW implemented a new core banking system in November 2014, primarily to support its expanded store network and loan business. The new system is expected to enhance EW's risk management, asset and liability management and anti-money laundering functions. If EW fails to effectively operate its new core banking system or if such system underperforms its anticipated parameters, EW may experience service disruptions, which would make it more difficult to continuously provide services or products to customers and adversely affect the operations of EW, including its internal operations and data management. Any failure in EW's systems or to implement or effectively operate new systems, particularly for retail products and banking transactions, could have a negative effect on its business, financial condition and results of operations.

EW is also subject to other risks relating to its information and technology systems and processes. The hardware and software used by EW in its information technology are vulnerable to damage or interruption by human error, misconduct, malfunction, natural disasters, power loss, sabotage, computer viruses or the interruption or loss of support services from third parties such as internet service providers, automated teller machine ("**ATM**") operators and telephone companies. Furthermore, EW is in the process of enhancing and implementing several of its information and technology systems and there can be no assurance that each system will operate as expected and will interact as expected with each other new or existing system. Any disruption, outage, delay or other difficulties experienced by any of these information and technology systems could result in delays, disruptions, losses or errors that may result in loss of income and decreased consumer confidence in EW. These may, in turn, adversely affect EW's business, financial condition and results of operations.

Significant security breaches in EW's computer systems and network infrastructure, fraud, systems failures and calamities could adversely impact its business.

Although EW seeks to protect its computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems caused by EW's increased use of the internet, there can be no assurance that its computer systems, software and networks will not be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could have a security impact. EW's hardware and software are also subject to damage or incapacitation by human error, natural disasters, power loss, sabotage, computer viruses and similar events or the loss of support services from third parties such as internet backbone providers. A significant failure in security measures could have an adverse effect on EW's business and its reputation could be adversely affected by significant fraud committed by employees, agents, customers or third parties.

For example, in connection with the installation, maintenance and upgrading of new technology systems, EW grants third party access to its systems and there can be no assurance that such access will not result in security breaches or other disruptive problems. Computer break-ins and security breaches would also affect the security

of information stored in and transmitted through these computer systems and network infrastructure. Despite EW employing security systems and maintaining operational procedures to prevent break-ins, damage and failures, the potential for fraud and securities problems is likely to persist and there can be no assurance that these security measures will be adequate or successful. The costs of maintaining such security measures may also increase substantially. Failure in security measures could have a material adverse effect on EW's business, financial condition and results of operations.

Any other failure in EW's systems, particularly those utilized for its retail products and services and transaction banking, or the occurrence of natural disasters that affect areas in which it has a significant presence, could adversely affect its operations.

EW may be subject to intellectual property rights disputes with respect to certain names and marks.

EW uses a variety of names and marks, including the name "East West Banking Corporation" and EW's logo, in connection with its business. While EW has registered its logo and trade name with the Intellectual Property Office of the Philippines, there are other banks outside the Philippines which may use "East West" as a trade name. To the extent another party were to use similar or identical names and marks, EW's ability to prevent such use would be limited. Furthermore, it is possible that an unrelated party could obtain legally enforceable intellectual property rights in one or more names or marks currently used by EW and could take action to prevent EW from using such names and marks. In addition to exposing EW to potential liability, this could require EW to incur substantial marketing and advertising expenses to promote new names and marks and there can be no assurance EW will be successful in retaining the goodwill currently associated with its existing names and marks. Any of the foregoing could have a material adverse effect on EW's reputation, business, prospects, financial condition and result of operations.

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.

EW is exposed to the risk that fraud and other misconduct committed by employees or outsiders could occur. Such incidences may adversely affect banks and financial institutions more significantly than companies in other industries due to the large amounts of cash that flow through their systems. Any occurrence of such fraudulent events may damage the reputation of EW and may adversely affect its business, financial condition, results of operations and prospects. In addition, failure on the part of EW to prevent such fraudulent actions may result in administrative or other regulatory sanctions by the BSP or other Government agencies, which may be in the form of suspension or other limitations placed on EW's banking and other business activities. Although EW has in place certain internal control procedures to prevent and detect fraudulent activities, these may be insufficient to prevent such occurrences from transpiring. There can be no assurance that EW will be able to avoid incidents of fraud in the course of its business.

Losses in EW's subsidiaries' operations may affect the financial standing of EW.

As a universal bank, EW is authorized, subject to certain limits, to invest in allied and non-allied undertakings and joint ventures.

A portion of EW's earnings may be derived from dividends or may be otherwise affected by the financial performance of its subsidiaries. For the years ended December 31, 2024, 2023, 2022, and the three (3) months ended March 31, 2025, EW had derived equity income of ₱2,021 million 26.6% of total equity income), ₱1,444 million 23.7% of total equity income), ₱1,866 million 40.3% of total equity income), and ₱589.8 million 32.1% of total equity income), respectively, from its subsidiaries. Losses in these undertakings may affect the financial standing of EW and could have a material adverse effect on EW's financial condition.

Furthermore, certain financial institutions owned or controlled by EW are also subject to BSP audit, the results of which may affect the banking license of these subsidiaries, and consequently affect the cash flow to EW in terms of dividends.

The Philippine banking industry is highly competitive and increasing competition may result in declining margins in EW's principal businesses.

EW is subject to significant levels of competition from many other Philippine banks and branches of international banks, including competitors which, in some instances, have greater financial and other capital resources, a greater

market share and greater brand name recognition than EW. In addition, increased competition may arise from, among others:

- other large Philippine banks and financial institutions with significant presence in Metro Manila and extensive country-wide store networks;

- full entry of foreign banks in the Philippines through any of the following modes allowed under Republic Act No. 10641 (An Act Allowing the Full Entry of Foreign Banks in the Philippines, Amending for the Purpose Republic Act No. 7721 (An Act Liberalizing the Entry and Scope of Operations of Foreign Banks in the Philippines)) ("**RA 10641**"): (a) the acquisition, purchase or ownership of up to 100% of the voting stock of an existing bank; (b) investment of up to 100% of the voting stock in a new banking subsidiary incorporated under Philippine law; or (c) establishment of branches with full banking authority;

- foreign banks, due to, among other things, standards which permitted large foreign banks to open branch offices;

- domestic banks entering into strategic alliances with foreign banks with significant financial and management resources, and in some cases, resulting in excess capital that can be used as leverage for asset growth and market share gains;

- continued consolidation and increased mergers and acquisitions in the banking sector involving domestic and foreign banks, driven in part by the gradual removal of foreign ownership restrictions; and

- the emergence of Fintech, including businesses such as an all-digital bank set up by CIMB and mobile payment tools or e-wallet applications such as GCash and PayMaya, and the growing popularity of peer-to-peer lending through digital platforms.

The recent mergers and consolidations in the banking industry, as well as the liberalization of foreign ownership regulations in banks, have allowed the emergence of foreign and bigger local banks in the market. For example, there has been increased foreign bank participation in the Philippines following the lifting of the ban on granting of new licenses by the Monetary Board, as well as the amendment of banking laws with respect to the limit on the number of foreign banks. This has led to Sumitomo Mitsui Banking Corporation, Cathay United Bank, Industrial Bank of Korea, Shinhan Bank, Yuanta Bank, United Overseas Bank and Hua Nan Commercial Bank being granted new licenses, and also equity investments by Bank of Tokyo-Mitsubishi UFJ into Security Bank, Cathay Life into Rizal Commercial Banking Corporation and Woori Bank into Wealth Development Bank. In addition, the establishment of the ASEAN Economic Community in 2015 may enhance cross-border flows of financial services (in addition to goods, capital, and manpower) among member nations. This is expected to increase the level of competition both from Philippine banks and branches of international banks. This may impact the Philippine banks' operating margins, but this would also enhance the industry's overall efficiency, business opportunities, and service delivery. As of March 31, 2025, according to data from the BSP, there were a total of 444 domestic and foreign universal and commercial banks operating in the Philippines.

With respect to Fintech and digital banks, on December 26, 2024, the BSP issued Circular No. 1205 approving the lifting of the moratorium on the grant of new digital banking licenses, including the conversion of existing bank's licenses to digital bank license, starting January 1, 2025, subject to prudential limits and conditions.

There can be no assurance that EW will be able to compete effectively in the face of such increased competition. Increased competition may make it difficult for EW to continue to increase the size of its loan portfolio and deposit base, as well as cause increased pricing competition, which could have a material adverse effect on its growth plans, margins, results of operations and financial condition.

EW may have to comply with strict regulations and guidelines issued by banking and other regulatory authorities in the Philippines and international bodies.

EW is regulated and supervised principally by, and have reporting obligations to, the BSP. EW is also subject to the banking, corporate, taxation, data privacy laws and other regulations and laws in effect in the Philippines, administered by agencies such as the Anti-Money Laundering Council ("**AMLC**"), the BIR, the Philippine SEC, the PSE and the National Privacy Commission as well as international bodies such as the Financial Action Task

Force.

In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and added transparency in the Philippine banking sector. These rules include new guidelines on the monitoring and reporting of suspected money laundering activities as well as regulations governing the capital adequacy of banks in the Philippines. Institutions that are subject to Anti-Money Laundering Act of 2001 ("**AMLA**") are required to establish and record the identities of their clients based on official documents, and update said client information no later than once every three years. In addition, all records of transactions are required to be maintained and stored for a minimum of five years from the date of a transaction. Records of closed accounts must also be kept for five years after their closure.

The BSP has also ordered universal, commercial, and thrift banks to conduct real estate stress tests to determine whether their capital is sufficient to absorb a severe shock. The real estate stress test limit (the "**REST Limit**") combines a macro-prudential overlay of a severe stress test scenario, the principle of loss absorbency through minimum capital ratio thresholds, and heightened supervisory response. If a bank fails to comply with the prescribed REST Limits, it shall be directed to explain why its exposures do not warrant immediate remedial action. If the bank is unable to render a sufficient explanation, the bank shall be required by the Monetary Board to submit an action plan to meet the REST Limits within a reasonable time frame.

In June 2016, the BSP implemented the IRC which effectively narrowed the band among the BSP's key policy rates. The pricing benchmark, which used to be the special deposit account prior to the implementation of the IRC, was replaced by the overnight deposit facility with a current rate of 6% (as of December 14, 2023), and forms the lower bound of the IRC. Meanwhile, the rate for the OLF, which replaced the previous repurchase facility, and forms the upper bound of the IRC, is currently at 7% (as of December 14, 2023). The BSP likewise introduced the TDF to serve as the main tool for absorbing liquidity through weekly term deposit facility auctions, the frequency for which may be changed depending on the BSP's liquidity forecasts. According to the BSP, the changes from IRC are purely operational in nature to allow it to conduct monetary policy effectively.

Additionally, the BSP reduced the rates of required reserves against deposit and deposit substitute liabilities commencing on reserve week July 31, 2020, as follows: (a) 12% against demand deposits, savings deposit (excluding basic deposit accounts), time deposit, negotiable certificates of time deposits, long-term non-negotiable tax-exempt certificates of time deposits, and deposit substitutes; (b) 12% against negotiable order of withdrawal accounts; (c) 4% against long-term negotiable certificates of time deposits; (e) 3% against bonds; and (d) 0% against basic deposit accounts. Peso deposits lodged under due to foreign banks and peso lodged under Due to Head Office/Branches/Agencies Abroad (Philippine branch of a foreign bank) have been reduced to 9.5% effective on the reserve week June 30, 2023 as defined in Section X251 of the Manual.

In support of certain Government policies, BSP has imposed an agrarian reform and agriculture lending policy requiring Philippine banks to extend certain loan amounts, equivalent to a certain percentage of their total loan portfolio, to agrarian beneficiaries and the agricultural sectors ("**Agri-Agra**") of the Philippines. In addition, for a period of 10 years until June 16, 2018, BSP required banks to allocate a certain percentage of their total loan portfolio for loans to micro, small and medium-sized enterprises ("**MSMEs**"). Although the compliance period has ended, the BSP continues to monitor the exposures of the banking industry to MSMEs and to require banks to submit their quarterly exposures to MSMEs. Failure to meet the specified level of loans may result in fines being assessed against a non- or under-compliant bank, although EW believes this is an industry issue wherein generally none of the large banks are in full compliance and instead pay the fine. These fines are calculated based on the relevant rate multiplied by the prescribed Agri-Agra or MSME loan amount shortfall. As of December 31, 2024, the amount of loans that EW was required to AFRD was ₱10.44 billion as compared to the amounts actually extended of ₱2.23 billion. As of March 31, 2025, the amount of loans that EW was required to lend to MSMEs was ₱29,574.78 million as compared to the amounts actually extended of ₱5,783.57 million. For the years ended December 31, 2024 and 2023, EW was fined ₱21.23 million, ₱118.79 million, respectively, for its failure to fully comply with Agri-Agra mandated lending. Because EW is unable to generate sufficient exposure to the Agri-Agra and MSMEs sectors while maintaining its credit and risk management standards, EW has paid fines in the past and may continue to do so in the future. There can be no assurance that the Government will not increase its penalties for non-compliance or force banks to lend in accordance with the policy in the future. If the Government substantially increases the penalty for non- or under-compliance or forces EW to extend loans to the Agri-Agra or MSMEs sectors that are inconsistent with EW's credit and risk management policies, EW's and the Group's business, financial condition and results of operations could be adversely affected.

The BIR has also promulgated rules on the submission of an alphabetical list of portfolio investors receiving

income payments and dividends. The BIR requires all withholding agents to submit such list of payees on income payments subject to creditable and withholding taxes, and prohibits the lumping of various income payments and taxes withheld into a single amount and account. The Philippine Supreme Court, however, issued a temporary restraining order against the said BIR rule on September 9, 2014 with regard to the prohibition on lumping into a single amount.

The Tax Code was amended by Republic Act No. 10963, or the TRAIN Law. Among the amendments to the Tax Code included increasing the rate of documentary stamp tax ("**DST**") on debt instruments. All such affected instruments are generally subject to DST at the rate of one peso and fifty centavos (₱1.50) on each two hundred pesos (₱200.00), or fractional part thereof, of the issue value of such instruments.

In the event of any changes to existing guidelines or rules, or introduction of additional regulations, EW will have to comply with the same and may incur substantial compliance and monitoring costs. EW's failure to comply with current or future regulations and guidelines issued by regulatory authorities in the Philippines and in other relevant jurisdictions could have a material adverse effect on EW's business, financial condition and results of operations. Such failure to comply could also result in the imposition of administrative sanctions or filing of criminal charges against EW and its employees responsible for violations.

EW may experience difficulties due to the implementation of Basel III in the Philippines.

On January 15, 2009, the BSP issued BSP Circular No. 639 covering the ICAAP which supplements the BSP's risk-based capital adequacy framework under BSP Circular No. 538. The BSP requires banks to have in place an ICAAP that (i) takes into account not just the credit, market and operational risks but also all other material risks to which a bank is exposed (such as interest rate risk in the banking book, liquidity risk, compliance risk, strategic/business risk and reputation risk); (ii) covers more precise assessments and quantification of certain risks (i.e. credit concentration risk); and (iii) evaluates the quality of capital. On January 10, 2011, the BSP issued BSP Circular No. 709, which aligns with the BCBS on the eligibility criteria on Additional Group Concern capital and Tier 2 capital to determine eligibility of capital instruments to be issued by Philippine banks/quasi-banks as Hybrid Tier 1 capital and Lower Tier 2 capital. Moreover, on March 25, 2011, the BSP issued BSP Circular No. 716, which amends the definition of qualifying capital instruments under the risk-based capital adequacy framework for Philippine banks/quasi-banks. Under BSP Circular No. 716, among the conditions to be eligible to be qualified as a Lower Tier 2 capital is the submission of a written external legal opinion that the requirements enumerated for Lower Tier 2 capital, including subordination features, have been met. Further, in January 2013, the BSP issued BSP Circular No. 781 as the Basel III Implementing Guidelines on Minimum Capital Requirements, which took effect in January 2014. The guidelines include the following highlights:

- adoption of a new categorization of the capital base;
- adoption of an eligibility criteria for each capital category that is not yet included in BSP Circular No. 709;
- allowing the BSP to adopt regulatory deductions in Basel III, as applicable;
- keeping the minimum capital adequacy ratio at 10%, and prescribing: (i) a minimum CET1 ratio of 6.0%, (ii) a minimum Tier 1 capital adequacy ratio of 7.5%, and (iii) an additional CCB of 2.5%;
- revaluation of certain available for sale securities and of impairments that could arise from trading losses;
- if EW is classified as "systemically important", it may be required to hold additional capital reserves;
- by January 1, 2014, rendering ineligible existing capital instruments as of December 31, 2010 that do not meet the eligibility criteria for capital instruments under the revised capital framework;
- by January 1, 2016, rendering ineligible regulatory capital instruments issued under Circulars No. 709 and 716 before the revised capital framework became effective; and
- subjecting covered banks and quasi-banks to the enhanced disclosure requirements pertaining to regulatory capital.

Unless EW is able to access the required amount of additional capital, any incremental increase in the capital requirement due to the implementation of ICAAP and Basel III, may impact EW's ability to grow its business,

which could materially and adversely affect EW's business, financial condition and results of operations. There can be no assurance that EW will be able to raise adequate additional capital in the future on terms favorable to it or at all and comply with the requirements of Basel III as implemented by the BSP.

As of December 31, 2024 and March 31, 2025, EW's CET1 ratio was 12.7% and 12.8%, respectively, and EW's total consolidated capital adequacy ratio was 13.4% and 13.7%, respectively.

On October 29, 2014, the BSP issued BSP Circular No. 855 regarding guidelines on sound credit risk management practices, including the amendment on loan loss provisions on loans secured by real estate mortgages. Under this regulation, loans may be considered secured by collateral to the extent the estimated value of net proceeds at disposition of such collateral can be used without legal impediment to settle the principal and accrued interest of such loan, provided that such collateral has an established market and a sound valuation methodology. Under the new rules, the maximum collateral value for real estate collateral shall be 60% of the value of such collateral, as appraised by an appraiser acceptable to the BSP. While this maintains existing regulations already applicable to universal and commercial banks, the collateral value cap will be particularly relevant in securing DOSRI transactions and in potentially accelerating the setting up of allowable loan for losses in case a loan account gets distressed.

The BSP also clarified that the collateral cap on real estate mortgages is not the same as a loan-to-value ("**LTV**") ratio limit. Under the current rules, the minimum borrower equity requirement remains a bank determined policy (which, according to the BSP, averages 20% under current industry practice). However, under the enhanced guidelines of the BSP, the bank's internal policy as to minimum borrower equity will be subject to closer regulatory scrutiny as to whether the borrower equity requirement of a bank is prudent given the risk profile of its target market.

Stricter lending and prudential regulations may reduce the lending appetite of EW or cause EW to alter its credit risk management systems, which may adversely affect EW's business, financial condition and results of operations.

Although intended to strengthen banks' capital positions and thwart potential asset bubbles, the new BSP and Monetary Board regulations will add pressure to local banks to meet these additional capital adequacy requirements, which may effectively create greater competition among local banks for deposits and temper bank lending in the commercial property and home mortgage loan sectors given that banks' ability to lend to these sectors depends on their exposure to the sector and the capital levels they maintain. This may also lead banks in the Philippines to conduct capital raising exercises. Through its compliance with these regulations, EW's business, financial position and results of operations may be adversely affected.

EW's non-compliance with FATCA may cause material and adverse impact on EW's business, financial condition and results of operations.

FATCA is the Foreign Account Tax Compliance Act enacted into law in the U.S. on March 18, 2010 as part of the Hiring Incentives to Restore Employment Act. It is a new regime for finding income overseas as a response to a landmark court case in which a large international bank agreed to pay $780 million in fines for their role in assisting U.S. citizens in evading income taxes.

FATCA impacts a number of organizations and individuals. It first affects U.S. persons with income abroad. Secondly, foreign financial institutions ("**FFIs**") that invest in U.S. markets will be impacted as well as U.S. financial institutions that do business with FFIs. Additionally, local government and taxing authorities in each country will see the effects of the act as well. It also brought forth an expansion of tax reporting for non-resident aliens.

An FFI will have to set up a process to identify U.S. accounts as part of its on boarding procedures. Once that is in place, it will also have to identify any current accounts with U.S. indicia. Additionally, there is a need to set up a process to monitor account changes for indicia of U.S. status.

After the identification of impacted accounts, an FFI will have to collect documentation on each of these accounts to prove whether or not the accountholder is a U.S. person. If the accountholder is not a U.S. person and the FFI has the appropriate documentation, the FFI's obligations have been fulfilled. If the accountholder is a U.S. person, the FFI's next move will depend on the country that has jurisdiction over the FFI. By default, the Participating Foreign Financial Institutions ("**PFFIs**") in countries without an intergovernmental agreement will directly report

to the U.S. Internal Revenue Service ("**IRS**").

There is a requirement for PFFIs to withhold 30% of income from recalcitrant account holders in order to comply with FATCA. A recalcitrant account holder is one who fails to comply with reasonable requests pursuant to IRS mandated verification and due diligence procedures to identify U.S. accounts, to provide a name, address and TIN or fails to provide a bank secrecy waiver upon request.

Specific to EW's compliance with FATCA, EW registered on March 11, 2014 as an Expanded Affiliated Group. EW was accordingly given a FATCA ID and a Global Intermediary Identification Number.

If EW is unable to sufficiently comply with FATCA and other existing and new rules and regulations applicable to it, it could incur penalties and its business reputation may suffer, which could have a material adverse effect on its 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.

EW is exposed to a variety of risks including credit, market, foreign exchange and operational risks. The effectiveness of EW's risk management, in particular its credit risk management, is limited by the quality and timeliness of available data in the Philippines in relation to factors such as the credit history of proposed borrowers and the loan exposure borrowers have with other financial institutions and the lack of access to readily available and comprehensive data on credit quality. Limitations in EW's risk management systems may result in EW granting loans or taking positions that expose EW to significant credit risks or otherwise result in EW being over exposed to interest rate, liquidity, foreign exchange rate and other risks.

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.

In recent years, the Philippine government has sought to implement measures designed to establish a competitive power market. These measures include the planned privatization of at least 70% of the NPC owned-and-controlled power generation facilities and the grant of a concession to operate transmission facilities. The move towards a more competitive environment could result in the emergence of new and numerous competitors. These competitors may have greater financial resources, and have more extensive experience than FDCUI, giving them the ability to respond to operational, technological, financial and other challenges more quickly than FDCUI. These competitors may therefore be more successful than FDCUI in acquiring existing power generation facilities or in obtaining financing for and the construction of new power generation facilities. The type of fuel that competitors use for their generation facilities may also allow them to produce electricity at a lower cost and to sell electricity at a lower price.

FDCUI may therefore be unable to meet the competitive challenges it will face. The impact of the ongoing restructuring of the Philippine power industry will change the competitive landscape of the industry and such changes are expected to affect FDCUI's financial position, results of operations and cash flows in various ways. For example, the establishment and operation of the WESM has resulted in a more transparent price setting mechanism. As is typical for all power generators, to the extent that distribution utilities or industrial offtakers agree to purchase from other generation companies that otherwise could be purchased from FDCUI, the ability of FDCUI to increase its revenues and of FDCUI to sell additional electricity to distribution utilities or industrial offtakers through its generation facilities would be adversely affected.

Administration and operation of power generation plants involve significant risks.

The administration and/or operation of power generation plants involve significant risks, including:

- breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes, leading to unplanned outages and operational issues;

- flaws in the equipment design or in power plant construction;

- issues with the quality or interruptions in the supply of key inputs, including fuel or water;
- material changes in legal, regulatory or licensing requirements;
- operator error;
- performance below expected levels of output or efficiency;
- industrial actions affecting power generation assets owned or managed by FDCUI or its contractual counterparties;
- pollution or environmental contamination affecting the operation of power generation assets;
- force majeure and catastrophic events including fires, explosions, earthquakes, volcanic eruptions, floods and terrorist acts that could cause forced outages, suspension of operations, loss of life, severe damage and plant destruction;
- planned and unplanned power outages due to maintenance, expansion and refurbishment;
- inability to obtain or the cancellation of required regulatory, permits and approvals; and
- opposition from local communities and special interest groups.

There is no assurance that any event similar or dissimilar to those listed above will not occur or will not significantly increase costs or decrease or eliminate revenues derived by FDCUI from its power generation assets.

FDCUI may experience issues with respect to its fuel costs or supply.

FDCUI currently purchases coal from the spot market following the termination of its short-term coal supply agreements that were valid for the first 18 months of the plant's operation. The delivery of coal to the power plant may be affected by external factors, such as incoming shipment delays. Delays in the shipment of coal to the power plant may result in a shortage of coal at the plant or the need for FDCUI to source alternative coal, which may be more expensive or poorer quality than the coal it had initially purchased. FDCUI is in the process of evaluating and inspecting potential coal suppliers based on their supply capability, reliability for timely delivery and track record of fulfilling their contractual obligations with a view to entering into potential long-term coal supply agreements, subject to favorable agreement on terms. There is no assurance that there will not be any interruption or disruption in, or change in terms of, the fuel supply to the power plant, or that there will be sufficient fuel in the open market or sufficient transportation capacity available to ensure that FDCUI's power plants receive sufficient fuel supplies required for their operations on a timely basis or at all.

There is also no assurance that FDCUI will be able to enter into long-term coal supply agreements with suppliers on acceptable terms or at all, or purchase all of its required fuel supplies from regular suppliers that produce fuel of acceptable and known quality, especially considering the clean coal nature of the plant. Further, although FDCUI passes the cost of fuel on to its customers, if FDCUI is unable to manage the cost of the fuel it procures, which may be affected by any price fluctuations of coal purchased from the spot market, it may face difficulty in competitively pricing its product to potential customers. Consequently, FDCUI could experience difficulties in ensuring it is able to ensure a steady and uninterrupted supply of quality coal at acceptable prices and in a timely manner or sell the power it generates at attractive or competitive prices, which could negatively affect the stability and performance of its power plant and its results of operations.

FDCUI engages technical partners and in-house operators and specialized suppliers in connection with the power generation at its power plant.

Power generation involves the use of highly complex machinery and processes and FDCUI's success depends on the effective operation and maintenance of its power generation assets. FDCUI employs an in-house operations and maintenance team that is responsible for, among other things, operating and maintaining the plant efficiently and reliably during the term of the contract, and recommending and implementing improvements in relation to engineering support, facility management, training, compliance, environmental matters, occupational health and safety, and the performance and reliability of the plant.

Any failure on the part of the operators to properly operate and/or adequately maintain FDCUI's power plants could have a material adverse effect on FDCUI's business, financial condition and results of operations. Furthermore, the power business is also dependent on a specialized supply chain involving various consultants and vendors. These range from engineering and construction companies for the project designs and construction. The construction companies take on permitting, civil and electro-mechanical works which require extensive project management.

FDCUI is exposed to credit and collection risks.

As in other businesses, the power business is exposed to credit and collection risks related to its customers. While the National Electrification Administration ("**NEA**") closely monitors the credit performance of distribution utilities, if a large number of its customers are unable or unwilling to pay FDCUI, its financial condition would be negatively affected.

FDCUI's power supply agreements are subject to approval and renewal risk.

FDCUI sells power by contracting capacity and energy to offtakers under power supply agreements. The agreements specify a contracted capacity per offtaker, with a corresponding minimum contracted energy for a fixed term. All power supply agreements must be approved by the ERC prior to becoming effective. Certain of the power supply agreements entered into between FDCUI and its offtakers have not yet received the approval of the ERC and it is possible that such agreements and any future agreements, even once agreed and signed by each party, do not receive ERC approval. See *"Business–Power Operations–Plant Offtake"* for more details. If FDCUI is not able to obtain ERC approval for its power supply agreements, or if FDCUI is not able to renew its existing agreements following the end of the term of such agreements or negotiate replacement agreements on similar or more favorable terms, it may not be able to sell the power it generates, which may have a material and adverse effect on its results of operations.

FDCUI may not successfully implement its growth strategy in the power industry.

FDCUI's growth strategy is to, in the medium-term, increase and diversify its portfolio of power generation assets in the Philippines. This includes developing new power projects and acquiring existing assets through participation in the privatization of the Government's power generation assets and/or the purchase of operating assets from the private sector. The Group's success in implementing this strategy will depend on, among other things, its ability to successfully compete for demand to warrant its excess capacity, identify and assess projects, including any partners and investments and acquisitions, successfully finance, close and integrate such investments and acquisitions, control costs and maintain sufficient operational and financial controls.

The key challenges FDCUI faces to its growth strategy include: (i) its ability to attract and retain additional customers for its services and products; (ii) competition from companies offering similar services in the markets that FDCUI currently operates in or plans to enter and for which entry is dependent, in part, on the number, size, operating history, geographic scope, expertise, reputation and financial resources of those competitors; (iii) its ability to manage costs efficiently with respect to its current operations; (iv) its ability to identify and assess potential partners, investments and joint ventures; and (v) its ability to successfully receive approval from relevant government authorities; finance, close and integrate such investments; and maintain sufficient operational and financial controls.

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, FDCUI may decide to delay, modify or forego some aspects of its growth strategies, and its future growth prospects could be adversely affected.

The Group's growth plans may be limited by the Philippines' transmission infrastructure.

The transmission infrastructure in the Philippines continues to experience constraints on the amount of electricity that can be delivered from power plants to customers, as well as limited interconnectivity between the Luzon-Visayas grid and the Visayas-Mindanao grid.

Although FDCUI's RES license allows it to trade electricity in relation to customers in different parts of the Philippines, there can be no assurance that this will sufficiently address projected infrastructure limitations and interconnectivity of sub-grids. In such an event, FDC Misamis, which is based in Mindanao, may have difficulty expanding its reach outside of its general vicinity, which may consequently have a material impact on its growth

plans and results of operations in the medium-term.

FDCUI faces risks relating to its future power generation projects, including risks relating to project cost, completion time frame and development rights.

FDCUI's future plans for the power business involve significant risks distinct from those involved in the ownership and operation of established power generation facilities, including the risk that FDCUI may invest significant time and money in a power generation project that may take substantially more time and resources than anticipated or construction of the projects may not be completed on schedule or at all and/or within budget. In addition, FDCUI may face difficulties obtaining the required governmental permits and approvals.

The time and costs involved in completing the development and construction of power generation projects can be adversely affected by many factors, including but not limited to shortages of materials, equipment and labor, such as a limited supply of skilled labor, adverse weather conditions, peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, changes in laws or in government priorities and other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or informal settlers, FDCUI may have to take steps, and incur additional costs, to acquire the right of way, to relocate such occupants, and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Group's business, financial condition and results of operations. There can be no assurance that such events will not occur in a manner that could materially and adversely affect the Group's business, financial condition and results of operations.

Policy and regulatory responses to climate change may adversely affect FDCUI's business and prospects.

FDCUI currently operates a coal-fired power plant in Misamis Oriental in Mindanao. Policy and regulatory changes, technological developments and market and economic responses relating to climate change may affect FDCUI's business and the markets in which it operates. The enactment of an international agreement on climate change or other comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal in primary markets supplied by FDCUI's customers. Other efforts to reduce greenhouse gas emissions and initiatives in various countries to use cleaner alternatives to coal such as natural gas may also affect the use of coal as an energy source. In 2014, Barack Obama, then President of the United States, announced an agreement between the United States and China to cut greenhouse emissions by more than 25% below 2005 levels by 2025. Further, following the 2015 United Nations Climate Change Conference, the Paris Agreement within the United Nations Framework Convention on Climate Change ("**UNFCCC**"), 195 other member states have signed the agreement. The agreement, which aims to hold back the increase in global temperatures, increase the ability to adapt to the adverse impacts of climate change and provide channels to finance project that lead towards reducing greenhouse gas emissions and a climate-resilient development strategy, entered into force globally on November 4, 2016. Although the United States withdrew from the Paris Agreement in June 2017, 185 of the 195 UNFCCC member states have already become party to the agreement, including the Philippines. Consequently, the Philippines, through the Climate Change Commission ("**CCC**"), resolved to implement a national policy review and framework development on energy, through a whole-of-nation approach, in accordance with a low carbon development pathway and national goals and targets for climate change adaptation and mitigation, as well as prioritization and acceleration of renewable energy development, and ensuring a clean, affordable, and reliable energy for the entire country. In fact, in 2016, the CCC passed Commission Resolution No. 2016-001 which urges the DENR and the DOE to initiate and coordinate discussion and harmonize policies and regulation on new and existing coal-fired power plants in accordance with a low carbon development pathway to be reflected in the Philippine Energy Plan. Furthermore, in the said resolution, CCC further urges the DENR to ensure the incorporation of the measurement and mitigation of GHG emissions in the development and review process for the EIS of coal-fired power plants. As such, the Philippines' efforts to achieve its national goals and targets for climate change adaptation and mitigation may potentially affect the use of coal as an energy source.

In addition, technological developments may increase the competitiveness of alternative energy sources, such as renewable energy and energy storage technology. Other efforts to reduce emissions of greenhouse gases and initiatives in various countries to encourage the use of natural gas or renewable energy may also discourage the use of coal as an energy source. The physical effects of climate change, such as changes in rainfall, water shortages, rising sea levels, increased storm intensities and higher temperatures, may also disrupt FDCUI's operations. As a result of the above, FDCUI's business, financial condition, results of operations and prospects may be materially and adversely affected.

This risk is mitigated by the Group's venture into renewable energy to achieve a balanced energy mix of 50%

coal and 50% renewables between 2032 to 2035. FDCUI intends to at least triple its generating capacity from the current 411MW to more than 1,000MWby 2033 with the increase expected to come largely from renewable energy. FDCUI is building its first large-scale solar power project in Misamis, Oriental with an installed capacity of 21 megawatt-hours upon completion. Additionally, there are other renewable energy projects in the pipeline at various stages of development. With regard to a potential adverse regulatory risk that could lead to a closure of coal power plants in the Philippines, the Group continues to watch technological developments that could provide viable alternatives to convert the coal plant to renewable energy such as among others battery energy storage systems, LNG, and hydrogen. There can be no assurance that the Group will be able to find viable alternatives to coal in case of an abrupt stoppage of coal energy plants or at the end of life of the coal plant.

The loss of certain tax exemptions and incentives and adverse determination in pending tax cases will increase FDCUI's tax liability and decrease any profits it might have in the future.

As of the date of this Prospectus, certain projects of the Group benefit from certain tax incentives and tax exemptions. In particular:

- Projects registered with the BOI, including the Group's 405 MW (3 x 135 MW) clean coal power plant in Misamis Oriental;

- Philippine DCS Development Corporation, the joint venture between FLI and Engie for the building and operation of district cooling systems, is also registered as an Ecozone Facilities Enterprise with the PEZA, entitling it to a preferential income tax rate of 5% on gross income; and

- FDC Renewables Corp.'s 33.4-MW hydroelectric power project straddling Nueva Vizcaya and Pangasinan (Green Lane Certificate of Endorsement issued in 2024).

Once FDCUI's BOI-related tax incentives expire and if its other tax exemptions or incentives are revoked, repealed or reduced, the Group's income from these sources will be subject to the RCIT rate, which is currently fixed at 30% of net taxable income, and FDCUI's tax expense will increase, reducing its profitability and adversely affecting its net income. There have also been reports that the Government may in the future discontinue its policy of granting tax incentives for similar types of projects. Therefore, there is no assurance that FDCUI will be able to obtain and enjoy similar tax incentives for future projects.

For FDCUI pending tax cases, please see the section on "*Legal Proceedings."*

RISKS RELATING TO THE GROUP'S SUGAR BUSINESS

Farmers are not required to grow sugarcane and may cultivate other crops.

Sugarcane is the principal raw material used for the production of sugar. The sugar business depends on the availability of sugarcane near sugar mills and any shortage of sugarcane supply may adversely affect the Sugar Subsidiaries' results of operations. DSCC and CSCC mill sugarcane produced by HYSFC and approximately 6,000 contract farmers. DSCC and CSCC generally contract with farmers near the areas where their mills are located under 15-year milling contracts for milling of the sugarcane supplied by such farmers. However, if a farmer chooses to replace sugarcane with other crops (such as export crops like bananas or pineapple, producers of which offer higher rental rates for land), DSCC and CSCC may experience a shortage of sugarcane supply and a reduced ability to produce sugar. Furthermore, it may be impractical for DSCC and CSCC to take legal action to enforce their agreements with contract farmers due to the large number of contract farmers and the relatively small value of each agreement. Any effort by DSCC or CSCC to enforce their legal rights could also result in reputational damage.

In addition, any additional incentives on the part of DSCC or CSCC to the farmers, such as in the form of additional free planting material or crop loans, may result in higher operating expenses. Due to Government labor regulations and difficulty of finding contiguous land at attractive prices, it is also costly for the Sugar Subsidiaries to run additional corporate farms to replace areas formerly planted by its contract farmers.

Any reduction in the supply of sugarcane or contractual farmers may have a material adverse effect on the Sugar Subsidiaries' business, financial condition and results of operations.

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.

The Sugar Subsidiaries are dependent on certain principal customers who are all traders and are not subject to any obligation to purchase the Sugar Subsidiaries' products. In crop year 2024 to 2025, the top five (5) customers of PSHC accounted for approximately 69% of PSHC's sugar sales and 35% of sugar sales were to a single customer. The loss of any principal customer could have an adverse effect on the Sugar Subsidiaries' business. Since the Sugar Subsidiaries are significantly dependent on certain principal customers, the loss of any one of such customers or a significant reduction in demand from such customers could have a material adverse effect on the Sugar Subsidiaries' and the Group's results of operations and financial condition.

Since all of the raw sugar, refined sugar and molasses produced by the Sugar Subsidiaries are sold to traders who have no contractual or other obligation to purchase any products from the Sugar Subsidiaries, there can be no assurance that these traders will purchase the Sugar Subsidiaries' output in similar quantities as in the past, or at all, nor that the Sugar Subsidiaries will be able to sell their output to other customers on comparable terms. If the Sugar Subsidiaries are not able to sell their output to traders in comparable quantities as in the past, or to other customers on comparable terms, their business, financial condition and results of operations would be adversely affected.

Reduced demand for or changes in perception of end-products that use raw or refined sugar.

The demand for the Group's sugar products is subject to changes in consumers' preferences for or perception of end-products that use sugar as an ingredient. As an example of this, the Sugar Subsidiaries' CSCC refinery was mothballed in 2016 due to the price of refined sugar not being attractive enough to warrant the refinery of sugar as well as the lower demand for refined sugar. Although the Sugar Subsidiaries have been able to adjust by selling more raw sugar to traders in the Visayas and Mindanao, there can be no assurance that further shifts in consumer demand and preferences will occur for which the Sugar Subsidiaries may not be able to similarly adapt.

Related to this, the recent trend in the Philippines towards healthier living is encouraging a shift towards the consumption of low-calorie drinks as well as healthier food products. Late in 2024, the Sugar Council and the National Congress of Unions in the Sugar Industry of the Philippines noted that the drop in demand for raw sugar may be due to increasing use of alternative sweeteners. Further, under Tariff code 17.02 of the ASEAN Harmonized Tariff Nomenclature, artificial sweeteners are admitted within countries at zero tariff.

Consumer preferences may continue to change due to a number of factors, including changes in economic conditions and income levels, shifts in demographic and social trends, changes in lifestyle and leisure activity patterns, regulatory actions, actions of competitors, and negative publicity regarding alcohol consumption, any of which may affect consumers' perception of and willingness to purchase products that use refined or raw sugar such as beverages or condiments, which may impact the demand for our products. Hence, the results of operations of the Sugar Subsidiaries.

Further, the TRAIN Law imposed an excise tax of ₱6.00 and ₱12.00 per liter of volume capacity on sweetened beverages using purely caloric and/or non-caloric sweeteners and purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener, respectively. While beverage producers such as soft drinks bottlers are expected to shift to refined or raw sugar as a result of such law, beverage producers may decide to focus production on unsweetened beverages or use alternative ingredients, such as coconut sap sugar and steviol glycosides, which are exempt from this tax. The higher prices of beverages and other products using raw or refined sugar may also result in a decrease in end-user demand for such products, which may also lead manufacturers and producers to adjust or change their production lines to more saleable products.

Contract farmers may not repay their crop loans to PSHC.

Contract farmers generally require a crop loan at the beginning of each crop year in order to finance the annual harvest. PSHC extends crop loans of up to ₱120.0 million annually to approximately 30% of the contract farmers from whom it sources sugarcane, and the remaining contract farmers generally obtain crop loans from their cooperatives, banks or self-finance their operations. Crop loans that are extended to contract farmers are required to be repaid, with interest, out of the farmer's share of production, generally over a period of one year. There can be no assurance that a contract farmer's production will be sufficient to repay its loan to PSHC in a timely manner

or at all. Also, although PSHC requires contract farmers who obtain loans of at least ₱200,000.00 to post collateral such as hauling trucks, vehicles and land with value equivalent to at least 130% of the loan amount, there is no assurance that PSHC will be able to recover any of the collateral or recover all or part of the loan from the sale of such collateral. Furthermore, PSHC's ability to detect fraud on the part of contract farmers is limited. For example, a contract farmer may avoid repaying the crop loan by selling its sugarcane to another farmer that delivers the sugarcane to the mill in its own name. Due to the large number of crop loans that are extended by PSHC, and the small value of each one, it is generally not cost-effective to pursue collection of crop loans when farmers are unable, or refuse, to repay the loan through the delivery of sugarcane. There can be no assurance that the non-repayment of crop loans will not adversely affect PSHC's business, financial condition and results of operations.

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' ability to produce sugar depends on the volume and sucrose content of the sugarcane that is supplied to their mills. Crop yields and sucrose content depend primarily on the variety and quality of sugarcane grown, the presence of any crop disease and weather conditions such as adequate rainfall and temperature, which may vary. Adverse weather conditions can cause crop failures, reduce harvests and may result in volatility in the sugar industry and consequently in the Sugar Subsidiaries' operating results. Flood, pests, drought and cyclones can adversely affect the supply and pricing of the agricultural commodities that the Sugar Subsidiaries sell and use in their business.

The Sugar Subsidiaries may be adversely affected by price fluctuations in sugar and related markets, such as ethanol, oil and corn.

The prices the Sugar Subsidiaries are able to obtain for the sugar that they produce depend largely on the market conditions in the Philippines as well as the world sugar market. The Sugar Subsidiaries sell most of their sugar in the domestic Philippine market. The Sugar Subsidiaries are required by the Government to export a portion of their sugar, which typically ranges from 5% to 20% of production. The wholesale price of sugar has a significant impact on the Sugar Subsidiaries' profits. Like other agricultural commodities, sugar is subject to price fluctuations resulting from weather, disease, natural disasters, domestic and foreign trade policies, shifts in supply and demand, price changes in related markets, such as ethanol, oil and corn, and other factors beyond the Sugar Subsidiaries' control. A significant percentage of worldwide sugar production is traded on exchanges and is thus subject to speculation, which could affect the price of sugar worldwide and the Sugar Subsidiaries' results of operations. Any prolonged decrease in sugar prices would have a material adverse effect on the Sugar Subsidiaries' results of operations.

The sugar industry in the Philippines has historically been sensitive to changes in supply and demand. The sugar market in the Philippines has experienced periods of limited supply, causing sugar prices and industry profit margins to increase, followed by expansions that result in oversupply, causing declines in sugar prices and industry profit margins. Fluctuations in supply and demand in the sugar industry and, as a result, the price of PSHC's products, occur for various reasons, including: changes in the availability of PSHC's primary raw material, sugarcane; variances in the production capacities of PSHC's competitors; and the availability of substitutes and alternatives for the sugar products that PSHC produces such as corn-based sweeteners.

The Sugar Subsidiaries are potentially subject to price competition from illegally imported sugar.

The Sugar Subsidiaries sell their products primarily in the Philippine domestic market. Because the price of sugar in the Philippine domestic market has been higher than certain other markets, there are sugar smugglers who sell illegally imported foreign sugar in the Philippine domestic market. If the rate of sugar smuggled into the Philippines significantly increases, prices for sugar in the Philippines could decline, which could reduce the Sugar Subsidiaries' profits and cause increased competition for, and a loss of, customers, which would have a material adverse effect on the Group's businesses, financial condition and results of operations.

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.

DSCC and CSCC have entered into contracts with individual farmers for the supply of sugarcane to their mills.

The contracts are entered into on the basis of the amount of land on which sugarcane will be cultivated, rather than on the basis of the quantity of sugarcane the farmer will supply. The yield per hectare of land may vary depending on the farmer's agricultural practices, availability of water, weather conditions, disease and other factors. A decrease in the yield per hectare of the contracted land could result in decreased availability of sugarcane for the Sugar Subsidiaries' production needs, which could have a material adverse effect on their business, results of operations and financial condition.

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.

DSCC and CSCC generally enter into contracts on a 15-year basis with sugarcane farmers for the cultivation and milling of sugarcane. Under the terms of these contracts DSCC and CSCC are obligated to mill all sugarcane produced by that farmer for the year. If, for any reason, demand for sugar or any other by-products of sugarcane processing substantially decreases, and PSHC is unable to sell its products, DSCC and CSCC will nevertheless be obligated to mill the sugarcane produced. Any prolonged expenditure in milling all the sugarcane produced to honor the milling contracts in such circumstances could have a material adverse effect on the Sugar Subsidiaries' results of operations.

In the event that existing barriers to the import of sugar to the Philippines are further reduced or lifted, the Sugar Subsidiaries may face increasing competition from international sugar manufacturers which may adversely affect their profitability.

Historically, the Sugar Subsidiaries have not had substantial competition from imported sugar in the Philippines. Imports of sugar into the Philippines have been low in the past primarily due to tariff and non-tariff barriers such as transportation costs, lack of suitable storage facilities at ports and quota limits. The Philippines is a member of the World Trade Organization, which, under the framework of the General Agreement on Tariffs and Trade, is intended to reduce tariff and non-tariff barriers. Pursuant to Executive Order No. 892, the Philippines reduced its tariffs on sugar imported from other ASEAN member countries from 38% in 2010 to 5% in 2015. If the Government creates further incentives for sugar imports or further reduces import tariffs, the Sugar Subsidiaries may face increased competition in the domestic market from foreign producers. This increased competition from imported sugar could cause a reduction in domestic sugar prices which may lead to lower profits for the Sugar Subsidiaries in the future.

The Sugar Subsidiaries' results of operations could be adversely affected by a disruption of operations at their manufacturing facilities.

The Sugar Subsidiaries own and operate sugar production facilities in Davao and Cotabato. These facilities are subject to operational risks, including equipment failure, failure to comply with applicable regulations and standards and to maintain necessary licenses; raw material and/or energy supply disruptions, labor force shortages or work stoppages, civil disturbances and natural disasters. Additionally, the Sugar Subsidiaries are subject to disruptions in power should their power production facilities fail for any reason. Although the Sugar Subsidiaries have back-up power generation facilities, the Sugar Subsidiaries may still be required to stop all or a portion of production until power is fully restored. Any failure by the Sugar Subsidiaries to deliver their sugar products in a timely manner may lead to adverse claims by its counterparties or result in financial loss to the Sugar Subsidiaries. While the Sugar Subsidiaries' facilities are insured against standard risks such as fire, there can be no assurance that the proceeds available from their insurance policies would be sufficient to protect them from possible loss or damage. In addition, although the Sugar Subsidiaries carry business interruption insurance, a significant disruption in operations at any of their production facilities resulting from any of the events above or other events may still have a material adverse effect on the Sugar Subsidiaries' business, financial condition and results of operations.

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

Most of DSCC's employees are members of a trade union, namely Nagkakaisang Mamumuo sa DASUCECO, or National Federation of Labor. DSCC's collective bargaining agreement with the National Federation of Labor will expire on June 30, 2027. While the trade union has been representing DSCC's employees for more than 30 years and management has not experienced any work disruption in the past, there can be no assurance that DSCC will not experience a labor disruption or that a new agreement will be entered into once the current agreement expires, or at all. Any labor disruption or failure to enter into a new collective bargaining agreement on satisfactory terms or at all, could adversely affect the Group's business, financial condition and results of operations.

RISKS RELATING TO THE GROUP'S INFRASTRUCTURE BUSINESS

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

The Group's infrastructure business is at a very early stage. It has set-up a new company named Filinvest Infra-Solutions Ventures Inc (Finsolve) whose aim is to participate in various infrastructure projects in the Philippines. Although it has demonstrated the ability to venture into and grow new business lines where it has little or no experience before, there can be no assurance that the Group will be able to successfully manage and grow its infrastructure business amidst changes in the economic environment.

In August 2019, the LIPAD consortium which includes the Group, took over the operation and maintenance of the existing CIA terminal. 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 travelers. As of May 2023, there was a 217% increase in passenger traffic compared to the same month in 2022. However, in 2024, economists note that rising inflation in the Philippines will likely lead to reduced consumer spending on leisure and travel.

The continued delay of the Group in deriving revenues and income from its infrastructure projects, or any failure by the Group to be awarded any infrastructure projects or contracts which it bids for in the future, could impact its growth and diversification strategies in the near- to medium-term, and could thus have an adverse effect on the Group's financial condition and results of operations.

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.

Historically, the Group's results of operations have been influenced, and will continue to be influenced, to a significant degree by the general state of the Philippine economy and as a result, its income and results of operations depend, to a significant extent, on the performance of the Philippine economy. Although the Philippine economy has experienced strong GDP growth over the past five years, the stronger U.S. dollar, rising global interest rates and higher commodity prices may cause domestic inflation to increase and have an adverse impact on the future growth of the Philippine economy, which has previously experienced periods of slow or negative growth, high inflation, significant depreciation of the peso and the imposition of exchange controls.

For the Real Estate Companies, demand for, and prevailing prices of, developed land and house, lot and condominium units are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines and the amount of remittances received from OFWs. Demand for the Real Estate Companies' housing and land developments is also affected by social trends and changing spending patterns in the Philippines, which in turn are influenced by economic, political and security conditions in the Philippines. The Philippine residential housing industry is cyclical and is sensitive to changes in general economic conditions in the Philippines such as levels of employment, consumer confidence and income, availability of financing for property acquisitions, construction and mortgages, interest rate levels, inflation and demand for housing. On the other hand, high-end residential segments face oversupply due to production of these units being greater than the actual demand.]

Demand for the Group's hospitality businesses is also dependent to a significant extent on the general state of the Philippine and global economy. Weak regional and global growth have a negative impact on the tourism industry within the Philippines, which, in turn, affects demand for leisure and tourism services offered by Philippine companies, including those of the Group's hospitality businesses. In January 2025, the Department of Tourism recently reported that the country's tourism revenue has surpassed its pre-pandemic earnings.

There is no assurance that the Philippines and other countries in Asia will not experience future economic downturns. The Philippine and Asian economies may be adversely affected by various factors, including:

- decreases in business, industrial, manufacturing or financial activity in the Philippines, in Asia or globally;

- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines or in the Asian or global markets;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the taxation policies and laws; and
- other regulatory, political or economic developments in or affecting the Philippines and other Asian countries.

Any deterioration in economic and political conditions in the Philippines or elsewhere in Asia could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

On April 2, 2025, U.S. President Donald J. Trump ordered the imposition of tariffs with the aim of addressing the trade deficit being experienced by the United States as a result of the absence of reciprocity in the trade policies of other countries. While a minimum 10% tariff will apply to all imports to the U.S. starting April 5, 2025, it bears noting that higher tariffs will be imposed on countries which President Trump deems as the "worst offenders" in reciprocity. These countries include China, Vietnam, Cambodia, as well as European Union-member countries. This may adversely affect prices and cause disruptions in the supply chain leading to increase in the costs to be incurred by the Group. The Group will be monitoring these developments and make sure sufficient controls are in place to address any indirect impact of these policies. The Company does not export to the U.S. hence, it is not directly affected by the reciprocal import tariffs imposed by the Trump administration

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 Philippine economy has experienced volatility in the value of the Peso as well as limitations to the availability of foreign exchange. In July 1997, the BSP announced that the Peso can be traded and valued freely on the market. As a result, the value of the Peso underwent significant fluctuations between July 1997 and December 2004 and the Peso declined from approximately ₱29.00 to U.S.$1.00 in July 1997 to ₱56.18 to U.S.$1.00 by December 2004.

The valuation of the Peso may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Peso against the U.S. Dollar and other currencies. As of December 2024, the Peso depreciated by 4.3% to ₱57.845 to U.S.$1.00 from ₱55.37 to U.S.$1.00 at the end of 2023. With the election of President Donald J. Trump and the implementation of his policies, the fiscal authorities foresee the further strengthening of the U.S. Dollar.

A further depreciation of the Peso may increase the Group's financing costs and other expenses in respect of its U.S. Dollar-denominated debt and U.S. Dollar-denominated contractual obligations, and may also have an adverse impact on the future growth of the Philippine economy, including the gaming and hospitality industries.

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.

The Group's hospitality business will depend substantially on revenues from local travelers and foreign visitors and may be disrupted by events that reduce local or foreign visitors' willingness to travel to or in the Philippines and raise substantial concerns about visitors' personal safety.

The Philippines has been subject to a number of terrorist attacks in recent years. The Philippine army has been in conflict with the Abu Sayyaf organization, which has ties to the al-Qaeda terrorist network, and has been identified as being responsible for certain kidnapping incidents and other terrorist activities particularly in the southern part of the Philippines. There have also been isolated bombings in the Philippines, mainly in regions in the southern part of the Philippines, such as the province of Maguindanao. In May 2017, members of the "Maute Group", a local terrorist group with alleged allegiances to the Islamic State of Iraq and Syria, attacked Marawi City in Lanao

del Sur, leading to clashes with Government troops. The attacks on Marawi City prompted President Duterte to declare martial law and suspend the writ of habeas corpus over the whole island of Mindanao. Based on news reports, up to 600,000 residents of Marawi City and nearby towns have been displaced as a result of the ongoing clashes between the Maute Group and Government troops. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines, and adversely affect the country's economy and the Group's business.

Crimes also remain a serious risk in many parts of the Philippines with illegal drug trade, human trafficking, murder, theft, robberies and violent assaults occur sporadically. Kidnapping is likewise a real threat in the country, with kidnap for ransom groups targeting both locals and foreigners especially in the country's restive areas.

The Philippines has also experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes, including a 6.3 magnitude earthquake in April 2019, as well as outbreaks of infectious diseases, such as Severe Acute Respiratory Syndrome in 2003 and the Coronavirus in 2019.

In January 2020, the Coronavirus outbreak, which started in China, became a major global concern including the Philippines. The effects of the contagion have affected the travel and tourism sectors as a result of the imposition of travel ban policies in various countries including the Philippines. Chinese tourists, which consisted 17.6% of tourist arrivals in the Philippines in 2018, have been significantly compromised as a result of the travel ban from China. Given the Group's involvement in the hospitality business, the travel ban had an impact on the occupancy rates of the six hotels currently in operation. The travel ban and policies which impaired the mobility of the local population likewise affected foot traffic in retail establishments. As of March 31, 2025, mall rentals and hospitality revenues accounted for 7.7% and 4.1% of total revenues and other income, respectively.

On a global scale, remittances from Filipinos working and living abroad, particularly in Hong Kong, Macau and mainland China, would experience a substantial or significant decrease in activities. This could affect OFW residential sales which, as of the period ended March 31, 2025, accounted for 18% of total real estate option sales. Out of total OFW sales, however 50% came from the Middle East, more than half of which are from United Arab Emirates and Qatar. Thus, the impact of the coronavirus pandemic is not as significant even assuming a worst-case scenario.

Businesses that cater principally to Chinese employees such as POGOs would be adversely affected because of the travel ban and more stringent health precautionary measures. For the Group, the business segment vulnerable to this adverse development would be the BPO and hospitality businesses. From the beginning, Filinvest has been following a stringent process of selecting BPO locators and employees. The recent outbreak made it more imperative for Filinvest to be extra cautious in sanitary and hygiene observance of POGO employees. For Hospitality, the Group has likewise ensured that necessary measures to protect its employees and guests have been put in place.

Even with several controls in place, the happening of a similar pandemic may affect the Group's profitability. These and other related factors, which are not within the Group's control, could affect travel patterns, reduce the number of business and commercial travelers and tourists or potentially deter foreign visitors from traveling to or in the Philippines. Any occurrences of such events may disrupt the Group's operations and could materially and adversely affect the Group's business, financial condition and results of operations.

Political or social instability in the Philippines could destabilize the country and may have a negative effect on the Group.

The Philippines has from time to time experienced severe political and social instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the last few years, there were instances of political instability, including public and military protests arising from alleged misconduct by the previous administration.

On March 27, 2014, the Government and the Moro Islamic Liberation Front ("**MILF**") signed a peace agreement, the Comprehensive Agreement on Bangsamoro. On September 10, 2014, the draft of the Bangsamoro Basic Law ("**BBL**") was submitted by former President Aquino to Congress. The BBL is a draft law intended to establish the Bangsamoro political entity in the Philippines and provide for its basic structure of government, which will replace the existing Autonomous Region in Muslim Mindanao. Following the Mamasapano incident where high-

profile terrorists clashed with armed members of the Bangsamoro Islamic Freedom Fighters and MILF leading to the deaths of members of the Special Action Force of the Philippine National Police, MILF, the Bangsamoro Islamic Freedom Fighters, and several civilians, the Congress stalled deliberations on the BBL. The Board of Inquiry on the Mamasapano incident and the Senate released their reports on the Mamasapano incident. On March 27, 2015, former President Aquino named a Peace Council consisting of five original members to study the draft BBL. Seventeen co-conveners were later named as part of the Peace Council. The Council examined the draft law and its constitutionality and social impact. The Council Members testified before the House of Representatives and the Senate, and submitted their report, which endorses the draft BBL but with some proposed amendments. On May 13 and 14, 2015, the Senate conducted public hearings on the BBL in Zamboanga and Jolo, Sulu, with the Zamboanga City government and sultanate of Sulu opposing their inclusion in the proposed Bangsamoro entity. On May 30 and 31, 2018, the House of Representatives and the Senate approved their own versions of the bill on the BBL and on July 18, the bicameral committee approved the final version. On July 26, 2018, President Duterte signed into law Republic Act No. 11054 or the Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao ("**Bangsamoro Organic Law**"). The Bangsamoro Organic Law established an autonomous political entity known as the Bangsamoro Autonomous Region in Muslim Mindanao ("**Bangsamoro Autonomous Region**"), replacing the Autonomous Region in Muslim Mindanao ("**ARMM**") created under Republic Act No. 6734. A plebiscite was held on January 21, 2019 and February 6, 2019, with majority of the residents in ARMM and Cotabato City voting in favor of the Bangsamoro Organic Law. As such, the law was deemed ratified and the Bangsamoro Autonomous Region was formally created. It is composed of Cotabato City which voted for its inclusion in the new region and the five provinces under ARMM: Basilan (except Isabela City), Lanao del Sur, Maguindanao, Tawi-Tawi and Sulu. The Bangsamoro Autonomous Region, unlike the unitary form of government under the ARMM, has a parliamentary-democratic government. The Bangsamoro parliament has the power to enact laws in the Bangsamoro Autonomous Region. Moreover, the Bangsamoro Autonomous Region enjoys fiscal autonomy (unlike ARMM).

There can be no assurance that the Marcos administration will continue to implement the economic policies favored by the previous administration. The Philippines is likewise set to have its midterm election on May 12, 2025. Major deviations from the policies of the previous administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. The President's unorthodox methods may also increase the risks of social and political unrest. Any potential instability could have an adverse effect on the Philippine economy, which may impact the Group's business, prospects, financial condition and results of operations.

The Group's land and real property may be subject to compulsory acquisition or expropriation proceedings undertaken by the Government.

The Government, by virtue of the sovereign power of eminent domain, has the authority to acquire any private property in the Philippines for public benefit or use or any other public interest upon due process of law and payment of just compensation. Thus, the Group may be subject to a reduction or loss of property in its land holdings in the event that the Government undertakes expropriation proceedings. The payment of just compensation may also be less than the market value of the relevant property, and may thus adversely affect the Group's business.

Corporate governance and accounting and financial disclosure standards for public companies listed in the Philippines may differ from those in other countries.

There may be less publicly available information about Philippine public companies, including FDC, than is regularly made available by public companies in other countries. In addition, although the Company complies with the requirements of the SEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions. The SEC considers as best practice for public companies such as FDC, to have at least three independent directors, or such number as to constitute one-third of the board whichever is higher. While FDC has adopted the recommended best practices of the SEC and is in compliance with Philippine laws, rules and regulations, a greater number of independent directors may be required in other jurisdictions.

Changes in foreign exchange control regulations in the Philippines may limit the Group's access to foreign currency.

Under BSP regulations, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. There are restrictions on the sale and purchase of foreign exchange within the Philippine banking system. In particular, a

foreign investment must be registered with the BSP if foreign exchange is needed to service the repatriation of capital and the remittance of dividends, profits and earnings which accrue thereon is sourced from the Philippine banking system. See *"Philippine Foreign Exchange and Foreign Ownership Controls"* for more details.

The Government has, in the past, instituted restrictions on the conversion of Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency-denominated obligations. The Monetary Board of the BSP, with the approval of the President of the Philippines, has statutory authority during a foreign exchange crisis or in times of national emergency to suspend temporarily or restrict sales of foreign exchange, to require licensing of foreign exchange transactions or to require delivery of foreign exchange to BSP or its designee. The Group is not aware of any pending proposals by the Government relating to such restrictions. The Government has from time to time made public pronouncements of a policy not to impose restrictions on foreign exchange. Any restrictions imposed in the future pursuant to such statutory authority could adversely affect the ability of the Group to source foreign currency to comply with its foreign currency-denominated obligations.

The sovereign credit ratings of the Philippines may adversely affect the Group's business.

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. In 2019, the Philippines' long-term foreign currency-denominated debt was upgraded by S&P Global ("**S&P**"), to BBB+ with stable outlook, while Fitch Ratings ("**Fitch**"), and Moody's Investors Service ("**Moody's**"), affirmed the Philippines' long-term foreign currency-denominated debt to the investment-grade rating of BBB and Baa2, respectively, with a stable outlook. On February 28, 2020, Fitch revised its rating of Philippines long-term foreign currency-denominated debt to BBB, with a positive outlook, following its expectation that sound macroeconomic management will continue to support high growth rates with stable inflation while ongoing tax reforms were expected to improve fiscal finances. On May 7, 2020, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to stable, to reflect the deterioration in the Philippines' near-term macroeconomic and fiscal outlook as a result of the impact of the COVID-19 pandemic and domestic lockdown to contain the spread of the virus. In May 2020, S&P and Moody's affirmed its rating of BBB+ and Baa2, with stable outlook, respectively, for the Philippines' long-term foreign currency-denominated debt. On May 2023, Fitch once again affirmed the Philippines' credit rating as "BBB" and upgraded its outlook from "negative" to "stable".

The Philippine Government's credit ratings directly affect companies domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Fitch, Moody's, S&P, or any other international credit rating agency will not downgrade the credit ratings of the Philippine Government in the future and, therefore, Philippine companies. Any such downgrade could have a material adverse impact on the liquidity in the Philippine financial markets, the ability of the Philippine Government and Philippine companies, including the Group, to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea ("**UNCLOS**"). The Philippines made several efforts during the course of 2011 and 2012 to establish a framework for resolving these disputes, calling for multilateral talks to delineate territorial rights and establish a framework for resolving disputes.

Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal. In April and May 2012, the Philippines and China accused each other of deploying vessels to the shoal in an attempt to take control of the area, and both sides unilaterally imposed fishing bans at the shoal later that year. These actions threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports, as well as a temporary suspension of tours to the Philippines by Chinese travel agencies. Since July 2012, Chinese vessels have reportedly turned away Philippine fishing boats attempting to enter the shoal, and the Philippines has continued to protest China's presence there. In January 2013, the Philippines sent notice to the Chinese embassy in Manila that it intended to seek international arbitration to resolve the dispute under UNCLOS. China has rejected and

returned the notice sent by the Philippines to initial arbitral proceedings.

On May 9, 2013, a Philippine Coast Guard ship opened fire on a Taiwanese fisherman's vessel in a disputed exclusive economic zone between Taiwan and the Philippines, killing a 65-year old Taiwanese fisherman. Although the Philippine government maintained that the loss of life was unintended, Taiwan imposed economic sanctions on the Philippines in the aftermath of the incident. Taiwan eventually lifted the sanctions in August 2013 after a formal apology was issued by the Government of the Philippines.

In September 2013, the Permanent Court of Arbitration in The Hague, Netherlands issued rules of procedure and initial timetable for the arbitration in which it will act as a registry of the proceedings. Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the operations of the Group could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports. On July 12, 2016, the five-member Arbitral Tribunal at the Permanent Court of Arbitration in The Hague, Netherlands, unanimously ruled in favor of the Philippines on the maritime dispute over the West Philippine Sea. The Tribunal's landmark decision contained several rulings, foremost of which invalidated China's "nine-dash line", or China's alleged historical boundary covering about 85% of the South China Sea, including 80% of the Philippines Exclusive Economic Zone in the West Philippine Sea. China rejected the ruling, saying that it did not participate in the proceedings for the reason that the court had no jurisdiction over the case. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Group's business, financial condition and results of operations.

China has continuously deployed vessels to patrol the disputed islands. The Philippine Coast Guard has taken steps in contesting Chinese vessels found in Philippine waters.

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and the Group's operations could be adversely affected as a result.

RISKS RELATING TO THE OFFER SHARES

The Offer Shares may not be suitable investment for all investors.

Each potential investor in the Offer Shares must determine the suitability of that investment, considering its own circumstances. Each potential investor should:

- Have sufficient knowledge and experience to make a meaningful evaluation of the Offer Shares, the merits and risks of investing in the offer and the information contained in this Prospectus;
- Have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact such investment will have on its overall investment portfolio;
- Have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for principal or dividend payments is different from the currency of the potential investor;
- Understand thoroughly the terms of the Offer Shares and be familiar with the behavior of any relevant financial markets; and
- Be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate.

No assurance can be given on adequate mitigation of such risk.

Dividends on the Offer Shares may not be paid in full, or at all.

Under the terms and conditions governing the Offer Shares, the Company may pay no dividends or less than full dividends on a Dividend Payment Date. Holders of the Offer Shares will not receive dividends on a Dividend

Payment Date or for any period during which the Issuer does not have retained earnings out of which to pay dividends.

If the profits available to distribute as dividends are, in the Board's opinion, not sufficient to enable the Issuer to pay in full on the same date both dividends on the Offer Shares and the dividends on other shares that have an equal right to dividends as the Offer Shares, the Issuer is required first, to pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that Dividend Payment Date on any shares with a right to dividends ranking in priority to that of the Offer Shares; and second, to pay dividends on the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in profits pro rata to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on past cumulative dividends on any shares ranking equal in the right to dividends with the Offer Shares.

Volatility of market price of the Offer Shares.

The market price of the Offer Shares could be affected by various factors, including:

- general market, political and economic conditions;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed stocks, in general, and stocks of other conglomerates;
- changes to government policy, legislation or regulations; and
- general operational and business risks.

In addition, many of the risks described within this section could materially and adversely affect the market price of the Offer Shares.

In part as a result of the global economic downturn, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of the Offer Shares.

FDC's obligations in respect of the Offer Shares are subordinated to all of the Company's indebtedness.

The rights and claims of holders of the Offer Shares will (subject to the extent permitted by law) rank senior to the holders of the Common Shares of the Company, however the obligations of the Company under the Offer Shares are unsecured and are subordinated obligations to all other indebtedness of the Company. In the event of the winding-up of the Company, the Offer Shares rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Offer Shares. The Offer Shares, however, rank *pari passu* with each other. There is risk that an investor in the Offer Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless the Company can satisfy in full all of its other obligations ranking senior to the Offer Shares.

There may be insufficient distributions upon liquidation.

In the event of liquidation, the Offer Shares rank ahead of the Common Shares, but subordinated against the Company's other indebtedness. Upon any voluntary or involuntary dissolution, liquidation or winding up of FDC, holders of the Offer Shares will be entitled only to the available assets of the Company remaining after its other indebtedness is satisfied. If any such assets are insufficient to pay the full amount due to the holders of the Offer Shares, then holders of the Offer Shares shall share rateably, together with holders of other shares which rank equally in any such distribution of assets in proportion to the full distributions to which they would otherwise be respectively entitled.

The market price of the Offer Shares may be volatile, which may result in the decline in the value of investments of the investors.

The market price of the Offer Shares could be affected by several factors, including: (a) general market, political and economic conditions; (b) changes in earnings estimates and recommendations by financial analysts; (c) changes in market valuations of listed stocks in general and other retail stocks in particular; (d) the market value of our assets; (e) changes to Government policy, legislation or regulations; and (f) general operational and business risks.

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of the Offer Shares.

In part as a result of recent global economic developments, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of the Offer Shares. No assurance can be given on adequate mitigation of such risk.

The Offer Shares have no stated maturity date and FDC has the sole right to redemption.

The Offer Shares have no fixed maturity date, and the Offer Shares are not repayable in cash unless the Issuer, at its sole discretion, redeems them for cash. Furthermore, holders of the Offer Shares have no right to require the Issuer to redeem the Offer Shares. The Offer Shares are only redeemable at the option of the Issuer on the Optional Redemption Date, or at any time in the event that dividend payments become subject to additional withholding tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to FDC. Accordingly, if a holder of the Offer Shares wishes to obtain the cash value of the investment, the holder will have to sell the Offer Shares in the secondary market. No assurance can be given on adequate mitigation of such risk.

There may be a lack of public market for the Offer Shares.

The Philippine securities markets are substantially less liquid and more volatile than major securities markets in other jurisdictions and are not as highly regulated or supervised as some of these other markets. The Company cannot guarantee that the market for the Offer Shares will always be active or liquid upon commencement of their trading on the PSE. The nationality restriction on ownership of the Offer Shares may also restrict the trading and liquidity of the Offer Shares. No assurance can be given on adequate mitigation of such risk.

The Joint Lead Underwriters and Bookrunners are not obligated to create a trading market for the Offer Shares and any such market making will be subject to the limits imposed by applicable law and may be interrupted or discontinued at any time without notice. Accordingly, the Company cannot predict whether an active or liquid trading market for the Offer Shares will develop or if such a market develops, if it can be sustained. Consequently, a holder may be required to hold his Offer Shares for an indefinite period of time or sell them for an amount less than the Offer Price. No assurance can be given on adequate mitigation of such risk.

Non-payment of dividends may affect the trading price of the Offer Shares.

If dividends on the Offer Shares are not paid in full, or at all, the Offer Shares may trade at a lower price than they might otherwise have traded if dividends had been paid. The sale of the Offer Shares during such a period by a holder of the Offer Shares may result in such holder receiving lower returns on the investment than a holder who continues to hold the Offer Shares until dividend payments resume. In addition, because of the dividend limitations, the market price for the Offer Shares may be more volatile than that of other securities that do not have these limitations. While FDC has consistently declared and paid dividends on its outstanding common and preferred shares, no assurance can be given that it will continue to do so in the future, or that it will be able to adequately mitigate such risk.

Holders of Offer Shares may be unable to reinvest at a similar return on investment.

On the Dividend Rate Re-Setting Date, or any Dividend Payment Date thereafter, or at any time redemption occurs, FDC may redeem the Offer Shares for cash at the redemption price, as described in "*Description of the Securities*". At the time of redemption, interest rates may be lower than at the time of the issuance of the Offer Shares and, consequently, the holders of the Offer Shares may not be able to reinvest the proceeds at a comparable

rate of return or purchase securities otherwise comparable to the Offer Shares. No assurance can be given on adequate mitigation of such risk.

The Offer Shares have no voting rights.

Holders of the Offer Shares will have no voting rights, except with respect to certain fundamental matters set forth in the Company's Articles of Incorporation and as required by Philippine law, see ''*Description of the Securities*'' for more details. Further, holders of the Offer Shares will not be entitled to elect the Directors of the Company.

There is no guarantee that the Offer Shares will be listed.

The Company shall file an application for the listing of the Offer Shares as they are issued on the PSE but cannot guarantee that the Offer Shares will be listed on its target Issue Date as indicated in this Prospectus.

The Offer Shares will be listed on the Main Board subject to the PSE's approval of the Company's listing applications. While the Company endeavors to comply with all the listing requirements of the PSE, there is no assurance of effective mitigation to such risk.

Use of Proceeds

FDC estimates that the net proceeds from the Base Offer shall amount to approximately ₱[5.94] billion after deducting fees, commissions and expenses. Assuming the Oversubscription Option is fully exercised, the net proceeds from the Offer shall amount to approximately ₱[7.93] billion after deducting fees, commissions and expenses.

Net proceeds from the Offer are estimated to be at least as follows:

Particulars	**Base Offer**	**With Oversubscription**
Estimated gross proceeds	**[6,000,000,000.00]**	**[8,000,000,000.00]**
Less: Estimated fees, commissions and expenses		
Underwriting and Selling Fees	[27,000,000.00]	[36,000,000.00]
Issue Management Fees	[3,000,000.00]	[4,000,000.00]
Trading Participants Fee	[1,500,000.00]	[1,500,000.00]
Professional Fee (Auditors)	[13,800,000.00]	[13,800,000.00]
Documentary Stamp Taxes	[60,000.00]	[80,000.00]
SEC Registration Fee and Legal Research Fee	[2,588,125.00]	[2,588,125.00]
PSE Filing Fee (excluding VAT)	[8,000,000.00]	[8,000,000.00]
Publication Fee	[100,000.00]	[100,000.00]
Receiving and Stock Transfer Agent Fee	700,000.00	700,000.00
Legal Fees[5]	[112,000.00]	[112,000.00]
Other Expenses[6]	[100,000.00]	[100,000.00]
Total estimated fees, commissions and expenses	**[56,960,125.00]**	**[66,980,125.00]**
Estimated net proceeds	**[5,943,039,875.00]**	**[7,933,019,875.00]**

Aside from the fees enumerated above, the Issuer will be paying the following estimated recurring fees related to the Preferred Shares:

1. The Issuer will pay an annual retainer fee to the Stock Transfer Agent amounting to ₱360,000.00 (net of taxes); and

2. After the Issue Date, a fee amounting approximately ₱50,000.00 is payable every Dividend Payment Date to the Stock Transfer Agent.

The net proceeds from the Offer shall be used by FDC for the following in order of priority:

[5] Estimated legal fees includes fees of (i) Issuer's counsel and (ii) the independent third-party counsel for the preparation of legal opinion required by the SEC and PSE

[6] This is composed of marketing related expenses (e.g., publication fees, investors' presentations, etc.)

Use of Proceeds	Without Oversubscription	With Oversubscription	Estimated Timing of Disbursement
Refinancing	[5,050,000,000.00]	[6,750,000,000.00]	[September 15, 2025]
Capex & Gen Corp. Purposes	893,039,875.00	1,183,019,875	[3Q 2025 up to 4Q 2026]
Total	**[5,943,039,875.00]**	**[7,933,019,875.00]**	

Approximately ₱5.0 billion to ₱6.75 billion in net proceeds of the Preferred Shares, including in the event the Oversubscription Option is exercised will be used to partially liquidate the term loan with local banks totalling ₱9.65 billion. ₱4.84 billion was availed from East West Banking Corporation ("**EWBC**") on October 8, 2020 and ₱4.81 billion was availed from China Banking Corporation ("**CBC**") on March 10, 2021. Both loans will mature on September 15, 2025. The Company will use existing funds for the difference to fully liquidate the said loans on maturity date. EWBC is a subsidiary of the Issuer while CBC is the parent company of China Bank Capital, a Joint Lead Underwriter and Bookrunner for this Offer.

The Company will likewise use a portion of the proceeds of the Offer to provide additional funds for the expenses of the Company related to its operations and activities. Subject to determination by management of the appropriate amounts to be used as investments in subsidiaries, taking into consideration the abovementioned factors, a portion of the proceeds may be allocated for general corporate purposes. The Company's management expects to use such portion of the proceeds, if any, within 12 to 18 months from the Issue Date. The proceeds from the Offer to be used for general corporate purposes will be used directly by the Company.

In addition to the net proceeds of this Offer, the Company intends to utilize internally generated funds considering that the projected total funding requirement is greater than the net proceeds of the Offer.

Pending the deployment of the proceeds from the Offer, the Company intends to invest such net proceeds in short-term liquid investments including, but not limited to, short-term government securities, bank deposits and money market placement which are expected to earn at prevailing market rates. In the event such investments should incur losses, any shortfall will be financed from the Company's internally generated funds.

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder, for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

In the event that the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, in case the Company is not able to raise the full amount of the Offer, the Company shall use internally generated funds and/or available bank lines to the extent the proceeds of the Offer are insufficient to fund its requirements.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event that there is any change in the Company's development plan, including force majeure, market conditions and other circumstances, the Company will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is better for the Company's and its shareholders' interest taken as a whole. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may findit necessary or advisable to alter its plans. In the event of substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC, the stockholders, and PSE in writing at least 30 days before such deviation, adjustment or reallocation is implemented.

In addition, the Company shall submit via the PSE's online disclosure system, the Electronic Disclosure Generation Technology ("**EDGE**"), the following disclosures to ensure transparency in the use of proceeds, namely:

i. any material disbursement;

ii. quarterly progress report on the application of the proceeds from the Offer on or before the first 15 days of the following quarter;

iii. annual summary of the application of the proceeds on or before January 31 of the following year; and

iv. approval by the Board of Directors or the Executive Committee of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

The Company shall submit a certification by the Company's treasurer and external auditor on the accuracy of the information reported by the Company to the PSE, as well as a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Prospectus, if any, in the Company's quarterly and annual reports as required in items (ii) and (iii) above. Such detailed explanation will state the approval of the Board of Directors as required in item (iv) above.

Plan of Distribution

FDC plans to issue the Offer Shares to institutional and retail investors through a public offering to be conducted through the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners. The Offer does not include an international offering.

THE OFFER

The Offer covered by this Prospectus and described below was authorized by resolutions of the Board of Directors of the Company dated [●]. This Prospectus relates to the offering and sale of up to [₱6,000,000,000.00] worth of up to [6,000,000] preferred shares with an oversubscription option of up to [₱2,000,000,000.00] worth of up to [2,000,000] preferred shares to be offered in up to two (2) series. A registration statement in connection with the Preferred Share Offer was filed by the Company with the SEC on [●]. An application to list the Offer Shares was filed with the PSE on [●].

SOLE ISSUE MANAGER AND JOINT LEAD UNDERWRITERS AND BOOKRUNNERS

The Sole Issue Manager and the Joint Lead Underwriters and Bookrunners have agreed to distribute and sell the Offer Shares at the Offer Price, pursuant to an underwriting agreement to be entered into with FDC (the "**Underwriting Agreement**"). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, each Underwriter has committed to underwrite the following amounts on a firm basis:

Joint Lead Underwriter and Bookrunner	Underwriting Commitment (₱)
BPI Capital Corporation	1,500,000,000.00
BDO Capital & Investment Corporation	1,125,000,000.00
China Bank Capital Corporation	1,125,000,000.00
Land Bank of the Philippines	1,125,000,000.00
Security Bank Capital Investment Corporation	1,125,000,000.00
Total	**6,000,000,000.00**

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to FDC of the net proceeds of the Offer Shares. For further discussion, please refer to *"Withdrawal of the Offer"* on page 137 of this Preliminary Prospectus.

BPI Capital is the Sole Issue Manager for this transaction. Fees paid to the Sole Issue Manager is [0.05]% on the final aggregate nominal principal amount of the Offer Shares.

The underwriting and selling fees to be paid by the Company in relation to the Offer shall be up to [0.45]% of the gross proceeds of the Offer, which shall be inclusive of fees to be paid to the Joint Lead Underwriters and Bookrunners.

The Sole Issue Manager and the Joint Lead Underwriters and Bookrunners are duly licensed by the SEC to engage in underwriting or distribution of the Offer Shares. The Sole Issue Manager and the Joint Lead Underwriters and Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business for the Company or any of its subsidiaries.

The Sole Issue Manager and the Joint Lead Underwriters and Bookrunners have no direct relations with the Company in terms of ownership by either of their respective major stockholder/s and have no right to designate or nominate any member of the Board of Directors.

The Sole Issue Manager and the Joint Lead Underwriters and Bookrunners have no contract or other arrangement with the Company by which it may return any unsold Offer Shares subject to the firm underwriting commitment.

BDO Capital & Investment Corporation

BDO Capital & Investment Corporation is the wholly-owned investment banking subsidiary of BDO Unibank, Inc., which, in turn, is an associate of the SM Group. BDO Capital & Investment Corporation is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. Incorporated in December

1998, BDO Capital & Investment Corporation commenced operations in March 1999. As of December 31, 2024, it had ₱5.44 billion and ₱5.08 billion in assets and capital, respectively.

BPI Capital Corporation

BPI Capital Corporation offers investment banking services in the areas of financial advisory, mergers and acquisitions, debt and equity underwriting, private placements, project finance and loan syndication. Founded in December 1994, BPI Capital is duly licensed by the Philippine SEC to engage in the underwriting and distribution of securities. As of December 31, 2024, its total assets amounted to ₱4.60 billion and its capital base amounted to ₱34.36 billion. It has an authorized capital stock of ₱506.44 million of which approximately ₱260.36 million represents its paid-up capital. The firm operates as a wholly owned subsidiary of the Bank of the Philippine Islands.

China Bank Capital Corporation

China Bank Capital Corporation is the wholly owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house on November 27, 2015, with SEC Company Registration No. CS201522558 and SEC Investment House License No. CR 01-2015-00279 (renewed on November 19, 2024), as a result of the spin-off of China Banking Corporation's Investment Banking Group. The firm offers a full suite of investment banking solutions that enable clients to achieve their fundraising objectives and strategic goals. The company's services include arranging, managing, and underwriting debt and equity transactions, such as bond offerings, corporate notes issuances, initial public offerings and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance, real estate investment trusts, and asset securitizations. Chinabank Capital also provides financial advisory services, such as deal structuring, valuation, and execution of mergers, acquisitions, divestitures, joint ventures, and other corporate transactions. As of December 31, 2024, it had ₱4.06 billion and ₱4.00 billion in assets and capital, respectively.

Land Bank of the Philippines

Land Bank of the Philippines is a government financial institution organized and existing pursuant to Republic Act No. 3844, otherwise known as the Agricultural Land Reform Code, as amended. Established in 1963, LANDBANK operates as a universal bank, providing a wide range of financial services to support the growth of the agriculture sector, rural communities, and other priority sectors of the economy such as infrastructure and utilities; power; micro, small and medium enterprises; healthcare and education; and environment and natural resources management, among others. Present in all 82 provinces in the country, LANDBANK is the largest development financial institution in the Philippines that promotes financial inclusion, digital transformation, and sustainable national development. LANDBANK is licensed by the SEC as an Investment House Engaged in Dealing Government Securities under Certificate of Registration (C.R.) No.: 01-2008-00243. As of December 31, 2024, total assets of LANDBANK amounted to ₱3.43 trillion, with a capital of ₱275.74 billion.

Security Bank Capital Investment Corporation

Security Bank Capital Investment Corporation (formerly, Security Bank Capital Investment Corporation) is a Philippine corporation organized in October 1995 as a wholly owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. Security Bank Capital provides a wide range of investment banking services including underwriting of debt and equity securities, project finance, loan syndications, mergers and acquisitions and other corporate/financial advisory services. Security Bank Capital is also involved in equity trading through its wholly owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major debt and equity issues. As of December 31, 2024, it has total assets of ₱2.19 billion and a capital base of ₱2.13 billion.

SALE AND DISTRIBUTION

The distribution and sale of the Offer Shares shall be undertaken by the Sole Issue Manager and the Joint Lead Underwriters and Bookrunners who shall sell and distribute the Offer Shares to third party buyers/investors. The Sole Issue Manager and the Joint Lead Underwriters and Bookrunners are authorized to organize a syndicate of other underwriters, soliciting dealers, and/or selling agents for the purpose of the Offer.

Of the [6,000,000] Offer Shares to be offered, [4,200,000] Offer Shares or 70% of the Firm Shares are being offered through Sole the Issue Manager and the Joint Lead Underwriters and Bookrunners for subscription and sale to Qualified Institutional Buyers and the general public.

TRADING PARTICIPANTS

The Company plans to make available up to [1,200,000] Offer Shares or up to 20% of the Base Offer Shares for distribution to the respective clients of the [124] Trading Participants of the PSE, acting as Selling Agents. The total number of Base Offer Shares allocated to the PSE Trading Participants will be distributed following the procedures indicated in the implementing guidelines for the offering of the Preferred Shares to the Trading Participants to be announced in the EDGE by the PSE (the "**TP Guidelines**"). Each Trading Participant shall be allocated [9,670] Base Offer Shares (the "**Allocation per TP**") (computed by dividing the Base Offer Shares allocated to the Trading Participants by [124] and rounded down to the nearest board lot). Based on the initial allocation for each Trading Participant, there will be a total of [920] Base Offer Shares to be allocated as may be determined by the Joint Lead Underwriters and Bookrunners. The Trading Participants may undertake to purchase more than their Allocation per TP. Any requests for Offer Shares in excess of the Allocation per TP may be satisfied via the reallocation of any Base Offer Shares not taken up by other Trading Participants. [920] residual Base Offer Shares, and any Base Offer Shares allocated to the PSE Trading Participants but not taken up by them, will be allocated first to the Trading Participants who subscribed to their allotment and indicated additional demand in accordance with the TP Guidelines. Trading Participants who take up the Offer Shares shall be entitled to a selling fee of 0.125%, inclusive of value added tax, of the Offer Shares taken up and purchased by the relevant trading participant. The selling fee, less withholding tax, will be paid to the PSE Trading Participants within ten (10) Business Days after the Issue Date.

Prior to the close of the Offer Period, any Offer Shares not taken up by the Trading Participants shall be distributed by the Joint Lead Underwriters and Bookrunners directly to their clients and the general public.

Trading Participant Allocation Process

Mechanics of Distribution

1. Upon receipt of the report on the Offer Shares to be taken up by the Trading Participants (the "**Firm Undertaking Report**") from the Receiving Agent, the Sole Issue Manager shall, with guidance from the PSE Listings Department, input the number of Offer Shares requested by each Trading Participant in a spreadsheet designed for the reservation and allocation of the Offer Shares.

2. The spreadsheet shall distribute the total number of Offer Shares to be allocated to each Trading Participant in accordance with the following process:

    a) If the total number of Offer Shares requested by a Trading Participant, based on its firm undertaking to purchase (the "**Firm Undertaking**"), does not exceed the Allocation per TP, the Sole Issue Manager shall fully satisfy the request of such Trading Participant. Each Trading Participant is assured of not less than the Allocation per TP. The balance, if any, shall be re-distributed among those who have signified a commitment to purchase more than the Allocation per TP in their Firm Undertaking until all the Offer Shares allotted for distribution are fully allocated subject to approval of the Joint Lead Underwriters and Bookrunners.

    b) If the total number of Offer Shares requested by a Trading Participant exceeds the Allocation per TP, additional shares may be sourced from the Offer Shares not taken up by the other Trading Participants. The Issue Manager, with oversight from representative(s) of the other Joint Lead Underwriters and Bookrunners, and under the guidance of a representative of the PSE Listings Department, shall allocate the Offer Shares to Trading Participants by: (i) filling in first those Participating TPs whose orders are less than or equal to the Allocation per TP, and then (ii) those TPs who have orders for additional shares.

    c) In no case shall any Trading Participant be awarded more than the shares indicated in its Firm Undertaking.

d) If the total number of Offer Shares by all Trading Participants (including the additional shares) is less than the total TP Allocation, the balance shall be returned to the Joint Lead Underwriters and Bookrunners.

e) If the total number of Offer Shares requested by a Participating TP is more than its Allocation per TP, the excess Firm Order may be awarded to such Participating TP out of the shares not taken up by the other TPs.

3. All deadlines indicated in the guidelines for Trading Participants submitted to the PSE shall be strictly followed.

LOCAL SMALL INVESTORS

A total of up to [600,000] Base Offer Shares, or up to 10% of the Base Offer Shares (the "**LSI Allocation**"), shall be made available nationwide to LSIs through PSE EASy. If the total amount of Offer Shares in Applications to Purchase submitted by LSIs is five (5) times or more than the LSI Allocation, then the LSI Allocation will be increased to up to [900,000] Offer Shares. In the event that the total demand by LSIs for the Offer Shares exceed the maximum allocation of up to [900,000], the Joint Lead Underwriters and Bookrunners shall allocate the Offer Shares by balloting. As defined under the PSE Rules, an LSI is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot or whose subscription does not exceed [₱100,000.00], provided, however, that the PSE may increase the maximum subscription amount for the LSI, on a case-to-case basis. In the case of this Offer, the minimum subscription of LSIs shall be 50 Offer Shares or ₱50,000.00, and thereafter in multiples of 10 Offer Shares, up to a maximum subscription of [1,000] Offer Shares or ₱[1,000,000.00]. There will be no discount on the Offer Price. The procedure in subscribing to Offer Shares via PSE EASy is indicated in the Company's implementing guidelines for the offering of the Preferred Shares to the Trading Participants implementing guidelines for the offering of the Offer Shares to the Local Small Investors ("**LSI Guidelines**") to be announced through the PSE EDGE website. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Sole Issue Manager and the Joint Lead Underwriters and Bookrunners shall allocate the Offer Shares by ensuring equitable distribution by satisfying first the applications of investors with the smallest orders.

All Offer Shares not taken up by the Trading Participants, the LSIs, qualified institutional buyers, the general public and the Joint Lead Underwriters and Bookrunners' clients shall be purchased by the Joint Lead Underwriters and Bookrunners pursuant to the terms and conditions of the Underwriting Agreement. Nothing herein or in the Underwriting Agreement shall limit the rights of the Joint Lead Underwriters and Bookrunners from purchasing the Offer Shares for their own respective accounts.

The obligations of each of the Joint Lead Underwriters and Bookrunners will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Lead Underwriters and Bookrunners. Unless otherwise expressly provided in the Underwriting Agreement, the failure by a Joint Lead Underwriter and Bookrunner to carry out its obligations thereunder shall neither relieve the other Joint Lead Underwriters and Bookrunners of their obligations under the Underwriting Agreement.

TERM OF APPOINTMENT

The engagement of the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners shall subsist so long as the SEC's permit to sell the Offer Shares remains valid, unless otherwise terminated by the Company and any of the Joint Lead Underwriters and Bookrunners.

MANNER OF DISTRIBUTION

The Sole Issue Manager and the Joint Lead Underwriters and Bookrunners shall, at their discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Offer Shares shall be solicited, with the sale of the Offer Shares to be effected only through the Sole Issue Manager and the Joint Lead Underwriters and Bookrunners. The Sole Issue Manager and the Joint Lead Underwriters and Bookrunners may appoint other entities, including Trading Participants, to sell on their behalf.

OFFER PERIOD

The Offer Period shall commence at 9:00 a.m. on [July 21], 2025 and end at 12:00 noon on [July 25], 2025, or on such other dates as may be agreed upon between the Issuer and the Joint Lead Underwriters and Bookrunners. FDC and the Joint Lead Underwriters and Bookrunners reserve the right to extend or terminate the Offer Period with the approval of the SEC and the PSE.

APPLICATION TO PURCHASE

All applications to purchase the Offer Shares shall be evidenced by a duly completed and signed Application to Purchase, together with two (2) duly accomplished signature cards authenticated by the Corporate Secretary with respect to corporate and institutional investors, and shall be accompanied by the proof of full payment of the corresponding purchase price of the Offer Shares applied for and the required documents which must be submitted to the Receiving Agent or the Joint Lead Underwriters and Bookrunners.

Corporate, partnership, trust, and institutional purchasers must also submit the following:

(a) a certified true copy of the applicant's latest articles of incorporation and by-laws and other constitutive documents or equivalent documents, each as amended to date, duly certified by the corporate secretary or equivalent officer;

(b) the applicant's SEC certificate of registration, duly certified by the corporate secretary, or equivalent officer;

(c) a duly notarized corporate secretary's certificate or certificate of the managing partner (in the case of a partnership) or certificate of equivalent officer setting forth the resolution of the applicant's board of directors or equivalent body, namely (i) authorizing the purchase of the Offer Shares indicated in the application and (ii) the designated signatories for the purpose, including their respective specimen signatures;

(d) certified true copy of latest GIS duly certified by the corporate secretary, managing partner, or equivalent officer;

(e) two (2) duly accomplished specimen signature cards with specimen signatures of the signatory or signatories of the Application to Purchase;

(f) photocopy of any one (1) of the following valid and current government issued IDs: Philippine Identification Card, passport/driver's license, company ID, Social Security System/Government Service and Insurance System ID and/or Senior Citizen's ID, Unified Multi Purpose ID, Philippine Identification Card, or such other ID and documents as may be required by or acceptable to the Sole Issue Manager, Joint Lead Underwriters and Bookrunners, the Selling Agents or the Receiving Agent, as applicable, of (a) the authorized signatory(ies), duly certified as a true copy by the corporate secretary and (b) the corporate secretary, duly certified as true copy by an authorized officer of the corporation;

(g) foreign corporate and institutional applicant-purchasers who qualify as Eligible Investors are required to submit in quadruplicate, a representation and warranty stating that their Application to Purchase will not violate the laws of their jurisdictions of incorporation or organization, and that they are allowed to acquire, purchase and hold the Offer Shares; and

(h) such other documents as may be reasonably required by the Sole Issue Manager, the Joint Lead Underwriters and Bookrunners or the Trading Participants in the implementation of its internal policies regarding "know your customer", anti-money laundering, combating the financing of terrorism, and countering proliferation financing.

In addition, the relevant Trading Participants shall submit the documents required under the implementing guidelines referred to above.

Individual applicants must also submit a photocopy of any one (1) of the following valid and current government issued IDs: Philippine Identification Card, passport/driver's license, company ID, SSS/Government Service Insurance System ID and/or Senior Citizen's ID, Unified Multi Purpose ID, Philippine Identification Card, or such other ID and documents as may be reasonably required by or acceptable to the Registrar and Paying Agent, as applicable.

An applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates or reduced rate under the tax sparing rule, shall, in addition, must submit the following requirements to the relevant Joint Lead Underwriters and Bookrunners together with their applications who shall then forward the same to the Registrar and Paying Agent, subject to acceptance by the Company as being sufficient in form and substance:

(a) copy of the tax treaty invoked;

(b) BIR Form No. 0901-D or Application Form for Treaty Purposes ("*Application Form*") duly signed by the non-resident stockholder or its/his/her authorized representative;

(c) tax residency certificate for the period when the treaty rate is claimed, duly issued by the tax authority of the foreign country in which the income recipient is a resident;

(d) bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing payment/remittance of income;

(e) Notarized Special Power of Attorney ("**SPA**") issued by the nonresident taxpayer to his/her authorized representative(s), which shall expressly state the authority to sign the Application Form as well as to file the tax treaty relief application or Request for Confirmation (if the document is executed abroad, it needs to be apostilled or consularized);

(f) when applicable, proof that shareholding in respect of which dividends are paid is not effectively connected with a permanent establishment of the foreign enterprise in the Philippines;

(g) duly notarized undertaking/indemnity, in the prescribed form, declaring and warranting its tax exempt status or entitlement to reduced treaty rates, undertaking to immediately notify the Issuer and the Receiving Agent of any suspension or revocation of the tax exemption certificates or treaty privileges, and agreeing to indemnify and hold the Issuer and the Receiving Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax;

(h) Copy of the non-resident legal person or arrangement's Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof, if in foreign language;

(i) certification under oath by custodian banks/depository account holders/broker dealers stating in detail the legal and beneficial owners of all issued and outstanding shares as of record date, their corresponding subscriptions, date/s of acquisition, percentage of ownership and the allocation of dividend;

(j) a current and valid BIR-certified true copy of the original tax exemption certificate, ruling or opinion issued by the BIR and addressed to the applicant, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;

(k) with respect to tax treaty relief, copy of Certificate of Entitlement ("COE") from the BIR or, if none yet, a duly accomplished BIR Form No. 0901 or Application Form for Treaty Purposes, Tax Residency Certificate, Notarized Special Power of Attorney assigning an authorized representative to sign the Application Form and file (in case of a non-resident). In addition, specific documentary requirements mentioned in Revenue Memorandum Order No. 14-2021 applicable to the tax treaty relief applied for shall accompany the above documents (See "*Philippine Taxation*" on page 351 of this Prospectus);

(l) with respect to the tax-sparing rule, a Certified/Authenticated copy of the foreign law of the country of the stockholder allowing it a deemed paid tax credit in an amount equivalent to the 10.0% waived by the Philippines or exempts from tax the dividends received;

(m) original apostilled/duly authenticated copy of the non-resident foreign corporation's ("**NRFC**") articles of incorporation or proof of establishment in its country of residence;

(n) Original Copy of the Certificate of Non-Registration of Company or such equivalent confirmation from the SEC that the entity is not doing business in the Philippines confirmation from the SEC that the entity is not doing business in the Philippines; and

(o) such other additional/special documentary requirements as may be reasonably required by the Issuer and Receiving Agent under the applicable regulations of the relevant taxing or other authorities.

The BIR revised its procedures for availment of tax treaty relief on dividends by issuing Revenue Memorandum Order No. 14-21 (Streamlining the Procedures and Documents for the Availment of Treaty Benefits, dated March 31, 2021) as clarified by Revenue Memorandum Circular No. 77-21 (Clarification on Certain Provisions of Revenue Memorandum Order No. 14-21, dated June 15, 2021). In accordance with the foregoing regulations, all income items derived by nonresident taxpayers entitled to tax treaty relief shall be confirmed by the BIR through filing of: (i) a request for confirmation by the withholding agent, or (b) a tax treaty relief application by the nonresident taxpayer, with the required supporting documents in either case.

In both cases of a request for confirmation/tax treaty relief, an original of the duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status, undertaking to immediately notify the Company and the Registrar and Depository Agent of any suspension or revocation of its tax exempt status and agreeing to indemnify and hold the Company, the Registrar and Depository Agent and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax will have to be submitted.

After the submission of the Application to Purchase, the Issuer may require Holders to submit updated versions of the documents when required under the rules and regulations.

The Sole Issue Manager and the Joint Lead Underwriters and Bookrunners shall be responsible for accepting or rejecting any application or scaling down the amount of Offer Shares applied for. The Application, once accepted, shall constitute the duly executed purchase agreement covering the amount of Offer Shares so accepted and shall be valid and binding on the Company and the applicant. The Receiving Agent shall advise the Selling Agents of any Applications that were rejected and/or scaled down, with copy to the Company.

FIRM COMMITMENT TO PURCHASE

The Joint Lead Underwriters and Bookrunners will fully underwrite, on a firm commitment basis, the Base Offer Shares.

After the commencement of the Offer Period, the Offer Shares shall not be withdrawn, cancelled, suspended or terminated solely by reason of the (i) inability of the Company or the Joint Lead Underwriters and Bookrunners to sell or market the Offer Shares or (ii) the refusal or failure by the Company, the Joint Lead Underwriters and Bookrunners, or any other entity or person to comply with any undertaking or commitment to take up any shares remaining after the Offer Period.

In undertaking the Joint Lead Underwriters and Bookrunners' Firm Commitment to purchase the Offer Shares, the Joint Lead Underwriters and Bookrunners hereby manifest their conformity to comply with and be bound by all duly promulgated and applicable listing and disclosure rules, requirements, and policies of the PSE.

MINIMUM PURCHASE

Each Application to Purchase shall be for a minimum of 50 Offer Shares, equivalent to ₱50,000.00, and thereafter, in multiples of 10 Offer Shares equivalent to ₱10,000.00. No Application to Purchase for multiples of any other number of Offer Shares will be considered.

PAYMENT OF THE OFFER SHARES

For Trading Participants, the Offer Shares must be paid for in full upon submission of the Application to Purchase. The subscription may be paid in full in Pesos upon the submission of the duly completed and signed Application to Purchase and specimen signature card together with the requisite attachments.

Payment by the Trading Participants shall be in the form of either:

- a personal or corporate check drawn against an account with a BSP authorized bank having a clearing period of no more than one (1) Business Day;
- a manager's or cashier's check issued by a BSP authorized bank having a clearing period of no more than one (1) Business Day; or
- a direct deposit to the designated bank account to be indicated in a notice containing the final allocation of said Trading Participant ("**Notice of Final Allocation**"). Proof of full payment must be submitted to the Receiving Agent, together with the Application to Purchase and required attachments. All checks should be made payable to "[Filinvest Development Corporation Preferred A and B]", crossed "Payee's Account Only" and dated the same date as the Application to Purchase.

For applicants submitting their Application to Purchase to any of the Joint Lead Underwriters and Bookrunners, in accordance with the instructions to be provided by such Joint Lead Underwriter and Bookrunner. All check payments shall be in the form of personal or corporate checks, or manager's or cashier's checks with a clearing period of not more than one (1) Business Day and drawn against any BSP authorized agent bank. The check must be made payable to "[Filinvest Development Corporation Preferred A and B]" and crossed "Payee's Account Only." Checks subject to clearing periods of more than one (1) Business Day shall not be accepted.

For Local Small Investors, the allocation of the Offer Shares will be through the PSE Electronic Allocation System or "PSE EASy." The procedure in subscribing to the Offer Shares via PSE EASy is indicated in the Company's Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website.

Payment by the Local Small Investors shall be made either by:

- BPI Bills Payment under the biller name [Filinvest Development Corporation Preferred A and B] via:
    - Over-the-counter cash or check deposit payment in any BPI branch.
    - Online payment through BPI Internet Banking or BPI Mobile Banking App.
- Online payment via DragonPay, with [Filinvest Development Corporation Preferred A and B] as the merchant.

Should the payment of the Local Small Investor be incomplete or below the full payment or below the full payment amount of the purchase, the LSI Application shall be rejected.

REFUNDS

In the event that the number of Offer Shares to be allotted to an applicant, as confirmed by a Joint Lead Underwriter and Bookrunner or by the Receiving Agent, is less than the number covered by its Application to Purchase, or if an Application to Purchase is wholly or partially rejected by FDC, then FDC shall refund, without interest, within five (5) Business Days from the end of the Offer Period, all, or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Joint Lead Underwriter and Bookrunner, Receiving Agent, or Selling Agent with whom the applicant has filed the Application to Purchase. In case of joint applicants, the check refund shall be made payable to the first named applicant and crossed "Payee's Account Only" in an amount corresponding to the number of Offer Shares rejected and delivered (at the risk of the Applicant) to the relevant Applicant's specified delivery address in the Application in the case of the Trading Participants and the LSIs, or to the Joint Lead Underwriters and Bookrunners, or Selling Agents with whom the Applicant has filed the Application in the case of Applicants other than Trading Participants and LSIs.

WITHDRAWAL OF THE OFFER

The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PSE.

The Company may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to the Issue Date, if there is a supervening force majeure or fortuitous event, such as:

a. An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or occurrence of any change in local, national or international financial, political, or economic or stock market conditions, a declaration of national health emergency, any of which in the reasonable opinion of the Sole Issue Manager, Joint lead underwriters and bookrunners, renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the Underwriting Agreement or this Prospectus, or would have a material adverse effect on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it impracticable or inadvisable to proceed with the Offer in the manner contemplated by the Prospectus, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Issuer's or the Joint Lead Underwriters and Bookrunners' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Bookrunners, or any other entity/ person to take up any shares remaining after the Offer Period;

b. Issuance of an order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution, or listing of the Offer Shares by any court or governmental agency or authority having jurisdiction on the matter, the BSP, the SEC or the PSE;

c. Cancellation, revocation or termination of the PSE Notice of Approval, the SEC pre-effective clearance, the SEC Order of Registration, or the SEC Permit to Sell;

d. Cancellation or suspension of trading in the PSE for at least three (3) consecutive trading days, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Issue Date or such other date as may be approved by PSE;

e. A change or impending change in the law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; or (b) the capacity and due authorization of the Issuer to offer and issue the Offer Shares and enter into the transaction documents in connection with the Offer, (c) any features, yield or marketability of the Offer Shares, including the taxes on fees or costs in connection with the Offer, or (ii) would render illegal the performance by any of the Sole Issue Manager, Joint Lead Underwriters and Bookrunners of their respective obligations hereunder;

f. Any significant, adverse, and unforeseeable change or development in the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;

g. The Issuer decides to or is compelled by any competent court or government authority to stop its operations which is not remedied within five (5) Business Days from such decision of the Issuer or competent court or government authority (as the case may be);

h. The Issuer and the Subsidiaries, taken as a whole, shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or (ii) the Issuer and the Subsidiaries, taken as a whole, shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or (iii) such receiver, trustee or similar officer shall be appointed; or (iv) the Issuer and the Subsidiaries, taken as a whole, shall initiate or institute (by petition, application or otherwise howsoever), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, or similar proceeding relating to it under the laws of any jurisdiction; or (v) any such proceeding shall be instituted against the Issuer and the Subsidiaries, taken as a whole; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part thereof, of the assets of the Issuer and the Subsidiaries, taken

as a whole; or (vi) any event occurs which under the laws of the Philippines or to other jurisdictions, any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

i. A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;

j. Any court proceeding, litigation, arbitration or other similar proceeding is commenced or threatened against the Sole Issue Manager, or the Joint Lead Underwriters and Bookrunners in connection with or with respect to the issuance or sale by the Issuer of the Offer Shares or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;

k. Any event occurs which makes it impossible for the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners to perform their underwriting obligations due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners, or directing the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners to cease, from performing their underwriting obligations;

l. Any representation, warranty or statement of the Issuer in the Prospectus shall prove to be untrue or misleading in any material respect or Issuer shall be proven to have omitted a material fact necessary in order to make the statements in the Prospectus not misleading, which untruth or omission: (a) was not known and could not have been known to the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners on or before commencement of the Offer Period despite the exercise of due diligence, and (b) has a material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, provided the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners shall grant the Issuer a period of five (5) Business Days from the date of consultation to effect such corrective measures;

m. Unavailability of PDTC and PSE facilities used for the Offer and/or Listing and such unavailability effectively prevents the ability of the Issuer, the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners to fully comply with the listing requirements of PSE, if the impact of such unavailability on the listing of the Offer Shares remains unresolved after discussions between the Issuer the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners in good faith; and

n. Any force majeure event, other than the events enumerated above, that has material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

The Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of the Issuer's or Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners' inability to sell or market the Offer Shares or refusal or failure of the Sole Issue Manager, Joint Lead Underwriters and Bookrunners, or any other entity or person to take up any shares remaining after the Offer Period.

Notwithstanding the acceptance of any Application, the actual issuance of the Offer Shares to an Applicant shall take place only upon the listing of the Offer Shares on the PSE. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Shares prior to Issue Date pursuant to this section of the Prospectus, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Issue Date.

Notwithstanding the foregoing, the Company, the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners recognize and acknowledge that the PSE, in the exercise of its authority as a self-regulatory organization and further to its mandate to maintain a fair and orderly market, may impose appropriate sanctions and penalties on the Company and/or the Sole Issue Manager, Joint Lead Underwriters and Bookrunners for the cancellation of the Offer if subsequently, the PSE makes a determination that the cancellation, suspension or termination of the offer and/or the underwriting commitment was not warranted based on the facts gathered by PSE after proper evaluation and after due and proper proceedings initiated by the PSE not later than five (5) Business Days after such cancellation, suspension or termination.

SECONDARY MARKET

FDC may purchase the Offer Shares, then tradeable at that time, at any time without any obligation to make pro rata purchases of Offer Shares from all Shareholders.

REGISTRY OF SHAREHOLDERS

The Offer Shares will be issued in scripless form through the electronic book-entry system of Stock Transfer Service, Inc. as Registrar for the Offer, and lodged with the PDTC as Depository Agent on the Issue Date through PSE Trading Participants nominated by the applicants. Applicants shall indicate in the proper space provided for in the Application to Purchase the name of the PSE Trading Participant under whose name the Offer Shares will be registered.

After Issue Date, holders of the Offer Shares (the "**Shareholders**") may request the Registrar, through their respective nominated PSE Trading Participants, to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name, or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder.

Legal title to the Offer Shares will be shown in an electronic register of shareholders (the "**Registry of Shareholders**") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Registrar shall send (at the cost of the Company) at least once every quarter a statement of account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of Offer Shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of a given date thereof. Any request by the shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting shareholder.

EXPENSES

All out-of-pocket expenses, including but not limited to, registration with the SEC, printing, publication, communication and signing expenses incurred by the Joint Lead Underwriters and Bookrunners in the negotiation and execution of the transaction will be for the account of FDC, irrespective of whether the transaction contemplated herein is completed. Such expenses are to be reimbursed upon presentation of a composite statement of account. See "*Use of Proceeds*" on page 127 for details of the estimated expenses.

Determination of Offer Price

The Offer Price of ₱1,000.00 is at a premium to the Offer Shares' par value per share of ₱1.00. The Offer Price was arrived at by dividing the desired gross proceeds of approximately ₱[6,000,000,000.00] (or ₱[8,000,000,000.00] in the event that the Oversubscription Option is exercised in full) by the target amount of the Offer Shares allocated for the Offer.

The Dividend Rate of the Offer Shares to be offered will be computed based on the simple average of the interpolated three and a half (3.5)-year and the seven (7)-year PHP BVAL reference rates for the three (3) consecutive Business Days immediately preceding and including of the Initial Dividend Rate Setting Date, plus the final spread.

Dilution

The Offer Shares will not have any dilutive effect as these are non-voting, non-convertible and non-participating.

Market Price, Dividends and Distributions, and Related Stockholder Matters

Market Information

The Company's common shares were listed on the PSE under the symbol "FDC" on December 22, 1982. As of May 16, 2025, the closing price of the Company's common shares was ₱4.54 and the Company had a market capitalization of ₱39,264,021,960.98.

The high and low prices of the common shares for each quarter of the last four (4) fiscal years are indicated in the table below.

	High	Low
2020		
January 1 to March 31, 2020	13.46	6.70
April 1 to June 30, 2020	9.40	7.90
July 1 to September 30, 2020	9.12	8.12
October 1 to December 31, 2020	10.10	8.55
2021		
January 1 to March 31, 2021	9.47	8.13
April 1 to June 30, 2021	8.69	7.90
July 1 to September 30, 2021	8.20	7.41
October 1 to December 31, 2021	8.12	7.51
2022		
January 1 to March 31, 2022	7.90	6.72
April 1 to June 30, 2022	7.14	6.76
July 1 to September 30, 2022	7.07	6.60
October 1 to December 31, 2022	6.93	6.40
2023		
January 1 to March 31, 2023	6.62	5.12
April 1 to June 30, 2023	5.82	5.18
July 1 to September 30, 2023	5.80	4.86
October 1 to December 31, 2023	5.60	4.99
2024		
January 1 to March 31, 2024	5.90	5.35
April 1 to June 30, 2024	5.80	5.38
July 1 to September 30, 2024	6.00	5.27
October 1 to December 31, 2024	5.85	4.90
January 1 to March 31, 2025	5.00	4.50

Shareholders (Common Shares)

As of April 30, 2025, common shares outstanding were 8,648,462,987 shares held by 3,974 shareholders. The following are the Company's top twenty (20) shareholders and their corresponding number of shares held as of April 30, 2025.

	SHAREHOLDER	NO. OF COMMON SHARES	PERCENTAGE (OF COMMON SHARES)
1	A.L. Gotianun, Inc.	7,587,823,501	87.74%

	SHAREHOLDER	NO. OF COMMON SHARES	PERCENTAGE (OF COMMON SHARES)
2	PCD Nominee Corporation (Filipino)	914,108,801	10.56%
3	Michael Edward Gotianun	50,501,501	0.58%
4	PCD Nominee Corporation (Non-Filipino)	32,534,844	0.38%
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. 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 Gotianun III	561,999	0.01%
13	Alfred Gerard 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%
	TOTAL TOP 20 SHAREHOLDERS (COMMON)	**8,628,276,082**	**99.79%**
	TOTAL OUTSTANDING SHARES (COMMON)	**8,648,462,987**	**100.00%**

Shares Owned by Foreigners

The following table sets forth the Company's foreign ownership level as of March 31, 2025:

SHARED OWNED BY	NO. OF COMMON SHARES	PERCENTAGE (OF COMMON SHARES)
Filipinos	8,611,299,852	99.57%
Non-Filipinos	37,163,135	0.43%
TOTAL OUTSTANDING SHARES (COMMON)	**8,648,462,987**	**100.00%**

Dividends and Dividend Policy

The Company's Board is authorized to declare dividends. A cash dividend declaration does not require any further approval from the Company's shareholders. A stock dividend declaration requires the further approval of shareholdersrepresenting not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP. See section entitled "*Philippine Foreign Exchange and Foreign Ownership Controls*" of this Prospectus.

The Company is allowed under Philippine laws to declare property and stock dividends, subject to certain requirements.

Record Date

Pursuant to existing SEC rules, cash dividends declared by the Company must have a record date not less than ten (10) nor more than thirty (30) days from the date the cash dividends are declared. With respect to stock dividends, the record date is to not be less than ten (10) nor more than thirty (30) days from the date of shareholder approval, provided however,that the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock,the corresponding record date is to be fixed by the SEC.

Dividend Policy

The policy of the Company is to declare dividends whenever there are unrestricted retained earnings available and the cash position and debt covenants of the company allows it. Such declaration will take into consideration factors such as restrictions that may be imposed by current and prospective financial covenants; projected levels of operating results of its businesses and subsidiaries, working capital needs and long-term capital expenditures of its businesses and subsidiaries; and regulatory requirements on dividend payments, among others.

As a holding company, the ability of the Company to declare and pay dividends to its shareholders will depend on its subsidiaries' dividend policies and whether it has received sufficient dividends from its subsidiaries that can be distributed to the Company's shareholders by way of dividend. As such, the Company's Board of Directors, may, at any time, evaluate whether the Company has sufficient cash available for distribution of cash dividends, although, subject to the requirements of the Philippine Corporation Code, there is no legal or contractual obligation on the part of the Company to declare and pay cash dividends. It should be noted that, subject to certain exceptions, the Philippine Corporation Code prohibits Philippine stock corporations from retaining surplus profits in excess of 100% of its paid-in capital.

Similarly, the following are the dividend policies of the Company's subsidiaries as provided in their respective by-laws or as approved by their respective board of directors.

Real Estate Operations

The dividend policy of FLI is an annual cash dividend payment ratio for the Company's issued common shares of 20% of its consolidated net income from the preceding fiscal year.

On April 24, 2023, the board of directors ("**BOD**") of FLI approved the declaration and payment of cash dividends of ₱0.03600 per share or a total of ₱873.0 million for all common stockholders of record as of May 12, 2023 payable on June 06, 2023

On April 24, 2023, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.00036 per share or a total of ₱2.9 million for all preferred stockholders of record as of May 12, 2023 payable on June 06, 2023.

On April 19, 2024, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.05 per share or a total of ₱1.22 billion for all common stockholders of record as of May 13, 2024. On the same date, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.00050 per share or a total of ₱4.0 million for all preferred stockholders of record as of May 13, 2024. Both dividends were payable on June 5, 2024.

Free cash from sale of commercial lots are declared as dividends by FAI.

Banking and Financial Services

Dividends are declared and paid out of the earned surplus or net profits of EW as often and at such intervals as its board of directors may determine and in accordance with the provisions of law and the regulations of the BSP and the SEC. There are no specific requirements relating to EW's dividend policy.

Dividends to be paid in cash by EW are subject to approval by a majority of its board of directors and no further approval from EW's shareholders is required. Dividends to be paid in the form of stock requires both the approval of a majority of its board of directors and the approval of shareholders representing not less than two thirds of EW's outstanding capital stock. Save as disclosed in this Prospectus, there are no known restrictions to EW's ability to pay dividends on the common shares.

EW has not adopted a dividend policy, however, dividends may be declared from the surplus profits arising from

the business of the Bank at such time as the Board of Directors may seem proper. Dividends will not be declared if it will impair the Bank's Capital below regulatory requirements.

On April 24, 2023, the board of directors of EW approved the declaration and payment of cash dividends of ₱0.41 per share or a total of ₱922.5 million (equivalent to 20% of previous year's net income) for all common stockholders of record as of May 12, 2023 payable on May 31, 2023.

On April 19, 2024, the board of directors of EW approved the declaration of cash dividend amounting to ₱1.2 billion, equivalent to ₱0.54 per share and paid on May 31, 2024 to all stockholders of record as of May 17, 2024.

Under the Amended Articles of Incorporation of EW, holders of preferred shares shall be entitled to receive cash dividends at an annual dividend rate to be fixed by the board of directors of EW prior to the issue date, payable quarterly from its unrestricted retained earnings subject to existing regulations of the BSP applicable to declaration of dividends on preferred shares. The dividends of the preferred shares are non-cumulative. As of March 31, 2025, EW had no issued and outstanding preferred shares.

Other Subsidiaries

There is no legal or contractual obligation on the part of the subsidiaries to declare and pay cash dividends.

Dividend History of FDC

On April 26, 2024, the BOD approved the declaration and payment of cash dividends of ₱0.10346 per share or a total of ₱894.7 million for all common shareholders of record as of May 20, 2024. This was paid on June 11, 2024.

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

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

On April 30, 2021, the BOD approved the declaration and payment of cash dividends of ₱0.09800 per share or a total of ₱847.5 million for all common stockholders of record as of May 21, 2021. This was paid on June 15, 2021.

Sale of Unregistered or Exempt Securities

FDC has not sold unregistered or exempt securities, nor has it issued securities constituting an exempt transaction within the past three (3) years.

Capitalization

The following table sets forth the consolidated long-term and short-term debt, and capitalization of the Group as of March 31, 2025. The table should be read in conjunction with FDC's unaudited interim condensed consolidated financial statements, including the notes thereto, included in this Prospectus. There has been no material change in FDC's capitalization since March 31, 2025.

(in thousands)	As of March 31,2025	As Adjusted for Base Offer Size of ₱6.0 billion (Upon issuance of the Offer Shares)	As Adjusted for maximumOffer of ₱8.0 billion (Upon issuance of the Offer Shares)
Debt			
Long-term and short-term debt	146,089,256	146,089,256	146,089,256
Equity			
Equity attributable to equity holders of the Parent Company:			
Capital stock – ₱1 par value			
Authorized common shares – 15,000,000,000			
Authorized preferred shares – 2,000,000,000			
Issued common shares – 9,319,872,387	9,319,872	9,325,872	9,327,872
Treasury shares – 671,409,400	(3,614,474)	(3,614,474)	(3,614,474)
Additional paid-in capital	11,900,015	17,850,455	19,839,435
Retained earnings	131,439,748	131,426,348	131,425,348
Other comprehensive income – net of tax			
Revaluation reserve on financial assets at fair value through other comprehensive income	(447,304)	(447,304)	(447,304)
Remeasurement losses on retirement plans – net of tax	(224,573)	(224,573)	(224,573)
Cumulative translation adjustments	132,937	132,937	132,937
Share in other components of equity in joint ventures	724	724	724
	148,506,945	154,449,985	156,439,965
Noncontrolling interests	42,290,673	42,290,673	42,290,673
Total Equity	190,797,618	196,740,658	198,730,638
Total Capitalization[3]	336,886,874	342,829,914	344,819,894

[1]Reflects gross proceeds from the Base Offer of approximately ₱6.0 billion. Refer to "Use of Proceeds"
[2]Reflects gross proceeds from the Offer of approximately ₱9.0 billion assuming the Oversubscription Option is fully exercised. Refer to "Use of Proceeds"
[31]Total Capitalization as the sum of "Total Debt" and "Total Equity".

Description of the Offer Shares

The following does not purport to be a complete listing of all the rights, obligations or privileges of the Offer Shares.Some rights, obligations or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of FDC, the information contained in this Prospectus and other agreements related to the Offer, and to perform their own independent investigation and analysis of the Company and the Offer Shares. They must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. Theinformation and data contained herein are not a substitute for the prospective investor's independent evaluation andanalysis. Investors are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Offer Shares.

GENERAL

The Offer Shares shall be issued from the existing authorized and unissued capital stock of the Company. The Offer Shares will be issued on [August 4], 2025 (the "**Issue Date**") and will comprise of up to [8,000,000] cumulative, non-voting, non-participating, non-convertible, redeemable and re-issuable Philippine Peso-denominated perpetual preferred shares.

SHARE CAPITAL

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and the by-laws of the corporation. As of March 31, 2025, the authorized capital stock of the Company is ₱17,000,000,000.00, divided into (a) 15,000,000,000 common shares with ₱1.00 par value per share and (b) 2,000,000,000 preferred shares with ₱1.00 par value per share. Below is a table illustrating the issued and outstanding shares of the Company as of March 31, 2025:

Share Class	Issued	Outstanding
Common Shares	8,648,462,987	8,648,462,987
Preferred Shares	0	0
TOTAL	**8,648,462,987**	**8,648,462,987**

ISSUANCE OF THE OFFER SHARES

On March 26 2024 and April 25, 2025, the Board of Directors authorized the sale and offer of up to [8,000,000] Offer Shares (up to (2) series), at an Offer Price of ₱1,000.00 per Offer Share to be issued within the Offer Period, under the Enabling Resolutions. The approval by the BOD of the Enabling Resolutions to issue Offer Shares is pursuant to the Amended Articles of Incorporation of the Company which allow the issuance of Offer Shares through enabling resolutions. The Enabling Resolutions covering the Offer Shares were approved by the SEC on [•], 2025.

The Company has filed an application for the listing of the Offer Shares on the PSE. On [•], 2025, the PSE issued its Notice of Approval, subject to compliance with certain conditions, for the listing of the Offer Shares on the Main Board of the PSE on [•], 2025. Once the Offer Shares are listed on the PSE, FDC may purchase the Offer Shares, then tradeable at that time, at any time in the open market or by public tender or through negotiated transactions at any price through the PSE.

The Offer Shares shall be offered in up to two (2) series: (i) Series A Preferred Shares and (ii) Series B Preferred Shares. The Issuer, in consultation with the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners, shall have the discretion to allocate the Offer between one (1) or two (2) series at the end of the Offer Period based on the results of bookbuilding.

ELIGIBLE INVESTORS

The Offer Shares may be owned or subscribed to by any (a) natural person of legal age who is a resident of the Philippines, regardless of nationality or (b) a corporation, partnership, association, trust account, fund or equity, that is a resident in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, regardless of nationality, provided that at any time, at least 60% of the outstanding capital stock of

the Issuer shall be owned by citizens of the Philippines or by partnerships, associations or corporations at least 60% of whose voting stock or voting power is owned and controlled by citizens of the Philippines, subject to limits under Philippine law and *"Restriction on Ownership."* In determining compliance with such nationality requirement, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors, as set out in applicable regulations. However, under certain circumstances, the Issuer may reject an Application or reduce the number of the Offer Shares applied for subscription. However, under certain circumstances, FDC may reject an Application or reduce the number of the Offer Shares applied for subscription.

Subscription to the Offer Shares may be restricted in certain jurisdictions. Foreign investors interested in subscribing or purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence, or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Offer Shares.

FEATURES OF THE OFFER SHARES

In accordance with the Amended Articles of Incorporation of the Company and as approved by the Board of Directors of the Company through the Enabling Resolutions, the Offer Shares are cumulative, non-voting, non-participating, non-convertible, redeemable and re-issuable Philippine Peso-denominated perpetual Preferred Shares, each with different features on dividend rate, redemption, and adjustment of dividend rate. FDC can issue the Offer Shares only upon full payment by the subscribers of the offer price for the said shares which shall be ₱1,000.00 per Offer Share.

The Offer Shares have a par value of ₱1.00 per share and with the following general features (for the specific terms of the Offer Shares, please see "*Description of the Offer Shares*"):

(a) **Dividends** – The Board of Directors shall have the sole discretion to declare dividends on the Offer Shares, provided that FDC has unrestricted retained earnings and the rate of dividend or formula for determining the same rate shall be indicated in the relevant enabling resolutions.

The holders of the Offer Shares shall not be entitled to any participation or share in the retained earnings remaining after dividend payment shall have been made on the shares as aforementioned, nor shall they be entitled to any other kind of dividend payment whether cash, property, or stock, other than corresponding to the dividend rate determined by the Board of Directors.

Dividend Policy in Respect of the Series A and Series B Preferred Shares

The declaration and payment of cash dividends on the Offer Shares on each Dividend Payment Date (as defined below) will be subject to the sole and absolute discretion of the Issuer's Board of Directors to the extent permitted by law, and subject to the covenants (financial or otherwise) in the agreements to which the Company is a party. The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders.

Cash dividends will be payable every [August 4], [November 4], [February 4] and [May 4] of each year (each a "**Dividend Payment Date**") being the last day of each Dividend Period (as defined below) following the Issue Date, as and if declared by the Board of Directors in accordance with the terms and conditions of the Offer Shares.

A "**Dividend Period**" shall refer to the period commencing on the Issue Date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of the immediately succeeding Dividend Period; provided that, the first Dividend Period of the Offer Shares shall be the period commencing on the Issue Date and ending on the last day of the then current Dividend Period for the outstanding Offer Shares. If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment to the amounts of dividends to be paid.

The dividends on the Series A Preferred Shares and Series B Preferred Shares will be calculated on a 30/360-day basis.

If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

As and if cash dividends are declared by the Board of Directors, cash dividends on the Series A Preferred Shares shall be at the fixed rate of [●]% per annum and the Series B Preferred Shares shall be at the fixed rate of [●]% per annum (each, the "**Initial Dividend Rate**" for the relevant series), calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period.

The Applicable Dividend Rate for a Dividend Period will be (a) the Initial Dividend Rate or (b) if the dividend rate is subject to resetting, the higher of the Initial Dividend Rate or such dividend rate resulting from the Dividend Rate Adjustment.

Dividend Rate Re-Setting Date

Unless the Offer Shares are redeemed by the Issuer on an Optional Redemption Date (as defined below) or on the next Business Day in case the relevant dividend rate re-setting date falls on a non-Business Day, the dividends on each series will be adjusted as follows:

- For the Series A Preferred Shares: On and from the sixth (6^{th}) month after the third (3^{rd}) anniversary of the Issue Date or the next Business Day in case the dividend rate re-setting date falls on a non-Business Day (the "**Series A Dividend Rate Re-Setting Date**"), the Dividend Rate for all subsequent Dividend Periods (as defined below) shall be the higher of: (i) the Series A Initial Dividend Rate; or (ii) the sum of (a) the seven (7)-year PHP BVAL reference rate as published on the website of PDS, or if unavailable, the PDEx page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) on the Series A Dividend Rate Re-Setting Date, and (b) the Step-Up Spread; and

- For the Series B Preferred Shares: On the seventh (7^{th}) anniversary of the Issue Date or the next Business Day in case the dividend rate re-setting date falls on a non-Business Day (the "**Series B Dividend Rate Re-Setting Date**"), the Dividend Rate for all subsequent Dividend Periods shall be the higher of: (i) the Series B Initial Dividend Rate; (ii) or the sum of (x) the fifteen (15)-year PHP BVAL reference rate as published on the website of PDS, or if unavailable, the PDEx page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) on the Series B Dividend Rate Re-Setting Date, and (y) the Step-Up Spread.

Conditions on Declaration and Payment of Cash Dividends

The declaration of cash dividends will be subject to the discretion of the BOD to the extent permitted by law.

The Board of Directors will not declare and pay dividends on any Dividend Payment Date where (a) payment of the dividend would cause the Company to breach any of its financial covenants; (b) the unrestricted retained earnings available to the Company for distribution as dividends are not sufficient to enable the Company to pay the dividends in full on all other classes of the outstanding shares of the Company that are scheduled to be paid on or before any Dividend Payment Date and that have an equal right and priority to dividends as the Offer Shares; (c) will impair the capital of the Company.

If the unrestricted retained earnings available to distribute as dividends are, in the BOD's opinion, not sufficient to enable the Issuer to pay both dividends on the Offer Shares and the dividends on other shares that have an equal right and priority to dividends as the Offer Shares, in full and on the same date, then the Issuer may:

1. first, pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that dividend payment date on any shares with a right to dividends ranking higher in priority to that of the Offer Shares; and

2. second, to pay dividends on the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in such retained earnings pro rata to the amount of the cash dividends

scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on any past cumulative dividends on any shares ranking equal in priority with the Offer Shares to receive dividends.

The profits available for distribution are, in general and with some adjustments, equal to the Issuer's accumulated realized profits, less accumulated, realized losses, and in general, are subject to the regulations of the SEC.

The Issuer covenants that, in the event:

(a) any cash dividends due with respect to any Offer Shares then outstanding for any period are not declared and paid in full when due;

(b) where there remain outstanding arrears of dividends on any of the Offer Shares; or

(c) any other amounts payable under the terms and conditions of the Offer Shares are not paid in full when due for any reason,

then it will not declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking *pari passu* with, or junior to, the Offer Shares (or contribute any money to a sinking fund for the redemption of any securities ranking *pari passu* with, or junior to, the Offer Shares) until any and all arrears of dividends and accrued but unpaid cash dividends have been paid to the holders of the Offer Shares (unless such declaration or payment of dividends or distributions in respect of *pari passu* securities shall be in accordance with the paragraph numbered 2) of this section in respect of pro rata payment between the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in the retained earnings).

(b) **Conversion** – The Offer Shares are not convertible to any common shares or other preferred shares of the Company.

(c) **Redemption** – FDC has the option, but not the obligation, to redeem in whole, but not in part, any series of the Offer Shares at such time that the BOD shall determine. The Offer Shares, when redeemed, shall not be considered retired.

As and if declared by the BOD, FDC may redeem the Offer Shares on the redemption price determined therefor. If at any time, FDC is allowed to redeem more than one series of the Offer Shares, and provided that such series is already redeemable in accordance with the terms and conditions of their issuance, FDC has the option to redeem, without preference or priority, in whole (but not in part), any or all of the series of the Offer Shares.

FDC is not legally required, has not established, and currently does not intend to establish a sinking fund for the redemption of the Offer Shares.

Redemption of the Series A and Series B Preferred Shares

As and if approved by the BOD, the Company may redeem in whole (but not in part), any series of the Offer Shares as follows:

(a) in respect of the Series A Preferred Shares, on the second (2^{nd}) anniversary of the Issue Date or on any Dividend Payment Date thereafter; and

(b) in respect of the Series B Preferred Shares, on the fifth (5^{th}) anniversary of the Issue Date or on any Dividend Payment Date thereafter.

(each, an "**Optional Redemption Date**" for each of the Series A Preferred Shares and Series B Preferred Shares), after giving not more than 60 nor less than 30 days' prior written notice nor more than 60 days' prior notice (by publication in two (2) national newspapers) to the intended date of redemption, at a redemption price equal to the relevant Offer Price plus any accrued and unpaid dividends after deduction for

any tax and customary transfer costs to effect the redemption (the "**Redemption Payment**"). Such notice to redeem shall be deemed irrevocable upon issuance thereof.

For the avoidance of doubt, on the applicable Optional Redemption Date, the Issuer has the option to redeem, in whole but not in part, any or all of the series.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem any or all of the series falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Payment and the amount of dividends to be paid.

The Issuer may also redeem the Offer Shares, in whole but not in part, at any time prior to any Optional Redemption Date if an Accounting Event or a Tax Event (each as defined below) has occurred and is continuing, having given not more than 60 nor less than 30 days' written notice (by publication in two (2) national newspapers) prior to the intended date of redemption. The redemption due to an Accounting Event or a Tax Event shall be made by the Issuer at the Redemption Price which shall be paid within five (5) Business Days of the exercise of the right to redeem the Offer Shares; provided, that if the Accounting Event or Tax Event is specific to a series, then the foregoing optional redemption may be exercised only with respect to such series.

After listing on the PSE, the Issuer reserves the right to purchase the Series A Preferred Shares and Series B Preferred Shares, then tradeable at that time, at any time in the open market or by public tender or through negotiated transactions at any price through PSE, and subject to relevant PSE approval for a regular or special block sale (as applicable), without any obligation to purchase or redeem the other outstanding Series A Preferred Shares and Series B Preferred Shares.

Any Series A Preferred Shares and/or Series B Preferred Shares may be redeemed or purchased by FDC and shall be recorded as treasury stock of FDC and will be cancelled.

Redemption by reason of Tax Event

All payments in respect of the Offer Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government of the Republic of the Philippines (the "**Government**"), including, but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that the holders of Offer Shares will receive the full amount of the relevant payment which otherwise would have been due and payable; provided, however, that the Issuer shall not be liable for (a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Offer Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Offer Shares or on the liquidating distributions as may be received by a holder of the Offer Shares; (c) any expanded value added tax which may be payable by any holder of the Offer Shares on any amount to be received from the Issuer under the terms and conditions of the Offer Shares; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of the Offer Shares or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Offer Shares by any holder of the Offer Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

After the Issue Date, taxes generally applicable to a subsequent sale of the Offer Shares by any shareholder, including receipt by such shareholder of a Redemption Price, shall be for the account of the said shareholder.

In the event dividend payments in respect of the Offer Shares become subject to additional or higher withholding or any new tax for the account of the Issuer (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer ("**Tax Event**"), the Issuer, having given not more than 60 days' nor less than 30 days' written notice (by publication in two (2) national newspapers) prior to the intended date of redemption which must be a Business Day, may redeem the Offer Shares at any time in

whole but not in part, at the Redemption Price; provided that if the Tax Event is specific to a series, then the foregoing optional redemption may be exercised only with respect to such series ("**Redemption by reason of Tax Event**").

Redemption by reason of an Accounting Event

In the event an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Issuer stating that there is more than an insubstantial risk that either the Offer Shares the funds raised through the issuance of the Offer Shares may no longer be recorded as "equity" pursuant to PFRS, or such other accounting standards which succeed PFRS, as adopted by the Republic of the Philippines, applied by the Issuer for drawing up its consolidated financial statements for the relevant financial year ("**Accounting Event**"), and such event cannot be avoided by use of reasonable measures available to the Company, the Company having given not more than 60 days' nor less than 30 days' notice (by publication in two (2) national newspapers) prior to the intended date of redemption which must be a Business Day, may redeem the Offer Shares in whole, but not in part at the Redemption Price; provided, that if the Accounting Event is specific to a series, then the foregoing optional redemption may be exercised only with respect to such series ("**Redemption by reason of an Accounting Event**").

(d) **Liquidation** – In the event of a return of capital in respect of the liquidation, dissolution or winding up or otherwise, whether voluntarily or involuntarily, of the affairs of the Company but not on a redemption or purchase by the Company of any of its share capital, the holders of Offer Shares at the time outstanding will be entitled to receive, in Philippine Pesos out of the assets of the Company available for distribution to shareholders, together with the holders of any other shares of the Company ranking, as regards repayment of capital, *pari passu* with the Offer Shares and before any distribution of assets is made to holders of any class of shares of the Company ranking junior to the Offer Shares as regards repayment of capital, liquidating distributions in an amount of ₱1,000.00 per Offer Share plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then-current dividend period to (and including) the date of commencement of the winding up of the Company or the date of any such other return of capital, as the case may be. If, upon any return of capital in the winding up of the Company, the amount payable with respect to the Offer Shares and any other shares of the Company ranking as to any such distribution *pari passu* with the Offer Shares are not paid in full, the holders of the Offer Shares and of such other shares will share ratably in any such distribution of the assets of the Company in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Offer Shares will have no right or claim to any of the remaining assets of the Company and will not be entitled to any further participation or return of capital in a winding up.

Liquidation Right of the Series A and Series B Preferred Shares

Each of the Series A Preferred Shares and Series B Preferred Shares has a liquidation right equal to the Offer Price of the Series A Preferred Shares and Series B Preferred Shares plus an amount equal to any dividends declared but unpaid in respect of the previous dividend Period and any accrued and unpaid dividends for the then current Dividend Period to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be (the "**Liquidation Right**").

The Offer Shares will constitute the direct and unsecured subordinated obligations of the Issuer ranking at least *pari passu* in all respects and ratably without preference or priority among themselves and with all other preferred shares issued by the Issuer.

In the event of the winding-up of the Company, the Series A Preferred Shares and Series B Preferred Shares rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Offer Shares. The Offer Shares, however, rank *pari passu* with each other. There is a substantial risk that an investor in the Offer Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless FDC can satisfy in full all of its other obligations ranking senior to the Offer Shares.

There is no agreement or instrument that limits or prohibits the ability of the Issuer to issue Offer Shares or other securities that rank *pari passu* with the Offer Shares or with terms and conditions different from

the Offer Shares.

(e) **Voting Rights** – Holders of the Offer Shares shall not be entitled to vote except in cases expressly provided by law. Thus, the holders of the Offer Shares are not eligible, for example, to vote for or elect the Board of Directors of FDC. Holders of the Offer Shares, however, may vote on matters which the Revised Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. The following acts require the approval of the shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of FDC in a meeting duly called for the purpose:

- Amendment of the Amended Articles of Incorporation (including any increase or decrease of capital stock);
- Amendment of the By-Laws;
- Delegation to the Board of Directors of the power to amend or repeal the Amended By-laws or to adopt a new by-laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of FDC;
- Incurring, creating or increasing bonded indebtedness;
- Increase or decrease of authorized capital stock;
- Merger or consolidation of FDC with another corporation or corporations;
- Investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which FDC was organized;
- Ratification of contracts of a director or an officer with FDC;
- Extension or shortening of the corporate term of FDC;
- Declaration and issuance of stock dividends; and
- Dissolution of FDC.

(f) **Pre-emptive Rights** – Holders of the Offer Shares including the Offer Shares, shall have no pre-emptive right to any issue or disposition of any class of any share of FDC.

(g) **Perpetual** – The Offer Shares are perpetual and have no fixed maturity or mandatory redemption date. Holders have no right to require the Company to redeem the Offer Shares at any time and they can only be disposed of by sale in the secondary market.

OTHER RIGHTS AND INCIDENTS RELATING TO THE OFFER SHARES

The other rights and incidents relating to the Offer Shares, which may also apply to other classes of shares of FDC, are as follows:

Derivative Suit

Philippine law recognizes the right of a shareholder to institute, under certain circumstances, proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights, as for example, where the directors themselves are the malefactors.

Shareholders' Meetings

At the annual meeting or at any special meeting of shareholders of the Company, the latter may be asked to approve actions requiring shareholder approval under Philippine law.

Quorum

The Revised Corporation Code provides that, except in instances where the assent of shareholders representing two-thirds of the outstanding capital stock is required to approve a corporate act (usually involving the significant corporate acts where even non-voting shares may vote, as identified above) or where the by-laws provide otherwise, a quorum for a meeting of shareholders will exist if shareholders representing a majority of the capital stock are present in person or by proxy.

Fixing Record Dates

The Board of Directors has the authority to fix in advance a record date for the determination of shareholders to: (a) notice of, and to vote at, meeting of shareholders; (b) receive payment of any dividend or other distribution, or any allotment of rights; or (c) exercise rights in respect of any lawful action, , including any change, conversion, or exchange of capital. The Board of Directors may, by resolution, direct the stock transfer books of the Company be closed for a period not exceeding 30 days preceding the date of any meeting of shareholders.

Accounting and Auditing Requirements/Rights of Inspection

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. Corporations whose shares are listed on the PSE are also required to file quarterly and annual reports with the SEC and the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board of Directors is required to present to shareholders at every annual meeting a financial report of the operations of the corporation for the preceding year. This report is required to include audited financial statements.

Changes in Control

There is no provision in the Amended Articles of Incorporation and Amended By-laws of FDC which would delay, deter or prevent a change in control of FDC. There are no existing arrangements to which FDC is a party or which are otherwise known to FDC that may result in a change in control of FDC.

Selling and Transfer Restrictions

After listing, the subsequent transfers of interests in the Offer Shares shall be subject to normal selling restrictions for listed securities as may prevail in the Philippines from time to time.

OTHER SHARES

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and the by-laws of the corporation.

FDC is at liberty from time to time, without the consent of the holders of the Offer Shares, to create and issue common shares. Holders of common shares are entitled to vote at all stockholders' meetings, including in respect of the election of directors. Similarly, FDC may also create and issue additional preferred shares or securities either (a) ranking at least *pari passu* in all respects with the Offer Shares, or (b) upon such terms as to ranking, distributions, conversion, redemption and otherwise as FDC may determine at the time of the issue.

FDC intends to list the Offer Shares on the Main Board of the PSE on [•] 2025.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of the Company's recent financial results should be read in conjunction with the auditors' reports and the Company's consolidated financial statements and notes thereto contained in this Prospectus and thesection entitled "Summary of Financial Information".

This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results maydiffer materially from those anticipated in these forward-looking statements as a result of certain factors such as thoseset forth in the section entitled "Risk Factors" and elsewhere in this Prospectus.

OVERVIEW

The Group is one of the Philippines' leading conglomerates and focuses on the "middle-market" segment of the Philippine economy, which it believes is underserved and has continuing high growth potential. The assets of FDC amounted to ₱813,680 million as of December 31, 2024.It is ranked among the top 10 Philippine listed conglomerates in terms of asset size as of December 31, 2024:

Total Assets of comparable listed conglomerates as of December 31, 2024 (₱ millions)

Rank	Conglomerate[7] (PSE Ticker)	Total Assets[8]
1	SMC	2,459,365
2	AC	1,749,326
3	SM	1,699,052
4	LTG	1,374,330
5	JGS	1,050,536
6	AEV	893,701
7	AGI	824,079
8	FDC	813,680
9	GTCAP	474,088
10	DMC	288,446

During its five (5)-decade long history, its businesses have been pioneers in their respective industries, sustaining the Group's overall growth targets. The Group's principal businesses operate in the real estate, hospitality, banking and financial services, power and sugar industries.

Real Estate Operations

The Group's real estate business has been active for over 50 years and is a leader in the affordable and middle-income real estate segment. The Group has an established brand name and reputation in real estate, combining sales of lots and other residential developments with a growing commercial and mall leasing portfolio. The Group was a pioneer in focusing on the incentive-laden BPO industry starting in 2000.[9] FLI established the first campus style IT park in the Philippines in Northgate Cyberzone in Alabang, Muntinlupa City. Two office buildings within Northgate Cyberzone (Plaza B and Plaza C) were completed in March 2001. FLI was also one of only three developers that received PEZA incentives for being among the first facilities providers for the BPO industry. Northgate Cyberzone is an 18.7 hectare, PEZA-registered special economic zone and IT park. The Group, through FAI, is one of the first companies to develop large-scale, master-planned leisure townships such as Filinvest City, a CBD in southern Metro Manila[10]. FAI was incorporated on August 25, 1993 in connection with the development of Filinvest City in Alabang, a joint venture with the Government's Public Estates Authority. FAI is 80% owned

[7] Based off PSE's Holding Firms Index
[8] PSE Edge
[9] Filinvest REIT Corp. Offering Circular 2021
[10] Filinvest REIT Corp. Offering Circular 2021

by FDC and 20% owned by FLI. FAI's primary project is Filinvest City, a 244-hectare mixed-use development project located at the southern end of Metro Manila and adjacent to the South Expressway in Alabang. FAI uses modern, ecological urban planning and design in developing Filinvest City as an alternative to Metro Manila's business districts. Since the start of its development in 1995, Filinvest City has grown to become a major destination in southern Metro Manila that services all segments of the population with a wide array of retail, office and residential developments. It is home to key anchor locators such as Asian Hospital, Insular Life, and a central business district in Northgate Cyberzone. The Group has also accumulated a considerable land bank in strategic locations, comprising some of the largest contiguous areas of developable land in the country, laying a foundation for continued growth.

Hospitality Operations

The Group has taken advantage of the strong growth in Philippine tourism and the economy more generally to grow its hospitality business and thereby strengthen the Group's recurring income base. In a relatively short time, the Group believes it has built strong hospitality brands which cater to different segments of the market. The Group's hospitality business also features an independent property management arm, which complements its core hospitality operations business. In April 2018, a provisional casino license was awarded the PAGCOR to FHC's Subsidiary, Mimosa Cityscapes, Inc.

Banking and Financial Services Operations

EW is a universal bank primarily focused on high margin consumer lending, which has grown in recent years along with the Philippine economy. Supported by an expanded and strategically located store network, EW offers differentiated services tailored to mid-market corporates and retail customers. In addition, EW has expanded its overall product offerings and lending portfolio in the consumer and middle-market banking sector through, among others, various acquisitions and joint ventures, the latest of which was a joint venture with Ageas to provide bancassurance services.

Power Operations

The Group's subsidiary FDCUI operates a 405 MW (3 x 135 MW) clean coal power plant in Mindanao, with an average contracted capacity of 367 MW as of December 2024 with 26 distribution utilities and one retail electricity supplier customers. FDCUI's power plant features CFB clean coal technology, and has capacity for further expansion which the Group believes ideally positions the plant to take advantage of the growing market demand for power in Mindanao. FDCUI also has a RES license which allows it to trade electricity and cater to contestable customers under the RCOA regime of the Government.

Sugar Operations

The Group owns and operates sugar mills, and also develops owned or leased farmland into corporate sugarcane farms, all in Mindanao. The Group's Sugar Subsidiaries have a combined milling capacity of 11,000 TCD and a refining capacity of 600 MT of refined sugar per day.

FACTORS AFFECTING THE RESULTS OF OPERATIONS

General Economic Conditions in the Philippines

The Group derives substantially all of its revenue from its operations in the Philippines. Accordingly, the Group is heavily dependent on the state of the Philippine economy generally, and specifically the Philippine property, banking, sugar, power and hospitality markets. Generally, the Group's operations have followed the trend of the Philippine economy, and has enjoyed good results in the past few years of Philippine GDP and consumption growth. The Philippine property market has in the past been cyclical and property values have been affected by the rate of economic growth in the Philippines. The Group's banking and financial services business depends on revenue from EW's portfolio of deposits and loans with customers in the retail, SME and corporate banking markets, the revenues of which are directly affected by general economic conditions in the Philippines. Further, the Group's leasing and hospitality operations growth depends, on several other factors, including the increase in international and domestic tourism (with respect to hospitality operations), the continued growth of the BPO sector (with respect to office leasing), the completion of the Government's planned transportation infrastructure projects for improved access, and the general political stability and security situation in the Philippines. The Group is also exposed to market factors in the Philippines, including, but not limited to, the general level of interest rates, the

foreign currency exchange value of the peso, inflation and commodities prices. Such factors can have varying effects on the demand for the Group's real estate products, the Group's cost of real estate development, demand for power generated by FDCUI's power plant, EW's cost of funds and net interest income, the Sugar Subsidiaries revenue and costs and demand for the Group's hospitality services. See *"Risk Factors — Risks Relating to the Philippines"* for more details.

Product Mix and Target Customers

The Group's results of operations and margins are affected by the products it focuses on with respect to its different businesses, certain of which have higher margins than others. Similarly, the Group's focus on a particular customer segment in relation to its businesses may also affect its aggregate financial results. For example, with respect to its real estate business, the Group has focused on OFWs, young professionals and new couples, a growing segment of the market with high disposable income. If the Group increased focus on other segments of the market such as those in higher income brackets, its margins may improve but its sales volumes may also adjust. In banking and financial services, EW has begun to aim to rebalance its cost of funding by targeting more low-cost deposits at competitive prices, rather than more expensive time deposits. Any further changes in its funding mix or its loan portfolio may affect its results of operations from time to time. In power, while its core revenue stream of sales of power pursuant to its power supply agreements are at relatively steady prices, the Group looks to increase its sales of retail electricity in line with its RES license and its results of operations could be affected as it depends on the price it is able to sell such electricity into the market. With respect to its sugar business, the Group's efforts to shift its product mix to predominantly raw sugar and decrease its output of refined sugar due to unfavorable tax treatment of the latter product has and may continue to affect its results of operations from time to time. Any of these factors, when combined with each other or by themselves depending on extent and scale, may have an effect on the Group's financial results from time to time.

Regulatory Framework Affecting the Group's Operations

The Group derives substantially all of its revenue from its operations in the Philippines. Accordingly, the Group is heavily dependent on the state of the Philippine economy generally, and specifically the Philippine property, banking, sugar, power and hospitality markets. Generally, the Group's operations have followed the trend of the Philippine economy, and has enjoyed good results in the past few years of Philippine GDP and consumption growth. The Philippine property market has in the past been cyclical and property values have been affected by the rate of economic growth in the Philippines. The Group's banking and financial services business depends on revenue from EW's portfolio of deposits and loans with customers in the retail, SME and corporate banking markets, the revenues of which are directly affected by general economic conditions in the Philippines. Further, the Group's leasing and hospitality operations growth depends, on several other factors, including the increase in international and domestic tourism (with respect to hospitality operations), the continued growth of the BPO sector (with respect to office leasing), the completion of the Government's planned transportation infrastructure projects for improved access, and the general political stability and security situation in the Philippines. The Group is also exposed to market factors in the Philippines, including, but not limited to, the general level of interest rates, the foreign currency exchange value of the peso, inflation and commodities prices. Such factors can have varying effects on the demand for the Group's real estate products, the Group's cost of real estate development, demand for power generated by FDCUI's power plant, EW's cost of funds and net interest income, the Sugar Subsidiaries revenue and costs and demand for the Group's hospitality services. See *"Risk Factors — Risks Relating to the Philippines"* for more details.

Real Estate

The Philippine property development industry is highly regulated at the national and local levels, including with respect to the suitability of building sites, road access, necessary community facilities, open spaces, water supply, sewage disposal systems, electricity supply, environmental suitability, lot sizes, size of housing blocks and house construction, allocation of projects for socialized housing and customers' ability to have their down payments refunded. The Group currently enjoys a variety of tax incentives, including with respect to low cost and socialized housing projects. See *"Risk Factors — Risks Relating to the Group's Real Estate and Hospitality Businesses— The loss of certain tax exemptions and incentives will increase the Real Estate Companies' tax liability and decrease any profits the Real Estate Companies might have in the future"* for more details.

Hospitality

The Group's hospitality business is subject to a wide range of Government laws, rules and regulations covering project delivery, construction and operation. Permits and clearances are issued based on local zoning considerations, environmental laws, and construction-related guidelines, varying from one municipality to another. These include Environmental Compliance Certificates ("**ECCs**") issued by DENR, permits issued by various local governments (e.g., locational clearance, barangay clearance, development permit, occupancy permits, and operating permits) and accreditations issued by the DOT. Obtaining regulatory permits, licenses and approvals can take a significant amount of time which could adversely delay or hinder the development and operation of the projects.

Banking and Financial Services

The Philippine banking industry is highly regulated by the BSP and operates within a framework that includes guidelines on capital adequacy, corporate governance, management, anti-money laundering and provisioning for NPLs. BSP Circular No. 781 sets out the Basel III implementing guidelines, which requires a more stringent capital adequacy structure. In addition, EW is subject to certain tax rules specific to financial institutions.

Power Generation

The power business and its customers are subject to strict regulation in the Philippines. Several Government agencies, such as the ERC, the DOE, the DENR and LGUs regulate the power generation industry such that any perceived violation or any amendments to existing rules and regulations or other newly enacted rules and regulations could adversely delay or entirely hinder the development of projects. Further, the development and operation of power plants require an ECC from the DENR.

Sugar

The Philippine sugar production industry is highly regulated by the SRA, and operates within a framework that includes guidelines on production quotas; domestic, export and reserve allocations; issuing evidence of ownership with respect to specified quantities of sugar ("**quedanning**"), distribution and withdrawals of various forms of sugar from warehouses, payment of advance tax before withdrawal of refined sugar, issuing permits and licenses and collecting corresponding fees and levies on the processing and manufacture of sugar and its by-products and other products derived from sugarcane and sugar. Furthermore, RA 9367, which regulates biofuels, was enacted in 2006 and may result in the diversion of sugarcane away from sugar mills and refining facilities or could potentially result in farmers increasing sugarcane production beyond that which is required to produce ethanol.

Material Events and Uncertainties

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 twelve (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.

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. 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. 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.

Factors Affecting the Group's Real Estate Business

Demand for Residential Home Ownership and for the Group's Products

For its residential housing and land development business, the Group has benefited from greater demand for residential homes resulting from, among other factors, the growth of the Philippine economy and strong levels of OFW remittances and increasing demand from expatriate Filipinos. In response to these developments, the Group has increased the number of its housing and land development projects, particularly projects within the affordable and middle-income sectors favored by first-time home buyers, OFWs and expatriate Filipinos. The Group has developed innovative residential projects, such as farm estates and entrepreneurial communities, to address

potential demand from specific target markets. In response to growing demand from young professionals and new couples, FLI has in recent years expanded its residential segment with a more diversified portfolio such as an expanded format (medium rise buildings, high rise buildings, walk-ups, horizontal), offering at various price points (from mass/social to low, mid and upper-middle income, and high income segments), and geograpic presence (towards key cities outside of Metro Manila) to expand its residential portfolio.

Consumer Tastes and Trends in the Philippine Retail Sector

Through its ownership of Filinvest Lifemalls, FLI is subject to risks relating to the Philippine shopping mall business and to the Philippine retail sector, including risks relating to adverse changes in the Philippine economy. In addition, the Group's retail leasing operations expose the Group to conditions in the retail market, including with respect to retail properties at Filinvest City, many of which require regular format updates and new products in order to adapt to evolving consumer preferences, changing lifestyles and consumption trends.

Demand for Office Space by BPO Firms

The performances of FAI, FAC, CPI, FCI and FMI are driven principally by increased demand for office space from corporates, call centers and other BPO operators in the Philippines. Demand for office space by BPO firms is largely determined by, among other factors, overall levels of business activity worldwide and the relative cost of operating BPO facilities in the Philippines compared to other countries, such as India. In addition, demand for the Group's commercial office space is affected by the relative cost of rents as compared to those owned by competitors such as Megaworld Corporation, SM Prime Holdings, Inc., Ayala Land, Inc. and Robinsons Land, Inc., by the supply of available office space in competing business districts (such as in the Makati City, Bonifacio Global City and Ortigas Center business districts) and by the number of corporates and BPO firms that are willing to set up in the areas where the Group's commercial properties are located.

Competition in the Real Estate Development Industry

The Group faces significant competition in the Philippine real estate development market. In particular, the Group competes with other developers in locating and acquiring, or entering into joint venture arrangements to develop, parcels of land of suitable size in attractive locations and at affordable prices. This is particularly true for land located in Metro Manila and its surrounding areas, as well as in urbanized areas throughout the Philippines. The Group'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. If the Philippine economy continues to grow and if demand for residential properties remains relatively strong, the Group 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. See *"Risk Factors — Risks Relating to the Group's Businesses — The Group operates in competitive industries, which could limit the Group's ability to maintain or increase its market share and maintain profitability"* and *"Business — Operation of the Real Estate Companies — Competition"* for more details.

Access to and Cost of Financing for the Group and its Customers

The ability of the Group and its customers to obtain financing, as well as the cost of such financing, affects the Group's business and demand for its products. For example:

- As a property developer, the Group has a relatively high level of medium-term and long-term debt, which it uses to fund its property developments and in-house financing program, and which is subject to fluctuations in interest rates. Higher interest rates make it more expensive for the Group to borrow funds to finance its business expansion and increase the cost of the Group's existing debt.

- The Group's access to capital and its cost of financing are affected by restrictions, such as SBLs, imposed by the BSP on bank lending, and appetite for the retail treasury bond market.

- A substantial portion of the Group's customers procure financing to fund their purchases, whether from banks and other financial institutions or by using the Group's in-house financing facilities. Increased interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Group's residential projects. Poor economic conditions within the Philippines or abroad can reduce the availability of mortgage financing.

- If the Government continues to increase its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also reduce the amount of bank financing available to prospective property purchasers and to real estate developers such as the Group. Any lack of access to financing or increase in funding costs could negatively impact both the Group's plans to expand and develop its business and the ability of potential customers to obtain financing for property purchases.

Availability of Contractors and Prices of Construction Materials

The Group's ability to complete its properties for sale, investment properties for leasing and its hotel developments is affected by the availability of suitable and qualified independent contractors in various cities, municipalities and provinces across the Philippines. While the Group has its own construction company subsidiary, Dream Builders Pro, Inc., the Group relies on independent contractors to provide various services, including land clearing and infrastructure development, various construction projects and building and property fitting-out works. It may be difficult for the Group to find suitable and qualified contractors who are willing to undertake a particular project within the Group's budget, which could result in cost increases and/or project delays. Further, while the Group attempts to fix the cost of the materials component in its construction contracts which do not require the Group to supply its own materials, in cases where demand for steel, timber and cement are high or when there are shortages in supply, the contractors the Group hires for construction or development work may be compelled to raise their contract prices. As a result, rising costs as a result of the unavailability or high demand for suitable and qualified independent contractors or for any construction materials will impact the Group's construction costs, cost of sales and the price for its products. Any increase in prices resulting from higher construction costs could adversely affect demand for the Group's products and the relative affordability of such products as compared to competitors' products. This could reduce the Group's real estate sales.

Factors Affecting the Group's Hospitality Business

Tourism in the Philippines and the Success of the Group's Existing and Planned Hotels

The Group through its hospitality business continues to invest in the development and operations of leisure properties in established and upcoming mass tourist destinations. These locations are driven by domestic and foreign arrivals, fueled geographic growth, rising consumer purchasing power and digital innovation leading to increased offerings on customer leisure experiences and increased spending per guest. The tourism market in the Philippines is affected by general economic conditions in addition to political and social conditions in the Philippines, infrastructure and government policy with respect to attracting tourists. The Group's ability to attract tourists to its existing and planned hotels is expected to be correlated to the success of the Crimson, Quest or Grafik brands, and the management strategies adopted by CHI.

Domestic tourism growth is primarily driven by the country's rising middle class and working population who have increasing purchasing power and accessibility to budget flights and other travel options according to Euromonitor International. The Department of Tourism estimates that domestic tourism has grown at a five (5)-year CAGR of 170.0%, with over 46 million domestic travelers recorded in 2019 alone. Domestic tourism is further spurred by the growing segment of millennials with increasing disposable income and affinity for travel experience. The Philippines has a young population, with only 27.9% above 40 years old based on data from the United Nations and the Philippine Statistics Authority, who not only participate in domestic travel but are also able to fulfill the demand for labor in the tourism sector. Further, connectivity between tourist destinations has and is expected to continue to increase due to infrastructure improvements in the country, from additional domestic routes, new airport terminals, increased airport terminal capacity and newly built or rehabilitated roads, bridges, ports and other transportation infrastructure through the Government's allocation of ₱13.0 trillion to priority infrastructure improvements, which is roughly 25.3% of the total government budget according to the Department of Budget and Management. Because of the growth in domestic tourism, the DOT indicates in its National Tourism Development Plan that there is a supply gap of 70,000 rooms.

Before the pandemic, the trend in global international tourist arrivals was marked by a steady and impressive 4.6% CAGR over five years. Asia and the Pacific remains the fastest growing region in the world with a substantial 6.7% CAGR. The Philippines, in particular exhibited exceptional growth from 2014 to 2019, outpacing the global average with an impressive 14.3% increase, recording a total of 8.3 million international visitors in 2019.

In 2020, the tourism sector experienced substantial set back due to the impact of COVID-19, evidenced by a significant 72% decline in global international arrivals. Following this, the Asia-Pacific region encountered an

even more severe setback, registering a steep 94% drop in 2021, while the Philippines faced an 87% decrease during the same period. By 2023, international tourism has exhibited a rapid recovery from the pandemic-induced downturn, rebounding to 84% of pre-pandemic levels between January and July of that year. Across various global regions, robust rates of tourism resurgence have been observed. Specifically, within Asia and the Pacific, the recovery escalated to 61% of pre-pandemic arrival levels subsequent to the reopening of numerous destinations and source markets towards the conclusion of 2022 and in the early part of the subsequent year. As of September 2023, the Philippines has shown progress, achieving 54% of pre-pandemic international traveler numbers. Key international source market of the country in 2023 are South Korea, United States, Japan, China and Australia. Additionally, the country has attained 80% of pre-pandemic domestic travelers' volumes as of December 2022.

Factors Affecting the Group's Banking and Financial Services Business

Interest Rates

In recent years, the Philippine Government reduced its borrowings and its budget deficit, achieved in part through Government improvements in cash and revenue management as well as various privatization programs. The 91-day Treasury bill rates have increased from an average rate of 2.203% in 2022 to an average rate of 5.656% in 2024. The interbank call loan rate, which is the rate on loans among Philippine banks for periods less than 24 hours, primarily for the purpose of covering reserve deficiencies, has increased from an average rate of 3.282% in 2022 to 6.390% in 2024. Commercial lending interest rates in the Philippines have generally followed the trends in Government borrowing rates, moving from an average range of 5.994% in 2022, 7.551% in 2022, and 7.894% in 2024 based on data from the BSP. The following tables set out certain domestic interest rates for the periods indicated:

	For the year ended December 31,		
	2024	**2023**	**2022**
	(weighted averages per period)		
91-day Treasury bill rates	5.656%	5.357%	2.203%
Interbank call loan rate[(1)]	6.390%	6.297%	3.282%
Philippine commercial bank average lending rates[(2)]	7.894%	7.551%	5.994%

Source: BSP
Notes:
(1) Rate on loans among Philippine banks for periods less than 24 hours.
(2) Range of monthly rates reflect the annual percentage equivalent of all commercial banks' actual monthly interest income on Peso denominated loans to the total outstanding level of the Peso-denominated demand/time loans, bills discounted, mortgage contract receivables and restructured loan.
** As of Dec 2024.*

Fluctuations in domestic market interest rates can have a significant impact on EW by affecting EW's interest income, cost of funding and general performance of its existing loan portfolio and other assets. For instance, when commercial lending rates increase, the increase in potential yields on new loans can be a strong incentive to EW to increase the size of its loan portfolio. However, rising commercial lending rates can also adversely affect EW's business. Increased lending rates can result in higher cost of funding for EW, particularly increased interest rates payable on deposits. Increased cost of borrowing on floating rate loans can also negatively affect EW's business by increasing default rates among EW's borrowers, which could in turn lead to increases in EW's non-performing loan portfolio and increases in its ROPA. Finally, continued increases in market interest rates could adversely affect the liquidity levels of EW and the Philippine banking market in general, which have recently been supported by the relatively low interest rate environment in the Philippines. Decreasing interest rates have the opposite effects of those described above. However, EW maintains a relatively high proportion of consumer loans, at 82.1% of gross loans as of December 31, 2024 and 84.0% of gross loans as of March 31, 2025, which helps lessen the overall adverse impact from falling market interest rates as rates for consumer loans are predominantly fixed and do not adjust downward when interest rates fall. EW actively manages its assets and liabilities to maximize income and minimize cost of funding, as well as to ensure that exposure to fluctuations in interest rates is kept within acceptable limits.

Liquidity

The Philippine banking sector has seen marginally decreasing liquidity in 2022. Among universal and commercial banks, systemic gross loans to total deposits increased from 70.4% as of December 31, 2022 to 70.5% as of

December 31, 2023, based on latest available data from the BSP. This trend of decreasing liquidity has tended to decrease competition for loans, as banks have decreased lending capacities, thereby driving up yields, while increasing funding costs.

Based on the latest available annual report of the BSP, from December 31, 2022 to December 31, 2023, Overnight Deposit Facility and Term Deposit Facility balances held by the BSP decreased from ₱1,041.0 billion to ₱561.7 billion, a decrease of approximately 46%. As of December 31, 2024, deposits of Philippine universal and commercial banks increased from ₱17.9 trillion from the previous period to ₱19.1 trillion, an increase of approximately 7%.

Inflation

The Philippines reports inflation as the annual percentage change in the consumer price index, which measures the average price of a standard "basket" of goods and services used by a typical consumer. The producer price index measures the average change in selling prices received by domestic producers for their output. Based on the CPI basket, average Official Headline Inflation was 3.2% in 2024 on a year-on-year basis, decreasing from 6.0% in 2023.

	2024	**2023**	**2022**
Consumer Price Index (based on 2012 CPI)	126.1	122.2	115.3
Increase over previous year	3.2%	6.0%	5.8%
Producer Price Index for manufacturing (based on 2018 CPI)	98.0	98.8	97.4
Increase (decrease) over previous year	(0.7)%	1.5%	6.5%

Source:National Statistics Office and the BSP

The consumer price index has been on an increasing trend for the past three years. The producer price index has experienced volatility as costs of imported inputs for the manufacturing sector fluctuated. The Philippines has experienced significant increases in inflation rates in the past. Recent increases in cash inflows from foreign investors, as well as recent positive trends in the economic growth rates in the Philippines, may contribute to increasing inflation rates in the Philippines in the near future. Philippine inflation has also been historically vulnerable to fluctuations in the global energy and commodity prices. Continued increases in inflation rates in the Philippines could materially adversely affect the Philippine economy and also adversely affect EW's financial condition and results of operations. In addition, high rates of inflation in the Philippine economy could also impact EW's ability to sustain profitable net interest margins because it could lower the demand for loans, discourage diversification of EW's loan portfolio or require EW to increase the costs of its deposits.

Successful Implementation of Optimization Strategy

EW's recurring income has significantly increased during the past few years, in line with the asset growth that it has experienced alongside the increase in EW's number of stores in the past few years. EW's net interest income was at ₱23.3 billion, ₱28.2 billion, ₱33.5 billion and ₱9.3 billion for the year ended December 31, 2022, 2023 and 2024 and for the three (3) months ended March 31, 2025, respectively, which represented 82.6%, 79.1%, 79.0% and 80.1% of total operating income for the respective periods. EW seeks to sustain this trajectory by focusing on booking good quality assets and broadening the suite of products offered and sold to customers in EW's stores.

On the liability side, EW intends to manage its cost of funds (interest expense) by generating more low cost deposits that are priced competitively. EW is actively managing its liabilities by increasing its deposit base and reducing its cost of deposits. EW believes that its focus on growing its low cost deposit base will provide a stable and reliable funding source which EW believes may enable it to improve its net interest margin as well as earning fees from these deposit accounts. In the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, EW's cost of funds ratio stood at 0.7%, 1.5%, 1.90% and 2.0%, respectively. EW's low cost funds (which consists of demand deposits and savings deposits) accounted for 79.3%, 82.0%, 80.8% and 76.50% of deposit liabilities as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. As of March 31, 2025, the balance of EW's consumer lending portfolio was ₱286,554 million. The extent to which EW is successful in implementing the foregoing strategies is a significant factor expected to affect EW's results of operations.

Factors Affecting the Group's Power Business

Maintaining Contractual Availability levels and Successfully Converting the Short-Term Contracts To Long-Term Contracts

The Group sells power by contracting the capacity and energy to offtakers under power supply agreements. The agreements specify a contracted capacity per offtake, with corresponding minimum contracted energy. The Group is bound to make available, and the clients are bound to pay for, the specified capacity and energy. The Group's agreements allow for outage allowance for maintenance and repairs as well as unscheduled breakdown in order for the contracted capacity to be available to its clients. If the Group is unable to supply the minimum contracted energy, the Group's results of operations will be adversely impacted. Further, the Group's ability to grow its future revenue from its power business will depend, in part, on its ability to successfully convert the short-term contracts to long-term agreements to new and/or existing offtakers.

Cost Control

The Group's ability to effectively manage certain costs that are not passed through under its power supply agreements, such as major repairs, additional spare parts, chemicals, insurance, etc., will have significant impact on its results of operations. In addition, the Group's ability to manage its fuel costs, notwithstanding being passed through, will affect its ability to competitively price the energy which may affect the Group's ability to secure additional offtake and/or sell the excess energy to the WESM.

Competition

Competition has a direct effect on the Group's ability to negotiate power supply agreements with new and existing offtakers and/or sell the excess and available energy to the WESM or compete for the contestable customers once RCOA is commercially operational in Mindanao. The competitive selection process ("**CSP**") mandated by the DOE and ERC to secure power supply agreements as well as the solicitation/bidding process conducted by contestable customers under the RCOA regime usually result in power rates lower than the desired rates. Despite the growing demand for power, it has become necessary for power producers and retail electricity suppliers to keep their power rates competitive in order to secure power agreements and/or be cleared in the WESM. As such, the Group's ability to effectively manage the competitive landscape for its available/excess capacity will have significant impact on the results of its operations.

Business Growth

The Group's ability to grow its business through development of new power projects, acquisition of existing power generation facilities and/or expansion of its existing generation facility will depend largely on when and how it is able to secure the lands and permits for the new projects and finance the development and construction of the new projects, acquisition of operating assets and expansion of its existing facility. The Group's ability to secure the necessary offtake for these capacity additions will likewise play a significant role in growing the business. This growth will also depend generally on the level of economic growth of the country and more specifically on the growth of demand for power, improvements in the transmission infrastructure and the ability of the new capacity additions to compete with other power producers.

Factors Affecting the Group's Sugar Business

Supply of and Demand for Sugarcane and the Prices of Milled and Refined Sugar

PSHC sources approximately 90% of the sugarcane it mills and refines from approximately 6,000 contract farmers within proximity to the DSCC and CSCC factories, and the remainder from PSHC's corporate farm, HYSFC. The availability of sugarcane for milling and refining is a function of a variety of factors including, among others, contract farmers choosing to plant sugarcane rather than other crops, weather conditions and the availability of alternative uses of sugarcane. The Group's results of operations may be adversely affected in a crop year when there is a lack of supply of sugarcane to mill and refine.

The sugar industry in the Philippines has historically been sensitive to changes in supply and demand. The sugar market in the Philippines has experienced periods of limited supply, causing sugar prices and industry profit margins to increase, followed by expansions or Government importation that result in oversupply, causing

declines in sugar prices and industry profit margins. Fluctuations in supply and demand in the sugar industry and, as a result, the price of PSHC's products, occur for various reasons, including: changes in the availability of PSHC's primary raw material, sugarcane; variances in the production capacities of PSHC's competitors; the availability of substitutes and alternatives for the sugar products that PSHC produces such as corn-based sweeteners; and demand for ethanol and the price of oil. PSHC is particularly sensitive to changes in sugar supply and demand because PSHC relies on a small number of customers. For CY 2022-23, the top five customers of PSHC account for approximately 74% of PSHC's revenues, while 32% of its revenues came from a single trader.

The prices the Sugar Subsidiaries are able to obtain for the sugar that they produce depend largely on market conditions in the Philippines as well as the world sugar market. The Sugar Subsidiaries sell most of their sugar in the domestic Philippine market. The Sugar Subsidiaries are required by the Government to export a portion of their sugar, which ranges from 5% to 20% of production. The wholesale price of sugar has a significant impact on the Sugar Subsidiaries' results of operations and, in particular, profitability. Like other agricultural commodities, sugar is subject to price fluctuations resulting from weather, crop diseases, natural disasters, domestic and foreign trade policies, shifts in supply and demand and price changes. A significant percentage of worldwide sugar production is traded on exchanges and is thus subject to speculation, which could affect the price of sugar worldwide and the Sugar Subsidiaries'
results of operations.

Further, regulatory changes such as VAT on refined sugar or the additional tax on sweetened beverages in the Philippines may dampen the demand for sugar or sweetened beverages, which may lower the demand for sugar products.

Seasonality

Except for sugar operations, the operating activities of the Group 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.

SEGMENT INFORMATION

The Group derives its revenues from the following reportable segments:

Real Estate Operations

This segment 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 and condominium buildings. This segment also involves operations and management of cinema and mall, property management and leasing of commercial and office spaces. See *"Business—Real Estate Business*" for more details.

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. See *"Business—Hospitality Business"* for more details.

Banking and Financial Services Operations

This segment 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. See *"Business—Banking and Financial Services"* for more details.

Power Operations

This involves the establishment, construction, operation of power plants and supply of power to offtakers. See *"Business—Power Business"* for more details.

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 cane to centrifugal or refined sugar and selling of sugar and by-products. See "*Business – Sugar Operations*" for more details.

RESULTS OF OPERATIONS

Periods Ended March 31, 2025 Compared with Periods Ended March 31, 2024

	March 31		Increase (Decrease)		% to Total Revenues and Other Income	
In ₱ thousands, except percentages	**2025**	**2024**	**Amount**	**%**	**2025**	**2024**
REVENUES						
Real estate operations						
Sale of lots, condominium and residential units	4,063,746	3,622,330	441,416	12.2%	13.9%	13.7%
Rental and related services	2,259,660	1,893,972	365,688	19.3%	7.7%	7.2%
Hospitality operations	1,096,900	930,821	166,079	17.8%	3.7%	3.5%
Banking and financial services	11,617,604	9,971,810	1,645,794	16.5%	39.6%	37.7%
Power and utility operations	5,024,177	5,425,452	(401,275)	(7.4%)	17.1%	20.5%
Sugar operations	2,335,907	2,193,376	142,531	6.5%	8.0%	8.3%
Total Revenues	26,397,994	24,037,761	2,360,233	9.8%	90.1%	90.9%
OTHER INCOME						
Real estate operations	462,261	469,107	(6,846)	(1.5%)	1.6%	1.8%
Hospitality operations	105,154	59,857	45,297	75.7%	0.4%	0.2%
Banking and financial services	2,311,751	1,843,545	468,206	25.4%	7.9%	7.0%
Power and utility operations	13,914	16,404	(2,490)	(15.2%)	0.0%	0.1%
Sugar operations	20,251	18,889	1,362	7.2%	0.1%	0.1%
Total Other Income	2,913,331	2,407,802	505,529	21.0%	9.9%	9.1%
Total Revenues and Other Income	29,311,325	26,445,563	2,865,762	10.8%	100.0%	100.0%
COSTS						
Real estate operations						
Sale of lots, condominium and residential units	1,895,281	1,812,120	83,161	4.6%	6.5%	6.9%
Rental and related services	851,258	790,653	60,605	7.7%	2.9%	3.0%
Hospitality operations	666,071	530,523	135,548	25.5%	2.3%	2.0%
Banking and financial services	2,337,762	1,898,998	438,764	23.1%	8.0%	7.2%
Power and utility operations	3,168,382	3,543,004	(374,622)	(10.6%)	10.8%	13.4%
Sugar operations	1,572,477	1,510,145	62,332	4.1%	5.4%	5.7%
Other operations	135,109	144,392	(9,283)	(6.4%)	0.5%	0.5%
Total Costs	10,626,340	10,229,835	396,505	3.9%	36.3%	38.7%
EXPENSES						
Real estate operations	2,379,250	1,982,221	397,029	20.0%	8.1%	7.5%
Hospitality operations	350,387	409,818	(59,431)	(14.5%)	1.2%	1.5%
Banking and financial services	9,232,046	7,848,287	1,383,759	17.6%	31.5%	29.7%
Power and utility operations	366,603	580,827	(214,224)	(36.9%)	1.3%	2.2%
Sugar operations	70,476	55,796	14,680	26.3%	0.2%	0.2%
Other operations	565,568	479,649	85,919	17.9%	1.9%	1.8%
Total Expenses	12,964,330	11,356,598	1,607,732	14.2%	44.2%	42.9%
Total Costs and Expenses	23,590,670	21,586,433	2,004,237	9.3%	80.5%	81.6%
INCOME BEFORE INCOME TAX	5,720,655	4,859,130	861,525	17.7%	19.5%	18.4%
PROVISION FOR INCOME TAX						
Current	1,564,552	1,292,886	271,666	21.0%	5.3%	4.9%
Deferred	(312,816)	(121,570)	(191,246)	157.3%	(1.1%)	(0.5%)
	1,251,736	1,171,316	80,420	6.9%	4.3%	4.4%
NET INCOME	4,468,919	3,687,814	781,105	21.2%	15.2%	13.9%
Net income attributable to:						
Equity holders of the Parent Company	3,647,504	2,922,264	725,240	24.8%	12.4%	11.1%
Minority interest	821,415	765,550	55,865	7.3%	2.8%	2.9%
	4,468,919	3,687,814	781,105	21.2%	15.2%	13.9%

Basic/Diluted Earnings Per Share	0.422	0.338

Revenues

Real Estate Operations - Sale of Lots, Condominium and Residential Units
Sale of lots, condominium and residential units grew by 12.2% or ₱441.4 million, reaching ₱4,036.7 million. driven by the 15% growth of the middle-income segment in key areas like CALABAR, Visayas, and Mindanao.

Real Estate Operations - Mall and Rental Revenues
Mall and rental revenues improved by 19.3% or ₱365.7 million, to ₱2,259.7 million fueled by the underlying growth in occupancy the office and retail segments from 79% to 81% and 68% to 75%, respectively.

Hospitality Revenues
Hospitality revenues increased by 17.8% or ₱166.1 million, to ₱1,096.9 million driven by higher room revenues from higher occupancy and room rates, growth in food and beverage segment and higher spending per guest in other revenues such as in Mimosa Golf.

Banking and Financial Services Revenues
Banking and financial services revenues increased by 16.5% or ₱1,645.8 million, to ₱11,617.6 million due to largely attributable to higher volume of loans and receivables, followed by interest income on FVOCI, investment securities at amortized cost and FVPL securities.

Power and Utility Revenues
Power and utility revenues slightly declined by 7.4% or ₱401.3 million, to ₱5,024.2 million primarily due to lower average prices and lower volume sold.

Sugar Revenues
Sugar revenues grew 6.5% or ₱142.5 million, to ₱2,335.9 million from higher milling and raw sugar sales that were pushed up by higher volume and favorable raw sugar prices.

Other Income

Other Income — Hospitality Operations
Other income from hospitality operations grew 75.7% or ₱45.3 million, to ₱105.2 million mainly from interest income growth and other miscellaneous income.

Other Income — Banking and Financial Services
Other income from banking and financial services operations grew 25.4% or ₱468.2 million, to ₱2,311.8 million from higher service fees and commission income, trading securities gain and gains from sale of foreclosed assets.

Other Income – Power and Utility Operations
Other income from power and utility operations decreased by 15.2% or ₱2.5 million, to ₱13.9 million from decreased interest income.

Other Income — Sugar Operations
Other income from sugar operations grew 7.2% or ₱1.4 million, to ₱20.3 million from higher interest income for the period.

Costs

Costs of Sale of Lots, Condominium and Residential Units
Costs of Sale of Lots, Condominium and Residential Units grew 4.6% or ₱83.2 million, to ₱1.9 billion due to higher real estate revenues realized during the period from higher sales and percentage of completion.

Costs of Mall and Rental Services
Costs of Mall and Rental Services grew 7.7% or ₱60.6 million, to ₱851.3 million due to higher direct operating expenses attributable to the increased level of operations in the retail segment, cost of operating new office buildings, and the rise in power rates.

Costs of Hospitality Operations
Costs of Hospitality Operations grew 25.5% or ₱135.5 million, to ₱666.1 million corresponding to the increase in business volume and increasing consumer prices.

Costs of Banking and Financial Services
Costs of Banking and Financial Services grew 23.1% or ₱438.8 million, to ₱2.3 billion from higher volume and higher cost of funding for the period.

Costs of Power and Utility Operations
Costs of *Power and Utility Operations* decreased by 10.6% or ₱374.6 million, to ₱3.2 billion from lower fuel costs.

Costs of Sugar Operation
Costs of Sugar Operations grew 4.1% or ₱62.3 million, to ₱1.6 billion from higher production costs.

Expenses

Real Estate Operations
Expenses from real estate operations went up by 20.0% or ₱397.0 million to ₱2,379.3 million, mainly from higher manpower costs, insurance, taxes and licenses, availment of outside services, marketing expenses and higher interest costs.

Hospitality Operations
Expenses from hospitality operations are down by 14.5% or ₱59.4 million from lower interest expenses.

Banking and Financial Services
Expenses from banking and financial services increased by 17.6% or ₱1,383.8 million to ₱9,232.0 million from higher provisions for credit losses due to combined impact of higher loan volumes and the latest portfolio credit profile. Further increased by higher manpower, taxes and gross receipts tax and documentary stamp tax from increased transaction volumes and higher expenses incurred on system maintenance and software licenses.

Power and Utility Operations
Expenses from power and utility operations decreased by 36.9% or ₱214.2 million to ₱366.6 million due to reversal of ECL provisions.

Sugar Operations
Expenses from sugar operations increased by 26.3% or ₱14.7 million to ₱70.5 million driven by higher taxes and licenses and salaries expense.

Other Operations
Expenses from other operations increased by 17.9% or ₱85.9 million to ₱565.6 million driven by higher interest costs.

Provision for Income Tax
Provision for income tax increased by 6.9% or ₱80.4 million to ₱1,251.7 million from the increase in the Group's taxable income.

Net Income
As a result of the foregoing, consolidated net income increased by 21.2% or ₱781.1 million to ₱4,468.9 million. Net income attributable to equity holders of the Parent increased by 24.8% or ₱725.2 million to ₱3,647.5 million. while net income attributable to non-controlling interest increased by 7.3% or ₱55.9 million to ₱821.4 million.

FINANCIAL CONDITION

As at March 31, 2025 Compared with as at December 31, 2024

	Increase (Decrease)	% of Total Assets

In ₱ millions, except percentages	March 31, 2025	December 31, 2024	Amount	%	March 31, 2025	December 31, 2024
ASSETS						
Cash and cash equivalents	58,041.2	52,317.4	5,723.8	10.9%	7.0%	6.4%
Loans and receivables						
Real estate operations	12,080.4	11,384.9	695.5	6.1%	1.5%	1.4%
Hospitality operations	313.6	396.1	(82.5)	(20.8%)	0.0%	0.1%
Banking and financial services	325,713.5	323,459.4	2,254.1	0.7%	39.1%	39.8%
Power and utility operations	4,888.2	4,789.1	99.1	2.1%	0.6%	0.6%
Sugar operations	94.1	153.7	(59.6)	(38.8%)	0.0%	0.0%
Financial assets at fair value through profit or loss	10,689.2	9,174.3	1,514.9	16.5%	1.3%	1.1%
Financial assets at fair value through other comprehensive income	33,086.0	29,983.6	3,102.4	10.3%	4.0%	3.7%
Investment securities at amortized cost	81,537.7	81,922.7	(385.0)	(0.5%)	9.8%	10.1%
Contract assets	8,428.8	8,436.6	(7.8)	(0.1%)	1.0%	1.0%
Real estate inventories	79,978.3	78,900.3	1,078.0	1.4%	9.6%	9.7%
Coal, spare parts and other inventories	4,217.5	2,397.1	1,820.4	75.9%	0.5%	0.3%
Investment properties	103,939.9	103,641.0	298.9	0.3%	12.5%	12.7%
Property, plant and equipment	52,648.8	51,890.8	758.0	1.5%	6.3%	6.4%
Investment in joint ventures and associate	2,033.9	2,010.8	23.1	1.1%	0.2%	0.2%
Deferred tax assets - net	6,473.9	5,791.6	682.3	11.8%	0.8%	0.7%
Goodwill	10,381.2	10,381.2	—	0.0%	1.2%	1.3%
Other assets - net	37,591.9	36,649.6	942.3	2.6%	4.6%	4.5%
Total Assets	832,138.1	813,680.2	18,457.9	2.3%	100.0%	100.0%

Assets

As of March 31, 2025, the Group's total assets stood at ₱832 billion a 2.3% growth from end-2024 asset level, with the following substantial changes in accounts:

Cash and cash equivalents increased by 10.9% to ₱58.0 billion driven by the result of the Group's operations, net debt availment and EW's net increase in deposit liabilities, this was offset by financial asset acquisition, CAPEX spending, and decrease in bills and acceptance payables.

Loans and receivables
Real estate operations increased by 6.1% to ₱12.1 billion from new real estate sales recognized during the period, partially offset by collections from tenants.

Hospitality operations decreased by 20.8% to ₱0.3 billion from collection from customers during the period.

Sugar operations decreased by 38.8% to ₱0.1 billion from collection of advances to sugar planters.

Financial assets at fair value through profit or loss increased by 16.5% to ₱10.7 billion and *financial assets at fair value through other comprehensive income* increased by 10.3% to ₱33.1 billion, the increase is primarily driven by the portfolio growth of EW and from the net purchases during the year.

Coal, spare parts and other inventories increased by 75.9% to ₱4.2 billion from increase in sugar and molasses inventory.

Deferred tax assets - net increased by 11.8% to ₱6.5 billion from MCIT, NOLCO, and accrued expenses of the Group.

In ₱ millions, except percentages	March 31, 2025	December 31, 2024	Increase (Decrease) Amount	Increase (Decrease) %	% of Total Liabilities/Equity March 31, 2025	% of Total Liabilities/Equity December 31, 2024
LIABILITIES AND EQUITY						
LIABILITIES						
Deposit liabilities	386,384.3	372,542.8	13,841.5	3.7%	60.2%	59.4%
Bills and acceptances payable	31,726.0	40,117.2	(8,391.2)	(20.9%)	4.9%	6.4%
Accounts payable, accrued expenses and other liabilities	52,379.0	53,901.4	(1,522.4)	(2.8%)	8.2%	8.6%
Contract liabilities	3,158.4	3,156.4	2.0	0.1%	0.5%	0.5%
Long-term and short-term debt	146,089.3	137,331.2	8,758.1	6.4%	22.8%	21.9%
Income tax payable	1,453.2	439.5	1,013.7	230.7%	0.2%	0.1%

Retirement liabilities	1,766.2	1,660.4	105.8	6.4%	0.3%	0.3%
Lease liabilities	8,971.5	9,042.5	(71.0)	(0.8%)	1.4%	1.4%
Deferred tax liabilities - net	9,412.6	9,108.3	304.3	3.3%	1.5%	1.4%
Total Liabilities	641,340.5	627,299.7	14,040.8	2.2%	100%	100%
EQUITY						
Equity attributable to equity holders of the Parent Company						
Capital stock - ₱1 par value						
Authorized common shares - 15,000,000,000						
Authorized preferred shares - 2,000,000,000						
Issued common shares - 9,319,872,387	9,319.9	9,319.9	−	0.0%	4.9%	1.1%
−Additional paid-in capital	11,900.0	11,900.0	−	0.0%	6.2%	1.5%
Retained earnings	131,439.7	127,792.2	3,647.50	2.9%	68.9%	15.7%
Other comprehensive income						
Revaluation reserve on financial assets at fair value through other comprehensive income	(447.3)	(547.8)	100.5	(18.3%)	(0.2%)	(0.1%)
Remeasurement losses on retirement plans - net of tax	(224.5)	(214.3)	(10.2)	4.8%	(0.1%)	0.0%
Cumulative translation adjustments	132.9	121.2	11.70	9.7%	0.1%	0.1%
Share in other components of equity in joint ventures	0.7	0.7	−	0.0%	0.0%	0.0%
Treasury shares - 671,409,400	(3,614.5)	(3,614.5)	−	0.0%	(1.9%)	(1.9%)
	148,506.9	144,757.4	3,749.5	2.6%	77.9%	77.8%
Noncontrolling interests	42,290.7	41,623.1	667.6	1.6%	22.1%	22.2%
Total Equity	190,797.6	186,380.5	4,417.1	2.4%	100.0%	100.0%
	832,138.1	813,680.2	18,457.9	2.3%		

As of March 31, 2025, the Group's total liabilities is at ₱641.3 billion, 2.2% higher than the December 31, 2024 balance with the following material changes in accounts:

Bills and acceptances payable decreased by 20.9% to t ₱31.7 billion from lower volume of repurchase agreement borrowings and settlement/maturity of the interbank call and term loans.

Long-term and short-term debt increased by 6.4% to ₱146.1 billion mainly from FLI's bond issuance during the 1st quarter of 2025, partially offset by the Group's payments.

Income tax payable increased by 230.7% to ₱1.5 billion from the Group's current provision for income tax.

Retirement liabilities increased by 6.4% to ₱1.8 billion due to adjustments in the actuarial assumptions of the Group.

Performance Indicators

	As of and for the three months ended March 31, 2025	As of December 31, 2024 and for the three months ended March 31, 2024[3]
Earnings Per Share – Basic (EPS) Net Income (Attributable to Equity Holders of the Parent Company) / Weighted Average Number of Outstanding Shares	₱0.422 /share	0.338/share
Price Earnings Ratio (PE Ratio) Closing Price [1] / EPS	11.6 Times	16.8 Times
Return on Revenue Total Net Income / Total Revenue	15%	14%

Return on Average Equity Total Net Income (Annualized) Average Total Equity *Annualized net income is computed as net income for the three months ended March 31, 2025 divided by 93 multiplied by 12* *Average total equity is computed as the sum of total equity, beginning and total equity, ending, divided by 2.*	9%	9%
Assets to Equity Ratio Total Assets Total Equity	4.36	4.37
Debt to Equity Ratio a) Long-term and Short-term Debt Total Equity	0.77	0.74
b) Total Liabilities Excluding Deposit Liabilities, Bill and Acceptances Payable, Asset Retirement Obligation and Finance Lease Liabilities Total Equity	1.12	1.10
Current Ratio Including EW Current Assets Current Liabilities	0.70	0.69
Excluding EW Current Assets Current Liabilities	2.43	2.12
Quick Ratio – excluding EW Current Assets - Inventories Current Liabilities	1.16	0.99
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) to Total Interest Expense EBITDA Total Interest Expense [(2)]	4.90	5.25

(1)Closing prices at March 31, 2025 and 2024
(2)Excluding financial liabilities on lease contract
(3)Net income, EBITDA, and interest expense are based on balances as of March 31, 2025 and 2024

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

	December 31		Increase (Decrease)		% of Total Revenues and Other Income	
In ₱ millions, except percentages	**2024**	**2023**	**Amount**	**%**	**2024**	**2023**
REVENUES						
Real estate operations						
Sale of lots, condominium and residential	17,567.0	16,094.8	1,472.2	9.1%	15.5%	17.3%

units						
Rental and related services	8,486.8	7,663.9	822.9	10.7%	7.5%	8.3%
Hospitality operations	3,763.3	2,856.5	906.8	31.7%	3.3%	3.1%
Banking and financial services	41,730.6	33,943.1	7,787.5	22.9%	36.8%	36.6%
Power and utility operations	24,398.0	17,207.2	7,190.8	41.8%	21.5%	18.5%
Sugar operations	5,815.2	5,027.0	788.1	15.7%	5.1%	5.4%
	101,760.9	82,792.5	18,968.4	22.9%	89.7%	89.2%
OTHER INCOME						
Real estate operations	2,026.4	1,647.6	378.8	23.0%	1.8%	1.8%
Hospitality operations	552.9	563.9	(11.0)	(2.0%)	0.5%	0.6%
Banking and financial services	8,932.1	7,429.2	1,502.9	20.2%	7.9%	8.0%
Power and utility operations	130.2	358.2	(228.0)	(63.6%)	0.1%	0.4%
Sugar operations	43.1	50.1	(7.0)	(14.0%)	0.0%	0.1%
	11,684.7	10,049.0	1,635.7	16.3%	10.3%	10.8%
Total Revenues and Other Income	113,445.6	92,841.5	20,604.0	22.2%	100.0%	100.0%
COSTS						
Real estate operations						
Sale of lots, condominium and residential units	7,754.9	8,534.3	(779.4)	(9.1%)	6.8%	9.2%
Rental and related services	3,614.0	2,824.6	789.4	27.9%	3.2%	3.0%
Hospitality operations	2,526.3	1,827.8	698.5	38.2%	2.2%	2.0%
Banking and financial services	8,418.7	5,986.4	2,432.3	40.6%	7.4%	6.4%
Power and utility operations	16,691.2	12,060.6	4,630.6	38.4%	14.7%	13.0%
Sugar operations	4,741.8	4,061.5	680.3	16.7%	4.2%	4.4%
Other operations	591.8	518.0	73.8	14.2%	0.5%	0.6%
	44,338.7	35,813.2	8,525.5	23.8%	39.1%	38.6%
EXPENSES						
Real estate operations	9,309.9	7,217.5	2,092.4	29.0%	8.2%	7.8%
Hospitality operations	1,449.6	1,392.6	57.0	4.1%	1.3%	1.5%
Banking and financial services	32,855.5	27,907.9	4,947.6	17.7%	29.0%	30.1%
Power and utility operations	2,355.7	2,151.1	204.6	9.5%	2.1%	2.3%
Sugar operations	202.0	183.9	18.0	9.8%	0.2%	0.2%
Other operations	2,378.9	2,674.0	(295.0)	(11.0%)(11.0%)	2.1%	2.9%
	48,551.6	41,527.0	7,024.6	16.9%	42.8%	44.7%
Total Cost and Expenses	92,890.2	77,340.2	15,550.1	20.1%	81.9%	83.3%
INCOME BEFORE INCOME TAX	20,555.3	15,501.3	5,054.0	32.6%	18.1%	16.7%
PROVISION FOR INCOME TAX						
Current	3,895.9	3,482.7	413.2	11.9%	3.4%	3.8%
Deferred	961.1	(118.2)	1,079.3	(913.1%)	0.8%	-0.1%
	4,857.0	3,364.5	1,492.5	44.4%	4.3%	3.6%
NET INCOME	15,698.3	12,136.8	3,561.5	29.3%	13.8%	13.1%
Net income attributable to:						
Equity holders of the Parent Company	12,131.3	8,947.5	3,183.8	35.6%		
Noncontrolling interests	3,567.0	3,189.3	377.7	11.8%		
	15,698.3	12,136.8	3,561.5	29.3%		
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	₱1.40	1.03				

Revenues

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

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
Revenues or interest income from banking and financial services 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 Revenues
Revenues from 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
Revenues from sugar operations went up by 15.7% or ₱788.1 million to ₱5,815.2 million driven by increased sugar sales volume offsetting lower sugar average selling prices.

Other Income

Other Income — Real Estate Operations
Other income from 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
Other income from 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
Other income from 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
Other income from sugar operations decreased by 14.0% or ₱7.0 million to ₱43.1 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 decreased by 9.1 % or ₱779.4 million to ₱7,754.9 million, following the IFRIC adoption of non-capitalizing borrowing costs.

Costs of Mall and Rental Services
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
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
Costs of banking and financial services went up by 40.6% or ₱2,432.3 million due to higher volume and higher cost of funding for the period.

Costs of Power and Utility Operations
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 Operations
Costs of sugar operation increased by 16.7% or ₱680.3 million to ₱4,741.8 million, driven by higher sales volume.

Costs of Other Operations
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

Real Estate Operations
Expenses from real estate operations went up by 29.0% or ₱2,092.4 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.

Banking and Financial Services
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.

Power and Utility Operations
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.

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

Other Operations
Expenses from other operations of other operations decreased by 11.0% or ₱295.0 million to ₱2,378.9 million, mainly due to impairment provisions in the previous year.

Provision for Income Tax

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 ₱15,698.3 million. Net income attributable to equity holders of the Parent increased by 35.6% or ₱3,183.8 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,		Increase (Decrease)		% of Total Assets	
In ₱ millions, except percentages	**2024**	**2023**	**Amount**	**%**	**2024**	**2023**
ASSETS						
Cash and cash equivalents	52,317.4	48,962.1	3,355.2	6.9%	6.4%	6.7%
Loans and receivables						
Real estate operations	11,384.9	9,285.8	2,099.1	22.6%	1.4%	1.3%
Hospitality operations	396.1	247.6	148.5	60.0%	0.0%	0.0%
Banking and financial services	323,459.4	281,253.4	42,206.0	15.0%	39.8%	38.3%
Power and utility operations	4,789.1	4,862.0	(72.9)	(1.5)%	0.6%	0.7%
Sugar operations	153.7	134.6	19.1	14.2%	0.0%	0.0%

Financial assets at fair value through profit or loss	9,174.3	4,112.3	5,062.0	123.1%	1.1%	0.6%
Financial assets at FVTOCI	29,983.6	19,411.4	10,572.2	54.5%	3.7%	2.6%
Investment securities at amortized cost	81,922.8	75,401.0	6,521.8	8.6%	10.1%	10.3%
Contract Assets	8,436.6	9,867.6	(1,431.0)	(14.5)%	1.0%	1.3%
Real estate inventories	78,900.3	81,004.4	(2,104.1)	(2.6)%	9.7%	11.0%
Coal, spare parts and other inventories	2,397.1	1,665.8	731.3	43.9%	0.3%	0.2%
Investment properties	103,641.0	98,240.3	5,400.7	5.5%	12.7%	13.4%
Property, plant and equipment	51,890.8	49,253.9	2,636.9	5.4%	6.4%	6.7%
Investment in joint venture and associates	2,010.8	1,907.1	103.7	5.4%	0.2%	0.3%
Deferred tax assets - net	5,791.6	5,628.9	162.7	2.9%	0.7%	0.8%
Right of Use	-	4,150.7	(4,150.7)	(100.0)%	0.0%	0.6%
Goodwill	10,381.2	10,381.2	-	0.0%	1.3%	1.4%
Other assets - net	36,649.5	33,314.6	3,334.9	10.0%	4.5%	4.5%
	813,680.2	**734,934.0**	**78,746.2**	**10.7%**	**100.0%**	**100.0%**

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 for real estate operations 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.

Loans and receivables for hospitality operations 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.

Loans and receivables for financial and banking operations increased by 15.0% or ₱42.2 billion to ₱323.5 billion driven mainly by EW's consumer loans.

Loans and receivables for energy operations decreased by 1.5% or ₱0.1 billion to ₱4.8 billion, driven by higher allowance for ECL.

Loans and receivables for sugar operations 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 ₱2.39 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 15.0% or ₱6.8 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		Increase (Decrease)		% of Total Liabilities/Equity	
In ₱ millions, except percentages	**2024**	**2023**	**Amount**	**%**	**2024**	**2023**
LIABILITIES AND EQUITY						
LIABILITIES						
Deposit liabilities	372,542.8	338,781.3	33,761.5	10.0%	59.4%	60.8%
Bills and acceptances payable	40,117.2	15,403.7	24,713.5	160.4%	6.4%	2.8%
Accounts payable, accrued expenses and other liabilities	53,901.4	46,889.0	7,012.4	15.0%	8.6%	8.4%
Contract liabilities	3,156.4	2,996.9	159.6	5.3%	0.5%	0.5%
Long-term and short-term debt	137,331.2	132,371.9	4,959.3	3.7%	21.9%	23.8%
Income tax payable	439.5	488.5	(49.0)	(10.0%)	0.1%	0.1%
Retirement liabilities	1,660.4	1,575.0	85.4	5.4%	0.3%	0.3%
Lease liabilities	9,042.5	8,454.3	588.2	7.0%	1.4%	1.5%
Deferred tax liabilities - net	9,108.3	10,281.6	(1,173.3)	(11.4%)	1.4%	1.8%
Total Liabilities	627,299.7	557,242.2	70,057.5	12.6%	100.0%	100.0%
Equity attributable to equity holders of the parent						
Capital stock - ₱1 par value						
Authorized common shares - 15,000,000,000						
Authorized preferred shares - 2,000,000,000						
Issued common shares - 9,319,872,387	9,319.9	9,319.9	–	0.0%	5.0%	5.2%
Treasury shares - 671,409,400	(3,614.5)	(3,614.5)	–	0.0%	(1.9%)	(2.0%)
Additional paid-in capital	11,900.0	11,900.0	–	0.0%	6.4%	6.7%
Retained earnings	127,792.2	119,711.5	8,080.7	6.8%	68.5%	67.4%
Other comprehensive income – net of tax						
Revaluation reserve on financial assets at fair value through other comprehensive income	(547.8)	(302.6)	(245.2)	81.0%	(0.3%)	(0.2%)
Remeasurement losses on retirement plans – net of tax	(214.3)	(176.1)	(38.2)	21.7%	(0.1%)	(0.1%)
Cumulative translation adjustments	121.2	201.2	(80.0)	(39.8%)	0.1%	0.1%
Share in other components of equity in joint ventures	0.7	0.7	–	0.0%	0.0%	0.0%
	144,757.4	137,040.1	7,717.3	5.6%	77.8%	77.1%
Noncontrolling interest	41,623.1	40,651.7	971.4	2.4%	22.2%	22.9%
Total Equity	186,380.5	177,691.8	8,688.7	4.9%	100.0%	100.0%
	813,680.2	**734,934.0**	**78,746.2**	**10.7%**		

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 (₱3.4 billion), FAI (₱1.1billion), FHC (₱0.5 billion) and FDC (₱0.4 billion) offset by net settlements of FDCUI (₱0.7 billion).

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 due to the recognition of new lease agreements.

Deferred 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.

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 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	As of and for the year ended December 31, 2023
Earnings Per Share – Basic (EPS) $\frac{\text{Net Income (Attributable to Equity Holders of the Parent Company)}}{\text{Weighted Average Number of Outstanding Shares}}$	₱1.40 /share	₱1.03 /share
Price Earnings Ratio (PE Ratio) $\frac{\text{Closing Price}^{(1)}}{\text{EPS}}$	3.53 Times	5.19 Times
Return on Revenue $\frac{\text{Total Net Income}}{\text{Total Revenue}}$	13.8%	13.1%
Return on Average Equity	8.6%	7.1%

Total Net Income / Average Total Equity		
Assets to Equity Ratio: Total Assets / Total Equity	4.37 : 1	4.14 : 1
Debt to Equity Ratio: c) Long-term and Short-term Debt / Total Equity	0.74 : 1	0.74 : 1
d) Total Liabilities Excluding Deposit Liabilities, Bill and Acceptances Payable, Asset Retirement Obligation and Finance Lease Liabilities / Total Equity	1.10 : 1	1.09 : 1
Current Ratio – Including EW: Current Assets / Current Liabilities	0.69 : 1	0.80 : 1
Excluding EW: Current Assets / Current Liabilities	2.12 : 1	2.70 : 1
Quick Ratio – excluding EW: Current Assets - Inventories / Current Liabilities	0.99 : 1	1.17 : 1
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) to Total Interest Expense: EBITDA / Total Interest Expense [(2)]	4.72 Times	5.01 Times

(1)Closing prices at December 27, 2024 and December 29, 2023
(2)Excluding financial liabilities on lease contract

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

In ₱ millions, except percentages	December 31		Increase (Decrease)		% of Total Revenues and Other Income	
	2023	**2022**	**Amount**	**%**	**2023**	**2022**
REVENUES						
Real estate operations						
Sale of lots, condominium, and residential units, and	16,094.8	13,314.7	2,780.1	20.9%	17.3%	18.7%
Mall and rental revenues	7,663.9	6,732.2	931.7	13.8%	8.3%	9.5%
Hospitality operations	2,856.5	1,929.0	927.5	48.1%	3.1%	2.7%
Banking and financial services	33,943.1	25,652.7	8,290.4	32.3%	36.6%	36.1%
Power and utility operations	17,207.2	12,899.8	4,307.4	33.4%	18.5%	18.1%

Sugar operations	5,027.0	4,280.1	746.9	17.4%	5.4%	6.0%
	82,792.5	64,808.5	17,984	27.7%	89.2%	91.1%
OTHER INCOME						
Real estate operations	1,647.6	1,180.7	466.9	39.5%	1.8%	1.7%
Hospitality operations	563.9	4.2	559.7	13,326.2%	0.6%	0.0%
Banking and financial services	7,429.2	4,912.4	2,516.8	51.2%	8.0%	6.9%
Power and utility operations	358.2	139.0	219.2	157.6%	0.4%	0.2%
Sugar operations	50.1	78.8	(28.7)	-36.5%	0.1%	0.1%
	10,049.0	6,315.1	3,733.9	59.1%	10.8%	8.9%
TOTAL REVENUES AND OTHER INCOME	92,841.5	71,123.6	21,717.9	30.5%	100.0%	100.0%
COSTS						
Real estate operations						
Sale of lots, condo and residential units	8,534.3	7,521.1	1,013.2	13.5%	9.2%	10.6%
Mall and rental services	2,824.6	2,366.5	458.1	19.4%	3.0%	3.3%
Hospitality operations	1,827.8	1,334.2	493.6	37.0%	2.0%	1.9%
Banking and financial services	5,986.4	2,593.8	3,392.5	130.8%	6.4%	3.6%
Power and utility operations	12,060.6	8,700.8	3,359.8	38.6%	13.0%	12.2%
Sugar operations	4,061.4	3,554.8	506.6	14.3%	4.4%	5.0%
Other operations	518.1	470.3	47.7	10.2%	0.6%	0.7%
	35,813.2	26,541.5	9,271.6	34.9%	38.6%	37.3%
EXPENSES						
Real estate operations	7,217.5	6,419.8	797.7	12.4%	7.8%	9.0%
Hospitality operations	1,392.6	1,192.4	200.2	16.8%	1.5%	1.7%
Banking and financial services	27,907.9	22,097.8	5,810.1	26.3%	30.1%	31.1%
Power and utility operations	2,151.1	2,264.5	(113.4)	(5.0)%	2.3%	3.2%
Sugar operations	184.0	160.3	23.7	14.8%	0.2%	0.2%
Other operations	2,674.0	1,755.7	918.3	52.3%	2.9%	2.5%
	41,527.1	33,890.5	7,636.6	22.5%	44.7%	47.7%
TOTAL COST AND EXPENSES	77,340.2	60,432.0	16,908.2	28.0%	83.3%	85.0%
INCOME BEFORE INCOME TAX	15,501.3	10,691.5	4,809.7	45.0%	16.7%	15.0%
PROVISION FOR INCOME TAX						
Current	3,482.7	2,059.1	1,423.6	69.1%	3.8%	2.9%
Deferred	(118.2)	329.8	(448.0)	(135.8)%	(0.1)%	0.5%
	3,364.5	2,388.9	975.6	40.8%	3.6%	3.4%
NET INCOME	12,136.8	8,302.7	3,834.1	46.2%	13.1%	11.7%
Net Income attributable to:						
Equity holders of the Parent Company	8,947.5	5,650.7	3,296.8	58.3%	9.6%	7.9%
Noncontrolling interest	3,189.3	2,652.0	537.3	20.3%	3.4%	3.7%
	12,136.8	8,302.7	3,834.1	46.2%	13.1%	11.7%
Basic/Diluted Earnings Per Share Attributable to the Equity Holders of the Parent Company	1.04	0.65				

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 ₱7,663.9 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 ₱927.5 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 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 Operations
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 to ₱1,647.6 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 13,326.2% 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 13.5% or ₱1,013.2 million to ₱8,534.3 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 Operations
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 P106.8 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)		% of Total Assets	
In ₱ millions, except percentages	**2023**	**2022**	**Amount**	**%**	**2023**	**2022**
ASSETS						
Cash and cash equivalents	48,962.1	71,312.0	(22,349.9)	(31.3%)	6.7%	10.4%
Loans and receivables						
Real estate operations	9,285.8	9,739.6	(453.8)	(4.7%)	1.3%	1.4%
Hospitality operations	247.6	121.9	125.7	103.1%	0.0%	0.0%
Banking and financial services	281,253.4	241,976.6	39,276.8	16.2%	38.3%	35.2%
Power and utility operations	4,862.0	3,679.8	1,182.2	32.1%	0.7%	0.5%
Sugar operations	134.6	101.8	32.8	32.2%	0.0%	0.0%
Financial assets at fair value through profit or loss	4,112.3	1,958.3	2,154.0	110.0%	0.6%	0.3%
Financial assets at fair value through other comprehensive income (FVOCI)	19,411.4	17,377.3	2,034.1	11.7%	2.6%	2.5%
Investment securities at amortized cost	75,401.0	63,546.2	11,854.8	18.7%	10.3%	9.3%
Contract assets	9,867.6	7,609.5	2,258.1	29.7%	1.3%	1.1%
Real estate inventories	81,004.4	79,659.4	1,345.0	1.7%	11.0%	11.6%
Coal, spare parts and other inventories	1,665.8	2,316.7	(650.9)	(28.1%)	0.2%	0.3%
Investment properties	98,240.3	95,503.4	2,736.9	2.9%	13.4%	13.9%
Property, plant and equipment	45,103.2	44,716.9	386.3	0.9%	6.1%	6.5%
Investments in joint ventures and associate	1,907.1	1,948.6	(41.5)	(2.1%)	0.3%	0.3%
Deferred tax assets - net	5,628.9	5,167.7	461.2	8.9%	0.8%	0.8%
Right-of-use assets	4,150.7	4,566.5	(415.8)	(9.1%)	0.6%	0.7%
Goodwill	10,381.2	10,381.1	0.1	0.0%	1.4%	1.5%
Other assets - net	33,314.6	25,137.3	8,177.3	32.5%	4.5%	3.7%
	734,934.0	686,820.6	48,113.4	7.0%	100.0%	100.0%

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 ₱22,349.9 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 ₱125.7 million to ₱247.6 million due to higher revenues recognized.

Loans and receivables of the banking and financial services increased by 16.2% or ₱39,276.8 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 32.2% 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 ₱19,411.4 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 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 ₱8,177.3 million to ₱33,314.6 million due to capital expenditures on BTO rights, increase in restricted cash and repossessed assets.

	December 31		Increase (Decrease)		% of Total Liabilities/Equity	
In ₱ millions, except percentages	**2023**	**2022**	**Amount**	**%**	**2023**	**2022**
LIABILITIES AND EQUITY						
LIABILITIES						
Deposit liabilities	338,781.3	312,374.5	26,406.8	8.5%	60.8%	59.9%
Bills and acceptances payable	15,403.7	6,761.5	8,642.2	127.8%	2.8%	1.3%
Accounts payable, accrued expenses and other liabilities	46,889.0	40,304.0	6,585.0	16.3%	8.4%	7.7%
Contract liabilities	2,996.9	3,923.0	(926.1)	(23.6%)	0.5%	0.8%
Long-term and short-term debt	132,371.9	137,224.9	(4,853.0)	(3.5%)	23.8%	26.3%
Income tax payable	488.5	248.8	239.7	96.3%	0.1%	0.2%
Retirement liabilities	1,575.0	1,671.2	(96.2)	(5.8%)	0.3%	0.3%
Lease liabilities	8,454.3	8,507.8	(53.5)	(0.6%)	1.5%	1.6%
Deferred tax liabilities - net	10,281.6	10,133.0	148.6	1.5%	1.8%	1.9%
Total Liabilities	557,242.2	521,148.6	36,093.6	6.9%	100.0%	100.0%
Equity attributable to equity holders of the parent						
Capital stock - ₱1 par value						
Authorized common shares - 15,000,000,000						
Authorized preferred shares - 2,000,000,000						
Issued common shares - 9,319,872,387	9,319.9	9,319.9	–	0.0%	5.2%	5.6%
Treasury shares - 671,409,400	(3,614.5)	(3,614.5)	–	0.0%	(2.0%)	(2.2%)
Additional paid-in capital	11,900.0	11,900.0	–	0.0%	6.7%	7.2%
Retained earnings	119,711.5	111,329.2	8,382.3	7.5%	67.4%	67.2%
Other comprehensive income – net of tax						
Revaluation reserve on financial assets at fair value through other comprehensive income	(302.6)	(1,326.2)	1,023.6	(77.2%)	(0.2%)	(0.8%)
Remeasurement losses on retirement plans – net of tax	(176.1)	(186.8)	10.7	(5.7%)	(0.1%)	(0.1%
Cumulative translation adjustments	201.2	(159.8)	361.0	(225.9%)	0.1%	0.1%
Share in other components of equity in joint ventures	0.7	0.7	–	0.0%	0.0%	0.0%
Total	137,040.1	127,262.4	9,777.7	7.7%	77.1%	76.8%
Noncontrolling interest	40,651.7	38,409.6	2,242.1	5.8%	22.9%	23.2%
Total Equity	177,691.8	165,672.0	12,019.8	7.3%	100.0%	100.0%
	734,934.0	686,820.6	48,113.4	7.0%		

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 ₱8,642.2 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 ₱926.1 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 ₱239.7 million to ₱488.5 million due to higher taxable income for the year.

Retirement liabilities decreased by 5.8% or ₱96.1 million to P1,575.0 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 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 December 31, 2023	As of and for the year ended December 31, 2022
Earnings Per Share – Basic (EPS) Net Income (Attributable to Equity Holders of the Parent Company) / Weighted Average Number of Outstanding Shares	₱1.03 /share	₱0.65 /share
Price Earnings Ratio (PE Ratio) Closing Price [(1)] / EPS	5.19 Times	9.83 Times
Return on Revenue Total Net Income / Total Revenue	13.1%	11.7%
Return on Average Equity Total Net Income / Average Total Equity	7.1%	5.1%

Assets to Equity Ratio Total Assets / Total Equity	4.14 : 1	4.15 : 1
Debt to Equity Ratio e) Long-term and Short-term Debt / Total Equity	0.74 : 1	0.83 : 1
f) Total Liabilities Excluding Deposit Liabilities, Bill and Acceptances Payable, Asset Retirement Obligation and Finance Lease Liabilities / Total Equity	1.09 : 1	1.16 : 1
Current Ratio Including EW Current Assets / Current Liabilities	0.80 : 1	0.71 : 1
Excluding EW Current Assets / Current Liabilities	2.70 : 1	2.18 : 1
Quick Ratio – excluding EW Current Assets - Inventories / Current Liabilities	1.20 : 1	0.69 : 1
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) to Total Interest Expense EBITDA / Total Interest Expense [2]	5.01 Times	4.42 Times

(1) Closing prices at December 29, 2023 and December 29, 2022.
(2) Excluding financial liabilities on lease contract

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

	December 31		Increase (Decrease)		% of Total Revenues and Other Income	
In ₱ millions, except percentages	**2022**	**2021**	**Amount**	**%**	**2022**	**2021**
REVENUES						
Real estate operations						
Sale of lots, condominium and residential units	13,314.7	11,966.9	1,347.8	11.3%	18.7%	19.0%
Mall and rental revenues	6,732.2	5,878.3	853.9	14.5%	9.5%	9.3%
Hospitality operations	1,928.9	1,206.6	722.3	59.9%	2.7%	1.9%
Banking and financial services	25,652.7	22,795.1	2,857.6	12.5%	36.1%	36.2%
Power and utility operations	12,899.8	9,395.2	3,504.6	37.3%	18.1%	14.9%
Sugar operations	4,280.2	4,096.2	184.0	4.5%	6.0%	6.5%
	64,808.5	55,338.3	9,470.2	17.1%	91.1%	88.0%
OTHER INCOME						
Real estate operations	1,180.7	1,417.7	(237.0)	(16.7%)	1.7%	2.3%
Hospitality operations	4.1	2.5	1.6	64.0%	0.0%	0.0%
Banking and financial services	4,912.4	6,037.1	(1,124.7)	(18.6%)	6.9%	9.6%
Power and utility operations	139.1	73.9	65.2	88.2%	0.2%	0.1%

Sugar operations	78.8	37.5	41.3	110.1%	0.1%	0.1%
	6,315.1	7,568.7	(1,253.6)	(16.6%)	8.9%	12.0%
Total Revenues and Other Income	71,123.6	62,907.0	8,216.6	13.1%	100.0%	100.0%
COSTS						
Real estate operations						
Sale of lots, condominium and residential units	7,521.1	6,748.4	772.7	11.5%	10.6%	10.7%
Mall and rental services	2,366.5	2,266.1	100.4	4.4%	3.3%	3.6%
Hospitality operations	1,334.2	1,010.3	323.9	32.1%	1.9%	1.6%
Banking and financial services	2,593.8	2,041.9	551.9	27.0%	3.7%	3.3%
Power and utility operations	8,700.8	5,420.2	3,280.6	60.5%	12.2%	8.6%
Sugar operations	3,554.8	3,520.1	34.7	1.0%	5.0%	5.6%
Other operations	470.3	420.6	49.7	11.8%	0.7%	0.7%
	26,541.5	21,427.6	5,113.9	23.9%	37.3%	34.1%
EXPENSES						
Real estate operations	6,419.8	5,987.6	432.2	7.2%	9.0%	9.5%
Hospitality operations	1,192.4	943.3	249.1	26.4%	1.7%	1.5%
Banking and financial services	22,097.8	20,859.7	1,238.1	5.9%	31.1%	33.2%
Power and utility operations	2,264.5	2,122.3	142.2	6.7%	3.2%	3.4%
Sugar operations	160.3	177.8	(17.5)	(9.8%)	0.2%	0.3%
Other operations	1,755.7	1,559.6	196.1	12.6%	2.5%	2.5%
	33,890.5	31,650.3	2,240.2	7.1%	47.7%	50.3%
Total Cost and Expenses	60,432.0	53,077.9	7,354.1	13.9%	85.0%	84.4%
INCOME BEFORE INCOME TAX	10,691.6	9,829.1	862.5	8.8%	15.0%	15.6%
PROVISION FOR INCOME TAX						
Current	2,059.1	1,264.5	794.6	62.8%	2.9%	2.0%
Deferred	329.8	(321.1)	650.9	(202.7%)	0.5%	(0.5%)
	2,388.9	943.4	1,445.5	153.2%	3.4%	1.5%
NET INCOME	8,302.7	8,885.7	(583.0)	(6.6%)	11.7%	14.1%
Net income attributable to:						
Equity holders of the Parent Company	5,650.7	6,065.8	(415.1)	(6.8%)	7.9%	9.64%
Noncontrolling interest	2,652.0	2,819.9	(167.9)	(6.0%)	3.7%	4.5%
	8,302.7	8,885.7	(583.0)	(6.6%)	11.7%	14.1%
Basic/Diluted Earnings Per Share	0.65	0.70				

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 ₱1,206.6 million in 2021 to ₱1,928.9 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 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 64.0% or ₱1.6 million from ₱2.5 million in 2021 to ₱4.1 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 88.2% or ₱65.2 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 11.5% 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 ₱551.9 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 ₱420.6 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 ₱1,238.1 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 ₱196.1 million from ₱1,559.6 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 ₱583.0 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 ₱2,819.9 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)		% of Total Assets	
In ₱ millions, except percentages	**2022**	**2021**	**Amount**	**%**	**2022**	**2021**
ASSETS						

Cash and cash equivalents	71,312.0	123,075.0	(51,763.0)	(42.1%)	10.4%	18.4%
Loans and receivables						
Real estate operations	9,739.6	8,767.8	971.8	11.1%	1.4%	1.3%
Hospitality operations	121.9	213.3	(91.4)	(42.9%)	0.0%	0.0%
Banking and financial services	241,976.6	200,832.9	41,143.7	20.5%	35.2%	30.0%
Power and utility operations	3,679.8	2,589.6	1,090.2	42.1%	0.5%	0.4%
Sugar operations	101.8	87.3	14.5	16.6%	0.0%	0.0%
Financial assets at fair value through profit or loss	1,958.3	4,056.8	(2,098.5)	(51.7%)	0.3%	0.6%
Financial assets at FVTOCI	17,377.3	42,286.8	(24,909.5)	(58.9%)	2.5%	6.3%
Investment securities at amortized cost	63,546.2	20,815.4	42,730.8	205.3%	9.3%	3.1%
Contract Assets	7,609.5	8,897.5	(1,288.0)	(14.5%)	1.1%	1.3%
Real estate inventories	79,659.4	77,528.8	2,130.6	2.7%	11.6%	11.6%
Coal, spare parts and other inventories	2,316.7	1,409.6	907.1	64.4%	0.3%	0.2%
Investment properties	95,503.4	92,063.1	3,440.3	3.7%	13.9%	13.8%
Property, plant and equipment	44,716.9	43,261.9	1,455.0	3.4%	6.5%	6.5%
Investment in joint venture and associate	1,948.6	1,524.2	424.4	27.8%	0.3%	0.2%
Deferred tax assets-net - net	5,167.7	4,970.0	197.7	4.0%	0.8%	0.7%
Right Of Use Assets	4,566.5	3,684.2	882.3	23.9%	0.7%	0.6%
Goodwill	10,381.2	10,381.2	-	0.0%	1.5%	1.6%
Other assets - net	25,137.2	23,130.8	2,006.4	8.7%	3.7%	3.5%
	686,820.6	669,576.2	17,244.4	2.6%	100.0%	100.0%

Assets

Total consolidated assets grew by 2.6% or ₱17,244.4 million from ₱669,576.2 million as of December 31, 2021 to ₱686,820.6 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 EW'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 42.9% or ₱91.4 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 ₱1,090.2 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 ₱4,056.8 million to ₱1,958.3 million due to movements in EW's proprietary trading portfolio shifting to build-up EW's accrual portfolio in line with EW's business models.

Financial assets at fair value through other comprehensive income was lower by 58.9% or ₱24,909.5 million from ₱42,286.8 million to ₱17,377.3 million due to movements in EW's proprietary trading portfolio shifting to build-up EW's accrual portfolio in line with EW'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 EW'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 EW 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 million primarily attributable to EW's renewal of various lease contracts.

Other assets went up by 8.7% or ₱2,006.4 million from ₱23,130.8 million to ₱25,137.2 million due to additional input VAT and creditable withholding taxes.

	December 31		Increase (Decrease)		% of Total Liabilities/Equity	
In ₱ millions, except percentages	**2022**	**2021**	**Amount**	**%**	**2022**	**2021**
LIABILITIES AND EQUITY						
LIABILITIES						
Deposit liabilities	312,374.5	314,475.3	(2,100.8)	(0.7%)	59.9%	61.9%
Bills and acceptances payable	6,761.4	98.2	6,663.2	6785.3 %	1.3%	0.0%
Accounts payable, accrued expenses and other liabilities	40,304.0	34,499.8	5,804.2	16.8%	7.7%	6.8%
Contract liabilities	3,923.0	3,485.3	437.7	12.6%	0.8%	0.7%
Long-term and short-term debt	137,224.9	137,379.4	(154.5)	(0.1%)	26.3%	27.0%
Income tax payable	248.8	188.8	60.0	31.8%	0.1%	0.0%
Retirement liabilities	1,671.2	1,502.0	169.2	11.3%	0.3%	0.3%
Lease liabilities	8,507.8	7,355.6	1,152.2	15.7%	1.6%	1.5%
Deferred tax liabilities - net	10,133.0	9,480.9	652.1	6.9%	1.9%	1.9%
Total Liabilities	521,148.6	508,465.3	12,683.3	2.5%	100.0%	100.0%
EQUITY						
Equity attributable to equity holders of the Parent Company						
Capital stock - ₱1 par value						
Authorized common shares - 15,000,000,000						
Authorized preferred shares - 2,000,000,000						
Issued common shares - 9,319,872,387	9,319.9	9,319.9	−	0.0%	5.6%	5.8%
Treasury shares - 671,409,400	(3,614.5)	(3,614.5)	−	0.0%	(2.2%)	(2.2%)
−0.0%7.2%−0.0%67.2%−0.0%Additional paid-in capital	11,900.0	11,900.0	−	0.0%	(7.2%)	7.4%
Retained earnings	111,329.1	106,285.1	5,044.0	4.7%	67.2%	66.0%
Other comprehensive income						
Revaluation reserve on financial assets at FVOCI	(1,326.2)	214.1	(1,540.3)	(719.4%)	(0.8%)	0.1%
Remeasurement losses on retirement plans	(186.8)	(223.8)	37.0	(16.5%)	(0.1%)	(0.1%)
Translation adjustment	(159.8)	(305.0)	145.2	(47.6%)	(0.1%)	(0.2%)
Share in other components of equity in joint ventures	0.7	0.7	−	0.0%	0.0%	0.0%
Total	127,262.4	123,576.5	3,685.9	3.0%	76.8%	76.7%
Noncontrolling interest	38,409.6	37,534.4	875.2	2.3%	(23.2%)	23.3%
Total Equity	165,672.0	161,110.9	4,561.1	2.8%	100.0%	100.0%
	686,820.6	669,576.2	17,244.4	2.6%		

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 68 times or a year-on-year increase or ₱6,663.2 million from ₱98.2 million to ₱6,761.4 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 ₱5,804.2 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 EW'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 EW'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 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 ₱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 EW'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, 2022	As of and for the year ended December 31, 2021
Earnings Per Share – Basic (EPS) $\frac{\text{Net Income (Attributable to Equity Holders of the Parent Company)}}{\text{Weighted Average Number of Outstanding Shares}}$	₱0.65 /share	₱0.70/share
Price Earnings Ratio (PE Ratio) $\frac{\text{Closing Price}^{(1)}}{\text{EPS}}$	9.83 Times	11.37 Times
Net Income Margin $\frac{\text{Total Net Income}}{\text{Total Revenue}}$	11.7%	14%
Return on Average Equity Total Net Income	5.1%	6%

Average Total Equity		
Assets to Equity Ratio Total Assets / Total Equity	4.15 : 1	4.2 : 1
Debt to Equity Ratio a) Long-term and Short-term Debt / Total Equity	0.83 : 1	0.9 : 1
b) Total Liabilities Excluding Deposit Liabilities, Bill and Acceptances Payable, Asset Retirement Obligation and Finance Lease Liabilities / Total Equity	1.16 : 1	1.2 : 1
Current Ratio Including EW Current Assets / Current Liabilities	0.71 : 1	0.9 : 1
Excluding EW Current Assets / Current Liabilities	2.18: 1	3.8 : 1
Quick Ratio – excluding EW Current Assets - Inventories / Current Liabilities	0.65 : 1	1.4 : 1
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) to Total Interest Expense EBITDA / Total Interest Expense (2)	4.42 Times	4.5 Times

(1) Closing prices at December 29, 2022 and December 29, 2021.
(2) Excluding financial liabilities on lease contract

Corporate History and Structure

HISTORY OF THE GROUP

FDC 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 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.

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 was publicly listed on the PSE on October 25, 1993. FDC remains as FLI's largest shareholder. As of March 31, 2025, FDC beneficially owns 71.4% of FLI's outstanding common shares and 100.0% of FLI's issued and outstanding preferred shares, such that FDC has a 78.95% voting ownership in FLI.

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 Group in central business district development and has since successfully ventured into retail, office, high-rise residential and leisure club development. As of March 31, 2025, 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 94.3%.

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 EW in March 1994. EW was publicly listed on the PSE on May 7, 2021. FDC remains EW's largest shareholder. As of March 31, 2025, FDC effectively owns 77.85% of EWB.
To diversify its business and position in 2007, FDC acquired 100.0% of the issued and outstanding shares of Pacific Sugar Holdings Corporation ("**PSHC**") from ALGI. 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**").

In 2009, the Group re-entered the power generation business through FDCUI. FDCUI operates a 405-megawatt (3 x 135 MW) power plant with circulating fluidized bed ("**CFB**") clean coal technology in the PHIVIDEC Industrial Estate, Villanueva, Misamis Oriental, Mindanao. FDCUI started developing the power plant in 2013 and received the COC for the first two (2) units of the plant in October 2016, and the COC for the third unit in May 2017. 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. In addition, the Group is currently developing a 33 MW hydropower plant along the Pampang River in North Luzon, a biomass cogeneration plant and a 30 MW solar farm.

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 2008, FDC entered into a joint venture with Singapore-based Archipelago International Pte. Ltd ("**AIPL**") and created Chroma Hospitality, Inc. ("**CHI**" or "**Chroma**") to manage and

operate the Group's hospitality projects. AIPL is an affiliate of Aston International specializing in branded property and hotel management. It is one of the largest hotel management chains in Southeast Asia, with properties in Indonesia and Malaysia. CHI is 60.0% owned by FDC and 40.0% owned by AIPL. 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.

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 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., 15.0% by Changi Airports Philippines (I) Pte. Ltd. and 9.5% by the Philippine Airport Ground Support Solutions, Inc. 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's 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 for the development of a ₱15-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 GFA by approximately 200,000 square meters.

The Group also signed a joint venture agreement with Japanese company, HAQT, to establish 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.

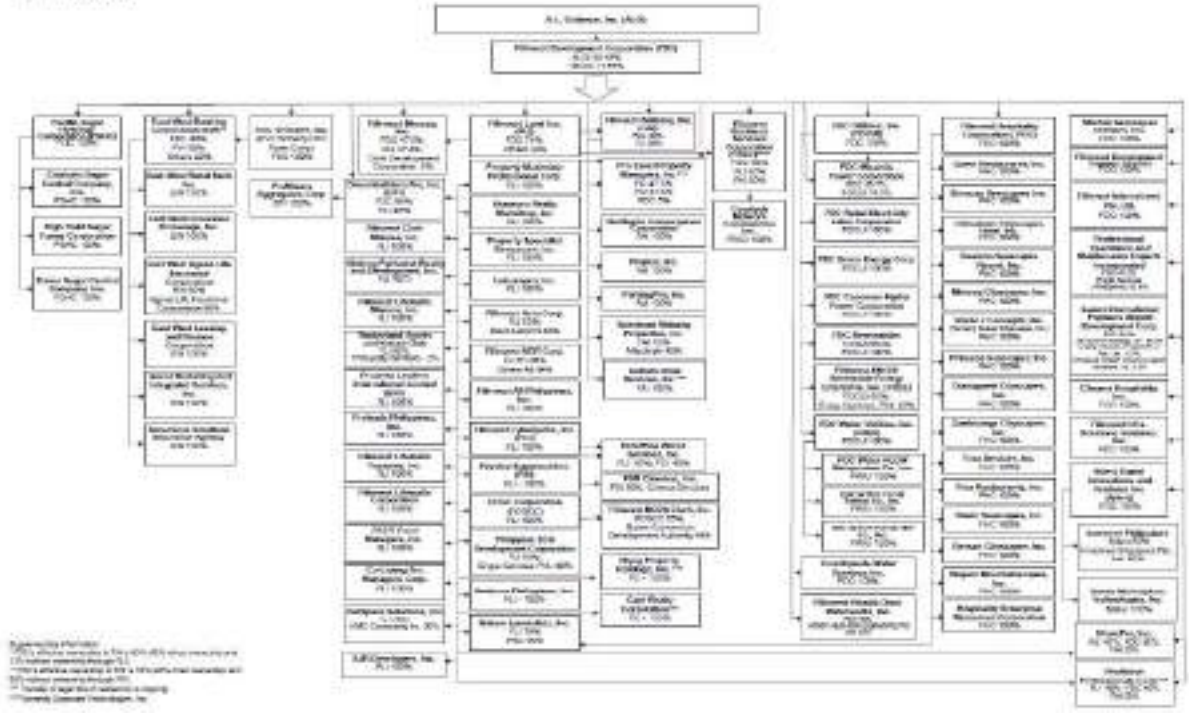
FDC's principal office is at 6F, The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Philippines.

ALGI is the ultimate parent company of the Group. ALGI's principal office is at 32nd Floor, Parkway Corporate Center, Corporate Avenue, Filinvest City, Alabang, Muntinlupa City, Philippines.

GROUP STRUCTURE

The chart on the next page illustrates the Group's corporate structure as of March 31, 2025. Please refer to the section entitled "*Business – Subsidiaries and Affiliates*" of this Prospectus for a more detailed breakdown of the Parent Company's subsidiaries, joint ventures and associates

A.L. GOKONGWEI, JR.
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT, CO-SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
(As of March 31, 2013)



Business

OVERVIEW

The Group is one of the Philippines' leading conglomerates and focuses on the "middle-market" segment of the Philippine economy, which it believes is underserved and has continuing high growth potential. The assets of FDC amounted to ₱813,680 million as of December 31, 2024. It is ranked among the top 10 Philippine listed conglomerates in terms of asset size as of December 31, 2024:

Total Assets of comparable listed conglomerates as of December 31, 2024 (₱ millions)

Rank	Conglomerate[11] (PSE Ticker)	Total Assets[12]
1	SMC	2,459,365
2	AC	1,749,326
3	SM	1,699,052
4	LTG	1,374,330
5	JGS	1,050,536
6	AEV	893,701
7	AGI	824,079
8	FDC	813,680
9	GTCAP	474,088
10	DMC	288,446

During its five (5) decade long history, its businesses have been pioneers in their respective industries, sustaining the Group's overall growth targets. The Group's principal businesses comprise:

- *Real Estate* - The Group's real estate business has been active for over 50 years and is a leader in the affordable and middle-income real estate segment. The Group has an established brand name and reputation in real estate, combining sales of lots and other residential developments with a growing commercial and mall leasing portfolio. The Group was a pioneer in focusing on the incentive-laden BPO industry starting in 2000[13]. FLI established the first campus style IT park in the Philippines in Northgate Cyberzone in Alabang, Muntinlupa City. Two office buildings within Northgate Cyberzone (Plaza B and Plaza C) were completed in March 2001. FLI was also one of only three developers that received PEZA incentives for being among the first facilities providers for the BPO industry. Northgate Cyberzone is an 18.7 hectare, PEZA-registered special economic zone and IT park. It was also one of the first companies to develop large-scale, master-planned leisure townships such as Filinvest City, a CBD in southern Metro Manila[14]. FAI was incorporated on August 25, 1993 in connection with the development of Filinvest City in Alabang, a joint venture with the Government's Public Estates Authority. FAI is 80% owned by FDC and 20% owned by FLI. FAI's primary project is Filinvest City, a 244-hectare mixed-use development project located at the southern end of Metro Manila and adjacent to the South Expressway in Alabang. FAI uses modern, ecological urban planning and design in developing Filinvest City as an alternative to Metro Manila's business districts. Since the start of its development in 1995, Filinvest City has grown to become a major destination in southern Metro Manila that services all segments of the population with a wide array of retail, office and residential developments. It is home to key anchor locators such as Asian Hospital, Insular Life, and a central business district in Northgate Cyberzone. The Group has also accumulated a considerable land bank in strategic locations, comprising some of the largest contiguous areas of developable land in the country, laying a foundation for continued growth.

- *Hospitality* - the Group has taken advantage of the strong growth in Philippine tourism and the economy more generally to grow its hospitality business and thereby strengthen the Group's recurring income

[11] Based off PSE's Holding Firms Index
[12] PSE Edge

[14] Filinvest REIT Corp. Offering Circular 2021

base. In a relatively short time, the Group believes it has built strong hospitality brands which cater to different segments of the market. The Group's hospitality business also features an independent property management arm, which complements its core hospitality operations business. In April 2018, a provisional casino license was also awarded by PAGCOR to FHC's subsidiary, Mimosa Cityscapes, Inc.;

- *Banking and Financial Services* - EW is a universal bank primarily focused on high margin consumer lending, which has grown in recent years along with the Philippine economy. Supported by an expanded and strategically located store network, EW offers differentiated services tailored to mid-market corporates and retail customers. In addition, EW has expanded its overall product offerings and lending portfolio in the consumer and middle-market banking sector through, among others, various acquisitions and joint ventures, the latest of which was a joint venture with Ageas to provide bancassurance services;

- *Power* – the Group's subsidiary FDCUI operates a 405 MW (3 x 135 MW) clean coal power plant in Mindanao, with power supply agreements for a total of 368 MW as of October 2023 with 26 distribution utilities and one retail electricity supplier customers. FDCUI's power plant features CFB clean coal technology, and has capacity for further expansion which the Group believes ideally positions the plant to take advantage of the growing market demand for power in Mindanao. FDCUI also has a RES license which allows it to trade electricity and cater to contestable customers under the RCOA regime of the Government; FDCUI has been actively exploring renewable energy projects as part of its pipeline, specifically solar, biomass and hydropower energy projects. The Group established FDC Green Energy Corporation ("**FDC Green**") a wholly owned company of FDCUI and Filinvest-Engie Renewable Energy Enterprise, Inc. ("**FREE**") a joint venture company between FDCUI and Engie Services Philippines; and

- *Sugar* – the Group owns and operates sugar mills, and also develops owned or leased farmland into corporate sugarcane farms, all in Mindanao. The Group's Sugar Subsidiaries have a combined milling capacity of 11,000 TCD and a refining capacity of 600 MT of refined sugar per day;

BUSINESS STRATEGY OF THE GROUP

FDC's portfolio goals are the following: (1) to unlock optimum value by improving returns and accelerating 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, by establishing a platform to enable them to scale profitably and deliver sustainable and profitable growth; while (3) looking out for potential businesses that can be long-term value accretive to the Group's current businesses or as new additional businesses that will further diversify the Group's portfolio.

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 focused on building competitive advantages that will drive strong, sustained long-term profitable growth. This entails supporting the various businesses of the group with the capital, management systems, tools, people development and other enablers to achieve differentiation in customer value and operational excellence. The Group has set up centers of excellence since 2022 and have enabled that with new leadership that will guide in the implementation of programs to improve productivity and operating efficiencies, which includes, among others, the establishment of group-wide shared services organization, upgrading of key systems, raising the competencies skills and functional expertise and effectiveness of various corporate and operating functions, and talent development to future proof organizations and to support the growth ambitions of the Group.

2. Deliver a higher return on invested capital relative to competition. Businesses are impelled to drive deliberate actions to improving profit margins, strong unit economics, and improved asset efficiency and productivity. These are key pillars that will drive value creation. Improvements in profit margins, asset-light or asset efficiency, and dynamic reallocation of resources to value-adding investments will translate to stronger cash generation and asset efficiency. FDC and its subsidiaries are expected to maintain at the minimum a healthy balance sheet that is able to meet its debt and liability obligations. As the return on invested capital improves, businesses of the group will be able to build a fortress that has sufficient cash

buffers, to maintain flexibility to access capital to fund its growth plans and to take advantage of new opportunities.

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 in its 70-year history. With the infusion of new seasoned leadership who lead the Group's transformation, the next phase to this strategic imperative has been the implementation of programs around building a culture of high performing, highly engaged and purpose-driven organization.

4. Carry forward on the Group's heritage and the strengths of its current businesses to build brand equity through brand building and driving customer centricity in key customer touchpoints. 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 experiences. The Group expects each business to drive innovation and execution excellence for its customers.

5. Build and amplify the 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.

REAL ESTATE

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.

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 PSE on October 25, 1993. FDC remains as FLI's largest shareholder. As of March 31, 2025, FDC beneficially owns 71.43% of FLI's outstanding common shares and all of its issued and outstanding preferred shares, such that FDC has a 78.95% voting ownership in FLI.

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 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 94.3% as of March 31, 2025.

FLI is a leading real estate developer in the Philippines, providing real estate products to residential and commercial customers with a particular focus on the affordable and middle-market housing segments. FLI has over fifty (50) years of real estate expertise through the "Filinvest" brand. FLI has developed over 2,500 hectares of land and completed a large number of high-profile real estate projects. Having provided homes for more than 200,000 families, FLI believes that it has a reputation both in the real estate industry and among purchasers, including the significant OFW and expatriate Filipino markets, as a reliable developer that develops and delivers quality products in a timely manner conveniently located near major commercial centers. FLI believes it is able to offer customers one of the most diversified ranges of real estate products in the Philippine market. As of March 31, 2025, FLI's projects are situated across more than fifty-seven cities and municipalities, and FLI believes that this product, market and geographic diversification mitigates construction, market and economic risks.

FLI's real estate operations remain a key driver of FLI's income, contributing ₱15.39 billion to FLI's total revenue and other income of ₱24.45 billion in 2024. FLI develops and sells residential real estate to generate cash flow for their business operations and retain ownership of a significant portion of commercial and retail real estate for long-term investment to generate recurring income and realize potential capital appreciation. FLI is a pioneer and major player in office development and leasing in the Philippines with a stable and growing revenue stream from recurring income. FLI believes that its unblemished credit track record over its long history with the local banking community as well as local and international bond markets, especially during market downturns, such as the Asian Financial Crisis and Global Financial Crisis, have resulted in increased investor confidence, which allows FLI greater access to medium and low cost funding. FLI believes that its strength in credit record and financial position enhances its ability to expand its business and capitalize on opportunities in the Philippine housing and land development market.

FLI focuses on the development of residential houses, lots, condotels, MRBs and high-rise buildings ("**HRBs**") projects throughout the Philippines, and the development of investment properties in the retail, office and industrial real estate sectors. As of March 31, 2025, FLI has built more than 200 residential developments across the country and operates a portfolio of 680,710 sq.m. of leased office space comprising major international BPO tenants and 257,648 sq.m. of retail space. Retail developments also fall under FLI's "Filinvest Lifemalls" brand while office developments are owned by FLI or Filinvest REIT Corp. and Filinvest Cyberparks, both subsidiaries of FLI. In addition, FLI owns 60% of Filinvest Asia Corp. whose sole project is PBCom Tower.

KEY FINANCIALS

For the years ended December 31, 2024, 2023 and 2022, and in the first three (3) months of 2025, FLI recorded consolidated revenues and other income of ₱24,445.9 million, ₱22,554.3 million, ₱19,944.4 million, and ₱6,038.9 million, respectively; EBITDA of ₱11,469.2 million, ₱8,969.2 million, ₱8,172.5 million, and ₱2,763.5 million, respectively; and net income of ₱4,635.7 million, ₱4,296.0 million, ₱3,521.1 million, and ₱1,060.7 million, respectively. FLI's common shares were listed on the PSE on October 25, 1993 and, as of March 31, 2025, FLI had a market capitalization of ₱16,787.8 million.

In ₱ millions*	2024	2023	2022	% change 2023-2024	% change 2022-2023	3M2025	3M2024	% change
Real estate sales	15,392.8	14,486.5	12,836.1	6.3%	12.9%	3,695.1	3,398.6	8.7%
Rental and related services	7,848.1	7,201.0	6,350.4	9.0%	13.4%	2,059.9	1,760.0	17.0%
Equity in net earnings of associates	359.0	242.0	79.0	48.3%	206.3%	58.0	45.4	27.8%
Other income	846.0	624.8	678.9	35.4%	(8.0%)	225.9	194.1	16.4%
Total Revenues and Other income	24,445.9	22,554.3	19,944.4	8.4%	13.1%	6,038.9	5,398.1	11.9%
EBITDA	11,469.2	8,969.2	8,172.5	27.9%	9.7%	2,763.5	2,305.5	19.9%
Net income	4,635.7	4,296.0	3,521.1	7.9%	22.0%	1,060.7	982.1	8.0%

EBITDA RECONCILIATION

	For the three months ended March 31,		For the years ended December 31,		
	2025 (Unaudited)	2024 (Unaudited)	2024 (Audited)	2023 (Audited)	2022 (Audited)
			(in millions)		
Net Income	1,060.7	982.1	4,635.7	4,296.0	3,521.1
Plus:					
Interest expense	981.4	781.7	3,685.7	2,434.4	2,294.2
Depreciation and amortization	456.3	387.5	2,143.2	1,593.5	1,630.1
Provision for income tax	265.1	154.2	1,004.6	645.3	727.1
EBITDA	2,763.5	2,305.5	11,469.2	8,969.2	8,172.5

FLI believes that its principal strengths are the following:

One of the market leaders in the affordable and middle-income residential real estate segment with an established reputation and brand name

FLI is a pioneer in the development of townships and residential estates in the Philippines. It has been involved in the real estate development business through the "Filinvest" brand for more than 50 years through its parent and controlling shareholder, FDC. FLI has become one of the Philippine's leading real estate developers and has successfully developed a large number of high-profile real estate projects, with a particular focus on the affordable and middle-market housing segments. In its early days in the 1990s when most developers were still focused on the higher end of the market, FLI entered the affordable housing space, allowing it to benefit from the growth of OFW remittances and a housing supply shortage. FLI primarily targets the affordable and middle-income residential markets, which FLI believes are the largest addressable markets in residential development in the Philippines. According to the Philippine Statistics Authority and Housing and Land Use Regulatory Board, there is an expected housing backlog across the affordable and middle-income segments of about 3.2 million by 2030[15].

FLI believes that it has developed a reputation within the real estate industry and among home buyers, including the significant OFW and expatriate Filipino markets, as a reliable developer that delivers quality products in a timely manner, and provides accessibility by conveniently locating its developments near major commercial population centers. FLI also has an extensive network of sales offices, in-house sales agents and independent brokers located throughout the Philippines, as well as accredited brokers in countries and regions with large OFW and expatriate Filipino populations.

Diversified and innovative real estate portfolio

FLI believes it is able to offer customers one of the most diversified ranges of real estate products among all developers in the Philippine real estate market. This diversification, catering to various customer segments and needs, allows FLI to be resilient throughout the peaks and troughs of the Philippine economic cycles.

Townships

City di Mare

In August 2010, FLI launched City di Mare, a 50.6-hectare property located at the South Road Properties in Cebu City. The 10.6-hectare portion of the property includes retail, office and leisure buildings and a public promenade which is a one-kilometer long waterfront lifestyle strip that will offer a range of seaside leisure activities. The remaining 40 hectares will be developed into four (4) phases of residential clusters over a 20-year period.

Pampanga

Filinvest Mimosa, Inc., a company formed in 2016 by the consortium of FDC and FLI as the winning bidder in the privatization of the former Mimosa Leisure Estate, has a lease agreement with Clark Development Corporation for a term of 50 years, renewable for another 25 years. Over this period, Filinvest Mimosa will develop, manage and operate the estate.

Tarlac

FLI signed a Joint Venture Agreement with the BCDA for the development of the 288-hectare Filinvest at New Clark City in Tarlac. New Clark City is envisioned to be developed as the country's newest sustainable urban community and globally-competitive investment center that is smart, green and disaster-resilient. The industrial and logistics park is now currently being developed and has welcomed its first locator in July 2023. The township will also have commercial and residential components.

Laguna

[15] Source: FILRT Final REIT Plan (https://www.filinvestreit.com/sites/default/files/2021-07-1626945175/project_faith_final_reit_plan_signed_hi_res_logo_vf.pdf)

Ciudad de Calamba is a 350-hectare Modern Filipino-Hispanic Township development in Calamba City, Laguna. It is a master-planned affordable and middle-income township with an industrial component. On August 19, 2023, the second phase of the industrial park was inaugurated.

Rizal

Havila is master-planned as a mix of affordable, middle-income and high-end subdivisions in Rizal province overlooking Metro Manila. With its 306-hectare development, the township offered three major communities such as Mission Hills, Highlands Pointe and Forest Farm interconnected by linkroad of Antipolo, Taytay and Angono Rizal. New developments in Havila are Mira Valley, Amarilyo Crest and Amarilyo Residences.

Timberland Heights, a sprawling 677-hectare premier mountain suburban township development located in the highest peaks of San Mateo, Rizal. It captures the essence of a mountain hideaway, a sporting and leisure paradise and a luxurious country resort in a premier township development.

Manna East, a 60-hectare modern Filipino themed affordable and middle-income community in Teresa, Rizal. Housing construction is ongoing for New Fields Phase 1 (launched January 2018). The construction of all amenity areas for New Fields Phase 1 has been completed. Land development has been completed in in Futura Plains (launched July 2019). FLI is currently planning the expansion for New Fields and is projecting to launch Phase 2.

Negros Occidental

Palm Estates, 51-hectare township development designed to be a city within Talisay City. The first residential project was launched in the last quarter of 2016. Land Development for the first phase is complete and house construction is already ongoing.

Residential

FLI focuses its business on the socialized, affordable and middle-income market segments, but at the same time it has designed projects that address demand from the lowest end of the real estate market to the highest. FLI has also expanded its portfolio to include new types of residential developments that cater to potentially high-growth niche markets, such as residential farm estate projects, entrepreneurial communities, medium-rise buildings, high-rise condominiums and township developments. FLI also introduced new products such as co-living solutions to cater to the accommodation needs of workers, initially in Mimosa and the logistics and innovation park in New Clark City. The co-living solutions are branded as “The Crib” and FLI plans to build four (4) co-living buildings with each offering around 800 beds.

Since it began commercial operations, FLI’s core business has been developing and selling residential subdivisions and housing units in the Philippines. In the 1990s, FLI started developing affordable housing units in the Philippines. Since then, FLI has ventured into the development of other real estate products, such as MRBs and HRBs. FLI believes that its long-standing brands, built over a five (5)-decade history of success and innovation provides it with an advantage in the marketing and sales of its core affordable housing products nationwide.

FLI’s residential projects include houses, lots, MRBs and HRBs, which are offered in the socialized, affordable, middle-income and high-end housing segments. Except for FLI’s socialized housing products, which are categorized based on criteria set by the Government, FLI’s residential product lines are categorized based on criteria determined solely by FLI, taking into consideration factors such as the price points for each category and the target market for each project. The criteria set by FLI in determining which of its projects are affordable, middle-income and high-end may differ from those set by its competitors and by industry associations.

FLI’s customer base consists of both domestic and overseas Filipinos. FLI believes the OFW population and expatriate Filipinos contribute a significant portion of the demand for FLI’s affordable and middle-income housing by remitting funds to family members in the Philippines to purchase property and by purchasing properties from abroad.

Socialized Housing

Socialized housing is marketed under FLI’s “Pabahay” brand, with lots typically priced at up to ₱160,000.00 per lot and housing units typically priced at up to ₱580,000.00 per unit. FLI’s socialized housing comprises large-

scale, mass- housing projects that have historically ranged in size from approximately six to 55 hectares and have been developed in phases typically comprising 1,000 lots of 35 to 50 sq.m. each, organized in clusters of front-expandable row houses with supporting amenities and facilities. Government regulations generally require developers to allocate at least 5% to 20% of their subdivision development activities (by either area or cost) for socialized housing units, although this requirement can also be satisfied through alternative means. Buyers of socialized housing projects are eligible to obtain financing from the Government's Pag-IBIG Fund. Maximum sales prices for FLI's socialized housing products do not exceed Government-mandated ceilings of ₱580,000.00 per unit and income realized from the development and improvement of socialized housing sites are exempt from taxation.

Affordable/Middle-Income Housing

Affordable housing is marketed under FLI's "Futura Homes" brand, with lot-only prices ranging from ₱160,000.00 to ₱750,000.00 and per-unit prices for housing units ranging from ₱580,000.00 to ₱1,500,000.00. Affordable housing developments typically range from two (2) hectares to twenty-six (26) hectares and have been developed in phases typically comprising approximately 300 lots each. Houses typically have a floor area of approximately 40 sq.m., with a lot size generally between 80 to 150 sq.m. Homes in this sector are designed and constructed with the capacity and structural strength to allow the owner to construct an additional story, which can double the available floor area. Affordable housing developments are generally located in the provinces bordering Metro Manila, including Rizal, Pampanga, Bulacan, Laguna, Batangas and Cavite, and in key regional cities such as Tarlac, Cebu, Iloilo, Cotabato, Palawan, Negros, Zamboanga and Davao. Construction of a house is usually completed approximately three months from the receipt date of the final installment of the required down payment.

FLI markets its middle-income housing under the "Filinvest Aspire" brand, with lot-only prices ranging from ₱750,000.00 to ₱1,200,000.00 and per-unit prices for housing units ranging from ₱1,500,000.00 to ₱4,000,000.00. Historically, FLI's middle-income housing developments have ranged in size from approximately five (5) to forty-six (46) hectares and have been developed in phases typically comprising approximately 150 lots of 150 to 300 sq.m. each. Middle-income housing developments are typically located within Metro Manila, nearby providences such as Rizal, Tarlac, Cavite, Pampanga and Laguna, and major regional urban centers in Cebu, Palawan, Butuan, Cagayan de Oro, Davao, and Zamboanga. A typical home in the middle-income projects has two (2) stories. Houses in this sector are designed and constructed with the capacity and structural strength to allow the owner to add extensions to the existing structure.

Construction of a house is usually completed approximately 9 to 12) months from the receipt date of the final installment of the required down payment.

High-end Housing

FLI markets its high-end housing developments under the "Filinvest Prestige" brand, with lots priced at above ₱1,200,000.00 each, and per-unit prices for housing units above ₱4,000,000.00. FLI also markets high-end housing projects under the "Filigree" brand for its more exclusive developments.

Historically, FLI's high-end housing developments have ranged in size from approximately 5 to 25 hectares and have been developed in phases typically comprising approximately 35 to 300 lots of 250 to 1,000 sq.m. each. High-end housing developments are typically located within Metro Manila and in areas immediately outside Metro Manila and in major regional urban centers in Cebu. A typical home in a high-end housing project has two (2) stories. Homes in this sector are designed and constructed with the capacity and structural strength to allow the owner to add extensions to the existing structure. Construction of a house is usually completed approximately 9 to 12 months from the receipt date of the final installment of the required down payment.

Medium-Rise Buildings

MRB projects are designed in clusters of buildings that surround amenities with the intention of providing a quiet environment within an urban setting. MRBs are typically five (5) stories with an elevator and include studio, one bedroom and two (2) bedroom units. FLI's policy is to commence construction of an MRB building when at least 50% of the units in the building has been sold. From a developer's perspective, MRBs offer several benefits compared to high-rise developments. MRBs can generally be constructed in less than one year once all approvals have been obtained, which reduces the risk borne by FLI between the launch and delivery of a project. The lower

height of MRBs also reduces construction costs compared with high-rises which require extra reinforcement to protect against earthquake damage.

MRBs are marketed under FLI's "Oasis" brand for the middle-income market and under FLI's "Spatial" brand for the affordable housing market. MRBs under the "Oasis" brand typically have per-unit prices ranging from ₱2,000,000.00 to ₱4,400,000.00 depending on the size of the unit, while MRBs under the "Spatial" brand typically have per-unit prices ranging from ₱1,700,000.00 to ₱3,600,000.00. MRBs offer low-density development and lower association dues compared with high-rise condominium buildings, in addition to a lower price per sq.m. MRBs are generally located in prime urban zones. Further, MRBs are developed to maximize open space, with buildings typically occupying 30% to 35% of the development's land area. In contrast with its other developments, which generally require the down payment to be paid within 12 months, FLI generally allows MRB purchasers to pay the down payment in installments over a 24-month period.

As of March 31, 2025, FLI has 33 MRB projects with more than 100 buildings throughout Luzon, Visayas and Mindanao.

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 a HRB when at least 50% of the units in the building has been sold. From a development perspective, HRBs generally can be constructed in two (2) years once all Government approvals have been obtained. Currently, FLI has the following completed and on-going high-rise condominiums projects:

The Linear

The Linear, a master-planned residential and commercial hub in Makati City. Two (2) 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 a 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.

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. Four out of the five buildings are completed.

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 (4)-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 (4) 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 is currently under construction.

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.

The Levels, Studio City and Studio N are 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.

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. This is fully completed.

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. This is fully completed.

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. This is fully completed.

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. This is fully completed.

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. This is under construction and about 95% complete.

Activa

Activa is a mixed-use development with residential, office, and retail components. It is entrenched in the heart of Quezon City's busiest and liveliest district, Cubao. Situated at the crossroads of two (2) 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. The project was recognized and awarded by Dot Property as the best Mixed-Use Development for 2019 for its mixed-use concept which blends in key components such as convenience, flexibility, entertainment, and leisure.

Condotels

FLI developed the 25-storey Grand Cenia Hotel and Residences, which is strategically located across the Cebu Business Park, a joint venture project of FLI, as developer, and Gotianun Family-owned GCK Realty Corporation, as landowner. Under the terms of the joint venture agreement, GCK Realty Corporation contributed 4,211 sq.m. of land to be developed in accordance with a master development plan in exchange for an 8% interest in the joint venture. The condotel units are targeted to business travelers, returning OFWs and expatriate Filipinos. Owners of individual condotel units are required to place their units in a rental pool that will be operated as a business hotel. Owners are entitled to use the unit for 14 days annually. The units were handed over to the condotel buyers for preparation for hospitality operations. In 2012, the hotel started operating as the Quest Hotel and Conference Center, Cebu, a three- star hotel with business and conference facilities.

FLI also developed the ForaQuest Hotel Tagaytay. On May 17, 2023, the SEC issued the Certificate of Permit to Offer Securities for the sale of the Certificates of Participation in Quest Hotel Tagaytay project.

Residential Farm Estates

FLI began marketing its residential farm estate projects to customers in 2003, after FLI's in-house market research indicated that there was demand among customers, such as retirees and farming enthusiasts, for leisure farms that can serve as alternative primary homes near Metro Manila. To help attract buyers, the Company maintains demonstration farms in its farm estate projects and also has personnel on site to provide buyers with technical advice on farming. Customers can purchase lots (with a minimum lot size of 750 sq.m.) on which they are allowed

to build a residential unit (using up to 25% of the total lot area). The remaining lot area can be used for small-scale farming, such as fish farming or vegetable farming.

Residential farm estates are sold on a lot-only basis, with buyers responsible for the construction of residential units on their lots.

As of March 31, 2025, FLI has three (3) residential farm estates under FLI, Nusa Dua Farm Estate, Mandala Residential Farm Estate and Forest Farms Residential Farm Estate. Nusa Dua Farm Estate is located in Cavite, just south of Metro Manila. Mandala Residential Farm Estate is located in Rizal province and integrated in FLI's Timberland Heights township project. Forest Farms Residential Farm Estate is also located in Rizal province as part of FLI's Havila township project. It is an exclusive mountain retreat and nature park, located between the hills of Antipolo and the forested area of Angono, Rizal.

Residential Resort Development

FLI entered the high-end residential resort market in 2007 with the launching of the Laeuna de Taal project located along Tagaytay Ridge, Batangas and the Kembali Coast project and Veranda Resort Condominium in Samal Island, Davao. The residential resorts capture the growing demand for second homes and leisure and retirement destinations of the high-end market segment. Laeuna de Taal, provides scenic views of the Taal Lake, and offers three (3) residential enclaves: Arista, Bahia, and Orilla. Located on the waterfront of Laeuna de Taal is the Lake Club, a lakeside amenity designed for wellness, recreation and events.

Kembali Coast is an Asian-Balinese inspired beachfront residential development with a 1.8-kilometer beach, providing seaside resort-style living in the Mindanao area. Kembali has a total land area of 50 hectares while the Laeuna de Taal project has a total land area of 60 hectares.

Office

As of March 31, 2025, the Group owns commercial office spaces for lease to several BPO and other office locators with total gross leasable space of 680,710 sq.m. Primarily, they are located in Northgate Cyberzone in Filinvest City, Alabang, Muntinlupa. Northgate is an 18.7-hectare PEZA zone that enjoys developer incentives. Among FLI's portfolio is the PBCom tower where FLI owns 60% through FAC, which owns 50% of the 52-storey PBCom Tower in the Makati CBD. PBCom Tower is a Grade A, PEZA-registered, IT/office building located along 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:

Location	**Number of Buildings**	**GLA (in sq.m.)**
Northgate Cyberzone, Filinvest City	19	327,554
Metro Manila outside of Filinvest City	10	210,396
Outside Metro Manila	10	142,760
Total	**38**	**680,710**

The office buildings of Filinvest are mainly located in business parks or in mixed-used complexes highly accessible to public transport. FLI believes its business park model, wherein it 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 proximity thereby giving the Group an advantage over stand-alone developments.

Key office properties are as follows:

- Northgate Cyberzone, an 18-hectare, PEZA-registered IT park located in Filinvest City in Alabang. The office buildings sit within the 10-hectare parcel of land in the Northgate district owned by FLI.

- Mimosa Workplus, an office village that is comprised of eight buildings set amidst the lush natural environment of the Filinvest Mimosa+ Leisure City.

- Cyberzone Cebu and Filinvest IT Park are two distinct developments on two separate Build-Transfer-Operate ("**BTO**") arrangements with the Cebu Province. The two parcels of land totaling 2.9 hectares are near the city center located along Banilad and Salinas Avenue in Cebu. Together these comprise seven (7) 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, a four (4)-tower office complex in the bustling section of the Bay Area. Its four towers are already completed and operating. The complex is also certified LEED Silver rating.

In May 2023, FLI signed a joint venture agreement with KMC Community, Inc. for the development, management, operation, and maintenance of flexible workspaces offering private serviced office seats and co-working seats in commercial buildings. This new business is expected to further enhance FLI's revenue potential.

Retail

Festival Supermall 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.

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 a favorite among mall patrons.

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. Several 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 Own Days.

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 sqm. 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. 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.

Other Filinvest Lifemalls

The following table sets out a summary of FLI's other major Filinvest Lifemalls.

Mall	Location	GLA (sq.m.)	Features
Fora Mall	Taytay Rotonda	26,000	• 24-hour super metro anchor store • Four (4) digital cinemas • Open air amphitheater and forest feature • Beside Quest Hotel
Main Square	Princeton Heights, Bacoor, Cavite	18,000	• Robinson Supermarket • Watsons, Ace Hardware • Anytime Fitness • Starbucks, Coffee Bean & Tea Leaf • Beside Bacoor City Hall
II Corso	City di Mare, Cebu	34,000	• Seaside waterfront boardwalk with al fresco dining • Central piazza with dancing fountain • Fully-functioning lighthouse and battleship playground with children

Retail Space Projects in the Pipeline

As of March 31, 2025, the Filinvest Mall Cubao and Filinvest Mall Mimosa are under construction. FLI has no plans to acquire any additional shopping malls, but intends to undertake commercial and retail projects to complement its residential developments in selected areas.

Industrial

Filinvest Innovation Parks in Filinvest New Clark City and Ciudad de Calamba targets industrial locators who will lease land or ready built factory buildings. In July 2023, FLI welcomed St. Battalion, an Australian manufacturer of electric vehicle batteries as the Filinvest Innovation Park New Clark City's first locator. Expanding the logistics and industrial park development will address the growing need of logistics, light manufacturing, technology and e-commerce companies looking to support inventory management.

The Group believes the following are principal strengths and strategies of its Real Estate business:

REAL ESTATE BUSINESS STRENGTHS

Extensive and diversified land bank

Over the years, FLI has accumulated an extensive, low-cost land bank. As at March 31, 2025, FLI's land bank totaled approximately 1,826 hectares of raw land, including approximately 197 hectares available for development pursuant to joint venture agreements. FLI believes the size of the landbank, in addition to the attractive acquisition prices obtained by FLI, are sufficient to sustain several years of double-digit growth in sales and profitability.

Regional Development

The bulk of FLI's land bank consists of land situated in regional centers primarily outside of Metro Manila that FLI believes are prime locations across the Philippines for existing and future property development projects, including land in the nearby provinces of Rizal, Bulacan, Batangas, Cavite and Laguna, as well as in growth areas

such as Cebu, Davao and General Santos City in South Cotabato province. It recently expanded its geographic reach in North Luzon provinces with high growth potential such as Dagupan, Bataan, Mimosa and Clark. FLI believes that the diversity of its current projects and land bank will allow it to benefit from these areas' continued economic development. FLI also has land available for future developments located in central and southern Philippines, which it believes has allowed it to position itself as a leading residential project developer in these new and expanding markets. FLI also believes that its strong reputation and reliability as a developer allows it to attract joint venture partners with desirable land banks, allowing it to access additional land for future development.

Strong credit record and financial position

FLI believes it is currently in sound financial condition, with strong debt service capabilities and a management team committed to maintaining and implementing a prudent financial management program. FLI's sound financial management allowed it to continue to meet its debt service obligations for its peso- denominated debts and to meet and exceed the debt service ratios required under its loan agreements even with the aftermath of several financial crises, notably the 1997-1998 Asian financial crisis, 2002 US stock market downturn and the 2008 Global Financial Crisis. FLI believes that its financial strength enhances its ability to expand its business and to capitalize on opportunities in the Philippine housing and land development market. The PhilRatings maintained the PRS Aaa for FLI's outstanding bonds as of March 31, 2025, (1) ₱1.70 billion bonds due in 2024, (ii) ₱6.34 billion bonds due in 2023, (iii) ₱1.76 billion bonds due in 2026, (iv) ₱1.0 billion bonds due in 2025, (v) ₱5.0 billion bonds due in 2025, (vi) ₱5.0 billion bonds due in 2027, (vii) ₱8.93 billion bonds due in 2025, (viii) ₱2.98 billion bonds due in 2027, (ix) ₱11.43 billion bonds due in 2027, (x) ₱6.79 billion bonds due in 2030, (xi) ₱2.66 billion bonds due 2032, and (xii) ₱2.55 billion bonds due 2035. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by PhilRatings. The rating reflects the following factors: sustained growth of FLI's real estate and leasing operations, resulting in strong income generation and improved cash flows; its conservative debt position and high financial flexibility; its established brand name and track record.

Benefits of Large-Scale Operations

FLI is one of the Philippines' leading real estate developers. Together with its predecessors, FLI has over 50 years of real estate expertise, having developed over 2,500 hectares of land and providing home/home sites for over 200,000 families through the years. The Filinvest Group has an established brand name and reputation in real estate, combining sales of lots and other residential developments with a growing commercial and mall leasing portfolio. [16] The Company believes it is well positioned to respond promptly to changes in market conditions and capture opportunities. Moreover, FLI's scale of real estate business operations enhances its position in negotiations with vendors and contractors, supply chain management, partnership with landowners, credible land purchases, and maintaining a balanced tenant mix, as well as strengthening its reputational and brand awareness in sales.

Strong and experienced management team

The Group's real estate business has an experienced management team with an average of more than 30 years of operational and management experience in real estate development growing from within the Group's real estate businesses and from other companies. FLI's management team has gained a good reputation with key market participants, including construction companies, regulatory agencies and local government officials Several of the Group's real estate executives have been recognized for their leadership in the industry and have helped the property companies gain numerous awards for leadership excellence, governance and sustainability.

REAL ESTATE BUSINESS STRATEGY

The Real Estate Companies, Filinvest Land Inc. and Filinvest Alabang Inc. have the following strategies:

- Continue product, market and geographic diversification to strengthen leadership position in the affordable middle-income and high-income market segments.
- Continue to build up recurring income streams and capitalize on REIT opportunities.

[16] Filinvest REIT Corp. Offering Circular 2021

- Optimize returns on existing assets.
- Accelerate monetization of land bank.
- Targeted vertical operations integration and digitization to improve cost efficiency.

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 the Company believes it has a competitive advantage based on its current strong position. The Company's business segments are not dependent upon a single or few customers, the loss of any or more of which would not have a material adverse effect on the registrant and its subsidiaries taken as a whole. It is also not dependent on any related party. FLI has the following strategies:

Continue product, market and geographic diversification to strengthen leadership position in the affordable middle-income and high-income market segments.

In real estate trading, FLI capitalizes on its strong position in the affordable and middle market segments to increase its market share. With these segments representing the largest subset of house buyers in the Philippines, and with highly fragmented supply, FLI shall maintain its strong position by expanding its product offerings and geographic 129 reach. New products are continuously being studied and offered to cater to the evolving needs of the market. In particular, FLI plans to offer more inner city mixed-used developments and MRB products to capture the growing demand for these types of products in greater Metro Manila, Cebu, and Davao. Meanwhile, the Company shall explore opportunities for expansion to new territories by acquiring land bank in selective regional markets for residential township and commercial development.

In addition to retaining its position as one of the leading residential H&L and MRB developers in the Philippines, FLI has built its position as well as a reputable provider of office and commercial leasable spaces. FLI intends to continue to increase recurring rental income through the expansion of its commercial office and retail space leasing operations. The Company intends to achieve this by, among other things, increasing occupancy at its newer malls and other commercial projects, rolling out new leasing projects, introducing new leasing product types, enhancing its existing investment portfolio through proactive leasing and management, and capitalizing on its extensive real estate experience, scale and access to resources. Recently, to complement its core strengths in the affordable and middle-income residential segments, FLI is expanding recurring income through broadening its tenant bases in the office and retail leasing spaces, as well as attracting new locators for its industrial parks. The Company also believes that the development of REITs in the Philippines will provide the Company with new opportunities to unlock value and accelerate the growth of its recurring income portfolio. On August 12, 2021, FILRT was listed on the PSE. The Company is prepared to infuse more rental assets into FILRT.

Optimize returns on existing assets

The Company intends to optimize its existing assets by ensuring maximum occupancy for its rental assets by marketing to different client types. For the mall business, FLI will explore new tenant formats such as exhibit halls, wellness centers and furniture/home stores. FLI encourages government offices to be in its malls for the convenience of its customers. For offices, FLI intends to have traditional offices as well as government offices aside from BPOs. FLI will also accelerate developments in its industrial parks and continue to market to manufacturers, logistics and e-commerce fulfillment centers.

Accelerate monetization of land bank.

FLI believes that there is currently significant unrealized value in its land bank based on the historical low-cost carrying value of such land bank on its balance sheet. The Company believes that it is now the opportune time to take advantage of the appreciation in value of such land bank and accelerate monetization through land sales, or establish vertical trading developments or developments to generate recurring income. Townships masterplans are consistently being revisited to ensure adaptability to the changing needs of the market and its existing residents or locators. In addition, given the current projects in their pipeline, the Company believes it can benefit from the country's strong economic fundamentals to accelerate the pace of new project launches. For their higher value raw land portfolio, the Company plans to develop higher density and higher value-added projects, such as residential buildings, office buildings and retail malls, with a view to optimizing the revenue per sq.m. generated from such land bank.

Targeted vertical operations integration and digitalization to improve cost efficiency.

The Company plans to continue initiatives to further integrate their operations. As an example, the Company had established in 2017 a separate construction company (DPI) to undertake construction of specific projects and products, such as MRBs, to improve its cost competitiveness. Moreover, the Company 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. The Company also has separate property management teams with digital customer service applications to focus on monitoring and delivering the services to its clients.

HOSPITALITY

FHC is the hospitality and leisure arm of FDC that is responsible for the full life cycle development and management of hospitality assets across the full market spectrum. It is supported by a full-range hotel management services firm, CHI, which is a joint venture with Archipelago International Pte. Ltd.

Its first hotel was opened in 2010 via the Crimson Resort and Spa Mactan on Mactan Island in Cebu. By the end of 2022, the portfolio under management has grown into seven hotels located in seven cities and five regions, totaling over 1,800 rooms. Also under management are two world class 18-hole golf courses located in Clark Mimosa +. In April 2018, provisional casino license was also awarded by PAGCOR to FHC's subsidiary, Mimosa Cityscapes, Inc..

Brands

The seven (7) hotels carry the group's homegrown brands. There are currently three (3) CRIMSON hotels, three (3) Quest hotels, one (1) Timberland Highlands Resort hotel, and an upcoming Grafik Baguio hotel, each catering to a distinct market segment.

Crimson is a five-star brand that caters to the mass affluent segment looking for a more premium travel experience. Crimson hotels are found in Filinvest City, Muntinlupa; Mactan Island, Cebu and Boracay Island, Aklan.

The Quest and Quest Plus brands target the group's key market, the mass middle segment, which includes leisure and business travelers looking for superior value. Quest Hotels are in Cebu City, Tagaytay City, and Clark Freeport Zone.

Timberland Highlands Resort is a lifestyle brand for travelers looking for exciting nature experiences. The Timberland Highlands Resort is in San Mateo, Rizal. It is set to open a bike park towards the end of 2023.

It launched its fourth brand, Grafik, which aims to bring the character of the destination inside the property while championing world-renowned Filipino hospitality. Grafik properties allow independent travelers to craft the travel experience of their choosing. Banking on experiential travel, the brand aims to attract a multi-generation of travelers.

Select Financial Information

In ₱ millions*	2024	2023	2022	% change 2023-2024	% change 2022-2023	3M2025	3M2024	% change YoY 3M2025
Revenue and other income	4,324.1	3,560.6	1,968.8	21.4%	80.9%	1,214.5	1,028.1	18.1%
EBITDA	914.4	926.6	(44.8)	-1.3%	-2168.3%	293.6	256.6	14.4%
Net income	(3.8)	(52.0)	(645.2)	-92.7%	-91.9%	64.6	66.7	-3.1%

**Balances before intracompany elimination entries*

EBITDA RECONCILIATION

	For the three months ended March 31,		For the years ended December 31,		
	2025	2024	2024	2023	2022
			(in millions)		
Net Income	64.6	66.7	(3.8)	(52.0)	(645.2)
Plus:					
Interest expense	114.7	101.2	457.7	411.8	248.6
Depreciation and amortization	101.1	81.9	388.9	340.7	343.4
Provision for income tax	13.2	6.8	71.6	226.1	8.4
EBITDA	293.6	256.6	914.4	926.6	(44.8)

HOSPITALITY BUSINESS STRENGTHS

Strategically positioned to develop properties in key leisure destinations

FDC remains committed to help build the tourism sector driven by the belief that the Philippines has so much to offer in natural beauty, experiences and hospitality. FDC's hospitality group has drawn up a road map to build for scale and potentially more than double its existing number of rooms. The group ensures that its hotel and resort projects are in line with the Philippine Infrastructure Development Plan and National Tourism Development Plan ("**NTDP**"). To build its competitive advantage and create a strong source of sustained long-term profitable growth, it has lined up projects for development in Baguio, Mactan, Bohol and five other major tourist destinations in the next five years. The design, construction and operations of these new hotels embody its ambition to deliver hotel and resort developments in line with green inclusive and resilient sustainable themes of the group. These projects are anticipated to benefit from the bounce back of growth in the tourism sector as it continues to unlock the huge potential of the Philippines is unlocked.

Unique and Superior Guest Experience

Consistent with the hospitality sector's battle cry of providing customer services and creating exceptional customer experiences, Filinvest hotels continue to break ground in this aspect by instilling ***'customer obsession'*** in its culture as part of its brand equity building imperatives. It provides a ***'Unique Guest Experience'*** - a seamless end to end customer journey, from booking, to check-in, to stay experience, to check-out. A blended rating of 92% from Trust You is a testament of this culture. A TrustScore is the world's first single score for a hotel or business that represents all online opinions of consumers around the world. It continues to elevate its game in this area to give the best customer journey to its guests. Several Filinvest hotels have received Travelers' Choice Awards from Tripadvisor over the past years.

Ability to quickly build brands with strong recognition such as Crimson and Quest

Filinvest Hospitality Group invests in building, strengthening and creating brands that are uniquely Filipino, and brands that its customers desire.

- **Hotel Awards.** Crimson Resort & Spa, Boracay and Crimson Resort & Spa, Mactan won several global and local awards recognizing its brand for luxury travel.

- **Restaurant.** As part of its hotel features, the group also invests in developing superb brands and menu for its on-remise restaurants. In particular, Azure, provides an award-winning standard of a remarkable beach experience, with live DJ music, a selection of authentic Asian fare like Japanese, Korean and Indian tandoori and curries, and fantastic sea views. Its dining outlets also regularly features and partners with well-known chefs to create and provide gastronomic experiences for its in-house and walk-in customers alike.

- **Standalone Dining Experiences.** The hospitality group also seeks to create an allied revenue stream by developing restaurant concepts that it plans to expand outside their hotels. One such concept is Baker J, a French-inspired café reminiscent of casual and comfortable Parisian street cafes. Currently located in Crimson Alabang, and Quest Plus Clark, expect Baker J to expand to standalone Cafes soon.

Strong and experienced management with extensive global experience in the hospitality industry

The Filinvest Hospitality Group, together with its management arm, CHI boasts of a leadership team with varied international experience in the hospitality industry. This highly engaged team continues to bring diverse ideas and revolutionize the way they bring Filipino hospitality to life. Strong and experienced management with extensive global experience in the hospitality industry. The Filinvest Hospitality Group, together with its management arm, CHI boasts of a leadership team with varied international experience in the hospitality industry. This highly engaged team continues to bring diverse ideas and revolutionize the way they bring Filipino hospitality to life.

HOSPITALITY BUSINESS STRATEGY

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

- Pursue growth in major and upcoming leisure destinations for key mass middle and mass affluent customers.
- Scale the MICE (Meeting, Incentives, Conferences, and Exhibitions) business within Tier 1 and 2 cities
- Enhance synergies with the Group.
- Cultivate Crimson, Grafik and Quest brand equity by optimizing hotel developments and renovations, operations and services.
- Enhance synergies with the Group.
- Establish condotel and asset light business models for Quest products.
- Maximize marketing reach and distribution channels.
- Explore third party management opportunities and joint ventures with third party hotel developers.

The Group aims to expand its hospitality business, leveraging the robust economic fundamentals of the Philippines and aligning with travel and tourism trends. This expansion strategy involves the efficient development and operation of new hospitality offerings in major and upcoming leisure destinations to capitalize on emerging opportunities.

Pursue growth in major and upcoming leisure destinations for key mass middle and mass affluent customers.

The Group intends to actively pursue expansion within both established and emerging key leisure destinations across the Philippines recognized for their appeal to the discerning mass affluent demographic. By concentrating efforts on crafting upscale, tailored hospitality experiences in these destinations, the objective is to attract and retain high-spending customers seeking elevated leisure offerings. The strategy aims to position the business as a premier choice for leisure travel within the Philippines, capitalizing on the unique preferences and demands of the mass affluent market segment to drive sustainable growth and solidify a strong presence in catering to their exclusive needs.

Scale the MICE (Meeting, Incentives, Conferences, and Exhibitions) business within Tier 1 and 2 cities.

This involves a targeted effort to increase the company's presence and capabilities in these specific urban areas, with established or growing infrastructure and business presence and accessibility focusing on developing facilities and services tailored to accommodate large-scale events, conferences, exhibitions, and corporate gatherings. The objective is to establish a strong foothold and grow significantly within the MICE industry in these cities, meeting the rising demand for such activities and enhancing the business's market position in this sector.

Enhance synergies with the Group.

For its future hospitality projects, the Group will seek to maximize intra-Group synergies. FHC also plans to invest in land and develop hospitality projects in areas where the Group's larger mixed-use developments are located. Alongside FHC, FDC plans to develop hotel projects through its various other subsidiaries.

Cultivate Crimson, Grafik and Quest brand equity by optimizing hotel developments and renovations, operations and services.

The Group intends to continually optimize key facets of its hospitality business, including hotel development, asset enhancements and operations and services to improve value to shareholders and customers and ultimately cultivate its Crimson, Grafik and Quest brand equity. With respect to revenues, the Group will seek to continue maximizing its total revenues per available room, by efficiently cross-selling non-room offerings, such as meetings and convention facilities, banquet, food and beverage and golf. The Group is also committed to further

investment in resources, encompassing comprehensive training programs and advanced IT systems, aimed at elevating guest and employee satisfaction and fostering enhanced customer loyalty and recurring patronage. Additionally, the Group intends to establish a robust training infrastructure, fostering a culture of continuous learning and development. This initiative aims not only to cultivate a skilled workforce but also to nurture home-grown talent, significantly reducing the onboarding time for new hotels within the Group.

Establish condotel and asset light business models for Quest products.

This initiative aims to optimize the operational efficiency and financial flexibility of Quest-branded properties. The condotel model integrates the benefits of condominiums with hotel-like services, providing guests with a unique blend of comfort and convenience. Meanwhile, the asset-light approach emphasizes minimizing direct ownership of physical assets, allowing for more agile expansion and recycling of capital and leveraging partnerships or management contracts to grow the Quest brand. These models aim to enhance profitability, scalability, and market reach while maintaining the high standards associated with Quest products.

Maximize marketing reach and distribution channels.

Another key focus of the Group is to maximize its current and develop new distribution channels for its properties and products. The Group will seek to further develop its non-traditional distribution channels, with a particular focus on optimizing its marketing through technology. The Group is continuously working on optimizing its online advertising placements, its search engine optimization, its mobile-friendly website and chatbot support. The Group is also continuously exploring new distribution channels as they emerge. The Group believes that online channels, in addition to helping reduce marketing costs, are a significant avenue through which to reach and retain its hospitality customers, improve the customer booking experience, and improve the Group's ability to compete with local and international competitors. The Group believes its online sales channels are a key driver of this repeat business. To complement its online presence, the Company will also ensure that its traditional channels such as sales agents effectively market the Group's new and upcoming offerings, especially in key international markets such as China, Japan and Korea.

Explore third party management opportunities and joint ventures with third party hotel developers.

The Group may also selectively offer and undertake third party management arrangements and joint ventures with third party hotel developers for projects that meet the brand's criteria. The Group believes that selectively exploring these opportunities with local or foreign companies which have compelling experience or technical knowhow will allow more rapid expansion of its hospitality business especially in unfamiliar jurisdictions and gain access to land that are uniquely situated.

Portfolio Investments

Infrastructure

FDC's foray into infrastructure so far is through its significant participation as a consortium member in the airport redevelopment of Clark International Airport in Pampanga. The consortium entered into a 25-year concession agreement with the Bases Conversion and Development Authority in January 2019 for the O&M of the CRK passenger terminal and the fit-out and O&M of a new terminal building. The consortium members then incorporated LIPAD in February 2019 to act as the consortium's joint venture entity. FDC's ownership interest in LIPAD is 42.5% while the other consortium members are JG Summit Holdings Inc., Philippine Airport Ground Support Solutions Inc. and Changi Airports Philippines (I) Pte. Ltd., a wholly owned subsidiary of Changi Airports International.

Revolutionizing the Travel Experience. LIPAD's vision is to be the country's premier gateway by revolutionizing the way people travel and the way the world experiences the Philippines. The key strategies of the airport were carefully considered, at the onset, in the design of the new four-level terminal (with a total area of 110,000 sq.m.) to make it the most efficient airport that can match the same level of experience with other world-class airports. The new terminal features a dedicated OFW lounge. The walk-through commercial spaces, gender-neutral toilets, and elevators and escalators at each boarding gate, providing seamless access for all passengers leverages on the best practices of its partner that operates the multi-awarded Changi Airport. To distinguish itself from other regional airports, CIA has adopted the latest technologies which include an automated self-baggage

drops, self-check-in kiosks, e-gates at the immigration areas, and generous spaces for retail and F&B (food and beverage). The Group expects LIPAD to be a stable source of dividends in the near future.

The strategy of the Group to grow its Infrastructure portfolio beyond airports may include tapping into opportunities to work with the government through PPP projects or bids in various infrastructure projects. Private sector driven infrastructure projects present also an opportunity. Several of the group's companies have capabilities to provide smart and sustainable solutions for homes, factories, buildings and cities mainly as a complement to create value-add for its real estate business. An example is the district cooling system in collaboration with Engie that supplies green and sustainable cooling for its REIT buildings in Filinvest City. Filinvest City has earmarked capital expenditures for smart lighting, EV charging, and other smart and sustainable solutions.

Key Strengths and Strategies

Future-proofing the Filinvest ecosystem.

FDC as the parent company is a key driver of business synergies and management systems across the Company Group. It continues to introduce new ways of working and tech-driven collaborations focused on driving transformation across the Group's core real estate, hospitality, and banking businesses. The Group also continues to hold various digital upskilling programs internally to help elevate the digital awareness and capabilities of its people as it helps build Filinvest's brand equity.

Existing and Operational Properties

Crimson Resort and Spa Mactan

The Group's first operating property is the five-star Crimson Resort and Spa Mactan ("**CRSM**"). The resort is directly owned by FDC through Mactan Seascapes Services, Inc. (formerly Seascapes Resort, Inc.) ("**MSSI**") which was incorporated on July 17, 2009. CRSM is an award-winning deluxe resort located on the island of Mactan, Cebu, Philippines. The sprawling 6-hectare beach resort features 283 guest rooms including 33 villas with private plunge pools, five food and beverage outlets, a gym, a children's play area and two ballrooms. CRSM was formally launched on October 8, 2010. The flagship Azure Beach Club was launched on October 24, 2014. The resort recently 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, children's play area, dedicated pool and snack bar. On December 16, 2021, the property was hit by Typhoon Rai (local name Odette) necessitating temporary closure for its restoration. The property reopened in August 2023 and will commence full operations in 2024 for majority of the rooms, while the property will undergo staggered room renovations over the next three to four years. Given its 13-year history, these renovations are essential to maintain high standards and ensure the property remains appealing and competitive within the industry.

Quest Hotel and Conference Center, Cebu

In September 2012, the Group opened its second property under the "Quest" Brand. Quest Hotel and Conference Center, Cebu ("**QHCC**") is a 470-key Condotel in FLI's Grand Cenia Development in Cebu City. The hotel is located in the Cebu Business Park and includes ten 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. All the condotel units are being operated and managed by CHI through Property Specialists Resources, Inc. ("**PSRI**"), a wholly owned subsidiary of FLI. Net income after deducting all expenses are distributed by CHI to eligible unit owners. The ten meeting rooms and the restaurant are managed by CHI through Quest Restaurants, Inc. ("**QRI**"), a wholly owned subsidiary of FHI.

Crimson Hotel Filinvest City, Manila

In March 2013, the Group opened its third property, Crimson Hotel Filinvest City, Manila ("**CFCM**") in Alabang. The property is directly owned by FAI and managed by CHI through Entrata Hotel Services, Inc. ("**EHSI**" or "**Entrata**") which was incorporated on November 28, 2012. The hotel is part of the Entrata Urban Complex and features 345 keys, extensive meeting facilities, five food and beverage outlets, a gym, a spa and a swimming pool, with plans to enhance amenity areas and to add new 1,500 sqm. of meeting spaces and three food outlets. EHSI is partially owned by FHC (76.9%) and FAI (23.1%).

Quest Plus Hotel and Conference Center, Clark and Mimosa Golf Course, Clark

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, a 201.6-hectare property located in Clark Freeport Zone approximately 100 km north of Metro Manila, with 303 rooms, a 130-hectare, 36-hole golf course and other various estate improvements. In April 2016, Filinvest Mimosa, Inc. ("**FMI**") entered into a 50-year lease agreement (renewable for an additional 25 years) with CDC in relation to the Mimosa Leisure Estate. The lease agreement requires FMI to invest at least ₱5.0 billion over a period of five (5) years. FMI is owned by FDC (47.5%), FLI (47.5%) and CDC (5.0%). Shortly after the signing of the lease agreement, the estate was relaunched as Filinvest Mimosa+ Leisure City.

In May 2016, MCI, a wholly owned subsidiary of FHC was formed to sublease the hospitality components of the Filinvest Mimosa+ Leisure City. In June 2016, MCI signed a sublease agreement with FMI following the terms of the lease between FMI and CDC. Over the lease period, MCI will operate the existing hotel and golf courses of the estate and has the right to develop the leased portion of the estate. Following the execution of the sublease agreement, MCI rebranded the existing hotel and golf course to Quest Plus Hotel and Conference Center, Clark ("**QPCC**") and Mimosa Golf, Clark and began to undertake a comprehensive renovation, rehabilitation and expansion of the facilities. During the ASEAN Summit in November 2017, its property QHCC Clark showcased the opening of the grand villas, the newly-refurbished hotel rooms and the event facilities. It recently completed the renovation of the 36-hole golf course and auxiliary spaces in 2022, enhancing the overall facilities and amenities available to patrons. The refurbishment aimed to modernize the golf course and its associated areas, offering an improved and contemporary experience for golf enthusiasts and visitors alike. In 2024, the Group is scheduled to complete the driving range and night golf and commence construction of Crimson Clark, a 289-room hotel expansion.

Crimson Resort and Spa Boracay

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.

Quest Hotel Tagaytay

Quest Hotel Tagaytay ("**QHTC**") is a condotel property featuring 164 rooms each located along General Emilio Aguinaldo Highway, Tagaytay City. Similar to QHCC, the condotel units are to be sold to third party buyers and will be subject to a condotel participation agreement. The units are operated and managed by CHI, which will distribute net income (after deducting all expenses) to eligible unit buyers. It began operations in April 2019. It is operating through Fora Services, Inc., a wholly owned subsidiary of FHC and was incorporated on August 24, 2018. On May 17, 2023, the company has been granted a Certificate of Permit to Offer Securities for Sale by the SEC. This marks the country's first SEC-registered condotel which assures its owners of proper governance and compliance with the Securities Regulation Code and its Implementing Rules and Regulations. As of March 31, 2025, a total of 57 units were sold to third party unit buyers, while the remaining units are still owned by FLI, the developer of the property.

Timberland Highlands Resort

In February 2021, the Group relaunched Timberland Highlands Resort ("**THR**") (formerly Timberland Sports and Nature Club) through Nature Specialists, Inc., which is 75% owned by FLI and 25% owned by FHC. Located in San Mateo Rizal, the property features 72 rooms alongside sports and events facilities. THR is a destination for adventure seekers, offering a serene haven for leisure, and serving as an ideal venue for various celebrations and MICE events.

Projects Under Construction and Pipeline Projects

Hotels

The Group is targeting to grow its hotel portfolio by approximately 2,000 keys within the next five (5) to seven (7) years from 1,800 keys as of March 31, 2025 to an estimated total of 4,000 keys by 2030 to 2032. These projects are expected to be located within Luzon, Visayas, and Mindanao.

Grafik Baguio is currently under construction and will feature 256 rooms located in Camp John Hay. It is a lifestyle hotel catering to middle-income travelers, offering an experiential stay that blends comfort, creativity, and local character.

Property Management

In 2008, FDC and AIPL established CHI as a joint venture to independently manage the Group's hospitality projects. CHI is 60% owned by FDC and 40% owned by AIPL. CHI provides a comprehensive range of design, consulting, technical, marketing, training, operations, and management services for the Group's hospitality businesses. CHI has 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. As of March 31, 2025, CHI manages a total of 1,800 keys across the Group's seven existing hotel and leisure properties: CRSM, QHCC, CFCM, QPCC and Mimosa Golf, Clark, and CRSB, QHTC and THR. By 2032, the Group expects the number of rooms under CHI's management to increase by approximately 2,000, bringing the total of rooms under management to approximately 4,000.

CHI is set to expand its hotel management services to third parties, beginning with the signing of its first third-party management agreement in 2025 to manage a property in Moalboal Cebu.

Marketing and Sales

The Group's hospitality business is marketed primarily through e-commerce and direct channels. E-commerce initiatives include using a direct brand site, complemented by online advertisements, search optimization, and other technology such as "Chatbots". Direct channels involve the hospitality group's sales and marketing team, which approach wholesalers, corporate business, government entities, associations, MICE and direct consumers through offline channels such as office visits, calls and travel conventions and bazaars.

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 and banquet business among the hospitality or hospitality-like products serving the markets where such assets are located. Major competitors of the Group include the SM Group, Ayala Land, Waterfront, Shangri-La, Bellevue and Movenpick.

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, 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 through its partnership with AIPL, the Group believes that it is strongly positioned to continue to take advantage of the expected growth in the Philippine tourism market.

Insurance

The Group's hospitality properties are insured in line with industry standards, including coverage for replacement cost of property damage, business interruption insurance should there be interruption in property operations for a period of 12 months, and comprehensive liability insurance to cover third party liability including the guests of the property. The Group also maintains personal liability insurance to cover each golf player at its golf courses.

INTELLECTUAL PROPERTY

FLI

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration of Registration /Renewal
1	THE LINEAR MAKATI & DESIGN	04-2009-008519	26-Aug-09	12-Aug-10	12-Aug-30
2	ONE OASIS ORTIGAS & DESIGN	04-2009-004756	14-May-09	10-Dec-09	10-Dec-29
3	WE BUILD THE FILIPINO DREAM	04-2009-004753	14-May-09	10-Dec-09	10-Dec-29
4	ONE OASIS	04-2009-004755	9-Feb-11	10-Dec-09	10-Dec-29
5	FILINVEST (NEW LOGO)	04-2011-001424	9-Feb-11	15-Sep-11	15-Sep-31
6	STUDIO A	04-2012-010088	17-Aug-12	20-Dec-12	20-Dec-32
7	THE SIGNATURE	04-2013-011241	18-Sep-13	17-Apr-14	17-Apr-34
8	FORA ROTUNDA TAGAYTAY	04-2014-000333	26-Jan-14	14-Aug-14	14-Aug-34
9	THE GLADES	04-2014-00005203	30-Apr-14	9-Jul-15	9-Jul-25
10	100 WEST	04-2014-005204	30-Apr-14	23-Jul-15	23-Jul-25
11	VINIA	04-2014-008117	26-Jun-14	20-Nov-14	20-Nov-34
12	BALI OASIS	04-2014-008509	8-Jul-14	26-Feb-15	26-Feb-35
13	CAPRI OASIS	04-2014-008510	8-Jul-14	5-Mar-15	5-Mar-35
14	BALI OASIS 2	04-2014-008511	8-Jul-14	26-Feb-15	26-Feb-35
15	ONE SPATIAL	04-2014-008513	8-Jul-14	26-Feb-15	26-Feb-35
16	KEMBALI (Reversed Logo)	04-2014-012698	14-Oct-14	June 25,2015	25-Jun-25
17	THE VERANDA	04-2015-00001930	23-Feb-15	27-Aug-15	27-Aug-25
18	THE ENCLAVE ALABANG	04-2015-003649	6-Apr-15	11-Feb-16	11-Feb-26
19	UMI GARDEN SUITES	04-2015-003650	6-Apr-15	11-Feb-16	11-Feb-26
20	ACTIVA	04-2015-004207	20-Apr-15	13-Aug-15	13-Aug-25
21	STUDIO 7	04-2015-007534	7-Jul-15	12-Nov-15	12-Nov-25
22	FILINVEST (REVERSED)	04-2015-010976	22-Sep-15	24-Mar-16	24-Mar-26
23	FUTURA	04-2015-010994	22-Sep-15	24-Mar-16	24-Mar-26
24	FILINVEST PREMIERE	04-2015-010995	22-Sep-15	24-Mar-16	24-Mar-26
25	PANGLAO OASIS	04-2015-00013755	2-Dec-15	14-Jul-16	14-Jul-26
26	THE RANCH	04-2015-013989	9-Dec-15	12-May-16	12-May-26
27	THE PROMINENCE	04-2016-000931	28-Jan-16	26-May-16	26-May-26
28	VISTA HILLS	04-2016-00001971	24-Feb-16	7-Jul-16	7-Jul-26
29	WOODVILLE	04-2016-00001980	24-Feb-16	7-Jul-16	7-Jul-26
30	SPRINGFIELD VIEW	04-2016-00001975	24-Feb-16	7-Jul-16	7-Jul-26
31	PUNTA ALTEZZA	04-2016-00001973	24-Feb-16	7-Jul-16	7-Jul-26
32	ALDEA REAL	04-2016-00001974	24-Feb-16	7-Jul-16	7-Jul-26
33	ASHTON FIELDS	04-2016-00001984	24-Feb-16	3-Nov-16	3-Nov-26
34	FILINVEST TECHNOLOGY PARK	04-2016-00001982	24-Feb-16	7-Jul-16	7-Jul-26
35	ASENSO VILLAGE	04-2016-00001969	24-Feb-16	29-Dec-16	29-Dec-26
36	THE GLENS	04-2016-00001981	24-Feb-16	7-Jul-16	7-Jul-26
37	LA BRISA TOWNHOMES	04-2016-00001977	24-Feb-16	7-Jul-16	7-Jul-26
38	MONTEBELLO	04-2016-00001979	24-Feb-16	7-Jul-16	7-Jul-26
39	PALMRIDGE	04-2016-00002908	17-Mar-16	19-Jan-17	19-Jan-27
40	VALLE DULCE	04-2016-00002909	17-Mar-16	24-Nov-16	24-Nov-26
41	MAUI OASIS	04-2016-00006707	14-Jun-16	20-Oct-16	20-Oct-26

42	BLUE ISLE	04-2016-00002910	17-Mar-16	19-Jan-17	19-Jan-27
43	SANDIA HOMES	04-2016-00002907	17-Mar-16	24-Nov-16	24-Nov-26
44	VALLE ALEGRE	04-2016-00002906	17-Mar-16	24-Nov-16	24-Nov-26
45	NUSA DUA	04-2016-00003093	22-Mar-16	4-Aug-16	4-Aug-26
46	8 SPATIAL	04-2017-00002733	28-Feb-17	22-Jun-17	22-Jun-27
47	ALTA SPATIAL	04-2016-00005326	16-May-16	30-Sep-16	30-Sep-26
48	SANTOSO VILLAS	04-2016-00003097	22-Mar-16	4-Aug-16	4-Aug-26
49	PUEBLO SOLANA	04-2016-00003257	29-Mar-16	11-Aug-16	11-Aug-26
50	BLUEGRASS COUNTY	04-2016-00003256	29-Mar-16	11-Aug-16	11-Aug-26
51	SUMMERBREEZE	04-2016-00003253	29-Mar-16	11-Aug-16	11-Aug-26
52	BLUE PALM ESTATE	04-2016-00003255	29-Mar-16	11-Aug-16	11-Aug-26
53	AMARE HOMES	04-2016-00003254	29-Mar-16	4-Aug-16	11-Aug-26
54	PINEVIEW	04-2016-00003096	22-Mar-16	4-Aug-16	4-Aug-26
55	SAVANNAH FIELDS	04-2016-005325	16-May-16	1-Sep-16	1-Sep-26
56	PARK SPRING	04-2017-00007246	12-May-17	2-Nov-17	2-Nov-27
57	MERIDIAN PLACE	04-2016-00004080	19-Apr-16	8-Sep-16	8-Sep-26
58	PRINCETON HEIGHTS	04-2016-00004079	19-Apr-16	8-Dec-16	8-Dec-26
59	MARINA SPATIAL	04-2017-00004278	22-Mar-17	10-Aug-17	10-Aug-27
60	SANREMO OASIS	04-2017-00004277	22-Mar-17	17-Aug-17	17-Aug-27
61	CYBERZONE PROPERTIES, INC.	04-2016-00008917	27-Jul-16	16-Feb-17	16-Feb-27
62	THE TROPICS	04-2016-006705	14-Jun-16	30-Sep-16	30-Sep-26
63	KEMBALI	04-2016-007203	23-Jun-16	30-Sep-16	30-Sep-26
64	GRAND CENIA RESIDENCES	04-2017-00004276	22-Mar-17	17-Aug-17	17-Aug-27
65	HAVILA	04-2016-010352	26-Aug-16	8-Dec-16	8-Dec-26
66	MARINA TOWN	04-2017-00004279	22-Mar-17	30-Jul-17	30-Jul-27
67	TIERRA VISTA	04-2016-012594	14-Oct-16	29-Dec-16	29-Dec-26
68	HAMPTON ORCHARDS	04-2016-012593	14-Oct-16	29-Dec-16	29-Dec-26
69	AUSTINE HOMES	04-2016-012592	14-Oct-16	14-Sep-17	14-Sep-27
70	EASTBAY PALAWAN	04-2017-00004634	28-Mar-17	7-Mar-20	7-Mar-30
71	THE ENCLAVE AT FILINVEST HEIGHTS	04-2016-015037	12-Dec-16	27-Apr-17	27-Apr-27
72	SPRING HEIGHTS	04-2016-015036	12-Dec-16	27-Apr-17	27-Apr-27
73	FILINVEST INTERNATIONAL	04-2016-015257	15-Dec-16	4-May-17	4-May-27
74	PALM ESTATES	04-2017-00007417	16-May-17	14-Sep-17	14-Sep-27
75	CIUDAD DE CALAMBA	04-2017-00003425	9-Mar-17	6-Jul-17	6-Jul-27
76	The Filinvest IT Zone (TN)	04-2017-001667	8-Feb-17	11-May-17	11-May-27
77	PHUKET OASIS (TN)	04-2017-00006146	21-Apr-17	24-Aug-17	24-Aug-27
78	ONE FILINVEST	04-2017-00004282	22-Mar-17	14-Jul-17	14-Jul-27
79	EAST SPATIAL (TN)	04-2017-00006144	21-Apr-17	24-Aug-17	24-Aug-27
80	STUDIO ZEN (New Application)	04-2017-00006284	25-Apr-17	24-Aug-17	24-Aug-27
81	VERDE SPATIAL	04-2017-00003423	9-Mar-17	6-Jul-17	6-Jul-27
82	THE LEVELS	04-2017-00004870	31-Mar-17	30-Jul-17	30-Jul-27
83	STUDIO CITY	04-2017-00004870	31-Mar-17	29-Dec-19	29-Dec-29
84	ASIANA OASIS	04-2017-00007247	12-May-17	15-Feb-18	15-Feb-28

85	CENTRO SPATIAL	04-2018-004647	13-Mar-18	2-Sep-18	2-Sep-28
86	AMALFI CITY DI MARE	04-2017-00010593	6-Jul-17	14-Feb-19	14-Feb-29
87	LAEUNA DE TAAL	04-2017-00010594	6-Jul-17	14-Feb-19	14-Feb-29
88	SORRENTO OASIS	04-2017-00006145	21-Apr-17	24-Aug-17	24-Aug-27
89	BRENTVILLE INTERNATIONAL COMMUNITY	04-2017-00012270	2-Aug-17	17-Dec-17	17-Dec-27
90	THE WOOD ESTATES	04-2017-00013102	16-Aug-17	18-Jan-18	18-Jan-28
91	NEW LEAF	04-2017-00012692	8-Aug-17	4-Jan-18	4-Jan-28
92	VENTURA REAL	04-2017-00014074	31-Aug-17	29-Mar-18	29-Mar-28
93	FILINVEST ASPIRE (TN)	04-2017-00013108	16-Aug-17	7-Dec-17	7-Dec-27
94	ASPIRE BY FILINVEST (TN)	04-2017-00013106	16-Aug-17	7-Dec-17	7-Dec-27
95	FILINVEST PRESTIGE (TN)	04-2017-00013109	16-Aug-17	7-Dec-17	7-Dec-27
96	PRESTIGE BY FILINVEST (TN)	04-2017-00013107	16-Aug-17	7-Dec-17	7-Dec-27
97	FILINVEST FUTURA (TN)	04-2017-00013110	16-Aug-17	7-Dec-17	7-Dec-27
98	FUTURA BY FILINVEST (TN)	04-2017-00013103	16-Aug-17	7-Dec-17	7-Dec-27
99	NATURE GROVE	04-2017-00019957	12-Dec-17	19-Apr-18	19-Apr-28
100	BELIZE ASPIRE	04-2017-00019956	12-Dec-17	19-Apr-18	19-Apr-28
101	SOUTHWIND	04-2018-00003090	19-Feb-18	12-Jul-18	12-Jul-28
102	FUTURA EAST	04-2018-00002770	13-Feb-18	2-Sep-18	2-Sep-28
103	FUTURA TIERRA	04-2018-00002772	13-Feb-18	2-Sep-18	2-Sep-28
104	MANNA EAST BY FILINVEST	04-2018-00006834	23-Apr-18	4-Oct-18	4-Oct-28
105	FUTURA VINTA	04-2018-00018616	16-Oct-18	2-Jun-19	2-Jun-29
106	BELIZE OASIS	04-2018-00018617	16-Oct-18	2-Jun-19	2-Jun-29
107	FUTURA CENTRO	04-2019-00000729	15-Jan-19	16-May-19	16-May-29
108	Venti-lite	04-2019-00006073	11-Sep-19	8-Feb-20	8-Feb-30
109	FILINVEST GAIA NEW CLARK CITY	04-2019-00008389	22-May-19	13-Oct-19	13-Oct-29
110	COLUMNA OFFICES BY FILINVEST	04-2019-00015685	5-Sep-19	20-Nov-20	20-Nov-30
111	STUDIO N ™	04-2019-00018389	21-Oct-19	11-Sep-20	11-Sep-20
112	STUDIO N (word mark)	04-2019-00020861	29-Nov-21	11-Sep-20	11-Sep-20
113	PERTH OASIS	04-2020-00003904	12-Mar-20	10-Jan-21	10-Jan-31
114	FUTURA ONE	04-2020-00005188	9-Jul-20	10-Jan-21	10-Jan-31
115	BRENTVILLE INTERNATIONAL COMMUNITY (New Logo)	04-2020-00005932	25-Aug-20	18-May-21	18-May-31
116	SUNRISE PLACE	04-2021-00513424	8-Jun-21	27-Aug-21	27-Aug-31
117	FUTURA MIRA	04-2021-00513437	8-Jun-21	18-Nov-21	18-Nov-31
118	TIMBERLAND HEIGHTS (New Logo)	04-2021-00520106	24-Aug-21	26-May-22	26-May-32
119	FUTURA PRIMO BATAAN	04-2021-00523836	6-Oct-21	7-Mar-22	7-Mar-32
120	FILINVEST INNOVATION PARK CIUDAD DE CALAMBA	04-2021-00527408	18-Nov-21	10-Feb-22	10-Feb-32
121	FUTURA MONTE NAGA	04-2022-512549	25-May-22	1-Sep-22	1-Sep-32
122	FUTURA BAY GENERAL SANTOS	04-2022-513302	2-Jun-22	17-Oct-22	17-Oct-32
123	SYDNEY OASIS	04-2022-520348	15-Aug-22	6-May-23	6-May-33
124	S STELLO CENTRALE	04-2023-511189	15-May-23	30-Sept-23	30-Sept-33
125	FUTURA SHORES DUMAGUETE	04-2023-527162	18-Oct-23	25-Mar-24	25-Mar-34

126	STRIDES	04-2023-525746	03-Oct-23	15-Feb-24	15-Feb-34
127	FILINVEST LAND, INC.	04-2024-505170	26-Feb-24	15-June-24	15-June-34
128	FILINVEST INSTAHOMES	04-2024-509384	06-Apr-24	19-Aug-24	19-Aug-34
129	ILOILO CENTALE	04-2024-515592	05-June-24	05-Oct-24	05-Oct-34
130	CELESTIA AT TIMBERLAND HEIGHTS	04-2024-525072	11-Sept-24	10-Mar-25	10-Mar-35
131	SYDNEY OASIS BACOOR	04-2024-525157	12-Sept-24	28-Nov-24	28-Nov-34
132	NEW LEAF 2	04-2024-525170	12-Sept-24	09-Dec-24	09-Dec-34
133	FUTURA RISE	04-2024-527432	03-Oct-24	28-Nov-24	28-Nov-34
134	FUTURA SOUTH SAN PEDRO	04-2024-529649	25-Oct-24	19-Dec-24	19-Dec-34

Filinvest Mimosa, Inc.

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration Of Registration /Renewal
1	FILINVEST MIMOSA+ LEISURE CITY (word mark)	04-2017-00007244	12-May-17	10-Oct-19	10-Oct-29
2	MIMOSA +	04-2017-00007243	12-May-17	14-Sep-17	14-Sep-27
3	FILINVEST MIMOSA+ LEISURE CITY (trademark)	04-2019-00014901	23-Aug-19	29-Dec-19	29-Dec-29

Filinvest Clark Mimosa, Inc. (formerly, Filinvest Cyberzone Mimosa, Inc.)

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration Of Registration /Renewal
1	GOLF RIDGE (tradename)	04-2019-017968	15-Oct-19	5-Mar-20	5-Mar-30
2	GOLF RIDGEPRIVATE ESTATE	04-2019-020214	21-Nov-19	11-Apr-20	11-Apr-30

Filinvest REIT Corp.

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration Of Registration /Renewal
1	FILREIT	04-2021-512915	2-Jun-21	1-Aug-21	1-Aug-31
2	FILRT	04-2021-512917	2-Jun-21	1-Aug-21	1-Aug-31
3	FILINVEST REIT CORP.	04-2021-512912	2-Jun-21	8-Oct-21	8-Oct-31
4	FILINVEST REIT CORPORATION	04-2021-512913	2-Jun-21	8-Oct-21	8-Oct-31
5	FILINVEST REIT	04-2021-512916	2-Jun-21	12-Nov-21	12-Nov-31

Hospitality Operations

The Group has also registered certain trademarks for its hotels, such as “Crimson Hotels & Resorts”, “Chroma Hospitality”, “Chroma Leisure”, and “Mimosa”. The Group also several pending applications with the IPO for trademarks relating to its hotels.

	Mark	Status	Holder	Number	App. Date
1	SCORE SPORTS BAR	Registered	CHROMA HOSPITALITY, INC.	4-2014-007643	18 June 2014

2	SAFFRON CAFÉ	Registered	CHROMA HOSPITALITY, INC.	4-2014-007646	18 June 2014
3	BAY 49 LOGO	Registered	CHROMA HOSPITALITY, INC.	4-2024-500073	02 January 2025
4	BAY 49 WORDMARK	Registered	CHROMA HOSPITALITY, INC.	4-2024-500079	02 January 2025
5	PULSE	Registered	CHROMA HOSPITALITY, INC.	4-2019-002163	11 February 2019
6	QUEST PLUS	Registered	CHROMA HOSPITALITY, INC.	4-2019-002164	11 February 2019
7	Mimosa Plus Golf Course	Registered	CHROMA HOSPITALITY, INC	4-2022-508033	31 March 2022
8	LA LOCA	Registered	CHROMA HOSPITALITY, INC.	4-2024-515079	30 May 2024
9	AUM SPA & WELLNESS CENTER	Registered	CHROMA HOSPITALITY, INC.	4-2014-007645	18 June 2014
10	CHROMA DRIVEN HOSPITALITY	Registered	CHROMA HOSPITALITY, INC.	4-2015-010827	17 September 2015
11	CHARLEY'S	Registered	CHROMA HOSPITALITY, INC.	4-2016-007851	05 July 2016
12	MIMOSA AND DEVICE	Registered	CHROMA HOSPITALITY, INC.	4-2016-007854	05 July 2016
13	IN A HEARTBEAT	Registered	CHROMA HOSPITALITY, INC.	4-2017-012519	04 August 2017
14	ALITAPTAP	Registered	CHROMA HOSPITALITY, INC.	4-2018-022162	13 December 2018
15	CRIMSON RESORT & SPA MACTAN CEBU	Registered	CHROMA HOSPITALITY, INC.	4-2019-015979	10 September 2019
16	CRIMSON RESORT & SPA BORACAY	Registered	CHROMA HOSPITALITY, INC.	4-2019-015980	10 September 2019
17	FIREHOUSE PIZZA	Registered	CHROMA HOSPITALITY, INC.	4-2021-503948	17 February 2021
18	CRIMZONE	Registered	CHROMA HOSPITALITY, INC.	4-2021-507492	27 March 2021
19	QUEST	Registered	CHROMA HOSPITALITY, INC.	4-2021-507791	31 March 2021
20	QUEST PLUS	Registered	CHROMA HOSPITALITY, INC.	4-2021-507796	31 March 2021
21	BAKER J	Registered	CHROMA HOSPITALITY, INC.	4-2021-518502	05 August 2021
22	ALIBI BAR + LOUNGE	Registered	CHROMA HOSPITALITY, INC.	4-2021-520557	28 August 2021
23	TAKE EAT EASY LOGO (DARK GRAY)	Registered	CHROMA HOSPITALITY, INC.	4-2021-524676	15 October 2021
24	BALAI AT DAUIN	Registered	CHROMA HOSPITALITY, INC.	4-2022-522408	05 September 2022
25	DIVE TRIBE DIVE CENTER	Registered	CHROMA HOSPITALITY, INC.	4-2022-530402	05 December 2022
26	ART BANAWE COLORED	Registered	CHROMA HOSPITALITY, INC.	4-2023-511694	17 May 2023
27	ART BANAWE DEVICE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511701	17 May 2023
28	ART BOHOL COLORED	Registered	CHROMA HOSPITALITY, INC.	4-2023-511702	17 May 2023
29	ART BANAWE BLACK AND WHITE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511703	17 May 2023
30	ART BOHOL DEVICE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511704	17 May 2023
31	ART BOHOL BLACK AND WHITE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511705	17 May 2023
32	ART BORACAY COLORED	Registered	CHROMA HOSPITALITY, INC.	4-2023-511707	17 May 2023
33	ART BORACAY DEVICE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511708	17 May 2023
34	ART CEBU COLORED	Registered	CHROMA HOSPITALITY, INC.	4-2023-511709	17 May 2023
35	ART CEBU BLACK AND WHITE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511710	17 May 2023

36	ART CEBU DEVICE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511711	17 May 2023
37	ART MANILA COLORED	Registered	CHROMA HOSPITALITY, INC.	4-2023-511716	17 May 2023
38	ART MANILA BLACK AND WHITE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511717	17 May 2023
39	ART PALAWAN COLORED	Registered	CHROMA HOSPITALITY, INC.	4-2023-511718	17 May 2023
40	ART PALAWAN BLACK AND WHITE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511719	17 May 2023
41	ART QUEZON CITY COLORED	Registered	CHROMA HOSPITALITY, INC.	4-2023-511722	17 May 2023
42	ART QUEZON CITY DEVICE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511723	17 May 2023
43	ART QUEZON CITY BLACK AND WHITE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511724	17 May 2023
44	ART BORACAY BLACK AND WHITE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511706	18 May 2023
45	ART MANILA DEVICE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511720	18 May 2023
46	ART PALAWAN DEVICE	Registered	CHROMA HOSPITALITY, INC.	4-2023-511721	18 May 2023
47	MANILA BAR	Registered	CHROMA HOSPITALITY, INC.	4-2023-515472	27 June 2023
48	Baker J Breakfast Complet	Registered	CHROMA HOSPITALITY, INC.	4-2023-520216	10 August 2023
49	GRAFIK	Registered	CHROMA HOSPITALITY, INC.	4-2024-507669	20 March 2024
50	QUEST LOGO	Registered	CHROMA HOSPITALITY, INC.	4-2024-511109	24 April 2024
51	RARE BAR & GRILL (WORDMARK)	Registered	CHROMA HOSPITALITY, INC.	4-2024-511938	30 April 2024
52	RARE BAR & GRILL LOGO	Registered	CHROMA HOSPITALITY, INC.	4-2024-511946	30 April 2024
53	Pine House Camp John Hay, Baguio	Registered	CHROMA HOSPITALITY, INC.	4-2024-515776	10 June 2024
54	MIMOSA PLUS GOLF ACADEMY	Registered	CHROMA HOSPITALITY, INC.	4-2024-519647	17 July 2024
55	LE STELLE (WORDMARK)	Registered	CHROMA HOSPITALITY, INC.	4-2024-532545	26 November 2024
56	LE STELLE (LOGO)	Registered	CHROMA HOSPITALITY, INC.	4-2024-532546	26 November 2024
57	AZURE BEACH CLUB	Pending Application	CHROMA HOSPITALITY, INC.	4-2024-507421	18 March 2024
58	TIMBERLAND MOUNTAIN BIKE PARK	Published	CHROMA HOSPITALITY, INC.	4-2024-523261	22 August 2024
59	MOSAIC LATIN GRILL WORD	Published	CHROMA HOSPITALITY, INC.	4-2024-534567	18 December 2024
60	MOSAIC LATIN GRILL LOGO	Published	CHROMA HOSPITALITY, INC.	4-2024-534568	18 December 2024
61	HAY DINER WORDMARK	Published	CHROMA HOSPITALITY, INC.	4-2025-502938	03 February 2025
62	HAY DINER LOGO	Published	CHROMA HOSPITALITY, INC.	4-2025-502941	03 February 2025
63	BAY 49	Pending Application	CHROMA HOSPITALITY, INC.	4-2024-515128	31 May 2024
64	M LOGO	Pending Application	CHROMA HOSPITALITY, INC.	4-2024-534569	18 December 2024
65	ABE'S CLUB	Pending Application	CHROMA HOSPITALITY, INC.	4-2024-525654	17 September 2024
66	FEAST ON FLAVORS	Registered	CHROMA HOSPITALITY, INC.	4-2024-523116	21 August 2024
67	LIVE LOVE LOCAL	Pending Application	CHROMA HOSPITALITY, INC.	4-2021-527269	16 November 2021
68	Recado	Pending Application	CHROMA HOSPITALITY, INC.	4-2025-505713	05 March 2025

69	AUM SPA WORDMARK	Pending Application	CHROMA HOSPITALITY, INC.	4-2025-506611	13 March 2025
70	AUM SPA LOGO	Pending Application	CHROMA HOSPITALITY, INC.	4-2025-506615	13 March 2025
71	SAFFRON	Registered	CHROMA HOSPITALITY, INC.	4-2024-523031	21 August 2024
72	OmAKAse	Registered	CHROMA HOSPITALITY, INC.	4-2024-523033	21 August 2024
73	CRIMSON HOTELS & RESORTS	Registered	Filinvest Development Corporation	4-2009-008520	24 June 2010
74	CRIMSON AND DESIGN	Registered	Filinvest Development Corporation	4-2009-008521	22 July 2010
75	C CRIMSON and DESIGN (SINGAPORE)	Registered	Filinvest Development Corporation	1524741	25 September 2019
76	C CRIMSON and DESIGN	Registered	Filinvest Development Corporation	1524741	25 September 2019
77	C CRIMSON and DESIGN (USA)	Registered	Filinvest Development Corporation	1524741	25 September 2019
78	CRIMSON HOTELS & RESORTS	Registered	Filinvest Development Corporation	1524726	25 September 2019
79	CRIMSON HOTEL AND RESORTS (TM APPLICATION IN SINGAPORE)	Registered	Filinvest Development Corporation	1524741	13 April 2021
80	CRIMSON HOTEL AND RESORTS (TM APPLICATION IN U.S.A.)	Registered	Filinvest Development Corporation	1524726	25 September 2019

REAL PROPERTIES

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 March 31, 2025, the Group has a land bank of approximately 1,826.0 hectares of raw land for the development of its various projects, including approximately 196.5 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 March 31, 2025, including land directly owned by the Group and land for which joint venture agreements have been executed with the land owners. The table also identifies the Group's commercial land bank. (area in hectares):

Location	Company Owned	Under Joint Ventures	Total
RESIDENTIAL LAND BANK			
Luzon			
Metro Manila	30.8	–	30.8
Rizal	692.7	9.2	701.9
Bulacan	245.6	–	245.6
Bataan	7.1	–	7.1
Pampanga	–	24.9	24.9
Camarines Sur	0.8	–	0.8
Pangasinan	0.3	–	0.3
Cavite	298.9	58.8	357.7
Laguna	229.8	0.7	230.5
Batangas	45.6	42.1	87.7
Sub-total	**1,551.6**	**135.7**	**1,687.3**

Visayas			
Cebu	1.8	35.7	37.5
Negros Occidental	0.2	–	0.2
Sub-total	6.0	35.7	41.7
Mindanao			
Davao	6.3	25.1	31.4
South Cotabato	69.6	–	69.6
Sub-total	75.9	29.6	101.0
Total Residential Land Bank	**1,629.5**	**196.5**	**1,826.0**
COMMERCIAL LAND BANK			
Filinvest City	55.3	21.1	76.4
Other Metro Manila Locations	3.0	–	3.0
Cebu	5.0	–	5.0
Filinvest Mimosa Plus[1]	–	201.0	201.0
New Clark City[1]	–	288.0	288.0
Total Commercial Land Bank	**63.3**	**510.1**	**573.4**
Total Land Bank	**1,692.8**	**706.6**	**2,399.4**

[1]Represents total inventory of land owned by the Group, held under joint venture or leased pursuant to a long-term lease

The Company does not have any real properties that are mortgaged or encumbered.

BANKING AND FINANCIAL SERVICES

Overview

EW is a domestic universal bank which was registered with the SEC on March 22, 1994. EW was granted authority by the BSP to operate as a commercial bank and operate an expanded foreign currency deposit unit in 1994. Subsequently in 2012, EW has been authorized by the BSP to operate as a universal bank. EW's common shares were listed and commenced trading in the PSE on May 7, 2012.

As of March 31, 2025, EW is effectively 77.85% owned by FDC. The ultimate parent company is A.L. Gotianun, Inc. EW's head office is located at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

Through its network of 466 stores as of March 31, 2025, EW's wide store network provides a wide range of financial services to consumer and corporate clients.

Mergers and Acquisitions

In 2003, EW merged with Ecology Savings Bank, Inc. ("**ESBI**"). EW, as the surviving corporation, purchased all the outstanding capital stock of ESBI from EBC Strategic Holdings Corp. Consequently, as set forth in the Articles of Merger dated January 31, 2003, all rights, business, assets and liabilities of ESBI were conveyed, assigned and transferred to EW. The merger was approved by the BSP and the SEC on August 6, 2003 and June 26, 2003, respectively.

On January 23, 2009, EW and AIG and certain AIG subsidiaries, including AIG Philam, entered into a Share Sale Agreement for EW to acquire all of the shares of the AIG Philam and its constituent companies. In March 2009, a Deed of Absolute Sale of Shares was executed between EW and each of the respective sellers.

On August 19, 2011, EW entered into a deed of assignment for the purchase of a majority of the outstanding shares and control of GBI. Consequently, GBI became a subsidiary of EW. On July 11, 2012, EW acquired an 83.17% interest in FRBI, 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% through additional share acquisitions and

capital contributions in 2012 and 2013. In May 2013, FRBI changed its name to EWRB and entered into an asset purchase agreement with GBI, effectively consolidating all of EW's rural banking business in EWRB.

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 May 6, 2016, EW entered into an asset and share transfer agreement with 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% 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.

Securities Issuances

Debt Issuances

On July 2, 2010, EW issued 7.50% Lower Tier 2 unsecured subordinated notes with a total face value of ₱1.5 billion maturing on January 2021 but callable on January 2016 and with step-up if not called. On January 4, 2016 EW exercised its call option. The redemption was approved by EW's Board of Directors on August 27, 2015 and by the BSP on October 8, 2015.

On July 4, 2014, EW completed its issuance of Basel III-compliant Tier 2 unsecured subordinated notes with a total face value of ₱5.0 billion with a coupon rate of 5.5% and maturing in January 2025, but callable on January 4, 2020.

On February 20, 2017, EW's subsidiary, EWRB, issued 5.50% Lower Tier 2 unsecured subordinated notes with par value of ₱1.25 billion maturing on August 20, 2027 but callable on August 20, 2022.

Equity Issuances

On January 29, 2015, the Board of Directors approved the common shares rights offering. In March 2015, the Board of Directors approved the application of EW 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 ₱10.00 par value per share. The total proceeds raised by EW from the sale of the said shares amounted to ₱8.00 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱7.95 billion. The net proceeds were used to invest in securities allowed under BSP regulation and to fuel growth in loans.

On July 13, 2017 and August 30, 2017, the Board of Directors approved and the stockholders ratified, respectively, the following (i) increase in 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 500 million preferred shares with par value of ₱10.00 per share or a total par value of ₱5.00 billion and (ii) declaration of 50% stock dividends equivalent to ₱7.50 billion from EW's unrestricted retained earnings as of December 31, 2016 to cover the required 25% minimum subscription and payment for the increase of authorized capital stock. The increase in EW's authorized capital stock and stock dividend declaration was subsequently approved by the BSP and SEC on February 1, 2018 and February 28, 2018, respectively. On April 16, 2018, a total of 749,991,801 common shares were listed on the PSE.

LTNCDs

In 2017, EW issued 4.00% fixed coupon rate unsecured LTNCDs maturing in September 2022. The first tranche of the LTNCD amounting to ₱2.70 billion was issued in March 2017. The second to fifth tranches of the LTNCD aggregating to ₱7.30 billion were issued in April to August 2017.

In June 2018, EW issued the first tranche of its ₱15 billion LTNCD program, amounting to ₱2.45 billion. The issued LTNCDs will mature on December 7, 2023 and carries a fixed coupon of 4.625% payable quarterly.

Selected Financial Information

Income Statement

In ₱ millions*	2024	2023	2022	% change 2023-2024	% change 2022-2023	3M2025	3M2024	% change
Interest income	42,327.9	34,561.2	26,120.1	22.5%	32.3%	11,706.6	10,128.8	15.6%
Interest expense	8,841.8	6,336.7	2,795.0	39.5%	126.7%	2,426.4	1,945.0	24.8%
Net Interest Income	33,486.1	28,224.5	23,325.1	18.6%	21.0%	9,280.2	8,183.8	13.4%
Service Charges, Fees and Commissions	5,850.1	4,769.4	3,781.0	22.7%	26.1%	1,733.1	1,320.0	31.3%
Trading Gains	401.1	337.8	(395.6)	18.7%	-185.4%	(16.5)	(56.1)	-70.6%
Others	2,668.1	2,328.8	1,533.7	14.6%	51.8%	592.0	580.4	2.0%
Other Non-Interest Income	8,919.3	7,436.0	4,919.1	19.9%	51.2%	2,308.6	1,844.3	25.2%
Net Revenues	42,405.4	35,660.5	28,244.2	18.9%	26.3%	11,588.8	10,028.1	15.6%
Manpower Expenses	8,532.7	7,348.8	5,960.4	16.1%	23.3%	2,276.6	2,077.6	9.6%
Other Operating Expenses	14,889.8	12,944.0	11,046.0	15.0%	17.2%	4,017.8	3,735.0	7.6%
Total Operating Expenses*	23,422.5	20,292.8	17,006.4	15.4%	19.3%	6,294.4	5,812.6	8.3%
Share in Net Income (Loss) of JV	112.7	(152.3)	(228.6)	-174.0%	-33.4%	(25.2)	107.9	-123.4%
Pre-provision operating profit	19,095.6	15,215.4	11,009.2	25.5%	38.2%	5,269.2	4,323.4	21.9%
Provision for Probable Losses and Income Tax	11,488.0	9,132.1	6,383.9	25.8%	43.0%	3,433.0	2,623.1	30.9%
Net Income after Provisions and Taxes	7,607.6	6,083.3	4,625.3	25.1%	31.5%	1,836.2	1,700.3	8.0%

**Excluding provisions for probable losses*

Key Ratios

%	2024	2023	2022	% change 2023-2024	% change 2022-2023	3M2025	3M2024	% change
Return on Average Equity[(a)]	10.9%	9.5%	7.7%	1.4%	1.8%	9.9%	10.0%	-0.1%
Return on Assets[(b)]	1.5%	1.4%	1.1%	0.2%	0.3%	1.4%	1.4%	0.0%
Net Interest Margin[(c)]	7.8%	7.6%	7.1%	0.2%	0.5%	8.1%	8.1%	0.0%
Cost-to-Income[(d)]	55.2%	56.9%	60.2%	-1.7%	-3.3%	54.3%	58.0%	-3.7%
Loans-to-Deposits (Net)	87.1%	83.2%	78.4%	3.9%	4.8%	84.9%	85.8%	-0.9%
Gross NPL Ratio	4.5%	5.5%	7.4%	-1.0%	-1.9%	4.82%	5.67%	-0.9%
CET1 Ratio	12.7%	13.0%	13.0%	-0.3%	0.0%	12.8%	12.7%	0.1%
Capital Adequacy Ratio	13.4%	13.8%	13.8%	-0.4%	0.0%	12.8%	12.7%	0.1%

(a) "Return on Average Equity" for the years ended December 31, 2024, 2023 and 2022 is computed as net income divided by average equity during the period computed as the sum of equity, beginning and equity, ending divided by 2.

(b) "Return on Assets" for the years ended December 31, 2024, 2023 and 2022 is computed as net income divided by total assets

(c) "Net Income Margin" is computed as net income divided by total revenues and other income.

(d) "Cost-to-income ratio" is computed as operating expenses, excluding of provisions for probable losses, divided by net revenues.

EW registered a consolidated net income of ₱1.8 billion for the three-month ended March 31, 2025, 8% or ₱135.9 million higher than the ₱1.7 billion recorded for the same period last year.

Interest income went up by ₱1.6 billion or 16%, largely attributable to higher volume of loans and receivables by ₱1.3 billion. Interest income on investments grew driven primarily by a ₱234.2 million increase in interest income from FVOCI and Investment Securities at Amortized Cost, as well as a ₱68.4 million increased in interest income from FVPL securities. Likewise, interest income on deposits with BSP and other banks increased by ₱22.0 million. Interest expense rose by ₱481.4 million, primarily due to higher deposit liabilities, driven by increased volume and higher interest rates. Sustained high market interest rates led to rate hikes across Demand, Savings, and Time Deposits.

Main Business Segments and Products

Retail Banking

The retail banking segment mainly covers traditional branch banking products and services such as deposits, back-to-back loans and other over-the-counter transactions. It also caters to the needs of high net-worth clients for alternative investment and cash management

Deposit Products

EW offers a comprehensive range of deposit products consisting primarily of Peso demand, savings and time deposits. Offered also are US Dollar and 3rd currency savings and time deposits. EW offers varying interest rates on its deposit products based on prevailing market interest rates.

Access to Investment Products

EW also offers investors access to investment products such as treasury bills and bonds, fixed rate treasury notes and retail treasury bonds. Customers can also invest in long-term fixed income debt instruments issued by public and private entities.

Access to Bancassurance Products

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

Cash Management Services

EW offers a wide range of cash management solutions to assist mid-market corporates, composed primarily of entrepreneurial and family-owned businesses, including (i) a facility for payroll preparation and crediting, (ii) an interest-earning checking account that provides a customized standalone check writing facility and a comprehensive accounts payable system, (iii) an end-to-end automated solution for the creation, disbursement and monitoring of checks, (iv) a check depot service whereby EW retains a corporate customer‘s post-dated checks for immediate deposit to the customer‘s account on the same date indicated on the checks, (v) a bill collection service whereby EW acts as a collecting agent and transmits consolidated payments to the customer online or via electronic file transfer and (vi) deposit pickup services, in which EW sends an armored vehicle to pick up cash and check deposits at the customer‘s premises.

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.

EW 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 EW. 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

Since 2004, EW has grown its credit product offerings to address the evolving customer needs and wants. Through the years, EW credit card has enabled compelling customer experience through optimization of its financial capabilities, stronger synergies with payment networks, Mastercard, Visa and JCB, as well with extensive merchant alliances.

Segmented portfolio initiatives have brought expansive payment card benefits and value-laden promotions to its customers, which resulted from 10,000 credit card base in 2004, to more than one million issued credit cards by end of 2024. This translates to 9% of the total market share for credit cards in the Philippines as of December 31, 2024 based on data from the Credit Card Association of the Philippines. EW credit card will continue to differentiate its usage and distribution presence to effectively address the dynamism in the payment landscape,

whether online and in-store. Stronger merchant partnerships, deeper institutional alliances and constant innovation focused on the customers essential needs and diverse lifestyles are the formidable factors to its sustained growth.

Credit cards comprised 22.8% of EW's loans to customers as of end-March 2025.

Auto Loans

EW's auto loans are offered through car dealerships (including second-hand car dealers), independent sales agents and EW's stores. 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 EW 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. EW's auto loan business also engages in strategic partnerships with major car brands to develop exclusive programs. Additionally, EW cross-sells its auto loans with the products of other units and offers special plans for existing and repeat customers.

All of 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% - 30.0% 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 8.5% to 18.0%, with an average maturity of 57 months. Generally, when an installment payment falls 90 days past due, EW may commence foreclosure proceedings. Foreclosed cars are generally sold by EW through public auction.

Auto loans comprised 27.5% of EW's loans to customers as of end-March 2025.

Residential Home Mortgage Loans

The large majority of EW's residential mortgage loans are extended to property buyers in the Philippines who intend to occupy residential units in the form of house and lot, townhouse or condominiums, with a small proportion being extended to individuals purchasing lots for investment purposes or for future dwelling via house construction loans.

All of EW's home mortgage loans are secured by a first mortgage on the property and each applicant undergoes a stringent credit evaluation process. EW requires its borrowers to make a minimum down payment of 20% of the total contract price, or appraised value for the various loan purposes. EW also refinances existing housing loans. EW uses its store network as a key distribution channel and maintains marketing campaigns to attract property buyers independently from real estate developers, which serve as distribution channels for mortgage loan providers. The average maturity of EW's home mortgage loans is 15 years. In line with industry practice in the Philippines, interest rate on EW's home mortgage loan portfolio has several fixing rates such as one (1) year fixing, two (2)- three (3) year fixing and five (5)-year fixing. Upon expiry of the initial period, the interest rate is repriced at a fixed annual rate.

When a borrower falls in arrears with its mortgage payments, the buyer can either agree to a voluntary disposition of the property to EW, or EW may commence foreclosure proceedings. EW sells mortgaged collateral that has been foreclosed, primarily in public auctions or by brokers on behalf of EW. Foreclosure of the mortgaged collateral generally takes between 16 and 20 months. EW currently offers various home financing products with differentiating features, which include a mix of competitive interest rates and what EW believes to be the longest payment term in the market of up to 30 years. As most residential mortgage loans available in the market only allow up to a maximum payment term of 20 years, EW's longer payment term means lower and consequently lighter amortization payments for the borrower. EW also gives the borrowers the option to adopt a fixed-term pricing scheme to protect borrowers against the risk of fluctuating interest rates.

Home mortgage loans comprised 5.90% of EW's loans to customers as of end-March 2025.

Teachers' Loans

EW offers salary loan products, including salary loans to public school teachers under the DepEd's Automatic Payroll Deduction System and to other government employees ("**DepEd Teachers' Loans**"). The guidelines for the grant of salary loans to public school teachers are set out in a memorandum of agreement between the DepEd and EWRB. The DepEd Teachers' Loans scheme allows public school teachers who are permanent personnel of

the DepEd to borrow a maximum of ₱1.0 million for a five (5)-year term loan to teachers (from three (3) years previously).

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 ₱15,000.00 or basic annual income of not less than ₱180,000.00. The monthly nominal interest rates for a personal loan ranges from 1.49% to 1.89% and is payable in fixed equal monthly installments from 12 to 36 months.

Corporate Banking

The Corporate Banking Group is responsible for the overall management and development of EW's corporate relationships. Although the activities of the EW group are primarily focused on the working capital, term funding and project finance requirements of its core mid-market customer base, which is predominantly comprised of entrepreneurial or family-owned businesses, it also has relationships with large corporate accounts. The Corporate Banking Group also offers the entire array of EW's products and services which includes cash management services, foreign exchange and deposit and investment products to its corporate customers. EW believes that successfully identifying and offering holistic solutions to the banking needs of its corporate client base is essential to placing EW at the top of its clients' minds in their choice of a banking relationship.

Corporate loans comprised 16% of total loans as of end-March 2025.

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. In line with its strategy to create a balanced and diversified portfolio, EW's corporate customers are engaged in various industries and located in key geographical areas in the Philippines. Credit facilities offered to corporate customers include both secured and unsecured loan products, depending on the credit risks associated with the customer and its business.

EW intends to continue to expand its corporate banking portfolio by increasing its share of its existing customers' working capital requirements as well as supporting their expansion projects. EW also aims to continue to enlarge its client base by targeting new corporate customers through EW's expanded combined customer network.

Rural Banking

To extend its reach to underserved segments of the market that have the potential for growth, EW has established a rural bank arm. Backed by the strong track record of its predecessor entities, EWRB is capable of catering to the banking needs of customers outside the urban areas in the country and provide wider access to innovative products and delivery channels. In addition to DepEd teachers' loans, EWRB currently offers small business loans, which are intended for small to medium enterprises, with a maximum loan limit of ₱5.0 million, and social security system ("**SSS**") pensioners' loans, which are intended for all SSS retirees and survivorship pensioners whose SSS pension is directly credited to savings accounts with EWRB and EW.

As of March 31, 2025, EWRB has a network of 76 stores and 26 branch-lites across the Philippines. For further information, see *"– East West Rural Bank, Inc."* EW is also a member of Bancnet, which is an ATM network that allows its member banks customers to use ATM

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 EW 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 EW'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. In addition to offering trust services to corporate and high net-worth individual customers (customers with a total relationship balance of ₱2.5 million), EW 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.

Below lists out the various products and services of EW:

Deposit Products and Related Services

- *Savings Accounts:* Passbook Savings Account, Passbook Savings Account with Debit Card, Basic Savings, Kiddie Savings Account, ATM Savings Account, ATM Savings Account for SSS Pensioners, Super Saver.

- *Checking Accounts:* Regular Checking Account, ChequeMax, ChequeMax Rewards, Chequemax Plus, Basic Checking.

- *Time Deposit Accounts:* Peso Time Deposit, 5-year Time Deposit, Online Peso Time Deposit.

- *U.S. Dollar and Third Currency Accounts:* US Dollar Savings Account, US Dollar Time Deposit, Online Dollar Time Deposit, Chinese Yuan Savings and Time Deposit Account, Euro Savings and Time Deposit Account, Japanese Yen Savings and Time Deposit Account, Singapore Dollar Savings and Time Deposit Account, Australian Dollar Savings and Time Deposit Account, British Pound Savings Account, Hongkong Dollar Savings Account, New Zealand Dollar Savings Account.

- *Debit and Prepaid Cards:* Classic Debit Card, Priority Platinum Debit Card, General Purpose Prepaid Card, Personal Loan Prepaid Card, Gift Card, Travel Money Card.

Consumer Loans and Related Services

- *Auto Loan:* Auto Loan, Fleet Financing, Refinancing.

- *Home Loan:* Top-Up Loan, Home Equity, Home Construct, Reimbursement, Home Acquire/Condo Acquire, Lot Acquire.

- *Personal Loan.*

- *Salary Loan.*

Credit Cards

- *Elite Credit Cards:* EW Priority Visa Infinite, EW Platinum Mastercard, EW Visa Platinum, EW JCB Platinum, EW EveryDay Titanium Mastercard, EW Dolce Vita Titanium Mastercard.

- *Core Credit Cards:* EW Classic and Gold Mastercard, EW Visa Classic and Gold, EW JCB Gold, EW Practical Mastercard, EW 1st Mastercard.

- *Co-brand and Affinity Cards:* EW Singapore Airlines KrisFlyer World Mastercard, EW Singapore Airlines KrisFlyer Platinum Mastercard.

Investment Banking

- *Securities Underwriting*
- *Financial Advisory*

Corporate Credit Facilities

- *Working Capital Loans and Facilities:* Short Term Loan, Revolving Promissory Note Facility, Trade Check Discounting Facility.
- *Inventory Financing:* Floor Stock Revolving Facility.
- *Trade Finance:* Import and Domestic Letters of Credit, Document Against Payment, Documents Against Acceptance and Open Account, Trust Receipt Loan, Export Advance Facility, Export Bills Purchase.
- *Guarantees:* Foreign and Domestic Standby Letters of Credit, Bank Guarantees, Committed Credit Line.
- *Bills Purchase Line:* Domestic Bills Purchase Line, Foreign Bills Purchase Line.
- *Term Financing:* Long Term Loans, Project Finance.
- *Hedging Products*
- *Foreign Exchange:* Spot, Forwards, FX Swaps.
- *Fixed Income:* Peso Government and Corporate Securities, USD-denominated Government and Corporate Securities.

Trust Products

- *Corporate Solutions:* Employee Benefit Trust/Retirement Account, Fund Management.
- *Wealth Management:* Personal Management Trust, Investment Management Account.
- *Investment Funds:* EW Peso Money Market Fund, EW Peso Intermediate Term Bond Fund, EW Peso Long Term Bond Fund, EW Dollar Intermediate Term Bond Fund, EW PSEi Tracker Fund, EW PhilEquity Feeder Fund, EW S&P 500 Index Feeder Fund.
- *Other Fiduciary:* Escrow Agency.

Cash Management Services

- *Collection Services:* Auto Debit Arrangement, Bills Collect, Check Deposit Pick-up, Check Warehousing, Payment Gateway.
- *Disbursement Services:* Check-writing, Electronic Invoice Payment & Presentment, Bulk Intra Bank and Inter Bank Funds Transfer, Corporate Bills Payment.
- *Liquidity Management Services:* Account Sweeping, Reverse Account Sweeping.
- *Payroll Services:* Payroll Crediting, Payroll System with HRIS (Human Resource Information System).
- *Other Services:* Government Payments, Electronic Invoice Presentment and Payment, Inventory Management System.

Small Medium Enterprise Banking

- *Revolving Credit Facility.*
- *Term Loans.*
- *Omnibus Line.*
- *Promissory Note Line.*
- *Trade Checks Discounting Line/Receivables Purchase Line.*
- *Export Advance Loan Line.*
- *Letters of Credit (Import/Domestic).*
- *Standby Letter of Credit (Foreign/Domestic).*
- *Trust Receipt Line.*
- *Domestic Bills Purchase.*
- *Export Bills Purchase.*

Store Network

EW's store network is focused more on the Philippines' major industrial and commercial regions in Metro Manila and has key locations outside of Metro Manila, such as Metro Cebu, Metro Davao, Northern Luzon, South Luzon Industrial Zone, Iloilo, Bacolod and Mindanao. Within these regions, EW has strategically positioned its stores in key business and commercial centers, which are areas that generally boast higher per capita incomes, and have higher growth and traffic, thereby maximizing the number of transactions and deposits per store.

The table below sets out the details of EW's stores in the Philippines, on a consolidated basis, in operation as of the specified dates:

	As of March 31,	As of December 31,		
	2025	**2024**	**2023**	**2022**
Total Stores	466	465	468	468

EW Stores

EW's products and services are made available across multiple distribution and delivery channels. As of December 31, 2024, EW has a total of 389 stores, with 211 of these stores in Metro Manila. For the rest of the country, EW has 100 stores in other parts of Luzon, 40 stores in Visayas, and 38 stores in Mindanao. The total ATM network is at 569, composed of 474 on-site ATMs and 95 off-site ATMs.

EW's subsidiary rural bank has a total of 76 stores bringing the group branch store network total to 466.

The table below sets out the details of EW's stores and ATMs in the Philippines in operation as of the specified dates.

	As of March 31,	As of December 31,		
	2025	**2024**	**2023**	**2022**
Metro Manila	213	212	214	214
Provincial	253	253	254	254

Total EW Stores	466	465	468	468
ATMs	560	569	584	582

Each store is managed by a store head who is responsible for the sales and marketing functions, and a service head who is responsible for the operational functions of the store. Each store head reports to a division head, which supervises 11 to 20 stores. Stores are grouped geographically and such groups include North Luzon, South Luzon, Southern Metro Manila, Eastern Metro Manila, Northern Metro Manila, Downtown Manila, Visayas and Mindanao.

ATM Network

EW provides 24-hour banking services through its network of 560 ATMs as of March 31, 2025 and 569 ATMs December 31, 2024, respectively. Of these 560 ATMs, 476 are located at EW's stores while 84 are located off-site. Customers are given access to the ATM facilities through ATM cards and debit cards, which are available to checking and savings account holders. Customers may likewise access ATM facilities through prepaid cards which are pre-loaded or reloadable payment cards (not linked to a checking or savings account). Aside from ATMs, customers may likewise use Debit and Prepaid cards on purchase and other transactions done through the internet and POS terminals.

EW is also a member of Bancnet, which is an ATM network that allows its member banks customers to use ATM terminals operated by other Bancnet member banks. Customers of EW that use ATMs operated by other banks must pay a service charge for accessing these networks.

Information Technology Management

EW believes that a sound information technology platform is an important element of the successful execution of its strategy to enhance the customer experience. EW continues to strengthen its existing information technology platform to achieve maximum operational efficiency. Given EW's size compared to its peers, EW believes it is at an advantage because of its flexibility to adapt to changing technologies.

Over the years, EW has implemented various automation projects and technology infrastructure upgrades. Projects implemented in 2012 include, among others, establishing an IT command center, tools for network performance monitoring and analysis and monitoring server memory, disk and CPU utilization, a disaster recovery site and data replication system and a repository of store, corporate and loan documents and credit card SOA.

Projects implemented in 2013 include, among others, a call center system, a collection system, a business intelligence application, an intranet website, an internal payroll system, a remittance system for the operations group and an IT service desk portal. In 2014, EW adopted Office365, cloud based work optimization tool for greater collaboration and remote working. Further, EW implemented a new core banking system, T-24 Enterprise Solution by Temenos, to support the growth in EW's store network and loan business. The new system is expected to continue contributing to the development of more products and services as well as result in the reduction of operational costs related to software licenses, maintenance and enhancements. The core banking system covers the entire deposit portfolio of EW, as well as its automobile, home mortgage and corporate loans businesses. EW has also implemented E-learning modules supplemented by classroom sessions to train its employees to use banking system.

In 2015, EW improved its delivery channels, such as phone banking, internet banking, mobile banking and ATMs, enhancements that catered to customers' needs and preferences. By improving the interface between EW and its customers and enhancing the efficiency of its services, EW expects to create a better experience for its customers and optimize its operational costs, which includes aligning core banking systems in rural areas since 2016. Enhancing EW's delivery channels is expected to encourage EW's customers to use such channels more frequently, which in turn would allow EW's store banking operations to focus on EW's lending and investment services businesses.

In 2017, EW relaunched its e-learning platform, LEAP, to enhance employee learning and development. In the same year EW partnered with Lendr, a digital lending marketplace as an acquisition channel for consumer loans, while 2018 saw the launch of EW's cardless ATM product allowing users to withdraw without the need for an ATM card, deployed cash recycling machines to enhance self-service options for customers and launched its mobile banking application, EW Mobile.

In 2019, EW launched its biometrics authentication system for employees and rolled out a new human resource management system to reduce paperwork and increase the employee experience. In order to continue improving and expanding its digital service channels, EW is undertaking initiatives in four key areas:

1. Open banking: EW is committed to achieving interoperability of its technology systems with third party providers to create a more open banking network. EW is working to improve the interoperability of its technology systems by designing centrally scalable and reusable customer interfaces in its internet and mobile banking services and by managing the interface between its various internal systems, which EW expects will enable it to leverage the expertise of third party service providers and increase the speed to market of internal and third party services.

2. Data analytics: EW is working to optimize the use of data analytics and customer profiling to enable customized and targeted product offerings to allow it to focus its marketing efforts on specific customer segments.

3. Customer interface: EW has implemented several programs to improve the quality of its customer service, such as simplifying the customer on-boarding experience to make it more convenient for customers.

4. Continuous development: As EW's business grows, EW aims to continuously invest in the maintenance and upgrade of its IT infrastructure in order to ensure the reliability and continuity of its technology systems.

5. Through these initiatives, EW aims to optimize its digital service channels to streamline work processes, improve cost efficiency and improve the customer experience.

BANKING AND FINANCIAL SERVICES BUSINESS STRENGTHS

Well positioned to capture growth in the Philippine consumer market

EW is the group's banking subsidiary and was the 11th largest Universal/Commercial Bank ("**UKB**") in the Philippines in terms of assets as at end of 2024 according to the BSP. Given its focus on serving the consumer banking market, the group believes that its bank's platform continues to be in an attractive position to capture long-term consumption growth which has continued to underpin the country's positive macroeconomic backdrop. This should continue to drive overall demand for banking products. EW is a universal bank in the Philippines that provides a wide array of products and services catering to the financial needs of consumers, middle market corporates, and the mass affluent. EW has a unique loan structure where more than 70% of its loans are in consumer loans[17].

The Philippine economy is clearly consumption driven. According to the Philippine Statistics Authority ("**PSA**"), the Philippines' Gross Domestic Product ("**GDP**") has been growing consistently with a 2008-2024 compounded annual growth rate ("**CAGR**") of 1.9% (2024 growth: 5.2% YoY), bulk of which is driven by wholesale and retail trade, repair of motor vehicles and motorcycles, finance and insurance activities and construction.

The Group believes this consumption growth story should be sustainable given the country's favorable demographic profile. World Bank data likewise shows that 64% of the Philippines' 116 million population as of 2022 is considered working age or between 15-64 years old. According to Economic and Social Commission for Asia and the Pacific, the Philippines had the second largest population for 2022 in Southeast Asia, next to Indonesia. It also had the fastest mid-year population growth rate (2022 growth rate: 1.55% YoY) compared to its South East Asia peers in 2022 which altogether grew by 0.8%. According to World Bank, the mortality rate of infants has also significantly decreased to 18.2% as of 2021 versus 25.2% as of 2000. PSA income classification data also indicated that the Philippine's middle-income class had expanded to 40% of the total population as of

[17] Source: EW 17-A 2022 Annual Report

2018 (from 34% in 2006). There has also been a clear shift towards urbanization or city dwelling, which should offer a higher concentration of commercial activity and spending, as 48% of Filipinos were considered as urban dwellers in 2022, higher compared to the 45% in 2008 according to World Bank data.

This historic consumption growth has been accompanied by robust loan growth for Philippine banks. According to BSP, UKB loans have grown at a 2014-2022 CAGR of 11.6% (2022 growth of 13.7% YoY). Over the same period, UKB loans to consumer segment grew at a 2014-2022 CAGR of 16.1%. According to Euromonitor, the Philippines may still remain among the fastest growing consumer credit market in Southeast Asia at a forecasted FY24-28E CAGR of 8.9%, compared to the FY24-28E CAGR of Indonesia at 8.5%, Malaysia at 7.6%, Thailand at 6.2%, and Singapore at 4.6%.

EW, which ended with total assets amounting to ₱524.7 billion as of December 31, 2024, with growth driven primarily by its consumer banking portfolio. EW has a fairly well-seasoned loan portfolio given its 25-year track record of internal consumer lending database and its well-established credit and collection system. EW has grown its net loans and receivables at a 2008-2022 CAGR of 19.3% (2022 growth rate: 20.8%), with 73.0% and 96.1% of EW's loan and net interest income as of 2022 coming from the consumer segment, respectively. Within its consumer-driven loan portfolio, it has the largest exposure in Auto loans (34.3% of total 2022) and credit cards (22.1% of total 2022 loans) subsegments, where EW ranks as the 3rd and 6th largest respectively, in the Philippines as of 2022.

EW's consumer book growth continues to be complemented by EW's sustained growth of deposits, which have grown at a 2008-2022 CAGR of 16.4% (2022 growth of 0.7% YoY). An expanding portion of these deposits are already coming from lower cost current account/savings account ("**CASA**") deposits. EW's 2022 CASA ratio of 79.3% has significantly improved vis-à-vis its 2008 ratio of 41.7%. EW plans to maintain its growth trajectory for consumer loans by a) driving product bundling to promote cross selling in targeted segments, b) continuing to build on its internal capabilities such as digitalization of key commercial processes as well as improving collection management and c) developing further partnerships for selling beyond its owned channels. Some recent initiatives include the launch in July 2023 of EW Pay, the first ever Android mobile application in the Philippines allowing contactless EW credit card payments via smart phone.

EW aims to continue growing CASA by tapping existing and new affluent, mass affluent and commercial customers. Its digitalization efforts also complement its deposit product development. A testament to this is the new EW Online mobile application that was able to garner 10,263 registered users in 30 days without any significant incremental marketing expenditures. The application will eventually integrate loan origination and credit decisioning engines to streamline credit approval processes.

Comprehensive Platform to Drive a Superior Customer Experience

EW Bank's extensive network of stores across key geographical markets throughout the Philippines are key customer touchpoints that will enhance service delivery and customer experience. As of March 31, 2025, EW has a total of 466 stores, with 213 of these stores in Metro Manila—the country's major economic hub and 253 provincial branches.

EW also maintains a sizeable ATM network totaling 560 machines, composed mostly of 475 on-site ATMs and supported by further 84 off-site ATMs. EW's subsidiaries have a total of 76 stores bringing the Group's store network total to 465 with 584 ATMs.

As the Philippines population remains underbanked, the group still believes there is much runway in terms of growing both EW's assets and deposit base. There is also still much headroom for CASA/branch efficiency given that EW's CASA/branch in 2022 was at ₱666 million per branch, around 63% of the average CASA/branch of its mid-tier bank peers.

The digital transformation of EW will improve its digital presence, drive wider access and speed in service delivery while enhancing product offerings with a more solutions-based approach for the right customer segment that's also enabled by artificial intelligence, data and analytics.

EW's recent initiatives include the launch of EW Pay, which enables contactless credit card payments using customers' smart phones instead of using their physical cards. EW has revamped to a much improved EW Online application for mobile banking. EW has also launched the EW System Tech Assistant, one of the first artificial intelligence-enabled customer service chatbots in the Philippine banking industry. The ESTA chatbot is accessible

to clients on Facebook Messenger and lets EW credit cardholders perform common credit card services and functions, such as Balance Transfer, Convert-to-Installment, Insta-Cash, and more. EW also launched in 2020 its digital banking arm, Komo, which is the first exclusively digital banking services offered by a local bank. Komo allows customers to enjoy significantly higher savings deposit rates compared to conventional banks, free fund transfers, easy bills payment, and a customized Komo debit card. Komo has been fairly well received as indicated by users and has garnered a 3.9 out of 5-star rating based on 6,830 reviews on Google Play as of November 2023.

Attractive returns coupled with prudent financial and risk management

EW's deliberate positioning in the consumer banking market has led to ten (10) consecutive quarters of double-digit loan growth, a net interest income ("**NIM**") margin that's among the highest vs its peers, and a lower cost-to-income ratio that combined resulted in double-digit ROE for EW. EW has grown its net loans and receivables prior to the pandemic at a 2014-2019 CAGR of 17.1%. Post-pandemic, net loans and receivables grew at a 2021-2024 CAGR of 16.4%. On the other hand, EW 2014-2024 NIM has ranged between 6.5-8.1%. As a result, EW has been able to deliver return on equity of 7.7-13.8% since 2014.

However, EW's lending activities entail growing its exposure to credit and capital risks, among others. Credit risk arises when EW's borrowers fail to meet credit obligations based on agreed terms, may it be repaying a loan or meeting a contractual obligation. In recent years, credit risks were classified based on the age of the loan portfolio or their doubtfulness, but under Philippine Financial Reporting Standards 9, banks should produce models on estimating losses on the portfolio. This obliges banks to forecast potential loss up to the entire life cycle of a loan account or portfolio. Capital risk arises when a company loses the value of its capital, which consequently puts it into a situation of having inadequate capital to cover for its risk exposures.

EW mitigates its credit risk exposure by applying credit scorecards and minimum acceptance criteria for every consumer product, and the Internal Credit Risk Rating System for corporate clients. It also uses a board-approved Credit Risk Management Manual as guidance in performing credit evaluation for retail customers and credit underwriting for corporate clients. It also regularly monitors key credit risk indicators and conduct stress tests based on internally-determined and BSP-prescribed stress scenarios. EW also continues to keep its loan portfolio well diversified and well within the regulatory single borrower's limit which is currently capped at 25.0% of unimpaired capital. As of 2022, EW's top 20 group borrowers only comprised a combined 2.05% of EW's potential total credit loss exposure. Also in 2022, the Aggregate loans to EW's own directors, officers, shareholders, and other related interests ("**DOSRI**") was limited to 5.23% of total loans, well below the regulatory limit of 15% of EW's total loans. In the same year, EW also disclosed that 41.6% of its outstanding loans were secured by credit collaterals comprised of either chattel, real estate, or other assets while the balance or 58.4% of its loans were unsecured due to its credit cards and salary loans portfolio.

These risk mitigants have contributed to EW's NPL ratio improving to 7.2%/5.4% as of end-2022/9M2023 from 11.3% as of end-2021. Through its credit impairment policy, EW also ensures that the expected credit losses of its loan portfolio are adequately provisioned for and aligned with regulatory standards. As a result, EW's NPL coverage ratio as of end-2022 improved to 66.3% from 57.1%. To further improve its credit risk management, EW will continue its efforts to digitalize its internal credit underwriting and decisioning processes.

To manage capital risk, EW continues to implement its capital risk management measures to ensure capital is preserved and shareholder value is maximized while maintaining capital ratios above the minimum prescription of the BSP. EW's Common Equity Tier 1 / Capital Adequacy ratios as of end-2020 and Sep 2023 were at 13.0%/13.8% and 12.9%/13.7%, respectively, comfortably above the BSP's regulatory minimums of 6% +2.5% Counter Cyclical Buffer for CET1 and CAR of 10%. EW's CET1 is also within its management's internally set 12-13% target.

a. EW employs the following risk management structures to support the key processes that involves identifying, measuring, controlling, and monitoring risks.

b. Board of Directors

c. Executive Committee

d. Loan and Investments Committee

e. Asset-Liability Management Committee ("**ALCO**")

f. Risk Management Committee

g. Risk Management Subcommittee

h. Audit Committee ("**Audit Com**")

i. Corporate Governance and Compliance Committee ("**CGCC**")

j. Related Party Transactions ("**RPT**") Committee

k. Asset Impairment Committee ("**AIC**")

l. Risk Management Division ("**RMD**")

m. Internal Audit ("**IA**")

n. Compliance Division

Strong and experienced management team

EW has an experienced management team with an average of more than 20 years of operational and management experience in banking and finance who also bring with them expertise from having worked in international markets. EW's management team has extensive experience in and in-depth knowledge of the Philippine banking sector, especially with EW's target market of mid-market corporate and consumer segments and has also developed positive relationships with key market participants.

A key to EW's success is its ability to attract, retain, train and develop talented and experienced professionals. EW plans on enhancing its human resource management to meet its business needs and growth plans. It will also continue to provide its employees with training and development programs through the EW Learning and Development to enhance their professional knowledge and experience. EW believes that its commitment to facilitating the career development of and providing incentives for its employees enables it to attract and retain skilled personnel and develop a high-quality banking team.

Opportunities to leverage on the Group's ecosystem

As a member of the FDC group of companies, EW benefits from FDC's diverse businesses and the support of its management.

EW can leverage on being the preferred bank among the FDC group of companies, wherein banking services are required. These include, but are not limited to, deposits, home mortgages, bills payment, cash collection, cash transfers, and treasury services. This allows EW to enjoy a reliable base of banking revenues that can withstand changes in the market or the economy. Note however that such partnerships and collaborations across the Company Group follow the necessary arms-length arrangements.

EW has become a trusted partner to grow the FDC Group's various businesses, and in turn, EW benefits from the double-digit growth targets of the other business segments.

Commitment to Financial Inclusion

The BSP estimated around 40.7 million adult Filipinos were banked in 2022, raising the country's financial inclusion to 53% from 29% in 2019. In its bid for digital transformation, the BSP targets 70% of adult Filipinos to own bank accounts by 2023.

EW has a strong sales platform focused on delivering quality, convenient and comprehensive services to deposit customers through its branch and electronic banking network. EW also launched Komo in May 2020 as a contender in the Philippine digital banking scene, touting itself as the first exclusively digital banking service offered by a local bank.

EW itself targets a large number of underserved medium-sized corporate and retail deposit customers by tailoring its products and services to this segment. This is in line with EW's drive to promote financial inclusion and ensure that more Filipinos are able to access and participate in the banking ecosystem. With this unique positioning, EW is able to serve a larger number of customers and increase its access to a large source of low-cost deposits for funding.

BANKING AND FINANCIAL SERVICES BUSINESS STRATEGY

EW's principal strategies are the following:

- Building channels with a customer-centric and digital-first mindset.
- Deepening customer relationships through better value propositions and programs.
- Enhancing efficiency and productivity across the organization, processes, and data with IT enablement.
- Building a sustainable EW DNA.
- Strengthen risk management and governance framework.

The Group intends to continue to grow EW as a significant player in the Philippine financial services industry. To achieve this growth, EW has strategically opted to focus on consumer banking by targeting the mass and mass affluent segments for lending and the affluent and commercial segments for low-cost deposits. EW believes these market segments offer significant growth opportunities while also enabling EW to manage its risk exposure by maintaining an optimal portfolio mix that is net income accretive. Given the competitive landscape of, and EW's position within the Philippine banking industry, EW has identified the consumer market as key to success. EW envisions itself to be a top 3 consumer bank, anchored on and differentiated from its competitors through a strong focus on consumer 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 EW. EW's business strategies are set out below.

Building channels with a customer-centric and digital-first mindset.

EW aims to maximize its channel efficiency through the implementation of a digital-first strategy to enhance customer experience while ensuring superior service delivery. EW is also focused on optimizing its store network through more strategic deployment to shift the concentration of its stores away from the national capital region, dominated by the larger banks, to secondary cities. This, together with the implementation of segment specific store formats, will cater more effectively to its target segments.

Deepening customer relationship through better value propositions and programs.

EW is focused on improving customer engagement with EW through the implementation of a cross-sell framework by developing solutions and bundles that will cater to our customers' overall banking needs. This entails the creation of attractive value propositions that target specific segments, such as the affluent segment and businesses in chosen industries. At the same time, EW continues to explore new business engines that are tailored to the requirements of its target segment to create competitive moats in the consumer banking space.

Enhancing efficiency and productivity across the organization, processes, and data with IT enablement.

EW believes that building an IT architecture, which is flexible, secure, scalable, and integrated with various technologies and services, will result in faster turn-around time for key processes across the organization and will improve operational cost efficiency. EW also believes that, by promoting data accessibility across the organization, it will enable its employees to extract valuable insights as to make better informed decisions.

Building a sustainable EW DNA.

EW believes that the success of its business strategies is dependent on the ability of its employees to execute those strategies. To this end, EW is focusing on building an enabled and engaged workforce to meet business demands. By institutionalizing a unifying culture that integrates core values in people and business processes, EW aims to develop a workforce whose values are aligned with the corporate values of EW. To achieve this, EW will continue to provide its employees with relevant training and development through role competency-based curriculum and progressive development and certification programs linked to career development. EW also plans to strengthen its performance management processes and incentive system to drive higher levels of employee productivity,

enable cross-functional collaboration on strategic initiatives and drive desired values and behaviors. EW believes that its commitment to facilitate the career development, expertise and service quality of employees, as well as its ability to develop and retain them, will enable EW to attract and retain skilled personnel and effectively support its broader optimization and sales goals.

Strengthen risk management and governance framework.

EW will continue to enhance its various risk monitoring and management tools to improve its risk management capabilities and the quality of its loan portfolio by continuing to (i) improve its credit policies and credit approval procedures, (ii) implement risk management control tools, including, among others, a centralized credit management information system that allows it to standardize credit risk detection, quantification and management and (iii) strengthen internal controls and legal compliance by standardizing internal policies and procedures in accordance with legal and regulatory requirements with a view to establishing a comprehensive internal control system.

Risk Management of EW

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 one of the three categories where risk must be managed: business units, operating units and governance units.

EW'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 research and market analysis, which are being employed by EW. These tools support the key risk process that involves identifying, measuring, controlling, and monitoring risks.

The Board of Directors is primarily responsible for approving the risk parameters, risk policies and the overall risk capacity of EW. The Board of Directors, through its Risk Management Committee (or equivalent counterpart) oversees the risk management activities of EW. The risk committee is also responsible for periodically reviewing risk management policies and procedures relating to risks to which EW is exposed.

Risk Management Structure

a. Board of Directors

   EW's risk culture is practiced and observed across EW and its subsidiaries, 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 EW. The BOD approves EW'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 EW'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 EW's established approving authorities which are approved by EW's BOD. At a high level, the BOD also approves EW's framework for managing risk.

b. Executive Committee

   This is a BOD level committee, which reviews bankwide credit strategy, profile and performance. It approves the credit risk-taking activities based on EW'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 EW and whose primary responsibility is to: oversee EW's credit risk-taking activities and overall adherence to the credit risk management framework; review business/credit risk strategies, quality and profitability of EW'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 EW's established approving authorities are

evaluated and approved by this committee. It establishes infrastructure by ensuring business units have the right systems, and adequate and competent manpower support to effectively manage its credit risk.

d. Asset-Liability Management Committee

ALCO, a management level committee, meets on a weekly basis and is responsible for the over-all management of EW's market, liquidity, and financial position related risks. It monitors EW'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 and BOD, and (e) 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. Risk Management Committee

RMC is a BOD level committee that convenes monthly and is primarily responsible in assisting the BOD in managing EW's risk-taking activities. This is performed by the Committee by institutionalizing risk policies and overseeing EW's risk management system. It develops and recommends risk appetite and tolerances for EW'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 BOD approved.

f. Risk Management Subcommittee

RMSC is a management level committee that convenes, at least twice in a year, and is responsible to assist RMC in fulfilling its responsibilities in managing EW's risk-taking activities. This is performed by the committee through the implementation of risk management principles, strategies, framework, policies, processes, and initiatives across EW. It leads the effective conduct of risk and capital management. It oversees and directs the management of EW's overall risk profile. The committee likewise oversees risk incidents, control gaps, and control deficiencies and management actions in implementing the corresponding corrective actions.

g. Audit Committee

The Audit Com is a BOD level committee that 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 EW's major risk exposures and ensures accountability on the part of management to monitor and control such exposures including EW'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.

h. Corporate Governance and Compliance Committee

The CGCC is a BOD level committee that leads EW in defining and fulfilling the corporate governance policies and attaining best practices while overseeing the implementation of EW'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 EW 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.

i. Related Party Transactions Committee

The RPT Committee is a BOD level committee that assists the BOD in ensuring that the transactions with related parties of EW 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.

j. Asset Impairment Committee

AIC is a management level committee that convenes at least two times in a year and shall officially represent EW'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 conditions that include, but are not limited to the following: 1) The result of the calculation is assessed to be unreasonable such that it is considered as not fairly representative of EW's historical experience, current, and prospective credit condition or other conditions deemed relevant in reasonably determining the recoverable value of EW's assets; 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.

k. Risk Management Division

RMD performs an independent risk governance function within EW. RMD is tasked with identifying, measuring, controlling, and monitoring existing and emerging risks inherent in EW'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 EW.

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 apprises the BOD, through the RMC, the results of its risk monitoring.

l. Internal Audit

IA provides an independent assessment of the adequacy of EW'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 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 EW'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 EW's policies, standards, procedures and applicable laws and regulations.

m. Compliance Division

Compliance Division is vested with the responsibility of overseeing the design of EW'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 EW 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 EW's central point of contact with banking regulators.
The major risk types identified by EW 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 EW. Credit risk may last for the entire tenor of the exposure, may be set at the full amount of the transaction and in some cases, may exceed the original principal exposure. The risk may arise from lending, trade financing, trading, investments and other activities undertaken by EW. To identify and assess this risk, EW has: 1) approval process per borrower, business and/or product segment; and 2) structured and standardized credit rating for corporate, credit cards, auto, mortgage and personal loans, and risk acceptance criteria for other consumer loans. For large corporate credit transactions, EW has a comprehensive procedure for credit evaluation, risk assessment, and well-defined concentration limits that are established for each borrower. EW's credit risk is managed at the portfolio level, which may be on an overall perspective or according to product type.

Credit Concentration

Excessive concentration of lending plays a significant role in the weakening of asset quality. EW reduces this risk by diversifying its loan portfolios across various sectors and borrowers. EW 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.

EW's loan portfolio is in line with EW's policy of not having significant concentrations of exposure to specific industries or Bank of borrowers. Management of risk concentration 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. EW ensures compliance with BSP's limit on exposure to any single person or Bank of connected persons by closely monitoring large exposures and top 20 borrowers for both single and Bank accounts.

Aside from ensuring compliance with BSP's limit on exposures to any single person or Bank of connected persons, it is EW's policy to keep the expected loss (determined based on the credit risk rating of the account) of large exposure accounts to, at most, 1% of their aggregate outstanding balance. This is to maintain the quality of the large exposures within EW's risk appetite. With this, accounts with better risk grades are given priority in terms of being granted a bigger share in EW's loan facilities.

Aligned with the Manual of Regulations for Banks definition, EW considers its loan portfolio concentrated if it has exposures of more than 30% to an industry.

Internal Credit Risk Rating System

EW 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, that ranges from one (1) to six (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 seven (7) to ten (10).

Consideration is also given to security arrangements in computing for the final BRR. Depending on certain requisites, an account secured by real estate mortgages and hold-out on deposits or guarantees may be upgraded to better risk classifications.

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 EW's risk grades:

Rating	Description	Account/Borrower Characteristics
1	Excellent	• low probability of going into default within the coming year; very high debt service capacity and balance sheets show no sign of any weakness • has ready access to adequate funding sources • high degree of stability, substance and diversity • of the highest quality under virtual economic conditions
2	Strong	• low probability of going into default in the coming year • access to money markets is relatively good • business remains viable under normal market conditions • strong market position with a history of successful financial performance • financials show adequate cash flows for debt servicing and generally conservative balance sheets
3	Good	• sound but may be susceptible, to a limited extent, to cyclical changes in the markets in which they operate • financial performance is good and capacity to service debt remains comfortable • cash flows remain healthy and critical balance sheet ratios are at par with industry norms • reported profits in the past three years and expected to sustain profitability in the coming year
4	Satisfactory	• clear risk elements exist and probability of going into default is somewhat greater, as reflected in the volatility of earnings and overall performance • normally have limited access to public financial markets • able to withstand normal business cycles, but expected to deteriorate beyond acceptable levels under prolonged unfavorable economic period • combination of reasonably sound asset and cash flow protection
5	Acceptable	• risk elements for EW are sufficiently pronounced, but would still be able to withstand normal business cycles • immediate deterioration beyond acceptable levels is expected given prolonged unfavorable economic period • there is sufficient cash flow either historically or expected in the future in spite of economic downturn combined with asset protection
5B	Acceptable	• 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 • continuous decline in revenues and margins due to competition • substantial or unexplained build-up in borrowings with banks financing bulk of working capital and capex requirements coupled by substantial dividends pay-outs • chronically tight cash flows with operating income negative or barely enough for debt servicing • with past record of past due loans with other banks, cancelled credit cards and court cases

Rating	Description	Account/Borrower Characteristics
6	Watchlist	• with identified disruptions that may negatively affect performance but are likely to be resolved within the year • deteriorating revenue, net income, margins, and sustained increase in debt levels despite a slowdown in business activity • diversion of fund to non-core or start-up businesses and other investments that are known to be unprofitable or high risk • past due on interest and/or principal for ≤30 days and the delinquency is deemed temporary in nature • account is still in current status but already restructured but no payment experience yet or requesting for payment deferments or loan restructuring • with temporary cashflow pressures arising from unexpected circumstances but are likely to be resolved once these adverse events are mitigated or resolved.
7	Special Mention	• past due on interest and/or principal payments up to 90 days and the delinquency is not temporary in nature • intermittent delays or inadequate repayment of principal, interest or amortizations • past due account that is already requesting for payment deferments or loan restructuring • restructured account that has yet to meet the required track record of sustained payments • 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 • prolonged contraction in the business brought by adverse economic or market conditions resulting in net losses and affecting its capacity to pay • deficiency in documentation which have not been rectified within an agreed period of time unless for justifiable reasons
8	Substandard	• NPL or with chronic delays in payment because of unstable cashflow or with no definite commitment to pay or restructure • loans have already been restructured but conditions have not been fully met or tenor has been renegotiated • 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. • 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 • breach of key financial covenants that will have a significant effect on the borrower's capacity to pay
9	Doubtful	• business heavily affected by environmental, economic, health, regulatory issues to the point that closure or bankruptcy is becoming imminent • business is almost bankrupt and the only possible solution are either merger, acquisition, capital infusion or refinancing plans which are still being worked-out • 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 • with uncertainty if EW could find leviable assets or if there are other assets that can be liquidated, full recovery of principal remains uncertain due to marketability and other outstanding claims • client is difficult to coordinate with and is non-responsive to demand letters sent • Legal cases filed

Rating	Description	Account/Borrower Characteristics
10	Loss	• business is non-operational and loans are considered absolutely uncollectible due to presence of fraud and major build-up of claims and litigation • borrower's whereabouts unknown or insolvent or earning power-impaired and guarantors are insolvent or guarantee not financially supported

It is EW'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 EW's rating policy. The risk ratings are assessed and updated regularly.

The consumer loan portfolio of EW is composed of the following product lines: credit cards, auto, mortgage, salary, personal and branch loans. Each of these products have established credit risk guidelines and systems for managing credit risk across all businesses. For credit cards, auto, mortgage and personal 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 were 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 (corporate and consumer) of EW are benchmarked against marketable corporate debt securities (using the Standard & Poor's ("**S&P**") global study on corporate exposures) based on credit risk rating and corresponding PDs (i.e., Investment Grade – BRR 1 to 4, Standard Grade – BRR 5, Substandard Grade – BRR 5B to 6, Nonperforming – BRR 7 to10).
EW assigns credit risk using the following credit score master scale:

Credit quality	**Description**	**Credit rating**
Investment Grade	These accounts are of the highest quality and are likely to meet financial obligations.	AAA to AA+ AA AA- A+ A A- BBB+ BBB
Standard Grade	These accounts may be vulnerable to adverse business, financial and economic conditions but are expected to meet financial obligations.	BBB- BB+ BB BB- B+ B 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

EW also uses external ratings, such as S&P'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.

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 EW's Treasury Bank, 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 EW 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 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 that both EW 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 limit, EW is able to manage its long-term liquidity risks by placing a cap on the outflow of cash on a cumulative basis. EW takes a multi-tiered approach to maintaining liquid assets. EW's principal source of liquidity is comprised of Cash and other cash items, Due from BSP, Due from other banks and Interbank loans receivables and SPURA with maturities of less than one year. In addition to regulatory reserves, EW 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.

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. EW treats exposures to market risk as either for trading or accrual or balance sheet exposure. The market risk for the trading portfolio is measured using Value at Risk. Interest rate risk of accrual portfolios in EWing Book are measured using Earnings at Risk.

Market risk in the trading book

The BOD 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.

EW 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 utilizes the VaR models of Bloomberg Portfolio Analytics based on one-year historical data set to assess possible changes in the market value of the fixed income and equities trading portfolio. Meanwhile, VaR estimates for the US treasury futures and foreign exchange contracts are computed using internally developed Excel spreadsheets, utilizing historical simulation and parametric approach, respectively.

The VaR models are designed to measure market risk in a normal market environment. Hence, it should be complemented by stress testing which simulates the potential loss impact on market risk positions assuming 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.

Other limitations of VaR include the use of correlations and volatilities in market prices derived based on historical data and thus, may not clearly predict the future changes or modifications of the risk factors not yet observed in the past. Furthermore, parametric and Monte Carlo VaR assume that future price movements will follow a statistical distribution which may not be true. As a result, 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.

Finally, even though trading positions change throughout the day, VaR is only computed based on the portfolio

at the close of each business day, and hence, it does not account for any losses that may occur during the day. In practice, actual trading gains or losses will differ from those estimated by the VaR model. To ascertain the continued reliability of the VaR estimates, hypothetical and actual backtesting are done where the former serves as the primary basis for the model performance assessment.

VaR assumptions

The VaR that EW uses for majority of its trading exposures is at 99% confidence level, while FX uses a confidence level of 90% 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 five (5) days. The use of a 99% 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 EW'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 BOD. The trading activities are controlled through the Market Risk Limit, 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, President, Chief Risk Officer and the Chief Executive Officer, and further to the BOD through the RMC.

Foreign Currency Risk

EW holds foreign currency denominated assets and liabilities, thus, foreign exchange rate fluctuations can affect the financials and cash flows of EW. Managing the foreign exchange exposure is important for banks with exposures in foreign currencies. For EW, this includes purchase or sell of foreign currency to control the impact of changes in exchange rates on its financial position.

EW'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 EW's foreign currency-denominated loan and investment portfolios 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. % cover for their foreign 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. % of unimpaired capital or US$150.00 million, whichever is lower. Internal limits regarding the intraday trading and end-of-day trading positions in FX, which consider the trading desk and the branch FX transactions, are also monitored.

Interest Rate Risk in Banking Book

Interest rate risk in banking book ("**IRRBB**") is inherent in EWs' 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. EW employs two perspectives in measuring IRRBB a) through economic perspective with Change in Economic Value of Equity and b) through earnings perspective with Earnings-at-Risk and VaR specifically for fixed income instruments categorized as fair value through other comprehensive income ("**FVOCI**").

EVE is an economic measure or indicator of net cash flow calculated by taking the present value of all asset cash flows and subtracts the present value of all liability cash flows. It is the net present value or prevailing value of EW's balance sheet cash flows. With the use of EVE, impact to equity may be determined by subjecting EW's balance sheet cashflows to shocked rates. Such measure can be used for asset-liability management and in determining the impact of interest rate risk relative to equity.

Respectively, EaR measures the net interest income movement due to changes in prevailing interest rates and the balance sheet re-pricing profile of EW. The EaR limit is set as a function of EW's NIM. The EaR limit

preserves EW'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, EW'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 EW's earnings is derived by multiplying the volatility of benchmark yields for each tenor bucket to the repricing gap profile. The result is compared vis-a-vis 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 EW's financial targets, strategies, and overall risk appetite. To complement EaR and provide Management a more holistic view, EW performs forward looking scenario and sensitivity analysis as well as stress testing activities to identify any vulnerabilities. EW employs three (3) methodologies in the conduct of stress testing a) economic/historical stress test which assumes a parallel shift in interest yield curves of 660.00 basis points for PHP-denominated assets and liabilities and 270.00 basis points for USD-denominated, b) uniform stress test, a regulatory-prescribed stress test, has three (3) scenarios with assumed parallel shift in interest rates for both PHP (from 300.00 bps to 500.00 bps) and USD (from 100.00 bps to 300.00 bps), c) reverse stress test, which primarily measures the highest swing in interest rates that can potentially wipe out EWs targeted net income and net interest income.

In April 2021, EW employed the Value-at-Risk measurement for debt instruments categorized as FVOCI to manage the potential threat of market fluctuation to its earnings and capital. Fixed income instruments at FVOCI are assets whose objective fall 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.

All IRRBB reports are also presented to the ALCO. The ALCO deliberates on matters pertaining to the management of EW's assets and liabilities, such as achieving optimum asset and liability mix, pricing, liquidity levels, repricing gap positions, and asset quality. EW's ALCO meets on a weekly basis.

EW manages its IRRBB through effective diversification of funding sources. By offering various deposit, investment and loan products with differing maturities, EW is able to meet its short, medium and long-term obligations, optimize returns, and provide options that cater to differing preferences of its target market. EW's target funding mix is aligned with EW's overall growth plans. While EW mainly manages IRRBB through careful planning of its cashflows, it also has access to various derivative products that provide flexibility in responding to more abrupt market developments.

Operational Risk

Operational Risk Management

Operational risk is inherent in EW's conduct of its business and operations. It manifests in various ways, such as transactional errors, fraudulent acts, and business interruptions, among others. These events result in financial losses, regulatory fines and penalties, as well as other damage to EW in the form of reputational harm that may erode brand equity. 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.

EW maintains a strong operational risk culture and mitigates operational risk with its comprehensive system of internal controls carried out through individual responsibilities and collective oversight. These control mechanisms are designed to manage operational risk at the entity, business, process, and transactional levels.

Operational Risk Identification

All Bank employees are viewed as being in a position to identify operational risks. EW's disposition on operational risk fosters cooperation and encourages disclosure of current and emerging operational risk concerns ensuring proactive mitigation and avoidance of recurring operational loss events.

Operational Risk Measurement

EW measures operational risk by assessing the likelihood of an operational risk event happening and estimating

the consequential business impact when the event happens. The assessment is performed using a likelihood and business impact matrix whereby the effectiveness of control mechanisms in place in reducing the level of operational risk is taken into consideration.

The likelihood matrix provides statistical descriptions for each level of likelihood category while the business impact matrix describes the severity of loss per level and impact category in both financial and non-financial measures. These measures are then assessed together to facilitate analysis of EW's overall operational risk profile.

Operational Risk Controls

Operational risk policies provide bank-wide directives for the effective management and supervision of operational risk that are tailored and applied in EW's various businesses and operations. The key components of the operational risk management framework include self-assessment activities, internal and external loss data collection processes, scenario analysis, monitoring of key risk indicators, and capital allocation which are designed to function in an integrated and mutually reinforcing manner.

Self-assessment activities are regularly performed to evaluate operational risk exposures and the effectiveness of controls in place. The results of self-assessments are used to continuously improve the design and performance of controls across EW.

Information about operational risk losses including near-misses are collected and recorded. The root cause analysis performed helps evaluate the control design and effectiveness of existing controls essential to surface control deficiencies or design issues. Mitigation of the root cause abates or minimizes recurrence of the same event and thus avoids persistent losses.

Business continuity and disaster recovery planning is carried out at least annually to ensure strategic continuity of EW's various operations under adverse internal and external disruptions. This is achieved by performing a bank-wide business impact analysis for various disruption and crisis events, setting an appropriate recovery point and time objective, simulation of crisis command team call-out, and technical swing test from primary to secondary (and vice versa) work location and servers.

Key risk indicators are monitored and provide early-warnings of potential operational risk exposures and/or a potential breakdown of controls which are used to manage operational risk on an ongoing basis.
Insurance coverage for various purposes is maintained by EW to reduce operational losses. EW purchases insurance coverage for its employee's health and safety and for potential property loss or damage of its physical assets.

Operational Risk Monitoring and Reporting

Operational risk is monitored by each business and operating unit. EW's Risk Management Division receives operational risk management reports from business and operating units monthly. These reports are collated and analyzed in a bank-wide perspective.

Operational risk management reports include information about actual and potential operational loss levels, results of self-assessment activities, and progress of implementing corrective actions. These reports provide a broad view of EW's operational risk exposures enabling management to oversee operational risk and providing direction in ensuring that it remains within acceptable levels.

Key operational risk indicators monitored and reported includes financial losses, business disruptions, compliance fines and penalties arising from operational lapses, negative news against EW due to operational concerns and occupational safety and health issues.

Operational Controls

EW has operational manuals in place detailing policies and procedures covering the entire value-chain for its various business lines and operational activities. Key operational controls, both manual and system controls, are designed and performed to mitigate operational risks that may manifest in EW from its front onwards its back office activities.
Control mechanisms are in place to establish and verify the identity of new customers (e.g. depositors,

borrowers) and authenticate the accuracy and validity of documentary requirements provided by new customers prior to EW opening the account and facilitating product and/or service delivery for each customer.

In processing financial transactions, a comprehensive set of process and transactional level controls are employed. There is segregation of duties and responsibilities ensuring that no individual shall have complete authority and responsibility for handling all phases of any transaction from beginning to end. A delegation of authority matrix that clearly defines each employee's limit in processing financial transactions is in place and strictly enforced. EW's back office acts as another layer of control performing direct verifications to ensure that each transaction adheres to EW's policies prior to the settlement of transactions or releasing loan proceeds.

Other Risk Exposures

Bank risk exposures other than credit, market, liquidity and operational, 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 EW's ICAAP and enterprise risk management initiatives.

Internal Audit

EW's Internal Audit division has a mandate to provide timely and independent assessment on the adequacy and effectiveness EW's internal controls, risk management, governance framework and execution practices. Internal Audit, through its Board - approved Charter, continues to be an independent function. It reports functionally and has full and free access to the Audit Committee. It has the authority to access all functions, information, documents, properties, systems and personnel and is provided with adequate resources to effectively discharge its function.

Internal Audit's work plan is approved by EW's Audit Committee. The audit plan covers all business groups and support functions, including the Trust unit and EW's information technology and subsidiaries. Internal Audit uses Computed Assisted Auditing Techniques which are developed and constantly enhanced to increase IA's operational efficiency, coverage and productivity.

Internal Audit activities are conducted in accordance with the ISPPIA and the Code of Ethics. To provide evidence on the quality of the function to stakeholders, EW's Internal Audit has undergone an External Quality Assessment Review ("**EQAR**") conducted by PricewaterhouseCoopers ("**PwC**") where it obtained "Generally Conformed" rating on all 11 ISPPIA, Code of Ethics and the definition of Internal Auditing. This is the highest EQAR rating an internal audit function can obtain.

To assist EW in instilling a culture of an effective risk management, control and governance, Internal Audit developed and conducts Control Appreciation and Fraud Awareness Training Workshop to EW employees. It also has a formal collaboration with other governance units of EW, such as Compliance and Risk Management to optimize its coverage through sharing of reports and information.

Internal Audit continues to develop its collective competencies through relevant trainings and certifications. Effective networking with other audit functions within and outside banking industry also keeps Internal Audit abreast with best practices.

Anti-money laundering controls

Under the Anti-Money Laundering Act, EW is required to submit a "covered" transaction report of a transaction in cash or other equivalent monetary instrument exceeding ₱500,000.00 within one (1) Business Day. EW is also required to submit a "suspicious" transaction report to the AMLC of transactions with EW, regardless of amount, where circumstances relating to the transaction are observed to deviate from the profile of the client and/or past transactions and/or is any way related to an unlawful activity or offense under the Anti-Money Laundering Act. EW is required to establish and record the true and full identities of their clients based on official documents or other reliable, independent source documents, data or information. In addition, all records of transactions are required to be maintained and stored for five years from the date of a transaction. Records of closed accounts must also be kept for at least five years after their closure.

In an effort to further prevent any money laundering activities through EW, it has adopted the know your customer ("**KYC**") policies and guidelines. Under the KYC guidelines, EW is required to establish and verify the true identity of customers. EW is also required to undertake ongoing monitoring of accounts. For customers

identified as being high risk, it is necessary to conduct enhanced due diligence and obtain the approval of a senior officer of EW prior to accepting the customer.

Legal Risk

To the best of EW's knowledge and belief and after due inquiry, none of EW's directors, nominees for election as director, or executive officer have in the five (5)-year period prior to the date of this Report:

1. had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of bankruptcy or within a two (2)-year period of that time;

2. convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses;

3. subjected to 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 their involvement in any type of business, securities, commodities or banking activities; or

4. found 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 other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

EW has been, and may in the future be, implicated in lawsuits in connection with the ordinary course of its business. However, neither EW nor any of its subsidiaries have been subject to any order, judgment, or decree, or violated any securities or commodities law for the last five years, or are involved in any litigation or arbitration proceedings that may have, or have had, a material adverse effect on it or its subsidiaries' financial condition, nor, so far as any of them is aware, is in any such proceeding pending or threatened.

All legal proceedings involving EW are efficiently and competently attended to and managed by a group of 11 in-house counsels who are graduates of reputable law schools in the country. As its external counsels, EW retains or engages the services on case to case basis the following respected law firms: Sycip Salazar Hernandez & Gatmaitan Law Office, Angara Abello Concepcion Regala & Cruz, Sobreviñas Hayudini Navarro and San Juan Law Offices, Valerio and Associates, Vera Law Office, Alvarez Nuez Galang and Espina Lopez, Law Firm of Tagamolila & Margarico, Nietes-Gengos Laborte-Ildesa Panigbatan-Nafarrete Law Offices, Cantago and Partners, Quitain Law Office, Atty. Remie Calatrava, Atty. Fillmore Gomos, Atty. Henri S. Cariño and Atty. Romeo Guillermo, among others.

POWER

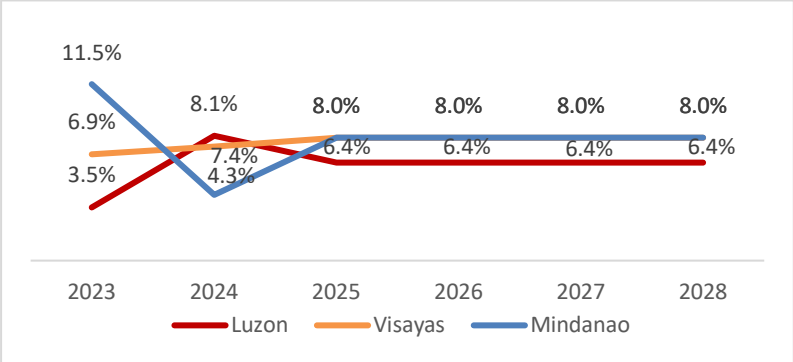
The Group conducts its power business through FDCUI, whose mission is to bring affordable, safe and reliable energy to communities around the Philippines. FDCUI is committed to delivering uninterrupted power to Mindanao residents and businesses. FDCUI is led by a strong and experienced management team with experience ranging from 10 to 30 years.

FDCUI operates a 405 MW (3 x 135 MW) CFB coal-fired power plant in the PHIVIDEC Industrial Estate, Villanueva, Misamis Oriental, Mindanao, delivering reliable energy to both distribution utilities and retail electricity supplier customers across the region. FDCUI received the COC for the first two units of the plant in October 2016 and the COC for the third unit in May 2017. Since the commencement of commercial operations in 2016, FDCUI continues to be one of Mindanao's reliable suppliers of power and a key contributor to the stability of the Mindanao grid.

Peak demand is projected to grow at a greater rate in Mindanao as compared to Luzon and Visayas over the next few years, according to the Department of Energy. Although there is a current surplus of electricity supply in Mindanao, climate change and the ageing hydroelectric power plants in the region, which have traditionally supplied more than 50% of the region's energy, provide opportunities for the Group to maximize the capacity of its power assets. With its relatively new and well maintained facilities, FDCUI has also been providing supply to the Visayas region with the operation of the Mindanao-Visayas Interconnection Project, as well as fulfilling the excess energy requirements of its customers. Moreover, with the accelerating economic growth of the region

(particularly in Northern Mindanao, where FDCUI's plant is located) and the continuing influx of new locators to the PHIVIDEC Industrial Estate in particular, the Company believes there will be significant increased demand in the medium term for FDCUI to develop projects given its acquired expertise in development.

Projected peak demand growth by grid (MW)



FDCUI has also entered into partnerships with Engie Services Philippines, one of the largest power generators and distributors in the world, for development of renewable energy projects.

Select Financial Information

FDCUI – Power

In ₱ millions*	2024	2023	2022	% change 2023-2024	% change 2022-2023	3M2025	3M2024	% change YoY 3M2025
Revenue and other income	25,938.6	19,085.5	14,304.2	35.9%	33.4%	5,307.9	5,861.2	-9.4%
EBITDA	7,444.2	5,507.1	4,300.3	35.2%	28.1%	2,052.7	1,821.0	12.7%
Net income	3,951.1	2,512.1	2,014.6	57.3%	24.7%	1,217.2	924.2	31.7%

**Balances before intracompany elimination entries*

EBITDA RECONCILIATION

	For the three months ended March 31,		For the years ended December 31,		
	2025	2024	2024	2023	2022
			(in millions)		
Net Income	1,217.2	924.2	3,951.1	2,512.1	2,014.6
Plus:					
Interest expense	238.3	274.2	1,054.7	1,194.0	1,234.7
Depreciation and amortization	316.3	315.1	1,258.5	1,281.7	1,251.1
Provision for income tax	280.9	307.5	1,179.9	519.3	(200.1)
EBITDA	2,052.7	1,821.0	7,444.2	5,507.1	4,300.3

POWER BUSINESS STRENGTHS

Poised to maximize supply into the grid due to its track record of reliable supply

Energy demand is seen to remain strong amidst the challenges faced by the industry. Filinvest is committed to cater to the needs of its customers in the island of Mindanao who have suffered from an energy shortage prior to the entry of FDCUI in 2016. The Mindanao grid also recorded a new record high peak demand of 2,363MW, up 10% YoY, during April 19, 2023. In May 2023, NGCP successfully energized the ₱52-Billion Mindanao-Visayas Interconnection Project, a landmark undertaking that will improve power stability and reliability across the country. FDC Misamis is poised to supply power thru the interconnection. In 2024, FDC Misamis secured 156MW of EPSA that it intends to convert to long term contracts by participating in competitive selection process to be conducted by these cooperatives starting next year. It will likewise continue to participate in competitive selection

process that will be conducted by other distribution utilities and electric cooperatives in Luzon, Visayas and Mindanao starting next year.

Clean coal circulating fluidized bed technology providing a more environmentally sustainable energy source

FDCUI's thermal plant utilizes CFB technology, which results in greater combustion efficiency and lower emissions of pollutants and ultimately provides more environmentally sustainable energy.

FDCUI has put into place engineering and administrative controls to ensure emissions from operations such as noise, combustion products, and fugitive dust from coal and ash handling are in check. The plant uses circulating fluidized bed technology, which allows for higher combustion efficiency and produces less NOx because of its lower burn temperature. Sulfur capture is facilitated through the injection of lime in the combustion chamber. The CFB process also allows for the return of ash and unburned fuel to the boiler to be burned again, which reduces the volume of pollutants in the flue gas. On top of the inherent capability of the CFB process to control NOx and SOx emissions, the plant has installed an electrostatic precipitator to ensure that particulate matter and fly ash are captured. The ESP is used in the removal of suspended particulate matter from the flue gas discharge of the steam generator. Its ash collection efficiency is greater than 99%. The plant has also put in place a closed conveying system to ensure that fugitive dust from the coal, and ash handling operations are controlled. A de-dusting system is also installed in the coal and ash handling system to address fugitive dust.

In addition, CFB technology enables the use of a wider spectrum of coal in terms of quality, allowing FDCUI to price its energy more competitively in the market or adjust its fuel accordingly depending on market conditions and factors. The choice of CFB boilers has provided several advantages in the operation of the plant as well as in complying with environmental standards. CFB technology provides similar efficiencies as pulverized coal-fired units under identical steam conditions. The general operating principle of fluidized bed combustion involves the feeding of crushed coal into the boiler and burning it utilizing a bed that consists of inert material, such as sand. In CFB combustion, staged combustion and the lower combustion temperature compared to pulverized coal boilers result in low Nox emissions. CFB technology also allows for the removal of sulfur dioxide in the combustion process by adding limestone or dolomite. This eliminates the need for an external desulphurization process and the problem of sulfur disposal. The calcium oxide formed from the calcination of limestone reacts with the sulfur dioxide to form calcium sulfate, which is removed from the flue gases together with the fly ash.

FDC's 405MW of coal plant assets collectively comprise a significant portion or 17.9% of the cumulative 2,268MW of existing coal-fired capacity and 8.8% of the 4,614.4MW total existing power generation capacity installed in the Mindanao grid as of February 2025, according to the DOE.

Commitment to increase the renewable energy contribution to the portfolio as part of its transition plan

FDCUI supports the Philippine Energy Plan and the Philippine commitment to the Paris Agreement on climate change. Part of its commitment is to expand and diversify its portfolio geared towards strengthening the share of installed capacity from renewable energy. Its aim is to increase its renewable energy portfolio to surpass its installed coal energy capacity by 2040. Projects in solar such as solar rooftop and solar farms, a 33.4-MW hydropower plant in the Pampanga River in Luzon and biomass, among others, are in the pipeline. It will also continue to build its RES portfolio to take advantage of open access.

Strong and experienced management team

The highly engaged and purpose driven FDCUI leadership has decades of experience in the industry and has provided strong guidance in the strategies and directions of the business.

Strong Unit Economics and Prudent Financial Management

FDCUI's contribution to the overall portfolio of FDC has been consistently strong. The financial ratios of the business are healthy, including a high return on invested capital ("**ROIC**"). In less than a decade, it has proven to be a strong business leg, contributing 26.4% in FDC's net income in 2022.

POWER BUSINESS STRATEGY

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.

Capitalize on favorable regional and industry dynamics.

The Group is seeking to capitalize on its strategic location in Mindanao, which despite a current surplus of power supply, still provides opportunities due to such factors such as climate change and Mindanao's ageing hydroelectric power plants for the Group to maximize its existing power generating capacity. The Group also believes that its location in the PHIVIDEC Industrial Estate allows it to benefit from the increasing number of industrial projects being established there, providing it with a competitive pricing advantage vis-à-vis other power generators in the region by means of its close proximity.

On the industry side, the start of the commercial operation of the WESM Mindanao in January 26, 2023, the operation of the interconnection of Mindanao to Visayas and Luzon which started testing on April 2023, as well as the upcoming implementation of the RCOA towards the end of 2023, will further provide long-term opportunities for the Group to maximize its power generating capacity and grow its asset base across the Philippines. The Group took advantage of the current developments to expand the reach of its generation operations and broaden its customer base as it started to cater distribution utilities in the Visayas grid in May 2023. It aims to continuously take advantage of these developments as well as other upcoming breakthroughs, as it will be able to directly and more easily tap commercial and industrial customers not being served by distribution utilities to which the Group currently supplies energy.

Continue to build the RES business to diversify revenue streams and take advantage of open access.

The Group will target to build its RES business to complement its revenues from its power supply agreements. The commercial operation of the WESM and the upcoming implementation of the RCOA regime in Mindanao is expected to provide opportunities for the Group to increase its participation in this more open retail electricity market. As most industrial and commercial participants in the RCOA are expected from the major load centers in Mindanao (namely Davao City and Cagayan De Oro City), which are currently served by distribution utilities that are not offtakers of FDCUI, the Group expects to offer a competitive supply without affecting its current supply contracts. The aforementioned distribution utilities likewise have the highest tariffs among Mindanao distribution utilities due to their supply portfolio, which includes diesel gensets. In addition, with the interconnection of Mindanao to Visayas and Luzon, the Group expects to be able to offer competitively-priced power to industrial and commercial customers in Visayas and Mindanao, which customers will be able to source their supply from the FDC Misamis coal plant at a lower and stable price, rather than sourcing from other generators and the WESM at market price, as is currently being practiced. By growing its electricity trading platform, the Group believes it can establish a more nationwide presence for its power business. This will also allow the Group to diversify its revenue streams and smoothen its earnings from its power operations.

Continue to explore and pursue renewable energy projects.
The Group will continue to pursue opportunities arising from ongoing market changes in the power industry as outlined in the Renewable Energy Act of 2008 ("**RE Act**"). The RE Act provides market-based mechanisms and specific project incentives to drive the development of renewable energy projects. Project incentives include income tax holiday, lower duty-free importation, exemption from universal charge, cash incentive for missionary electrification and zero percent value-added tax rate. Market-based mechanisms for renewable energy consist of the feed-in tariff, renewable portfolio standards and green energy options. As such, the Group will seek opportunities to balance its existing portfolio by accelerating the development of renewable energy projects such as geothermal, hydropower, biomass and solar energy. The Group has already begun these initiatives through Filinvest-Engie Renewable Energy Enterprise, Inc. ("**FREE**"), its joint venture company for renewable energy solutions with Engie.

Selectively participate in the bidding for Government and private power generation assets.

The Group envisions growing its power generation capacity through both the development of greenfield projects and strategic acquisitions. The Group is seeking to gain market share in the power generation industry by selectively participating in the acquisition of government-owned and privately-owned power generation assets.

The Group is closely monitoring all acquisition opportunities in the market, and has been conducting due diligence in advance to prepare for any future rounds of bidding. The Group aims to participate only in those projects which meet its internal investment goals, from both a financial and a strategic perspective.

Pursue niche marketing and strategic partnerships.

The Group plans to develop projects where it believes it has a competitive advantage in terms of cost and reliability. The Group believes that its existing main location in the PHIVIDEC Industrial Estate allows it to benefit from the growth in industrial projects being established in the area. The Group expects prospective industrial locators to benefit from contracting their supply with the Company due to savings as a result of having more stable prices, as compared to purchasing from the WESM, and reduced distribution charges as a result of the proximity of the power plant to their facilities, which the Group believes provides it with a competitive pricing advantage vis-à-vis other power plants in the region. The Group intends to utilize the incentives offered under the RE Act on the development of projects using renewable energy resources such as geothermal, hydropower, biomass and solar energy. The Group plans to work with strategic partners, such as Engie Services Philippines, which have specific interests in renewable energy development and to market FDCUI's renewable energy expertise to distribution utilities as well as commercial and industrial facilities.

Enhance CSR initiatives.

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. The Group also expects to partner with indigenous people, local communities and LGUs in each location of its proposed projects to ensure unimpeded construction and development.

WATER

FDC owns and operates Countrywide Water Services, Inc. ("**CWSI**"), which operates and maintains water divisions in FLI (over 100 developments), Filinvest Mimosa Inc ("**FMI**") and Filinvest Alabang Inc (Filinvest City). The O&M services include technical and commercial services (including billing & collection to end consumers/locators). In addition, CWSI also owns desalination, wastewater treatment plants ("**WTP**"), and sewage treatment plants ("**STP**") in Cebu servicing the water requirements of affiliates and external customers. CWSI jointly owns with Boracay Seascapes, Inc. the WTP and STP servicing the requirements of Crimson Hotel – Boracay.

Key Strengths and Strategies

Large opportunity in the water business

Large opportunity arising from the supply-demand gap of potable water supply, wastewater treatment services and sale of treated wastewater (reuse). According to information from Asian Development Bank ("**ADB**") and National Economic Development Authority ("**NEDA**") the country's water requirement is 98 liters per capita per day ("**LPCD**"). Out of the 116 million population, only 43.6% of the populace have access to safe water (Level 3) based on PSA FIES Survey from 2015. The Group believes that there is an estimated demand-supply gap of 2.8 billion cubic meters of water per year (internal estimates) in potable water supply. This alone, coupled with other opportunities in the value chain such as for example in wastewater and water reuse, provides a large opportunity for FDC's water businesses (and any other water company, for that matter) to tap into.

Platform for expansion outside the Filinvest ecosystem

Given the track record, technical expertise from the partnership with Hitachi and the various capabilities gained across the water value chain in FDC's water divisions, and the access to capital from FDC, the Group believes it has the eligibility to expand its water businesses outside the Filinvest ecosystem and develop the path to long-term profitable growth.

As it has been operating for more than ten (10) years, the water divisions and businesses have developed capabilities across the water value chain. FDC has a joint venture partnership with Hitachi Aqua-Tech Engineering through Filinvest-Hitachi Omni Waterworks, Inc. ("FLOW") that aims to provide desalination, recycled water and sewage treatment facilities across the Philippines. The Group is currently enhancing the wastewater treatment for Filinvest City in Alabang under FDCUI's wholly-owned subsidiary, FDC Water Utilities Inc. ("**FDCWUI**"). In 2023, FDCWUI entered into an agreement with FAI for the rehabilitation/upgrade of the latter's sewage treatment plant (STP) with a capacity of 15.0 million liters per day (MLD). Currently, FLOW is engaged by FDCWUI as project management consultant for this project. FLOW has also been providing technical support for water-related proposals to the Filinvest Group and external clients.

The Group also has investments in desalination facilities such as those that supply potable clean water for its resorts in Crimson Mactan and for Crimson Boracay. The desalination facilities process seawater using the High Recovery Seawater Desalination Technology of Hitachi Aqua-Tech Engineering. FDCWUI plans to develop at least 380 MLD of total capacity in Lapu-Lapu City.

Strong and experienced leadership team

CWSI, which is a water services subsidiary of the Group, boasts of a new management team with capabilities in business development and operations obtained from various large water companies. This gives confidence to further improving and growing the FDC water business, serving both internal and external customers**.**

Power Plant

FDCUI's power plant operations consist of three coal-fired units with a capacity of 135 MW per unit. With a combined capacity of 405 MW, the clean-coal plant is currently the second largest baseload power plant in Mindanao that is located in a single facility. The 3 x 135 MW steam turbines and generator for the plant were supplied by Alstom, a world leader in developing and marketing systems, equipment and services. The existing capacity of the transmission lines and substation which service the plant provide the Group with the option to expand the plant by another 2 x 135 MW as the demand for power in the area increases.

FDCUI's thermal plant utilizes CFB technology, which results in greater combustion efficiency and lower emissions of pollutants and ultimately provides more environmentally sustainable energy.

FDCUI has put into place engineering and administrative controls to ensure emissions from operations such as noise, combustion products, and fugitive dust from coal and ash handling are in check. The plant uses circulating fluidized bed technology, which allows for higher combustion efficiency and produces less NOx because of its lower burn temperature. Sulfur capture is facilitated through the injection of lime in the combustion chamber. The CFB process also allows for the return of ash and unburned fuel to the boiler to be burned again, which reduces the volume of pollutants in the flue gas. On top of the inherent capability of the CFB process to control NOx and SOx emissions, the plant has installed an electrostatic precipitator to ensure that particulate matter and fly ash are captured. The ESP is used in the removal of suspended particulate matter from the flue gas discharge of the steam generator. Its ash collection efficiency is greater than 99%. The plant has also put in place a closed conveying system to ensure that fugitive dust from the coal, and ash handling operations are controlled. A de-dusting system is also installed in the coal and ash handling system to address fugitive dust.

In addition, CFB technology enables the use of a wider spectrum of coal in terms of quality, allowing FDCUI to price its energy more competitively in the market or adjust its fuel accordingly depending on market conditions and factors. The choice of CFB boilers has provided several advantages in the operation of the plant as well as in complying with environmental standards. CFB technology provides similar efficiencies as pulverized coal-fired units under identical steam conditions. The general operating principle of fluidized bed combustion involves the feeding of crushed coal into the boiler and burning it utilizing a bed that consists of inert material, such as sand. In CFB combustion, staged combustion and the lower combustion temperature compared to pulverized coal boilers result in low NOx emissions. CFB technology also allows for the removal of sulfur dioxide in the combustion process by adding limestone or dolomite. This eliminates the need for an external desulphurization process and the problem of sulfur disposal. The calcium oxide formed from the calcination of limestone reacts with the sulfur dioxide to form calcium sulfate, which is removed from the flue gases together with the fly ash.

Since the plant commenced operations in 2016, it has been performing better in terms of nitrogen oxide ("**NOx**") and sulfur oxide ("**SOx**") emissions than the minimum standards imposed by the DENR and the World Bank for

plants utilizing CFB technology of 1,000 mg/Nm^3 and 500mg/Nm^3, respectively, for NOx and 700 mg/Nm^3 and 400mg/Nm^3, respectively, for SOx.

Plant Offtake

The Group sells power by contracting capacity and energy to offtakers under power supply agreements. The power supply agreements specify a contracted capacity per offtaker, with a corresponding minimum amount of contracted energy. As of October 31, 2023, FDCUI has entered into power supply agreements for terms ranging from one to 25 years for an aggregate of 386 MW with 26 distribution utilities in Visayas and Mindanao and one retail electricity supplier. Of the 26 distribution utilities with NEA ratings, 22 are AAA rated, three are A rated and one is B rated.

After accounting for internal power use of 36 MW, FDCUI's power supply agreements fully cover the plant's net available capacity of 369 MW. Further, starting July 26, 2023, FDCUI entered into short term Emergency Power Supply Agreements ("**EPSA**") with distribution utilities in the Visayas grid. As of October 2023, FDCUI has a total of 130 MW contracted EPSA. As of October 31, 2023, the capacity-weighted average remaining life of the plant's power purchase agreements was 9.85 years. FDCUI believes the duration of a majority its power supply agreements effectively mitigates demand risk for its power output. In addition, none of FDCUI's customers has contracted for more than 50 MW of output, which helps to mitigate concentration risk.

Under the power supply agreements, FDCUI is bound to make available, and the customers are bound to pay for, the specified capacity and output. The ERC-approved rate structure contained in FDCUI's bilateral power supply contracts comprises (i) the capacity payment component which comprises capital recovery fee and fixed operation and maintenance fee and (ii) the energy payment component which comprises variable operation and maintenance fee and fuel cost. Customers are required to pay the capacity payment component regardless of the amount of energy output. The energy payment component, on the other hand, is determined by the amount of energy drawn by the customer. Depending on the source of the coal, the fuel component of the rate structure may be subject to foreign exchange fluctuations. However, the fuel component, and therefore any foreign exchange fluctuation, is entirely passed through to the customer, subject to an efficiency cap as set out in the relevant power supply agreement. As the plant's CFB technology allows for more efficient use of coal and in light of the fact that the other components of the rate structure are not indexed to any foreign currency, FDCUI is able to profitably tap any market opportunities by quickly responding to the pricing requirements of different customers.

The Group's power supply agreements allow for downtime for maintenance and repairs in order to be available to its customers as set out in the relevant contract. If the Group is unable to supply the minimum contracted energy, the Group's results of operations will be adversely impacted. Further, the Group's ability to grow its future revenue from its power business will depend, in part, on its ability to successfully transition its short term contracts into long-term power supply agreements. The Group's coal power plant has a gross capacity of 405 MW and net available capacity of 369 MW. As of October 31, 2023, FDCUI has entered into power supply agreements for 368 MW. With the commercial operation of WESM Mindanao in January 26, 2023, the Group is able to unload available capacity/energy, if any through the spot market. Similarly, the commercial operation of the RCOA regime in Mindanao, which is expected to be commercially operational in December 2023, will provide an additional venue for the Group to sell any excess energy to contestable customers through its RES business.

Given the available capacity of FDCUI's power plant, FDCUI believes that it is well-equipped to respond to the expected rise in demand in Mindanao brought about by the reduction in dependable capacity from the planned rehabilitation of the Agus-Palangi hydroelectric plant as well as the dry season. During the droughts in 2015 and 2016, distribution utilities within the region, the majority of which previously relied largely on hydro power, suffered from supply shortfalls due to the unreliability of hydro power during dry spells and its susceptibility to seasonal fluctuations. FDCUI believes that the increase in supply from larger coal-fired power plants, such as that of FDC Misamis, helped to mitigate the supply shortfall and continues to alleviate the risk of a further shortfall of supply in the region by enabling distribution utilities to procure their power supply from other sources. To further address the expected increase in demand for power, FDCUI's operations and maintenance team conducts preventive maintenance of the plant to reduce the incidence of failure.

In the long term, the recent improvement in transmission infrastructure, the commercial operation of the WESM Mindanao in January 26, 2023, the testing and operation of the interconnection of Mindanao to Visayas and Luzon since April 2023, and the upcoming operation RCOA regime in Mindanao by end of 2023, are expected to provide further opportunities for FDCUI to maximize its capacity. FDCUI believes it is well-positioned to capitalize on the expected increase in demand, particularly in light of its competitive pricing.

Operations and Maintenance

With the valuable experience gained from the engagement of a Third Party Operation and Maintenance contractor for a period of four (4) years, FDC Misamis now employs its own in-house O&M team. The O&M team has so far performed well and has kept the reliability and efficiency of the coal plant at high levels.

Fuel Supply

FDCUI currently purchases coal from a combination of short term fuel supply contracts and the spot market. With the plant now operating at full capacity, the Company seeks to maintain a minimum inventory equivalent to a 30-day operation, consistent with the requirement of the DOE. As part of its fuel sourcing strategy, and to ensure the security of its coal supply and the uninterrupted operation of the power plant, FDCUI is in the process of evaluating and inspecting potential coal suppliers based on their supply capability, reliability for timely delivery and track record of fulfilling their contractual obligations. FDCUI is targeting to enter into a long-term coal supply agreement, pursuant to which it will source 100% of its coal requirements for a minimum period of five to ten years. FDCUI's fuel costs are passed through to its customers through its ERC-approved tariff containing a specific fuel fee component.

Retail Electricity Supply

FDCUI is also in the RES business catering to contestable customers under the RCOA regime. In July 2016, FDC RES Corporation ("**FDC RES**"), a subsidiary of FDCUI, was awarded a Retail Electricity Supply license from the ERC, which allows it to act as an electricity supplier to consumers in the retail market, such as hotels and other commercial businesses. As of October 31, 2023, FDC RES has retail supply contracts with 20 commercial and industrial customers for the supply of 47.5 MW of electricity, which contracts have been issued a certificate of contestability by the ERC. The retail supply contracts have a standard term of two years and are renewable for another two years afterwards.

Solar Power Initiatives

In October 2018, FDCUI entered into a 60:40 joint venture with Engie Services Philippines, one of the largest power generators and distributors in the world, to develop potential solar energy solutions in the Philippines that provide energy cost savings to large industrial and commercial customers. Since January 1, 2022, the 2.8 MW Solar Rooftop Facility at the Festival Supermall has been operational. Currently several solar projects supply to various commercial and industrial customers are being developed. The Power Purchase Agreements of these projects have been signed and permitting process is currently ongoing. The commercial operation dates of these projects will be late 2024 and early 2025.

Competition

Competition in the Mindanao power industry is expected to heighten in the coming years as more players, both local and foreign, enter the market. The top three major players, PSALM, Aboitiz, and Power Partners, which, together, account for more than 50% of the total installed generation capacity in the country across a diverse portfolio, including natural gas, hydro, geothermal, coal and diesel, will continue to dominate the power industry. These and other significant players in the industry continue to expand their existing capacities while new entrants are also expected to bring additional capacity to the market. For example, the entry of GN Power Kauswagan Units 1, 2, and 3 in 2019 and Unit 4 in 2020, SEC Coal Plant of Alsons in 2019 are expected to further intensify competition within Mindanao. In light of these investments, the DOE forecasts that the supply of electricity will continue to outpace demand in Mindanao in the medium-term. Nonetheless, the Group believes that attractive investment opportunities will still be available to FDCUI, especially for renewable energy projects.

Insurance

FDCUI maintains operational all risk insurance, commercial liability insurance and business interruption insurance in line with the industry standards.

Properties

FDCUI's power plant and transmission line is located on a 114.4 hectare parcel of land inside the PHIVIDEC Industrial Estate (an area of approximately 6,000 hectares, of which approximately 3,000 hectares are registered

development areas) in Villanueva, Misamis Oriental. The transmission line is connected to the new Villanueva Substation of the National Grid Corporation of the Philippines. In November 2012, FDC Misamis signed a 25-year lease contract with PHIVIDEC Industrial Authority (exclusive of a three-year construction period), which commenced in August 2016. The lease agreement is subject to an annual rent increase of 3% to 5% and is renewable for an additional 25 years upon mutual agreement of the parties. FDCUI has also rented an office space in Taguig City for a period of five years.

SUGAR BUSINESS

To diversify its business and position in 2007, FDC acquired 100.0% of the issued and outstanding shares of PSHC from ALGI. PSHC owns and operates three (3) Mindanao-based sugar companies, DSCC, CSCC and HYSFC which leases and owns corporate sugar farmlands. The Group's Sugar Subsidiaries have a combined milling capacity of 11,500 TCD and a refining capacity of 600 MT of refined sugar per day.

SUGAR BUSINESS STRENGTHS

Adaptable business model with vertical integration based primarily in attractive Mindanao market.

The operations of PSHC are concentrated in Mindanao. Sugarcane, which is the principal raw material used in the production of sugar, is sourced through PSHC's 15-year milling contracts with about 6,000 sugarcane growers who are committed to deliver their matured canes to its DSCC and CSCC factories for processing. PSHC sources approximately 90% of its sugarcane from its contract farmers within proximity to the DSCC and CSCC factories, and the remainder is supplied by PSHC's corporate farm, HYSFC.

PSHC's raw sugar production process involves cane crushing, clarification and crystallization, that yields raw sugar with, molasses and bagasse as by-products. The molasses is sold the traders while the bagasse is used as fuel for the boilers to generate steam for processing the cane juice into sugar and production of electricity for the factor's needs. All of PSHC's power requirements are satisfied from bagasse it produces during the crushing season.

PSHC produces raw sugar at its DSCC and CSCC mills and produces refined sugar only at its DSCC facility.

PSHC sells all of its production in the wholesale market through traders. These traders are primarily located in Mindanao and Visayas and possess sufficient scale and resources to effectively distribute the product throughout the country.

PSHC's corporate farm provides the factories with sugarcane for milling as well as planting materials for the contract farmers and showcase of good farm technology for high farm productivity and efficiency.

PSHC wholly owns (i) DSCC, which owns and operates a sugar mill and refinery in Guihing, Davao del Sur, (ii) CSCC, which owns and operates a sugar mill and refinery in Matalam, North Cotabato, and (iii) HYSFC, which owns and operates a corporate sugarcane farm in Southern Mindanao.

Strategic location with natural barriers to entry of market competitors

The sugar industry is highly competitive with significant competition from domestic sugar manufacturers. The Sugar Subsidiaries compete with two other Mindanao-based sugar producers to obtain sufficient quantities of its raw material, sugarcane. These same sugar companies also compete with PSHC in the market although for the Southern Mindanao areas, PSHC has the advantage due to proximity.

SUGAR BUSINESS STRATEGY

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.

Augment cane supply by expansions and developing programs to improve farmer yields.

The Group plans to continue increasing PSHC's sugar production and capacity utilization by expanding PSHC's sugarcane supply from both independent farmers as well as its own corporate farms. In particular, PSHC will seek to enhance its partnerships with farmers to encourage them to improve their farm's productivity and to plant sugarcane on agricultural land not currently being used for sugarcane production. In addition to granting low interest crop loans, PSHC's farmer assistance programs include the provision of technical advice. Since 2015, PSHC has assisted planters (who decide to expand their farms) in the replanting of existing farms with new higher yielding varieties by providing such planting materials to farmers free of charge. As the free canepoints program is a relatively recent addition to the Group's sugar business model, the Group expects this program to continue to accelerate the increase in cane supply for the mills. Furthermore, PSHC intends to utilize technology to monitor farm activities for timely correction of deficiencies.

Reduce production cost by enhancing plant maintenance program.

A significant source of additional production cost is the breakdown of factory facilities. In order to control recurring maintenance costs, PSHC intends to implement a preventive maintenance program and condition monitoring to fix any damage to avoid long periods of downtime. Additionally, PSHC will continue to implement the effective and efficient use of automation to simplify work and eliminate redundancy in the labor effort.

Develop human resources.

PSHC is also focused on supporting its growth by expanding and improving its human resources. PSHC plans to implement development programs primarily focused on strengthening the competencies of its employees within: its cane supply department to improve employees' ability to increase farm productivity, its production department in order to ensure an efficient and trouble-free milling process, and its sales and marketing department in anticipation of increasing sugar supplies. PSHC plans to leverage this stronger organizational platform to further increase its production and sales particularly among industrial users and customers outside Southern Mindanao.

Explore synergistic opportunities in the power sector, particularly in biomass.

PSHC is also exploring opportunities in the renewable power sector, including potentially upgrading its boilers and installing generators to produce power to support operation at its facilities and excess power capacity which it can sell to the local distribution utilities. In particular, the Group is exploring options of establishing a biomass plant to supplement sugar operations and also produce excess power.

Select Financial Information

In ₱ millions*	2024	2023	2022	% change 2023-2024	% change 2022-2023	3M2025	3M2024	% change YoY 3M2025
Revenues and other income	5,862.3	5,254.8	4,127.8	11.6%	27.3%	2,356.2	2,212.5	6.5%
EBITDA	1,067.4	980.2	559.8	8.9%	75.1%	750.4	690.1	8.7%
Net income	764.7	621.5	309.2	23.0%	101.0%	579.8	479.3	21.0%

**Balances before intracompany elimination entries*

EBITDA RECONCILIATION

	For the three months ended March 31,		For the years ended December 31,		
	2025	2024	2024	2023	2022
			(in millions)		
Net Income	579.8	479.3	764.7	621.5	309.2
Plus:					
Interest expense	6.6	9.9	30.5	11.1	10.1
Depreciation and amortization	31.6	39.5	122.3	128.8	122.7
Provision for income tax	132.4	161.4	149.9	218.8	117.8
EBITDA	750.4	690.1	1,067.4	980.2	559.8

Operations

PSHC wholly owns (i) DSCC, which owns and operates a sugar mill and refinery in Guihing, Davao del Sur, (ii) CSCC, which owns and operates a sugar mill and refinery in Matalam, North Cotabato, and (iii) HYSFC, which owns and operates a corporate sugarcane farm in Mindanao. Sugarcane supply for DSCC and CSCC is sourced from HYSFC and contract farms in Mindanao. For the years ended December 31, 2024, 2023, and 2022 and the three months ended March 31, 2025, total revenues and other income from the Sugar Subsidiaries were ₱5,862.3 million, ₱5,254.8 million, ₱4,127.8 million and ₱2,356.2 million, respectively.

HYSFC's corporate farm was established to augment the Sugar Subsidiaries' cane supply as well as to provide its growers with productivity-enhancing support. HYSFC propagates higher yielding sugarcane varieties to grow in its own farms primarily to fill the gap at the start of the milling season when many growers have not yet mobilized their harvesting crew or during bad weather when many growers cannot harvest or haul their canes. PSHC, through HYSFC, also provides growers with cane points of the same higher yielding sugarcane varieties in its free cane point program. PSHC also showcases HYSF as a model for better sugarcane farming practices to achieve higher productivity. Many growers are invited to the HYSF farms to observe these farming practices that include mechanization in cultivation and harvesting.

The following table sets forth a summary of key information with respect to the Sugar Subsidiaries:

Subsidiary	Nature of business	Summary features
Davao Sugar Central Co., Inc.	Owns and operates a sugar factory with a mill and refinery located in Guihing, Hagonoy, Davao del Sur	• Sources sugarcane from Davao del Sur, Sarangani and South Cotabato • Design milling capacity of 6,000 TCD • Design refining capacity of 350 MT of refined sugar per day
Cotabato Sugar Central Co., Inc.	Owns and operates a sugar mill and refinery located in Kilada, Matalam, North Cotabato	• Sources sugarcane from North Cotabato, Maguindanao and Sultan Kudarat • Design milling capacity of 5,500 TCD • Design refining capacity of 250 MT of refined sugar per day
High Yield Sugar Farms Corporation	Owns sugarcane farming operations in Davao del Sur and North Cotabato	• As of the end of CY2022-23, total area harvested was approximately 428 hectares in Davao del Sur and North Cotabato. 243 hectares were cutbacked to serve the canepoints need of planters. • In CY2022-23, HYSFC produced 27,789 MT of sugarcane • Sugarcane harvested at Davao del Sur is processed at the DSCC mill while the sugarcane harvested at North Cotabato is processed at the CSCC mill

Sugar Production

Production Process and By-products

PSHC's 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 PSHC's power requirements are satisfied from bagasse it produces. The typical sugarcane material balance is as follows: water — 73% to 76%, soluble solids 8% to 16%, recoverable sugar (sucrose) — 6% to 13.5%, other sugar (fructose, glucose) — 1.5%, fiber — 11% to 16%, others — 1%, based on the Handbook of Cane Sugar Engineering.

Production Capacity and Output

For CY2023-24, PSHC's total sugarcane crushing capacity at its two (2) sugar mills was 11,000 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 following table sets forth the volumes of sugarcane crushed and sugar produced at PSHC's mills for the past three (3) crop years.

	Sugarcane crushed and sugar production								
	DSCC			CSCC			Total PSHC		
	CY 2021-22	CY 2022-23	CY 2023-24	CY 2021-22	CY 2022-23	CY 2023-24	CY 2021-22	CY 2022-23	CY 2023-24
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 in Crop Yr 2023-24 is due to increase in hectarage, farm yield and improved factory performance.

Raw and Refined Sugar Production

PSHC produces raw sugar at its DSCC and CSCC mills but produces refined sugar only at its DSCC facility. In 2016, the Group mothballed the CSCC refinery so that it could concentrate on producing raw sugar efficiently to better compete with the Bukidnon mills in attracting sugar cane planters in areas accessible to both the CSCC mill and the Bukidnon mills. This decision was also prompted by the depressed margin for refined sugar due to VAT and the lower demand for refined sugar due to the shift of certain major industrial users to cheaper high fructose corn syrup. However, PSHC decided to continue producing a limited amount of refined sugar to cater to local clientele as well as to maintain the skills and knowhow of its refinery personnel. As such, the DSCC refinery continues to produce refined sugar in limited quantities. For CY2022-23, due to frequent rains and canecutter shortage which prevented accumulation of enough bagasse to produce refined sugar efficiently, the DSCC refinery produced only 28,859 bags of refined sugar. Because the government allowed the importation of refined sugar even at volume exceeding the shortfall, the price of refined sugar dropped. With the weakened price for refined sugar and the higher cost to refine because of the insufficiency of bagasse, PSHC decided to temporarily suspend refining operations at DSCC for CY 2023-24 and instead concentrate in producing raw sugar more efficiently to improve margins.

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

	Sugar sales ('000 MT)					
	CY2021-22	% of Total	CY2022-23	% of Total	CY2023-24	% 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%
Total	67.3	100.0%	55.9	100.0%	73.4	100.0%

Molasses and Bagasse Production

The yield of molasses per metric ton of sugarcane crushed is approximately 4.0%, or 40 kilos, most of which PSHC sells to traders in the domestic market. Molasses can be used to produce ethanol. Each metric ton of sugarcane that PSHC crushes also produces approximately 33%, or 330 kilos of bagasse, which is fed to a boiler as fuel to produce steam which is then used to generate electricity and to provide the steam necessary for the sugar production process.

Customers and Markets

PSHC sells its raw and refined sugar, which has historically been well-received due to its good quality, primarily to licensed traders who then sell PSHC's sugar to end customers in the Philippines, such as wholesalers, retailers, and food processors, such as beverage companies.

As a testament to the premium quality of its sugar, PSHC has been dealing with about 40 active sugar and molasses traders for at least the past ten years, including PSHC's top five customers during CY2022-23, who accounted for 74% of the total sugar sold by PSHC. PSHC's largest customer during CY2022-23 accounted for 32% of the total sugar sold by PSHC.

Sales and Distribution

For 2024, PSHC's sugar sales amounted to ₱3,780.5 million compared to sales of ₱3,474.0 million in 2023 and ₱2,108.0 million in 2022. For the three (3) months ended March 31, 2025, PSHC's sugar sales amounted to ₱3,630.7 million compared to sales of ₱2,486.5 million in the three months ended March 31, 2024. For CY 2023-2024, domestic sales accounted for 100% of total sales.

PSHC sells all of its production in the wholesale market to traders, several of whom have been dealing with the Company for more than ten (10) years. These traders are primarily located in Mindanao and Visayas and possess sufficient scale and resources to effectively distribute the product throughout the country. These traders supply the bulk of PSHC's sugar production to the growing population of Southern Mindanao although some traders may ship PSHC sugar to their clients in Visayas and Metro Manila. Sugar allocated for export is sold to authorized exporters or food processors who export their products, and PSHC also sells molasses to licensed traders who deliver the product to distilleries or feed mills. PSHC does not have written contractual agreements with its traders, and they do not sell PSHC's sugar exclusively. Customers typically obtain delivery of the sugar at the mills and are responsible for transport, packaging and handling. In addition, PSHC has an internal sales team to sell and market its sugar.

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 SRA Production Bulletin dated August 31, 2023, Mindanao accounted for 19% of the Philippines' sugarcane production in CY2022-23.

PSHC has 15-year milling contracts with about 6,000 sugarcane growers who are committed to deliver their matured canes to its facilities for processing. Sugarcane is delivered by farmers to DSCC and CSCC and, in return, the farmers receive a portion of the sugar and molasses produced. As a result, DSCC and CSCC do not record any costs for the sugarcane. PSHC sources approximately 90% of its sugarcane from its contract farmers within proximity to the DSCC and CSCC factories, and the remainder is supplied by PSHC's corporate farm, HYSFC.

Under a typical milling contract the farmer agrees to deliver all sugarcane grown on a specified area of land to the PSHC 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% 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. Approximately 50% to 60% of the farmers sell their share of sugar and molasses to the PSHC mills. Each of PSHC's 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 cane points, fertilizer and tractors. PSHC also provides low-interest crop loans to growers that require financing and free planting materials for growers that intend to re-cultivate or expand their farms.

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. PSHC grants certain subsidies to assist most of its contract farmers with their transportation costs. PSHC 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, PSHC 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 PSHC's entire production process, including data relating to sugarcane supply and PSHC'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 three eight-hour shifts during the milling season. Once every two (2) weeks, DSCC shuts down its mill for approximately 16 hours for cleaning of the evaporators while CSCC does not need to shut down as it is able to alternate the use of its two sets of evaporators.

Factory Equipment

DSCC owns and operates one sugar mill and one refinery. The sugar mill equipment includes the following: cane preparation equipment (cane knives and shredder), three four-roller mills and one five-roller mill, boiling house equipment (heaters, clarifiers, vacuum filters, evaporators, vacuum pans, crystallizers and centrifugals), turbogenerators, 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, crytallizers, centrifugals, a dryer and cooler and other accessories. Steam and electricity are provided by three units of bagasse-fired steam boilers and three units of turbo generators.

CSCC owns and operates one sugar mill and a refinery. The sugar mill equipment includes the following: cane preparation equipment (cane knives and shredder), three four-roller mills and two five-roller mills, boiling house equipment (heaters, clarifiers, vacuum filters, evaporators, vacuum pans, crystallizers and centrifugals), turbogenerators, 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 three units of bagasse-fired steam boilers and three units of turbo generators.

Competition

According to the SRA directory of sugar mills for CY 2024-25, there were 25 operating sugar mills in the Philippines. Per SRA website, total production for CY 2023-24 is of 1.922 million MT. These mills are located in the Luzon, Visayas and Mindanao regions. There are four sugar mills in Mindanao, including DSCC and CSCC.

PSHC believes that it currently does not face significant competition from international sugar producers in the Philippines sugar market because there are generally limited imports of sugar in the Philippines for local use due to high freight costs. PSHC however faces significant competition from international sugar producers who supply refined sugar to Philippine companies that use VAT zero-rated sugar for their export products.

Insurance

PSHC maintains insurance covering all PSHC's inventory of sugar, packing material and consumables against fire, lightning, storms and allied perils. PS HC also maintains business interruption insurance and insurance covering buildings and equipment in all of PSHC's mills and facilities. PSHC 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.

Properties

PSHC leases its corporate office which is located at San Juan, Metro Manila from FDC. The following table lists land owned and leased by the other Sugar Subsidiaries:

Sugar Subsidiary	Area (sq.m.)
DSCC	
mill site compound	539,000
CSCC	
mill site compound	222,000
truck yard and access road	391,000
other	120,000
HYSFC	
proposed office site	49,000
Total	1,321,000

HYSFC has development agreements for a total area of 601 hectares with various landowners remaining as of CY 2022-23 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 unfavorable location. The agreements are generally based on a guaranteed annual payment from HYSFC to the landowners with terms ranging from 10 years to 15 years. HYSFC develops these areas into sugarcane farms.

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. PSHC aims to develop its business without compromising environmental protection. The primary waste produced in PSHC's production facilities is bagasse, which is fed to a boiler as fuel to produce steam which is then used to generate electricity and to provide the steam 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 the date of this Prospectus, 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.

The sugar segment provides canteen facilities, medical clinic and other benefits to its employees. Sugar Group has a retirement plan for its regular employees. Most of DSCC's employees are members of the trade union Nagkahiusang Mamumuo sa DASUCECO, which is affiliated with the Philippine National Federation of Labour. The five (5)-year collective bargaining agreement between DSCC and the National Federation of Labour was signed on September 1, 2022 covering the period July 1, 2022 to June 30, 2027. CSCC's and HYSFC's employees are not covered by trade unions or collective bargaining agreements. The current labor union has been representing DSCC's rank and file workers for more than 30 years and has had not experienced work disruptions even when negotiations were not proceeding smoothly. While negotiations sometimes resulted to deadlock on the issue of wages and signing bonus, Management does not anticipate disruption in operations. The requirement of allocating a certain volume of production for exports is also an advantage because it gives producers governmental protection from work disruption. CSCC's and HYSFC's employees are not covered by trade unions or collective bargaining agreements.

INFRASTRUCTURE BUSINESS STRATEGY

The Group's business strategy in relation to its infrastructure business is the following:

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

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

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.

CUSTOMERS AND SUPPLIERS

The Issuer is not and does not expect to be dependent upon one or a limited number of suppliers. The Issuer is not dependent in a single or a few customers.

EMPLOYEES AND LABOR

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

	As of December 31, 2024
Real Estate	

	As of December 31, 2024
Operations	270
Administrative and Support	1,529
Technical	190
Marketing	314
Total	2,303
Hospitality Operations	
Operations	700
Administrative and Support	264
Technical	194
Marketing	120
Total	1,278
Banking and Financial Services	
Operations	6,473
Administrative and Support	253
Technical	245
Sales and Marketing	2,086
Total	9,057
Sugar Operations	
Operations	346
Administrative and Support	83
Technical	70
Marketing	1
Total	500
Power and Utility Operations	
Operations	0
Administrative and Support	90
Technical	222

	As of December 31, 2024
Marketing	26
Total	338
Others	
Operations	0
Administrative and Support	272
Technical	707
Marketing	1
Total	980

The sugar segment provides canteen facilities, medical clinic and other benefits to its employees. Sugar Group has a retirement plan for its regular employees. Most of DSCC's employees are members of the trade union Nagkahiusang Mamumuo sa DASUCECO, which is affiliated with the Philippine National Federation of Labour. The five (5)-year collective bargaining agreement between DSCC and the National Federation of Labour was signed on September 1, 2022 covering the period July 1, 2022 to June 30, 2027. CSCC's and HYSFC's employees are not covered by trade unions or collective bargaining agreements. The current labor union has been representing DSCC's rank and file workers for more than 30 years and has had not experienced work disruptions even when negotiations were not proceeding smoothly. While negotiations sometimes resulted to deadlock on the issue of wages and signing bonus, Management does not anticipate disruption in operations. The requirement of allocating a certain volume of production for exports is also an advantage because it gives producers governmental protection from work disruption. CSCC's and HYSFC's employees are not covered by trade unions or collective bargaining agreements.

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. The Group does not anticipate any significant change in the number of its employees within the next 12 months.

LEGAL PROCEEDINGS

FDC and its subsidiaries and affiliates are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. Typical cases in the real estate development segment include adverse claims against FLI's title over parcels of land and claims brought by buyers seeking the return of deposits or cancellations of sales. From time to time, FLI also disputes taxes that have been assessed against it by the BIR. In the opinion of FDC's management, none of the lawsuits or legal actions to which it or any of its subsidiaries is currently subject will materially affect the daily operations of its business nor will they have a material adverse effect on FDC's consolidated financial position and results of operations.

Regulatory and Environmental Matters

PERMITS AND LICENSES

The Company's legal team is responsible for ensuring continued compliance with applicable laws and regulations that may adversely affect its operations. As of the date of the Prospectus, the Company has secured, applied for, or is in the process of renewing all material permits and licenses required to conduct its business.

As confirmed by Atty. Lindeza R. Rogero-Gavino in the certification dated May 14, 2025, such permits and licenses are valid and subsisting as of the date of Certification and the Company will apply for the renewal of such permits and licenses with the appropriate government body or agency prior to its expiration.

The various permits for the Company's business operations are as follows:

License/Permit	Regulatory Body	Issue Date/Payment Date	Validity Period	Expiry Date
Certificate of Registration	Body Bureau of Internal Revenues	March 1, 2017	-	-
Business Permit	City of Taguig	February 19, 2025	2025	December 31, 2025
Barangay Clerance	City of Taguig	February 24, 2025	2025	December 31, 2025
Clerance Sanitary Permit to Operate	City of Taguig	February 24, 2025	2025	December 31, 2025

REAL ESTATE

Regulation of Real Estate Development in the Philippines

PD 957, Batas Pambansa Bilang 220 ("**BP 220**"), RA 4726 and RA 7279 are the principal statutes which regulate thedevelopment and sale of real property as part of a condominium project or subdivision. PD 957, BP 220, RA 4726 and RA 7279 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. On the other hand, Commonwealth Act 141 regulates lands of the public domain excluding timber and mineral lands and "friar lands".

RA 11201, otherwise known as "Department of Human Settlements and Urban Development Act" was signed into law on 14 February 2019. Its Implementing Rules and Regulations was approved on 19 July 2019. The Housing and Urban Development Coordinating Council ("**HUDCC**") andthe Housing and Land Use Regulatory Board ("**HLURB**") were consolidated to create the DHSUD. Simultaneously, the HLURB was reconstituted into the Human Settlement Adjudication Commission ("**HSAC**"). The functions of the HUDCC and the planning and regulatory functions of HLURB were transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB. Now, DHSUD is the administrative agency of the Government which, together with LGUs, enforces these decrees and has jurisdiction to regulate the real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are required to be filed with and approved by the DHSUD and the relevant LGU of the area where the project is situated.Approval of such plans is conditional on, among other things, the developer's financial, technical and administrativecapabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the DHSUD and the written conformity or consent of the duly organized homeowners' association, or in the absence of the latter, by the majority of the lot buyers in thesubdivision, if a certification of registration and/or license to sell has already been issued.

The development of subdivision and condominium projects can commence only after the relevant government body has issued the required development permit. The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements which may differ

depending on thenature of the project and (ii) issuance of the barangay clearance, the locational clearance, DENR permits and DAR conversion or exemption orders, as discussed below.

Owners of, or dealers in, real estate projects are required to obtain licenses to sell before making sales orother dispositions of lots or real estate projects. Dealers, brokers and salesmen are also required to register with the DHSUD. Project permits and licenses to sell may be suspended, cancelled or revoked by the DHSUD, by itself or upon a verifiedcomplaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation about the subdivision project or condominium project in any literature which has been distributed to prospective buyer. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been servedand all parties have been given an opportunity to be heard in compliance with the HSAC's rules of procedure and other applicable laws.

Subdivision or condominium units may be sold or offered for sale only after a license to sell has been issued by the DHSUD. The license to sell may be issued only against a performance bond posted to guarantee the completion of the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and fulldevelopment of the subdivision or condominium project and compliance by the owner or dealer with the applicablelaws and regulations.

Real estate dealers, brokers and salesmen are also required to register and secure a certificate of registration with the DHSUD before they can sell lots or units in a registered subdivision or condominium project. The certificate of registration will expire on the first day of December of each year.

There are essentially two (2) different types of residential subdivision developments, which are distinguished by different development standards issued by the DHSUD. The first type of subdivision, aimed at low-cost housing, mustcomply with BP 220, a Philippine statute regulating the development and sale of real property as part of a condominium project or subdivision, which allows for a higher density of building and relaxes some construction standards. Other subdivisions must comply with PD 957, which sets out standards for lower density developments. Both types of development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, the sewage disposal system, electrical supply, lot sizes, the length ofthe housing blocks and house construction.

Under current regulations, a developer of a residential subdivision, with an area of one hectare or more and covered by PD 957, is required to reserve at least 30.0% of the gross land area of such subdivision, which shall be non- saleable, for open space for common uses, which include roads, parks, playgrounds and recreational facilities.

Further, the 1987 Constitution contextualizes real estate development regulations as continuing programs of urban land reform and housing to make available at affordable cost decent housing and basic services to underprivileged and homeless citizens in urban centers and resettlements areas.

RA 7279, as amended by RA 9397 and RA 10884, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15.0% of the total subdivision area or total subdivision project cost, and at least 5% of condominium area or project cost, at the option of the developer, within the same city or municipality, whenever feasible, and in accordance with the standards set by the DHSUD and other existing laws. Tocomply with this requirement, the developers may choose to develop for socialized housing an area equal to 15% of the total area of the main subdivision project or allocate and invest an amount equal to 15% of the main subdivision total project cost, which shall include the cost of the land and its development as well as the cost of housing structurestherein, in development of a new settlement through purchase of socialized housing bonds, participation in a community mortgage program, the undertaking of joint-venture projects and the building of a large socialized housing project to build a credit balance.

The Company has benefited from providing low-income housing or projects of such types which are financially assisted by the Government. These policies and programs may be modified or discontinued in the future. The Government may also adopt regulations which may have the effect of increasing the cost of doing business for real estate developers. Under current law, income derived by domestic corporations from the development and sale of socialized housing which currently, among other things, must have a basic selling price of no more than ₱400,000.00, is exempt from project related income taxes. Sale of residential lots with a gross selling price of ₱1,919,500.00 or less, or residential houses, lots and other residential dwellings with a gross selling price of ₱3,600,000.00 or less, where the instrument of sale, transfer, disposition was executed and notarized on or after January 1, 2012 are exempt from VAT. However, for instruments of sales executed and notarized on or after

November 1, 2005 but prior to January 1, 2012, the threshold amounts are ₱l.5 million and ₱2.5 million, respectively, and excess thereof is subject to 12% output VAT starting February 1, 2006. Sale, transfer or disposal of two (2) or more adjacent residential lots or dwellings by the same seller to the same buyer within a 12-month period, even if covered by separatetitles or tax declarations, will be considered as one residential area for purposes of computing the threshold levels forVAT purposes.

Further, under the 2022 Strategic Investment Priority Plan issued by the BOI and approved by the President via Memorandum Order No. 50 on May 24, 2022, mass housing projects including development and fabrication of housing components, are eligible for government incentives subject to certain policies and guidelines. Under RA 12066, by registering with the Board of Investments, developers of low-cost housing projects with a selling price of ₱3,000,000.00 or less, and socialized housing may avail of the Income Tax Holiday and the Enhanced Deduction Regime. A developer should dedicate at least 20% of the project's area and floor space to socialized housing to avail of the tax benefits. In the future, since the sale of socialized housing units comprise a portion of homes sold by the Company, any changes in the tax treatment of income derived from the sale of socialized housing units may affect the effective rate of taxation of the Company.

EO 45 prescribes specific period for a government agency and the LGUs to act on application for certifications, clearances and permits for housing projects. It also provides an option for the applicant-developer where the government agency or LGU refuses or fails to dispose an application for said housing permit, in which case an affidavitmay be submitted with supporting technical studies and documents, in lieu of the certification, clearance or permit. Administrative Order No. 219, issued in 2008, introduced the concept of One-Stop-Shops ("**OSS**") for Housing Permits, with the primary objective of streamlining the application process and providing comprehensive support to housing developers in obtaining the essential licenses required for their development projects. The OSS brings together various government agencies responsible for issuing housing-related permits, clearances, certifications, and licenses. Notable among these agencies are the Housing and Land Use Regulatory Board, the Department of Agrarian Reform, the Department of Agriculture, the Department of Environment and Natural Resources, and the Department of the Interior and Local Government. However, it is noteworthy that, as of the present date, the government has yet to establish these OSS processing centers in each region. The implementation of such centers is critical for expediting the permitting process for housing projects and fulfilling the initial vision of Administrative Order No. 219.

Real Estate Sales on Installments

The provisions of RA 6552, the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on instalment payments (including residential condominium units but excluding industrial lots and commercial buildings and sales to tenants under RA 3844). Under the provisions of the Maceda Law, wherea buyer of real estate has paid at least two (2) years of instalments, the buyer is entitled to the following rights in caseof a default in the payment of succeeding instalments:

- To pay, without additional interest, the unpaid instalments due within the total grace period earned by him, whichis fixed at the rate of one month for every one year of instalment payments made. However, this right may be exercised by the buyer only once every five (5) years during the term of the contract and its extensions, if any.

- If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50.0% of the total payments made, and in cases where five (5) years of instalments have been paid, an additional 5.0% every year (but with a total not to exceed 90% of the total payments). However, the actual cancellation of the contract shall take place after 30 days from receipt by the buyer of the noticeof cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments, deposits, or options onthe contract.

In the event that the buyer has paid less than two (2) years of installments, the seller shall give the buyer a grace periodof not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at theexpiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the noticeof cancellation or the demand for rescission of the contract by a notarial act.

Notably, the buyer has the right to sell or assign his or her rights to another person or to reinstate the contract by

updating the account during the grace period and before actual cancellation of the contract. The deed of sale or assignment shall be done by notarial act.

Shopping Malls

Shopping mall centers are regulated by the LGU of the city or municipality where the establishment is located. In linewith this, mall operators must secure the required mayor's permit or municipal license before operating. In addition, no mall shall be made operational without complying first with the provisions of RA 9514, otherwise known as the "Fire Code" and applicable local ordinances. Furthermore, shopping malls with food establishments must obtain a sanitary permit from the Department of Health. It is also compulsory for shopping malls discharging commercial wastewater to apply for a wastewater discharge permit from the DENR and to pay the fee incidental to the permit.

As a tourism-related establishment, shopping malls may obtain accreditation from the DOT. A shopping mall can only be accredited upon conformity with the minimum physical, staff and service requirements promulgated by the DOT. Commercial establishments located within the geographical jurisdiction of the Laguna Lake Development Authority, such as but not limited to Muntinlupa City, are required to secure clearances prior to commencement of operations while those within Environmentally Critical Areas are required to secure an Environmental Compliance Certificate.

Zoning and Land Use

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the DAR,land classified for agricultural purposes as of or after June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

Land use may be also limited by zoning ordinances enacted by LGUs. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant LGU. Lands may be classified under zoningordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use isavailable, this process may be lengthy and cumbersome.

Special Economic Zone

The PEZA is a government corporation that operates, administers and manages Ecozones around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, andtourist/recreational centers. PEZA-registered enterprises located in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty free importation of equipment, machinery and raw materials.

Tenants of properties located in Ecozones may register with PEZA to avail themselves of certain benefits under Republic Act No. 7916 and its Implementing Rules and Regulations, such as income tax holidays or a preferential rateof 5% with respect to gross income taxation, thereby making tenancy in such properties potentially more attractive.

Enterprises offering IT services (such as call centers and other BPO firms using electronic commerce) are entitled tofiscal 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 which has been developed into a complex capable of providing infrastructures and other support facilities required by IT enterprises, as well as amenities required by professionals and workers involvedin IT 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 differ depending on whether it is located in or outside Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board, and the DENR.

Certain of the Company's investment properties are registered with PEZA, and this provides significant benefits

to the Company's tenants. PEZA registration provides significant tax incentives to those of the Company's customers that are PEZA-registered (they can, for example, avail themselves of income tax incentives such as income tax holidays or a 5% gross income taxation), thereby making tenancy in the Company's PEZA-registered buildings potentially more attractive to them. As of August 31, 2023, PBCom Tower is a PEZA-registered IT building while theFilinvest Technology Park-Calamba, Northgate Cyberzone and New Clark City are PEZA-accredited Ecozones. Meanwhile, FCMI and FMI who develop the Mimosa Plus estate are registered with the CDC as Clark Freeport Enterprises in the Clark Freeport Zone.

Contractor's License Law

In 1965, RA 4566, the Contractor's License Law, was enacted to regulate the business of construction in the Philippines through the Philippine Licensing Board for Contractors. RA 4566 was thereafter amended by PD 1746 on 28 November 1980, transferring the powers of the Philippine Licensing Board for Contractors to the Philippine Contractors Accreditation Board ("**PCAB**"), which is currently the government agency responsible for regulating and licensing contractors in the Philippines.

A contractor is defined as any person who undertakes or offers to undertake or purports to have the capacity to undertake or submits a bid to, or does himself or by or through others, construct, alter, repair, add to, subtract from, improve, move, wreck or demolish any building, highway, road, railroad, excavation or other structure, project, development or improvement, or to do any part thereof, including the erection of scaffolding or other structures of works in connection therewith.

All contractors are required to secure either a regular or special license from PCAB.

a) A regular license is issued to a domestic construction firm (a Filipino sole proprietorship or a partnership/corporation with at least 60% Filipino equity) and is renewed annually and on or before June 30 of each year, if the license was obtained before September 2022. However, contractors who have been operating in good standing for at least 10 years renew their license either every three (3) years or two (2) years, depending on the length of operation in good standing.

   PCAB has issued Resolution No. 333, Series of 2013 allowing foreign construction firms with more than 40% foreign equity to qualify for a regular AAAA license provided that such firms comply with the following requirements:

   - ₱1.0 billion minimum capitalization;
   - Compliance with SEC Registration and Equity Requirements;
   - Engagement is limited to private domestic construction projects with contract cost of at least ₱1.0 billion;
   - Procurement of civil liability insurance;
   - Compliance with Philippine laws; and
   - Provided there is compliance with the PCAB qualification standards for a Filipino Authorized Managing Officer, such firms may hire a Foreign Authorized Managing Officer.

   A foreign contractor who is not able to meet the ₱1.0 billion capitalization may be granted a special license to engage in the construction of a specific project or undertaking with a project cost of at least ₱1.0 billion ifthere is limited local capability in technology as determined by the Philippine Domestic Construction Board.

   Furthermore, on March 27, 2017, PCAB issued Resolution No. 079, Series of 2017 which categorizes a regular AAAA license into two (2) types:

   - AAAA Platinum – This may be granted to locally-owned contractors with at least ₱1.0

billion minimumcapitalization; and

- AAAA Gold – This may be granted to foreign-owned domestic corporations with at least ₱1.0 billionminimum capitalization.

AAAA Gold contractors may undertake private projects under the following contract costs: (1) minimum contract cost of ₱5.0 billion for vertical projects; and (2) minimum contract cost of ₱3.0 billion for horizontalprojects.

AAAA Platinum contractors may undertake government and private projects of any contract cost.

Note that the Philippine Supreme Court in *Philippine Contractors Accreditation Board v. Manila Water Company, Inc.* (G.R. 217590) affirmed the invalidity of portions of PCAB's Implementing Rules and Regulations which imposed a nationality-based classification and limitation of licensing of locally-owned and foreign-owned contractors. At present, the PCAB maintains the status quo as the case is pending reconsideration with the Supreme Court.

b) A special license is issued to a joint venture, a consortium, or a project owner who authorizes the licensee to engage only in the construction of a single, specific project or undertaking, and is cancelled by PCAB upon completion of the single specific undertaking or project authorized by the license.

A contractor may be classified as engaged in general engineering contracting, general building contracting or specialtycontracting. The contractor's license shall indicate the limit and scope of the contractor's operations. The licensed contractor may operate under more than one classification, provided that it meets the qualifications prescribed by PCAB for the additional classification.

For the purpose of a more accurate evaluation of a contractor's capability, regular licensees are further classified as those engaged in (a) general engineering construction, (b) general building construction and (c) specialty constructionand the classification of a contractor shall be determined by the training and experience of the contractor or of his sustaining technical employee. A contractor may apply for, and be issued, more than one classification, provided thatone classification shall be designated by the applicant as its principal classification. The rest shall be considered as other classification(s). A licensed contractor shall operate within the classification(s) that it is authorized under its license to engage in. A regular license contractor shall, however, be allowed to undertake extra classification work, ifthe work is incidental and/or supplementary to a project under its contract and to be undertaken in conjunction with the implementation of such project.

In addition to classification, every contractor shall be graded and assigned a category as an adjunct to its licensing. Evaluation of category for a contractor shall be based on the following criteria quantified by equivalent credit points in scales as determined by PCAB:

- its financial capacity measured in terms of net worth;
- its equipment capacity in terms of book value;
- its experience in terms of aggregate number of years in which it has actively engaged in construction contractingand operations, and the average annual value of work completed during the past three (3) years; and
- experience of its technical personnel

General Engineering and General Building contractors shall be categorized based on a scale of seven (7) grades, namely: AAAA (Platinum)/AAAA (Gold), AAA, AA, A, B, C, and D.

To qualify for a license, the applicant is required to show at least two (2) years of experience in the construction industry and needs to have knowledge of national building, safety, health and lien laws and all other principles applicable to the contracting business that PCAB deems necessary.

PCAB is authorized to institute proper action in court and secure a writ of injunction without bond, restraining any person or firm not licensed, or whose license is under suspension or has expired or been revoked, from engaging or attempting to engage in the business of construction contracting. All duly constituted law enforcement officers of thenational, provincial, city and municipal government or any political subdivision thereof must enforce provisions of relevant laws and report to PCAB any violation of the same.

Referral to Arbitration

EO 1008 vests the Construction Industry Arbitration Commission ("**CIAC**") with original and exclusive jurisdiction over disputes arising from, or connected with, contracts entered into by parties involved in construction in the Philippines, whether the dispute arises before or after the completion of the contract, or after the abandonment or breach thereof. These disputes may involve government or private contracts. The jurisdiction of the CIAC may include, but is not limited, to violation of specifications for materials and workmanship, violation of the terms of agreement interpretation and/or application of contractual time and delays, maintenance and defects, payment, default of employer or contractor and changes in contract cost.

CIAC may acquire jurisdiction in two (2) ways, either by providing an arbitration clause in the contract between the parties, or by agreement of the parties to submit the dispute to CIAC. Thus, the fact that the parties incorporated an arbitration clause in their contract is sufficient to vest the CIAC with jurisdiction over any construction controversy, notwithstanding any reference made to another arbitral body. CIAC's jurisdiction over construction disputes is conferred by law, and thus, cannot be waived by mere agreement of the parties.

Liability of Engineers, Architects and Contractors

Under the Philippine Civil Code, the engineer or architect who drew up the plans and specifications for a building is liable for damages if, within 15 years from the completion of the structure, the same should collapse by reason of a defect in those plans and specifications, or due to defects in the ground. The contractor is likewise responsible for thedamages if the edifice falls, within the same period, on account of construction defects or the use of materials of inferior quality, or due to any violation of the terms of the construction contract. If the engineer or architect supervisesthe construction, he shall be solidarily liable with the contractor. The acceptance of the building after completion doesnot imply waiver of any of the causes of action by reason of any of the aforementioned defects. The action arising therefrom must be brought within 10 years following the collapse of the building.

Nationality Restrictions

As provided in the Twelfth Regular Foreign Investment Negative List promulgated on 27 June 2022 procurement of infrastructure projects pursuant to Section 23.4.2.1(b), (c) and (e) of the Implementing Rules and Regulations of RA 9184 otherwise known as the Government Procurement Reform Act. The IRR provides that only the following Philippine corporations shall be allowed to bid for infrastructure projects, subject to the relevant exceptions:

1. Partnerships duly organized under the laws of the Philippines and of which at least 60% of the interest belongs to citizens of the Philippines;

2. Corporations duly organized under the laws of the Philippines, and of which at least 60% of the outstanding capital stock belongs to citizens of the Philippines; and

3. Persons/entities forming themselves into a joint venture, i.e., a group of two (2) or more persons/entities that intend to be jointly and severally responsible or liable for a particular contract; Provided, however, that in accordance with EO 65, s. 2018, Filipino ownership or interest of the joint venture concerned shall be at least 60%; provided, further, that joint ventures in which Filipino ownership or interest is less than 60% may be eligible where the structures to be built require the application of techniques and/or technologies which are not adequately possessed by a person/entity meeting the 60% Filipino ownership requirement; Provided, finally, that in the latter case, Filipino ownership or interest shall not be less than 25%. For this purpose, Filipino ownership or interest shall be based on the contributions of each of the members of the joint venture as specified in their joint venture agreement.

Property Registration and Nationality Restrictions

The Philippines has adopted the Torrens System of land registration which conclusively confirms land ownership which is binding on all persons, including the Government. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. PD 1529, as amended, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought underthe system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court withinwhose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment to the Court of Appeals within 15 days from receiving notice of judgment. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR by issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents (i.e. homestead, sales and free patent) must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer of encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the Register of Deeds. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the purchase price. Any mortgage existing thereon must be released within six (6) months from the delivery of title. To evidence ownership of condominium units, a Condominium Certificate of Title is issued by the Register of Deeds.

While the 1987 Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%.

The ownership of private lands in the Philippines is reserved for Philippine citizens and Philippine corporations at least 60% of whose capital stock is owned by Philippine citizens. The prohibition is rooted in Sections 2, 3 and 7 of Article XII of the 1987 Philippine Constitution, which states that, save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations or associations qualified to acquire or hold lands of the public domain. In turn, the nationality restriction on the ownership of private lands is further underscoredby Commonwealth Act No. 141 which provides that no private land shall be transferred or conveyed except to citizensof the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whosecapital is owned by such citizens.

While aliens or foreign nationals are prohibited from owning private lands and lands of public domain, they are allowed to lease private lands (but not lands of public domain). A foreigner may acquire private land in the Philippinesthrough hereditary succession if he or she is a legal or natural heir.

Any natural born Filipino citizen who has lost his or her Philippine citizenship and who has the legal capacity to enterinto a contract under Philippine laws may be a transferee of a private land up to a maximum area of 5,000 sq.m. in case of urban land or three (3) hectares in case of rural land to be used by him for business or other purposes. In casethe transferee already owns urban or rural land for business or other purposes, he or she is entitled to be a transferee of additional urban or rural land for business or other purposes which when added to those already owned by him or her must not exceed the maximum area fixed by law.

A transferee may acquire not more than two (2) lots which should be situated in different municipalities or cities anywhere in the Philippines, but the total land area thereof must not exceed 5,000 sq.m. in case of urban land or three (3) hectares in case of rural land for use by him or her for business or other purposes. A transferee who has already acquired urban land will be disqualified from acquiring rural land and vice versa.

Any corporation that is owned 100% by a foreign firm may establish a condominium corporation under RA 4726, the Condominium Act, provided that the land on which the building is erected is held only under lease

arrangement. The Condominium Act defines a condominium as an interest in real property consisting of separate interest in a unit in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building. A condominium may include,in addition, a separate interest in other portions of such real property. Title to the common areas, including the land, or the appurtenant interests in such areas, may be held by a corporation specially formed for the purpose (condominium corporation) in which the holders of separate interest shall automatically be members or shareholders, to the exclusion of others, in proportion to the appurtenant interest of their respective units in the common areas.

Any transfer or conveyance of a unit or an apartment, office or store or other space therein, shall include the transfer or conveyance of the undivided interests in the common areas or, in a proper case, the membership or shareholdings in the condominium corporation. Where the common areas in the condominium project are owned by the owners of separate units as co-owners thereof, no condominium unit may be transferred to foreigners or corporations with foreignownership of more than 40% of the capital stock. The transfer to aliens of units in a condominium project may be made only up to the point where the concomitant transfer of membership or stockholding in the condominium corporation would not cause the alien interest in such corporation to exceed 40% of its entire capital stock.

A foreign national or corporation may enter into a lease agreement with Filipino landowners for an initial period of up to 50 years, and renewable for another 25 years. Ownership of houses or buildings is allowed, provided that the foreigner does not own the land on which the house is built.

Property Taxation

Real property taxes are payable annually or quarterly based on the property's assessed value. Assessed values are determined by applying the assessment levels (fixed by ordinances of the concerned Sanggunian) against the fair market values of real property. The assessed value of property and improvements vary depending on the location, useand nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed at up to 80% of their fair market value; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. A province or city, or a municipality within Metro Manila may also levy and collect an annual tax of 1% on the assessed value of real property which shall be in addition to the basic real property tax to accrue exclusively to the Special Education Fund of the LGU where the property is located.

Anti-Money Laundering

RA 9160 or AMLA was recently amended by RA 11521 to include real estate brokers and developers as covered persons who are now required to report covered and suspicious transactions to the AMLC. RA 11521 likewise provides for the definition of 'covered transaction' for real estate developers which is any single cash transaction involving an amount exceeding ₱7.5 million, or its equivalent in any other currency.

In compliance with the AMLA, as amended, the Company has applied for its registration with the AMLC. On June 21, 2021, the AMLC issued the Company's Certificate of Registration.

HOSPITALITY

Regulation of Tourism in the Philippines

Philippine Tourism Act and Department of Tourism Certificate of Accreditation

RA 9593, the Philippine Tourism Act of 2009, requires primary tourism enterprises, such as accommodation establishments (e.g. hotels and resorts), to secure accreditation from the DOT. A DOT Certificate of Accreditation is a precondition to the issuance by the pertinent LGU of a license or permit to operate a primary tourism enterprise. Moreover, only accredited enterprises are entitled to participate in the DOT's promotional, training and other programs.

Hotel Code of 1987

The Philippine Department of Tourism promulgated the Hotel Code of 1987 in order to govern the business and operation of all hotels in the Philippines. Investors who wish to operate a hotel must first register and apply for a license with the local government of the city or municipality where the hotel is located. A certificate of registration and license as a hotel will not be granted unless the relevant establishment has passed all the conditions of the Hotel Code, the Fire and Building Codes, Zoning Regulations and other municipal ordinances. The Hotel Code provides minimum standards for the establishment, operation and maintenance of hotels depending on the hotel's classification.

ENERGY BUSINESS

Electric Power Industry Reform Act of 2001

Since the enactment of the EPIRA in 2001, the Philippine power industry has undergone and continues to undergo significant restructuring. Through the EPIRA, the Government began to institute major reforms with the goal of fully privatizing all aspects of the power industry. The major aspects of the reforms include the (1) restructuring of the entire power industry to introduce competition in the generation sector, (2) change from government to private ownership, and (3) introduction of a stable regulatory framework for the electricity sector. The principal objectives of the EPIRA are:

1. to ensure and accelerate the total electrification of the country;

2. to ensure the quality, reliability, security and affordability of the supply of electric power;

3. to ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market;

4. to enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors;

5. to ensure fair and non-discriminatory treatment of public and private sector entities in the process of restructuring the electric power industry;

6. to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;

7. to assure socially and environmentally compatible energy sources and infrastructure;

8. to promote the utilization of indigenous and new and renewable energy resources in power generation in order to reduce dependence on energy generated from imported fuel;

9. to provide for an orderly and transparent privatization of the assets and liabilities of NPC;

10. to establish a strong and purely independent regulatory body and system to ensure consumer protection and enhance the competitive operation of the electricity market; and

11. to encourage the efficient use of energy and other modalities of demand side management.

With a view to implementing these objectives, the DOE, in consultation with the relevant government agencies, electric power industry participants, non-government organizations, and electricity consumers, promulgated the law's Implementing Rules and Regulations ("**IRR**") outlining its policy on February 27, 2002.

The policy governs the relations between, and respective responsibilities of, the different electric power industry participants as well as the particular governmental authorities involved in implementing the structural reforms in the industry, namely, the DOE, NPC, the NEA, ERC and PSALM.

Reorganization of the Electric Power Industry

Of the many changes initiated by the EPIRA, of primary importance is the reorganization of the electric power industry by segregating the industry into four sectors: (1) the generation sector; (2) the transmission sector; (3) the distribution sector; and (4) the supply sector. The goal is for the generation and supply sectors to be fully competitive, while the transmission and distribution sectors will remain regulated. Prior to the EPIRA, the industry was regulated as a whole, with no clear distinctions between and among the various sectors and/or services.

Generation Sector

The EPIRA provides that power generation is not a public utility operation. Thus, generation companies are not required to secure legislative franchises. However, generation companies must obtain a certificate of compliance from the ERC, as well as health, safety and environmental clearances from the appropriate government agencies under existing laws. Furthermore, Power Purchase Agreements and Power Supply Agreements between generation companies and distribution utilities are subject to the review and approval of the ERC.

Generation companies are also subject to the ERC's rules and regulations on abuse of market power and anti-competitive behavior. Generation companies are required to submit financial statements to determine abuse of market power and anti-competitive behavior. The ERC may impose fines and penalties for violation of the EPIRA and the Implementing Rules and Regulations policy on market power abuse, cross-ownership and anti-competitive behavior.

The goal of the EPIRA is for the generation sector to be open and competitive, with the private sector expected to take the lead in introducing additional generation capacity. Generation companies will compete either for contracts with various suppliers, electric cooperatives and private distribution utilities, or through spot sale transactions in the WESM. Competition will be based largely on pricing, subject to availability of transmission lines to wheel electricity to the Grid and/or buyers. Recovery by distribution utilities of their purchased power cost is subject to review by the ERC to determine the reasonableness of the cost and to ensure that the distribution utilities do not earn any revenue therefrom. While generation charges are intended to be passed through to customers by distribution utilities, the process is not automatic. With the implementation of the Retail Competition and Open Access ("**RCOA**") in Luzon and Visayas, generation companies are already able to sell electricity to eligible end-users. "Open Access" is defined under the IRR as the system of allowing any qualified person the use of electric power transmission and distribution systems; while "Retail Competition" is defined as the provision of electricity to a contestable market (which, under prevailing regulations, refer to electricity end-users with monthly average peak demand of at least 500 kW) by persons licensed by the ERC to engage in the business of supplying electricity end-users through Open Access.

Recovery by distribution utilities of their purchased power cost is subject to review by the ERC to determine reasonableness of the cost and to ensure that the distribution utilities do not earn any revenue therefrom. With the commencement of the RCOA, generation rates, except those intended for such end-users who may not choose their supplier of electricity (the "**Captive Market**"), ceased to be regulated.

The generation sector converts fuel and other forms of energy into electricity. It consists of the following: (i) NPC owned-and-operated generation facilities; (ii) NPC-owned plants, which consist of plants operated by IPPs, as well as IPP-owned-and-operated plants, all of which supply electricity to NPC; and (iii) IPP-owned-and-operated plants that supply electricity to customers other than NPC.

Under the EPIRA, generation companies are allowed to sell electricity to distribution utilities or to retail electricity suppliers through either bilateral contracts or the WESM as described below. With the implementation of RCOA regime on 26 December 2013, generation companies may likewise sell electricity to eligible end-users with an average monthly peak demand of 750kW and certified by the ERC to be such ("**Contestable Customers**").

In 2016, the ERC issued the implementing rules governing the issuance and renewal of licenses to RESs and the rules governing contestability of qualified end-users (collectively, the "**ERC RES Rules**"). However, in February 2017, the Philippine Supreme Court, acting on the petition filed by certain entities, issued a temporary restraining order enjoining the DOE and the ERC from implementing the rules and regulations implementing the RCOA, including the ERC RES Rules.

In response to the temporary restraining order, and to provide guidance to relevant power industry players, the DOE issued DC2017-12-0013 and DC2017-12-0014 encouraging eligible contestable customers to voluntarily participate in RCOA.

Subsequently, the DOE issued DC 2019-07-11 (Amending Various Issuances on the Implementation of the RCOA), which provides that contestable customers may voluntarily register as a trading participant in the WESM and that it shall source its electricity supply requirements from ERC-licensed/authorized suppliers.

On March 2, 2021, the Philippine Supreme Court promulgated its decision, a copy of which was made publicly available on September 24, 2021, finally declaring DC 2015-06-0010 and the 2016 ERC RES Issuances, void for being bereft of legal basis. As a result, the temporary restraining order issued by the Philippine Supreme Court in February 2017, which enjoined the DOE and ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances, has been made final. In the same decision, the Philippine Supreme Court also directed the ERC to promulgate the supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014.

The generation sector must observe the Market Share Limitations set in the EPIRA which states that no generation company or related group is allowed to own more than 30% of the installed generating capacity of the Luzon, Visayas or Mindanao grids and/or 25% of the national installed generating capacity. Also, no generation company associated with a distribution utility may supply more than 50% of the distribution utility's total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the effectivity of the EPIRA.

Historically, the generation sector has been dominated by NPC. To introduce and foster competition in the sector, and, more importantly, to lessen the debt of NPC, the EPIRA mandates the total privatization of the generation assets and IPP contracts of NPC, which exclude the assets devoted to missionary electrification through the small power utilities group of NPC. NPC is directed to transfer ownership of all the assets for privatization to a separate entity, PSALM, which is specially tasked to manage the privatization. Beginning early 2004, PSALM has been conducting public bidding for the generation facilities owned by NPC.

Based on latest available data from PSALM as of August 23, 2023, PSALM has privatized 32 operating/generating power facilities (as of June 2023), with a total gross capacity of 5,251.43 MW. Moreover, additional seven (7) power plants with total gross capacity of over 3,610.25 MW were privatized through IPPA contracts, and five (5) decommissioned power facilities. Major generation assets sold include the 747.53 MW Tiwi-Makban geothermal power plant, the 600 MW Batangas (Calaca) coal-fired thermal power plant, the 600 MW Masinloc coal fired power plant, the 620 MW Limay combined cycle power plant, 360 MW Magat hydroelectric power plant, and the 305 MW Palinpinon-Tongonan geothermal power plant. Among the capacities privatized through IPPA Agreements include the 95.22 MW Mindanao I and II (Mt. Apo 1 and 2) geothermal power plants, 1,000 MW Sual coal-fired power plant, the 700 MW Pagbilao coal-fired power plant, the 345 MW of the San Roque Power Plant, the 70 MW Bakun hydroelectric power plant, the 40 MW Unified Leyte Geothermal Power Plant, the 1,200 MW Ilijan combined-cycle gas-fired power plant, the 650 MW Malaya thermal power plant in Rizal, and the 210 MW Mindanao coal-fired plant in Misamis Oriental. As of March 2025, PSALM reopened bidding to privatize the 797 MW Caliraya-Botocan-Kalayaan (CBK) hydroelectric complex. It also plans to privatize the 200 MW Mindanao coal-fired power plant, among other real estate assets.

Section 47(j) of the EPIRA prohibits NPC from incurring any new obligations to purchase power through bilateral contracts with generation companies or other suppliers. Also, NPC is only allowed to generate and sell electricity from generating assets and IPP contracts that have not been disposed of by PSALM.

On February 16, 2021, the ERC issued Resolution No. 03, series of 2021, dated November 11, 2020 and entitled "A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies" (the "**Revised Financial Guidelines**"). The Revised Financial Guidelines apply to all generation companies including IPPAs, except those which own only generation facilities exclusively for its own consumption or unless otherwise exempted by any law or statute. Under the Revised Financial Guidelines, a generation company is required, among others, to meet a minimum annual debt service capability ratio of 1.25x throughout the period covered by its ERC certificate of compliance, provided that if its financial or loan agreements require a higher debt service capability ratio, then such higher ratio shall serve as its minimum requirement. A generation company performing below the benchmark is required to submit its program to comply, setting forth the specific activities to be undertaken in order to meet the financial capability benchmark, within 60 days from receipt of an ERC directive. A generation company that fails to comply with the requirements set forth under the Revised Financial Guidelines shall be subject to imposition of fines and penalties. In addition, noncompliance with financial capability standards may result in the disclosure by the ERC of such fact, together with any mitigating or aggravating circumstances related thereto, via periodic bulletins.

Requirement of Public Offering for Generation Companies

Under Section 43(t) of the EPIRA, the ERC was mandated to issue rules and guidelines under which, among others, generation companies which are not publicly listed shall offer and sell to the public a portion of not less than 15% of their common shares of stock.

ERC Resolution No. 9, Series of 2011, the latest ruling of the ERC with regard to public offerings of generation companies and distribution utilities, adopted the rules to implement Section 43(t) of the EPIRA. Under the resolution, generation companies, among others, which are not publicly listed are required to sell to the public a portion of not less than 15% of their common shares of stock. If the authorized capital stock of a generation company is fully subscribed, such company must increase its authorized capital stock by 15% or sell or cause the sale of 15% of its existing subscribed capital stock in order to comply with the public offering requirement under the EPIRA.

According to Resolution No. 9, which took effect on June 29, 2011 and which was further amended by Resolution No. 04, Series of 2019, any offer of common shares of stock for sale to the public through any of the following modes may be deemed as a public offering for purposes of compliance with the public offering requirement under the EPIRA: (1) listing on the PSE; (2) in accordance with the 2015 Implementing Rules and Regulations of Securities Regulation Code: (a) publication in any newspaper, magazine or printed reading material which is distributed within the Philippines, (b) presentation in any public or commercial place, (c) advertisement or announcment on radio, television, telephone, electronic communications, information communication technology or any other forms of communications, or (d) distributions and/or making available flyers, brochures or any offering material in a public or commercial place or to prospective purchasers through the portal system, information communication technology and other means of information distribution; and (3) listing of the shares of stock in any accredited stock exchange or direct offer of a portion of registered enterprises' capital stock to the public and/or their employees, when deemed feasible and desirable by the BOI.

However, the offer of common shares through an employee stock option plan or any other plan analogous thereto is not considered a public offering since the offer is limited only to the employees of the generation companies or the DUs and not to the general public. The offer to employees may be considered public offering only when the generation company or distribution utility is a registered enterprise under the Omnibus Investment Code. Further, the public offering requirement does not apply to: (i) self-generation facilities, (ii) generation companies and distribution utilities already listed on the PSE, (iii) generation companies and distribution utilities whose holding companies are already listed on the PSE, (iv) generation companies and distribution utilities which are organized as partnerships, and (v) electric cooperatives which have no common shares of stock.

The public offering by existing companies shall be made within five years from the effectivity of ERC Resolution No. 9, Series of 2011, or until June 29, 2016. The five (5)-year period was extended up to June 29, 2017 pursuant to ERC Resolution No. 18, Series of 2016. For new companies, however, the five (5)-year period is counted from the issuance by the ERC of their respective COCs. The period for compliance has further been extended pursuant to ERC Resolution No. 10, Series of 2017 for another year, or until the resolution of the petition filed by the Private Electric Power Operators Association regarding the clarification on whether the registration of common shares at the SEC may be considered as a mode of public offering is resolved, whichever comes earlier. On June 21, 2018, the ERC issued Resolution No. 14, Series of 2018 which further extended the period for compliance until December 29, 2018. As of the date of this Prospectus, there is no publicly available information on whether the period has been further extended.

On June 4, 2019, the ERC issued Resolution No. 4 amending Resolution No. 9, Series of 2011. The new resolution maintained the previous rule that companies already listed with the PSE are already deemed in compliance of the 15% public offering requirement. Under Resolution No. 4, Series of 2019, the following modes shall be deemed to be public offerings:

- Listing on the PSE; and
- Listing of any shares of stock in any accredited stock exchange or direct offer to the public or the employees of an entity registered with the BOI, when deemed feasible and desirable by the latter.

ERC Resolution No. 4, Series of 2019 also provides that generation companies under a Build-Operate-Transfer Scheme must comply with the 15% public offering requirement. Further, it requires that the sale of securities to the public must comply with the SRC and its IRR.

Transmission Sector

Pursuant to the EPIRA, NPC has transferred its transmission and sub-transmission assets to TransCo, which was created pursuant to the EPIRA to assume, among other functions, the electrical transmission function of the NPC. The principal function of TransCo is to ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the Philippine Grid Code ("**Grid Code**"). TransCo is also mandated to provide open and non-discriminatory access to its transmission system to all electricity users.

The transmission of electricity is subject to transmission wheeling charges. In as much as the transmission of electric power is a regulated public utility business, transmission wheeling charges, even under the concessionaire arrangement, are subject to regulation and approval by the ERC.

The EPIRA also requires the privatization of TransCo through an outright sale of, or the grant of, a concession over the transmission assets while the sub-transmission assets of TransCo are to be offered for sale to qualified distribution utilities. In December 2007, NGCP, comprising a consortium of Monte Oro Grid Resources, Calaca High Power Corporation and State Grid Corporation of China, won the concession contract to operate, maintain and expand the TransCo assets with a bid of US$3.95 billion. On January 15, 2009, NGCP was officially granted the authority to operate the sole transmission system of the country pursuant to a legislative franchise granted by the Philippine Congress under RA 9511.

The Grid Code establishes the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the Philippine Grid, or the high-voltage backbone transmission system and its related facilities. The Grid Code identifies and provides for the responsibilities and obligations of three key independent functional groups, namely: (a) the grid owner, or TransCo; (b) the system operator, or NGCP as the current concessionaire of TransCo; and (c) the market operator, or the PEMC. These functional groups, as well as all users of the grid, including generation companies and distribution utilities, must comply with the provisions of the Grid Code as promulgated and enforced by the ERC. In order to ensure the safe, reliable and efficient operation of the Philippine Grid, the Grid Code provides for, among others, the following regulations:

- the establishment of a grid management committee, which is tasked with the monitoring of the day-today operations of the grid;

- performance standards for the transmission of electricity through the grid, as well as the operation and maintenance thereof, which standards shall apply to TransCo, NGCP, distribution utilities and suppliers of electricity; and

- technical and financial standards and criteria applicable to users of the grid, including generation companies and distribution utilities connected or seeking to connect thereto; and other matters relating to the planning, management, operation and maintenance of the grid.

Much like the Grid Code, the Rules, Terms and Conditions for the Provision of Open Access Transmission Service ("**OATS Rules**") are grounded on the provisions of the EPIRA and its Implementing Rules and Regulations. The OATS Rules serve as a complement to the Grid Code, outlining the specific services that the NGCP, in its role as the concessionaire of TransCo, is obligated to provide as the Transmission Network Provider, System Operator, and Metering Services Provider. These responsibilities align with the provisions set forth in the Grid Code and the WESM Rules. Additionally, the OATS Rules provide the charges, rates and methodology that NGCP may apply and bill to the Transmission Customers for receiving its services, namely: (i) the Power Delivery Charges, (ii) System Operation Charges; and (iii) Metering Services Provider Charges. The latest OATS Rules was promulgated on May 18, 2022.

Distribution Sector

The distribution of electric power to end-users may be undertaken by private distribution utilities, electric cooperatives, LGUs presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC. The distribution business is a regulated public utility business requiring a franchise from Congress, although franchises relating to electric cooperatives remain under the jurisdiction of the NEA. All distribution utilities are also required to obtain a Certificate of Public Convenience and Necessity from the ERC to operate as a public utility. Based on the latest available data from the DOE, there are 26 private distribution utilities and 124 electric cooperatives in the Philippines.

All distribution utilities are also required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Distribution Code (which provides the rules and regulations for the operation and

maintenance of distribution systems), the Distribution Services and Open Access Rules and the performance standards set out in the IRR of the EPIRA, which took effect on March 22, 2002.

The distribution sector is and will continue to be regulated by the ERC, with distribution wheeling charges, as well as connection fees from its consumers, subject to ERC approval. Likewise, the retail rate imposed by distribution utilities for the supply of electricity to its captive customers is subject to ERC approval. In addition, as a result of the Government's policy to promote free competition and Open Access, distribution utilities are required to provide universal and non-discriminatory access into their systems within their respective franchise areas following commencement of RCOA.

The Distribution Code establishes the basic rules and procedures that govern the operation, maintenance, development, connection and use of the electric distribution systems in the Philippines. The Distribution Code defines the technical aspects of the working relationship between the distributors and all the users of the distribution system, including distribution utilities, embedded generators and large customers. All such electric power industry participants in distribution system operations are required to comply with the provisions of the Distribution Code as promulgated and enforced by the ERC.

To ensure the safe, reliable and efficient operation of distribution systems in the Philippines, the Distribution Code provides for, among others, the following regulations:

- technical, design and operational criteria and procedures to be complied with by any user who is connected or seeking connection to a distribution system;
- performance and safety standards for the operation of distribution systems applicable to distributors and suppliers; and
- other matters relating to the planning, development, management, operation and maintenance of distribution systems.

Further, in 2015 the DOE issued DOE Circular No. DC2015-06-0008, which mandates all distribution utilities to undergo competitive selection process in securing power supply agreements. DOE Circular Nos. DC2015-06-0008 and 2018-02-0003, as amended by DOE Circular No. 2021-09-0030, provide for the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market.

Supply Sector

The supply of electricity refers to the sale of electricity directly to end-users or Contestable Customers. The supply function used to be undertaken largely by franchised distribution utilities. However, with the commencement of the RCOA, the supply function has become competitive. The supply of electricity to the Contestable Market is not considered a public utility operation and will not require a legislative franchise, although it is considered a business affected with public interest. As such, the EPIRA requires all suppliers of electricity to the Contestable Market to obtain a license from the ERC in accordance with the ERC's rules and regulations.

A RES may only sell up to 50% of its total capacity to all of its end-user affiliates.

With the RCOA already implemented, a RES license will allow a generation company to enter into retail electricity supply agreements with contestable customers. This encourages competition at the retail level and it is planned that retail competition will gradually increase over time, provided that supply companies are sufficiently creditworthy to be suitable offtakers for generation companies.

The RCOA regime started on June 26, 2013, and since then, Contestable Customers (end-users with demand above the 1MW threshold) may choose where to source their electric power requirements and can negotiate with suppliers for their electricity.

In order to broaden the scope of end-users having the ability to choose their suppliers of electricity, the ERC promulgated ERC Resolution No. 04, Series of 2022 or the Rules for the Electric Retail Aggregation Program ("**Retail Aggregation Rules**"). Under the Retail Aggregation Rules, two or more end-users or all end-users within a contiguous area may join together and be treated as a single Contestable Customer. This designation is based on the current demand threshold demand prescribed outlined in the rules, as may be reduced from time to time. A

Contestable Customer, formed in this manner, becomes part of the Contestable Market. There is no restriction on the quantity of end-users whose demands can be consolidated, provided that the total aggregated demand of such single group has complied with the applicable level of contestability for individual contestable customers. Thus, the electricity requirements of end-users whose total monthly average peak demand is at least 500kW for the past three months and are located within a contiguous area may be aggregated. Such aggregation shall be effective beginning December 26, 2022.

Role of the ERC

With a view towards the establishment of a strong and purely independent regulatory body and system to ensure consumer protection and enhance the competitive operation of the electricity market, the ERC was created pursuant to the EPIRA as an independent quasi-judicial body charged with regulating the electric power industry. The ERC replaced the former ERB, and plays a critical role in the restructured industry environment, consisting of, among others, promoting competition, encouraging market development, ensuring consumer choice and penalizing abuse of market power by industry participants.

Among the primary powers and functions of the ERC are:

1. to determine, fix and approve, after conducting public hearings, transmission and distribution and wheeling charges, and retail rates, and to fix and regulate the rates and charges to be imposed by distribution utilities and their captive end-users, including self-generating entities;

2. to grant, revoke, review or modify the COCs required of generation companies and the licenses required of suppliers of electricity in the Contestable Market;

3. to enforce a Grid Code and a Distribution Code, which shall include performance standards, the minimum financial capability standards, and other terms and conditions for access to and use of transmission and distribution facilities;

4. to enforce the rules and regulations governing the operations of the WESM and the activities of the WESM operator to ensure a greater supply and rational pricing of electricity;

5. to ensure that the electric power industry participants and NPC functionally and structurally unbundle their respective business activities and rates and to determine the levels of cross-subsidies in the existing retail rates until the same is removed in accordance with the different sectors;

6. to set a lifeline rate for marginalized end-users;

7. to promulgate rules and regulations prescribing the qualifications of suppliers which shall include, among others, their technical and financial capability and creditworthiness;

8. to determine the electricity end-users comprising the Contestable and Captive Markets;

9. to fix user fees to be charged by TransCo for ancillary services to all electric power industry participants or self-generating entities connected to the Grid;

10. to monitor and adopt measures to discourage/penalize abuse of market power, cartelization and any anti-competitive or discriminatory behavior by any electric power industry participant;

11. to review and approve the terms and conditions of service of TransCo or any distribution utility or any changes therein;

12. perform such other regulatory functions as are appropriate and necessary in order to ensure the successful restructuring and modernization of the electric power industry; and

13. have the original and exclusive jurisdiction over all cases contesting rates, fees, fines and penalties imposed in the exercise of its powers, functions and responsibilities and over all cases involving disputes between and among participants or players in the energy sector relating to the foregoing powers, functions and responsibilities.

Role of the DOE

In accordance with its mandate to supervise the restructuring of the electric power industry, the DOE exercises, among others, the following functions:

1. Prepare and update annually the Philippine Energy Plan and the Philippine Power Development Program, and thereafter, integrate the latter into the former;

2. ensure the reliability, quality and security of supply of electric power;

3. exercise supervision and control over all government activities pertaining to energy projects;

4. encourage private investments in the electricity sector and promote the development of indigenous and renewable energy sources for power generation;

5. facilitate reforms in the structure and operations of distribution utilities for greater efficiency and lower costs;

6. promote incentives to encourage industry participants, including new generating companies and end-users, to provide adequate and reliable electric supply;

7. educate the public (in coordination with NPC, ERC, NEA and the Philippine Information Agency) on the restructuring of the industry and the privatization of NPC assets; and

8. establish the WESM in cooperation with electric power industry participants, and to formulate rules governing its operations.

Role of the Joint Congressional Energy Commission

The Joint Congressional Energy Commission (formerly, the Joint Congressional Power Commission) created pursuant to the EPIRA consists of 14 members selected from the members of the Philippine Senate and the House of Representatives. Its responsibilities and functions include, among others, the following:

1. Monitor and ensure the proper implementation of the EPIRA;

2. Endorse the PSALM initial privatization plan for approval by the President of the Philippines;

3. Ensure transparency in the public bidding procedures adopted for the privatization of NPC's generation and transmission assets;

4. Evaluate the adherence of industry participants to the objectives and timelines under the EPIRA; and

5. Recommend necessary remedial legislation or executive measures to correct the inherent weaknesses in the EPIRA.

On July 7, 2021, RA 11571, the JCEC Enhancement Act, was enacted, designating the Joint Congressional Energy Commission ("**JCEC**") as the permanent oversight body responsible for ensuring the full implementation of landmark energy laws.

Role of PEZA

The PEZA was created under Section 11 of RA 7916, otherwise known as "The Special Economic Zone Act of 1995" (the "**PEZA Act**"). "Ecozones" or "Special Economic Zones" refer to 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 whose metes and bounds are fixed or delimited by Presidential Proclamations. An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones and tourist/recreational centers. PEZA has authority over "Ecozone Utilities Enterprises" which refers to business entities within an Ecozone that is duly registered with and/or

franchised/licensed by PEZA to act as contractors/operators of light and power systems, water supply and distribution systems, communications and transportation systems within an Ecozone and other similar or ancillary activities as may be determined by PEZA's board of directors. Ecozone Utilities Enterprises are entitled to the following incentives: (a) exemption from national and local taxes and in lieu thereof payment of a special tax rate of 5.0% on gross income; (b) additional deductions for training expenses; (c) incentives provided under RA 6957 as amended by RA 7718, otherwise known as the Build Operate and Transfer Law, subject to such conditions as may be prescribed by PEZA's board; and (d) other incentives available under the Omnibus Investments Code of 1987.

Section 12(c) of the PEZA Act grants PEZA's board the power to regulate and undertake the establishment, operation and maintenance of utilities in an Ecozone and to fix just, reasonable and competitive rates therefor. With the subsequent enactment of the EPIRA, the ERC was vested with the power to regulate the distribution of electricity and to oversee generation companies.

On March 11, 2004, the ERC and PEZA entered into a memorandum of agreement and agreed to cooperate and coordinate efforts to oversee the operations of power generation and distribution utilities within Ecozones. The agreement provides that PEZA must register all new generation utilities enterprises for power to be supplied exclusively to economic zone locator enterprises operating within Ecozones as well as self-generation facilities of economic zone locator enterprises, and endorse the same to the ERC for the issuance of the required COC. Existing power generation utilities, including entities with self-generation facilities, must apply for the issuance of a COC with the ERC. PEZA-registered power generation utilities enterprises and economic zone locator enterprises that own generation facilities are required to comply with the same technical, financial and environmental requirements and/or standards of the Philippine Grid Code and the Philippine Distribution Code.

In a memorandum by the Department of Justice to the Office of the President dated February 5, 2007, the Secretary of Justice opined that the repealing clause of the EPIRA did not repeal Section 12(c) of the PEZA Act, which grants PEZA the power to regulate and undertake the establishment, operation and maintenance of utilities, other services and infrastructure in Ecozones and to fix rates therefor. However, it has been opined that the repealing clause clearly refers to Section 12(c) considering that the provision repealed by the EPIRA does not have a paragraph (c). However, the EPIRA did expressly repeal Section 5(f) of RA 7227, the Bases Conversion and Development Act of 1992, which provides that the Bases Conversion and Development Authority (whose operating and implementing arm is the Subic Bay Metropolitan Authority) is vested with the power to construct, own, lease, operate and maintain public utilities as well as infrastructure facilities within former U.S. military bases in the Philippines which includes the Subic Bay Freeport Zone.

Competitive Market Devices

Wholesale Electricity Spot Market

A significant change introduced by the EPIRA is the organization and establishment of the WESM. The WESM provides a venue whereby generators may sell power, and at the same time suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two. The WESM also provides a venue for establishing merit order dispatch for generation companies whether or not they have bilateral contracts. All generation companies, distribution utilities, suppliers, bulk consumers/end-users and other similar entities authorized by the ERC are eligible to become WESM members subject to compliance with membership requirements.

The EPIRA mandated the DOE to establish the WESM within one (1) year from its effectivity and directs the DOE and the electric power industry participants to formulate detailed rules therefor. In June 2002, the DOE, in cooperation with electric power industry participants, promulgated detailed rules for the WESM. These rules provide a mechanism to set electricity prices that are not covered by bilateral contracts between electricity buyers and sellers.

On November 18, 2003, upon the initiative of the DOE, the PEMC was incorporated as a non-stock, non-profit corporation with membership comprising of an equitable representation of electricity industry participants and chaired by the DOE. The PEMC acts as the autonomous market group operator and the governing arm of the WESM. The PEMC was tasked to undertake the preparatory work for the establishment of the WESM pursuant to Section 30 of the EPIRA and in accordance with the WESM Rules.

The Philippine Electricity Market Corporation ("**PEMC**") and the Independent Electricity Market Operator of the Philippines Inc. ("**IEMOP**"), have executed the Operating Agreement to formalize the transfer of all functions, assets and liabilities associated with market operations from PEMC to the IEMOP effective on September 26, 2018. RA 9136 requires PEMC to divest itself of this function in favor of a separate entity that is independent of the market participants. On February 6, 2018, the market participants and the DOE Secretary approved the transition plan calling for the formation of an independent market operator and the transfer of the market operation functions to it. IEMOP, a nonstock, non-profit corporation, led by a Board of Directors, all of whom are independents and do not have any interest or connection to the WESM participants, was incorporated and organized to implement the transition plan. Starting on September 26, 2018, the IEMOP runs the electricity market and manages the registration of market participants, receive generation offers, come out with market prices and dispatches schedules of the generation plants, and handle billing, settlement, and collections, among other things. Under the policy and regulatory oversight of the DOE and the ERC, PEMC remains the governing body for WESM to monitor compliance of the market participants with the market rules.

Through the DOE Department Circular 2021-06-0015, the DOE declared the commercial operation of the Enhanced WESM Spot Market effective June 26, 2021 which shortened the dispatch, settlement and trading interval at the WESM from the current one-hour interval to five-minute interval. Also, the ERC, through ERC Resolution 7, Series of 2021, adopted a shorter rolling average period of 72 hours from the 120 hours.

WESM in Luzon, Visayas, and Mindanao

The WESM in Luzon started its commercial operations on June 26, 2006, while WESM in Visayas started on December 26, 2010. The WESM has been operating ever since with the following framework:

1. Bid-based
2. Gross pool
3. Net settlements
4. One-hour intervals
5. Locational marginal price
6. Mandatory market

Under DOE's Department Circular No. DC2017-05-0009, "Declaring the Launch of the WESM in Mindanao and Providing for Transition Arrangements," the WESM in Mindanao was officially launched on January 26, 2017, with commencement of commercial operations subject to compliance to the criteria set forth therein, including the following:

1. All systems and procedures including all interfaces with the participants and service providers necessary for the operation of the WESM in the Mindanao grid are in place and pursuant with the requirements set under the WESM Rules;
2. The Trial Operations Program was implemented successfully commencing on February 26, 2017 with the System Operator and on March 26, 2017 with the Market Participants;
3. The forecasting, scheduling, dispatch, pricing, metering, and settlement processes of the WESM are fully operational in the Mindanao grid;
4. Training programs shall have been conducted for the WESM Mindanao Trading Participants;
5. The price determination methodology for the enhanced WESM design has been approved by the ERC and duly published; and
6. The Market Dispatch Optimization Model has been certified as compliant with the WESM Rules by an independent auditor.

The commercial operation of the WESM in Mindanao commenced on January 26, 2023. The WESM is guided by the WESM Rules and Manuals, where any change is duly approved by the DOE. The Price Determination Methodology, meanwhile, goes through the ERC approval process.

Interim Mindanao Electricity Market

The DOE issued Department Circular No. 2013-05-0008 "Promulgating the Interim Mindanao Electricity Market Implementing Rules" ("**IMEM**"). Correspondingly, DOE also issued DC No. 2013-09-0020 approving pertinent IMEM Manuals.

The IMEM has the following features:

1. Day-ahead pricing and scheduling;

2. Zonal pricing

3. IMEM is for available resource capacity after taking out bilateral contract quantities

4. In-Day Market is for imbalances or deviation from day-ahead schedules only

5. Deviations from day-ahead schedule will be subject to penalties and incentives

The IMEM started on December 3, 2013 and the first IMEM billing period ended on December 25, 2013. The first IMEM billing period has not been fully settled and succeeding billing periods were still not billed by PEMC.

The implementation of IMEM was suspended in early 2014.

Open Access and Retail Competition

Under the EPIRA, the conditions for the commencement of the Open Access and Retail Competition are as follows:

1. Establishment of the WESM;

2. Approval of unbundled transmission and distribution wheeling charges;

3. Initial implementation of the cross subsidy removal scheme;

4. Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and

5. Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP administrators.

Under the Open Access and Retail Competition provision, an eligible contestable customer, which is defined as an end-user with a monthly average peak demand of at least 1 MW for the preceding twelve (12) months, will have the option to source their electricity from eligible suppliers that have secured a RES license from the ERC.

Commencement of Open Access

In June 2011, ERC declared December 26, 2011 as the Open Access Date to mark the commencement of the full operations of the competitive retail electricity market in Luzon and Visayas. However, after careful deliberation, the ERC acknowledged that not all the necessary rules, systems and infrastructures required for the implementation of the Open Access and Retail Competition have been put in place to meet the contemplated timetable for implementation. In October 2011, the ERC announced the deferment of the Open Access Date. In September 2012, the ERC declared the start of Open Access on December 26, 2012. Open Access commercial operations under an interim development system have been implemented starting June 26, 2013.

Beginning December 26, 2016, an end-user with an average monthly peak demand of at least one MW is mandated to enter into a RES Contract with a RES. By June 26, 2017, the threshold for mandatory migration to contestability status is lowered to at least 750kW and by June 26, 2018, the threshold shall be lowered down to at least 500kW.

ERC Resolution No. 22 Series of 2013

ERC issued revised licensing regulation for RES companies operating in the Retail Supply Segment on November 25, 2013. Items amended include the following:

1. Restriction for Generator, IPPA and DU affiliates in securing license as a RES company;

2. Transfer of live Retail Supply Contracts ("**RSCs**") for RES with expired license to another licensed RES;

3. Determination of full retail competition to be made by ERC not later than June 25, 2015;

4. Contracted capacities of RES affiliates to be included in the grid limitations imposed on Generation Companies;

5. End-user affiliate RES limited to supplying up to 50% of its total contestable customer affiliates;

6. RES companies are limited to procuring up to 50% of its generation requirements from affiliate Generation Companies;

7. Annual submission of five (5)-year Business Plan; and

8. Submission of live Retail Supply Contracts for review by the ERC.

Since Resolution 22 Series of 2013 limits the retail suppliers and creates non-assurance of renewal of RES license for existing retailers, the Retail Electricity Suppliers Association ("**RESA**") challenged its legality with the Pasig Regional Trial Court. The Supreme Court, however, enjoined the hearing of the case and allowed the DOE and ERC to implement the Resolution.

The ERC subsequently mandated Contestable Customers to enter into a RES supply contract with a RES by December 26, 2016 or be meted a penalty of either disconnection or payment of a 10% premium on their contract price or the WESM price, whichever is higher. The deadline was later extended to 27 February 2017. In response, the DDOE issued DOE Circular No. 2017-12-0013, enabling Contestable Customers with an average peak demand of 750 kW to voluntarily participate in the retail market. Additionally, on December 3, 2020, the ERC issued Resolution No. 12, Series of 2020, outlining the timeline for the implementation of RCOA. According to this resolution, Contestable Customers with peak demands ranging from 500 kW to 749 kW, possessing electronic meters with time recording capabilities and communication ports, were permitted to transition to the Competitive Retail Electricity Market or the Contestable Market starting February 26, 2021.

Despite the TRO issued by the Supreme Court, electricity end-users with average peak demands of at least 500 kW retained the option to voluntarily select their retail electricity supplier. On March 2, 2021, the Supreme Court rendered its decision in *PCCI v. DOE* (G.R. No. 228588) concerning the validity of the contested issuances. The court ruled that migration to the competitive retail electricity market should not be obligatory but should remain at the discretion of the customer. Consequently, the contested issuances were deemed void by the Supreme Court.

The nullification of these contested issuances extends to the voiding of associated restrictions, namely: (1) a RES cannot engage in transactions exceeding 50% of the total energy transactions with its affiliate contestable customer, and (2) no RES is permitted to supply more than 30% of the total average monthly peak demand of all contestable customers in the competitive retail electricity market.

On February 21, 2017, or six (6) days before the extended deadline, the Supreme Court issued a temporary restraining order ("**TRO**") against the enforcement of several orders and regulations promulgated by the ERC and the DOE in relation to the RCOA regime, particularly those compelling big consumers to enter into a power-supply deal with any of the RES accredited by the DOE and the ERC by February 26, 2017.

Reserve Market

The DOE issued Department Circular No. DC2013-12-0027, "Declaring the Commercial Launch for the Trading of Ancillary Service in Luzon and Visayas under the Philippine Wholesale Electricity Spot Market" dated December 2, 2013. The said Department Circular sets the responsibility of the PEMC, NGCP, NEA and all WESM Members with regard to the operation of the Reserve Market.

The trial operations started on February 26, 2014, and PEMC is still reviewing its results before certifying market readiness. The Pricing and Cost Recovery Mechanism of the Reserve Market is still under review by the ERC under ERC Case # 2007-004RC.

On March 26, 2014, the DOE declared the commercial launch date of the Reserve Market on May 26, 2014, subject to the approval by the ERC. It also directed the implementation of the Central Scheduling and Dispatch of Energy and Contracted Reserves which aims to provide better monitoring of all available generation capacity in both energy and reserve and provide more preparations to the participants for the eventual commercial operation of the Reserve Market. The launch was deferred pending regulatory approval.

On December 2, 2014, the DOE approved the adoption of the Protocol for the Central Scheduling and Dispatch of Energy and Contracted Reserves as well as the WESM Market Manual on the Protocol. The implementation of the Protocol shall immediately cease upon the commercial operation of the Reserve Market or upon declaration of its cessation by the DOE.

On November 12, 2015, the DOE declared the commercial operation of the Central Scheduling and Dispatch of Energy and Contracted Reserves in the WESM.

Unbundling of Rates and Removal of Subsidies

The EPIRA mandates that generation, distribution and wheeling charges be unbundled from retail rates and that rates reflect the respective costs of providing each service. The EPIRA also states that cross-subsidies shall be phased out within a period not exceeding three (3) years from the establishment by the ERC of a universal charge, which shall be collected from all electricity end-users. However, the ERC may extend the period for the removal of the cross-subsidies for a maximum of one year if it determines there will be material adverse effect upon the public interest or an immediate, irreparable, and adverse financial effect on a distribution utility.

These arrangements are now in place, in satisfaction of the conditions for open access and retail competition.

The EPIRA likewise provides for a socialized pricing mechanism called a lifeline rate to be set by the ERC for low-income, captive electricity consumers who cannot afford to pay the full cost of electricity. These end-users will be exempt from the cross-subsidy removal for a period of ten years, which exemption was extended until 2021 under RA 10150. RA 11552 further amended the EPIRA by extending the implementation of the lifeline until 2051, unless extended by law. The amendatory law also specified the qualified marginalized end-users who are entitled to the lifeline rate, namely, (i) qualified household-beneficiaries under the *Pantawid Pamilyang Pilipino* Program of the Philippine government whose level of consumption are within the threshold determined by the ERC, and (ii) marginalized end-users who have been certified and continually validated as such by their distribution utility based on a criteria determined by the ERC.

Implementation of PBR

On June 22, 2009, the ERC issued the Rules for Setting Distribution Wheeling Rates that apply to privately owned distribution utilities entering Performance Based Regulation ("**PBR**") for the fourth entry points, which set out the manner in which the new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR is intended to replace the return-on-rate-base regulation that has historically determined the distribution charges paid by the distribution companies' customers. Under the PBR, the distribution-related charges that distribution utilities can collect from customers over a four (4)-year regulatory period will be set by reference to projected revenues which are reviewed and approved by the ERC and used by the ERC to determine a distribution utility's efficiency factor. For each year during the regulatory period, a distribution utility's distribution charge is adjusted upwards or downwards taking into consideration the utility's efficiency factor set against changes in overall consumer prices in the Philippines. The ERC has also implemented a performance incentive scheme whereby annual rate adjustments under PBR will also take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as the average duration of power outages, the

average time to provide connections to customers and the average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

Competitive Selection Process

Under prevailing regulations, DUs and ECs are mandated to undertake a CSP in the procurement of PSAs to ensure the security and certainty of electricity prices of electric power in the long-term.

On February 1, 2018, the DOE issued the DOE CSP Policy, which sets forth the department's policy on the conduct of CSP in the procurement by DUs and ECs. Under the DOE CSP Policy, all PSAs are required to be procured through the CSP, except in the following instances: (i) generation project owned by the DU funded by grants or donations; (ii) negotiated procurement of emergency power supply with a cooperation period not exceeding one year; (iii) provision of power supply by any mandated government owned and controlled corporations for off-grid areas prior to, and until the entry of new power providers in the area; and (iv) provision of power supply by PSALM through bilateral contracts. In the event the CSP fails twice, and there is no outstanding dispute on the conducted CSP, the DU or EC may use direct negotiation for purposes of procuring the relevant PSA. While the DOE CSP Policy effectively revoked the authority of the ERC to issue supplemental guidelines and procedures relating to implement the CSP, the DOE directed the ERC to: (i) establish and impose existing fines and/or penalties for noncompliance with the DOE CSP Policy, (ii) review compliance with the requirements of CSP, (iii) develop a template PSA to be used with electric power industry participants, and (iv) develop rules and procedures to address disputes arising from the conduct of the CSP.

Reduction of Taxes and Royalties on Indigenous Energy Resources

To equalize prices between imported and indigenous fuels, the EPIRA mandates the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous sources of energy, including but not limited to, natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel and other imported fuels. Following the promulgation of the implementing rules and regulations, President Arroyo enacted Executive Order No. 100 to equalize the taxes among fuels used for power generation. This mechanism, however, is yet to be implemented.

Framework for Energy Storage System in the Electric Power Industry

DOE Department Circular No. DC2019-08-0012 dated August 1, 2019 sets forth the framework for energy storage systems in the electric power industry in the Philippines (the "**ESS Framework**"). An energy storage system ("**ESS**") refers to a facility acting as a load and a generator, which is designed to receive, store and convert such energy to electricity. ESS technologies include BESS, compressed air energy storage, flywheel energy storage, pumped-storage hydropower, and other emerging technologies that may be identified, qualified and approved by the DOE as ESS.

DOE Department Circular No. DC2023-04-0008 dated April 20, 2023 was then issued, revising the policies for ESS. It also repealed DOE Department Circular No. DC2019-08-0012.

Under the ESS Framework, the following electric power industry participants may own and operate ESS: (i) generation companies, either as a stand-alone generating facility or an integrated ESS in its existing generating facilities; (ii) end-users, for the purpose of managing their energy demands; and (iii) micro-grid service providers, to provide continuous electric service to households in the form of either microgrid or DER, as may be applicable, in consonance with the total electrification program of the government.

Further, the Transmission Network Provider and Small Grid Owner is required to consider ESS as an alternative solution in addressing transmission issues such as line congestion and to consider ESS applications to defer network upgrades. In addition, the System Operator and Small Grid System Operator is directed to optimize the addition of ESS for ancillary service application and ensure proper allocation for each type of ancillary service consistent with the Grid requirement.

Under the ESS Framework, ESS proponents shall apply and register their ESS for one or more of the following purposes:

- provision of ancillary services;

- provision of energy through bilateral supply contract or trading in the WESM;
- manage the variability of renewable energy;
- auxiliary load management for generation companies;
- transmission/distribution facility upgrades deferment;
- transmission/distribution utility power quality management;
- end-user demand management; and
- distribution utility demand management.

An ESS that provides frequency regulation, as part of the ancillary services, must be at least 20MW for the Luzon Grid and at least 5MW for the Visayas and Mindanao Grids.

All ESS proponents are required to secure (i) a COC as a generation company from the ERC pursuant to existing guidelines on licensing of generation facilities; (ii) an environmental compliance certificate or any other equivalent document from the DENR; and (iii) other requirements by relevant government agencies pursuant to their existing guidelines. Distribution utilities that intend to enter into a PSA with ESS proponents for the supply of electricity to its captive customers shall observe (a) market share and bilateral contract limitations under Section 45 of the EPIRA; and (b) the DOE CSP Policy.

All ESS facilities shall comply with the rules and regulations on safety, health, environmental standards and proper disposal enforced by appropriate government agencies. In addition, ESS facilities connected to the transmission system as well as ESS connected to the distribution system with capacity equal to or above the following regional thresholds:

- 10 MW for Luzon Grid;
- 5 MW for Visayas Grid; and
- 5 MW for Mindanao Grid

shall be registered separately in the WESM and, thereafter, be subjected to central dispatch by the System Operator.

Government Approval Process

As set forth in the EPIRA, power generation is not considered a public utility operation. Thus, an entity engaged or intending to engage in the generation of electricity is not being required to secure a franchise. However, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a COC from the ERC to operate facilities used in the generation of electricity. A COC is valid for a period of five (5) years from the date of issuance.

In addition to the COC requirement, a generation company must comply with technical, financial and environmental standards. A generation company must ensure that all its facilities connected to the grid meet the technical design and operational criteria of the Grid Code and Distribution Code promulgated by the ERC. In this connection, the ERC has issued "Guidelines for the Financial Standards of Generation Companies," which sets the minimum financial capability standards for generation companies. Under the guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service coverage ratio of 1.5x throughout the period covered by its COC. For COC applications and renewals, the guidelines require the submission to the ERC of, among other things, comparative audited financial statements, a schedule of liabilities, and a five (5)-year financial plan. For the duration of the COC, the guidelines also require a generation company to submit to the ERC audited financial statements and forecast financial statements for the next two (2) fiscal years, among other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be a ground for the imposition of fines and penalties.

With the introduction of RCOA, the rates charged by a generation company are no longer regulated by the ERC, except rates for Captive Markets (as determined by the ERC). In addition, since the establishment of the WESM, generation companies are now required to comply with the membership criteria and appropriate dispatch scheduling as prescribed under the WESM Rules.

In the course of developing a power plant, other permits, approvals and consents must also be obtained from relevant national, provincial and local government authorities, relating to, among others, site acquisition, construction, operation, including environmental licenses and permits.

In October 2020, now former DOE Secretary Alfonso G. Cusi announced that the periodic assessment of the country's energy requirements has led the DOE to declare a moratorium on endorsements for greenfield coal power plants. On January 11, 2021, the DOE issued an advisory dated December 22, 2020 with subject "Moratorium of Endorsements for Greenfield Coal-Fired Power Projects in Line with Improving the Sustainability of the Philippines' Electric Power Industry." Under this advisory, effective October 27, 2020, the DOE would no longer process applications for greenfield coal-fired power generation facility projects requesting for endorsements. However, existing and operational coal-fired power generation facilities as well as any coal-fired power project which comply with the following parameters will not be affected by the moratorium:

- committed power projects;
- existing power plant complexes which already have firm expansion plans and existing land site provision; and
- indicative power project with substantial accomplishments, specifically:
  - with signed and notarized acquisition of land or ease agreement for the project; and
  - with approved permits or resolutions from local government units and the relevant regional development council where the power plant will be located.

Renewable Energy Act of 2008

RA 9513, otherwise known as the Renewable Energy Act of 2008 (the **"RE Law**") was signed into law by former President Gloria Macapagal-Arroyo on December 16, 2008 and became effective on January 31, 2009. The RE Law provides for the acceleration and development of renewable resources. It aims to increase the utilization of renewable energy which will provide enhanced market and business opportunities for the renewable energy generation subsidiaries.

Among the RE Law's declared policies is to accelerate and develop the use of the country's renewable energy ("**RE**") resources to (a) reduce the country's dependence on fossil fuels, thereby minimizing exposure to price fluctuations in the international markets, and (b) reduce or prevent harmful emissions and promote a healthy and sustainable environment.

The RE Law imposes a government share on existing and new RE development projects at a rate of 1% of the gross income from the sale of renewable energy and other incidental income from generation, transmission and sale of electric power, except for indigenous geothermal energy which shall be at a rate of 1.50% of gross income. Proceeds from micro-scale projects for communal purposes and non-commercial operations, not exceeding 100 kW, and proceeds from the development of biomass resources will not be subject to the said government share.

The RE Law offers fiscal and non-fiscal incentives to RE developers, including developers of hybrid systems, subject to certification by the DOE in consultation with the BOI. These incentives include an ITH for the first seven years of commercial operations; duty-free importations of RE machinery, equipment and materials effective within ten years upon issuance of certification, provided, said machinery, equipment and materials are directly and actually needed and exclusively used in RE facilities; special realty tax rates on civil works, equipment, machinery and other improvements of a registered RE developer not exceeding 1.50% of the net book value; net operating loss carry-over; corporate tax rate of 10% after the seventh year; accelerated depreciation; zero-percent VAT on sale of fuel or power generated from RE sources and other emerging sources using technologies such as fuel cells and hydrogen fuels and on purchases of local supply of goods, properties and services needed for the development, construction and installation of RE facilities; cash incentives for missionary electrification; tax exemption on the sale of carbon emission credits; and tax credit on domestic purchases of capital equipment and services.

All fiscal incentives apply to all RE capacities upon the effectivity of the RE Law. RE producers from intermittent RE resources are given the option to pay transmission and wheeling charges on a per kilowatt-hour basis at a cost equivalent to the average per kilowatt-hour rate of all other electricity transmitted through the grid. Qualified and registered RE generators with intermittent RE resources shall be considered "must dispatch" based on available energy and shall enjoy the benefit of priority dispatch. Electricity generated from RE resources for the generator's own consumption and/or for free distribution to off-grid areas is exempt from the universal charge. The RE Law further provides financial assistance from government financial institutions for the development, utilization and commercialization of renewable energy projects, as may be recommended and endorsed by the DOE.

Further, the RE Law provides a policy on Feed-in Tariff ("**FIT**"). The FIT scheme mandates electric power industry participants to source RE-derived electricity at a guaranteed fixed price (the "**FIT Rate**"). This scheme was primarily viewed as a way to entice the private sector players to hasten investment into the renewable power generation sector due to the urgent need of the Philippines to deploy additional capacity.

RE projects are governed by an RE Contract, a service agreement between the Philippine Government and an RE developer over an appropriate period of time as determined by the DOE in which the RE developer will have the exclusive right to explore, develop or utilize a particular RE area.

On June 22, 2022, the BIR issued Revenue Regulations No. 7-2022 to implement the tax-incentive provisions of the RE Law and to provide policies and guidelines.

On June 4, 2024, the DOE issued Department Circular No. DC2024-06-0018, the Revised Omnibus Guidelines Governing the Award and Administration of Renewable Energy Contracts and the Registration of Renewable Energy Developers ("**Omnibus Guidelines**"). The Omnibus Guidelines incorporates Department Circular No. 2022-11-0034 – removing Filipino ownership requirements imposed on the exploration, development and utilization of solar, wind, hydro and ocean or tidal energy resources, allows for the issuance of a Certificate of Authority covering permit processing and feasibility activities prior to the RE contract, streamlined process for duty-free importation incentives, and less restrictions on assignment of RE contracts, among others.

Further, to fully implement the RE Law, the Renewable Portfolio Standards, the RE Market and the changes in the WESM Rules for intermittent generation should still be implemented.

Feed-In Tariff

The ERC issued Resolution No. 16, Series of 2010 ("**ERC Resolution No. 16-2010**" or the "**FIT Rules**"), otherwise known as "Resolution Adopting the Feed-In Tariff Rules", which establishes the FIT system and regulates the method of establishing and approving the FITs and the FIT Allowance ("**FIT-All**").

The FIT Rules are specific for each emerging renewable energy technology and to be applied only to generation facilities which enter into commercial operation after effectivity of the FIT Rules or to such parts of such existing facilities which have been substantially modified or expanded as provided under the FIT Rules.

Under the FIT Rules, the FITs are specific for each eligible renewable energy plants ("**Eligible RE Plants**"), which are those power facilities with COCs issued to them that utilize emerging renewable energy resources or to such parts of such existing facilities that have been substantially modified or expanded, which enter into commercial operation after effectivity of the FIT Rules. These include facilities intended for their owners' use, which are connected to the transmission or distribution networks and are able to deliver to such networks their generation or parts thereof.

The renewable energy plants which have started commercial operations after the effectivity of the RE Law and are not bound under any contract to supply the energy they generate to any distribution utility or consumer, may avail of the FITs from time to time they are certified by the ERC as eligible through an amendment of the COC issued to them and for a period of 20 years less the number of years they have been in operation.

FITs shall be established for each generation plant using: (i) wind energy resources; (ii) solar energy resources; (iii) ocean energy resources; (iv) run-of-river hydroelectric power resources; (v) biomass energy resources; and (vi) renewable energy components of technologies listed above of hybrid systems under the RE Law.

The FIT System applicable to renewable energy plants in on-grid areas are: (i) Technology-specific FITs; (ii) Fixed FITs; and (iii) Time-of-Use FITs.

Eligible RE Plants shall be entitled to the applicable FITs to them for a period of 20 years. After this period, should these plants continue to operate, their tariffs will be based on prevailing market prices or whatever prices they should agree with an offtaker.

Electricity consumers who are supplied with electricity through the distribution of transmission network shall share in the cost of the FITs in part through a uniform charge (in ₱/kWh) referred to as the FIT-All and applied to all billed kWh. NGCP ensures that the FIT-All fund is sufficient to pay all renewable energy producers regularly.

The Philippine Natural Gas Industry Development Act

RA 12120, the Philippine Natural Gas Industry Development Act, provides a framework for the development of the PDNGI, its transition from an emerging industry into mature industry, and the responsibilities of the relevant government agencies and private entities. It covers permitting of siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of PDNGI Facilities for Own-Use or Third-Party Access ("**TPA**"), accreditation of Participants in the trade of natural gas, and any other activities related to the PDNGI.

Subject to prohibitions on anti-competitive acts and in view of financial and operational feasibility considerations, an entity may hold an interest in the ownership of upstream and downstream natural gas facilities, as well as the supply and aggregation of natural gas to gas buyers.

SUGAR

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. As of date, SRA Order No. 04, dated March 8, 2025, simplified the importation of sugar alternatives by providing that there is an automatic approval of the application if the SRA fails to act on the same or inform the applicant of any discrepancy in the requirements submitted within the provided period.

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.

Regulation of Relations Among Persons Engaged in the Sugar Industry

RA 809 provides the sharing arrangement between planters and any sugar central of the sugar-cane of any sugar-cane planter or plantation owner, including all by-products and derivatives thereof, in the absence of written milling agreements between majority of planters and the millers or sugarcane in any milling district in the Philippines. The sharing shall be as follows:

- If the maximum actual production of the miller is less than 150,000 piculs, there is no mandated sharing ratio;
- If the maximum actual production of the miller is at least 150,000 piculs but does not exceed 400,000 piculs, 60% for the planter and 40% for the miller;
- If the maximum actual production of the miller exceeds 400,000 piculs but does not exceed 600,000 piculs, 62.5% for the planter and 37.5% for the miller;
- If the maximum actual production of the miller exceeds 600,000 piculs but does not exceed 900,000 piculs, 65% for the planter and 35% for the miller;
- If the maximum actual production of the miller exceeds 900,000 piculs but does not exceed 1,200,000 piculs, 67.5% for the planter and 32.5% for the miller;
- If the maximum actual production of the miller exceeds 1,200,000 piculs, 70% for the planter and 30% for the miller; and
- If the planters and millers are unable to arrive at a milling agreement, RA 809 also gives the President of the Philippines the power, under certain conditions, to order the takeover of the miller concerned in the interest of the national welfare.

Biofuels Act of 2006

RA 9367 was enacted in order to reduce the Philippines' dependence on imported fuels and to the protect public health, the environment and natural ecosystems.

Under RA 9367, within six months from its effectivity, the DOE, according to duly accepted international standards, was mandated to gradually phase out the use of harmful gasoline additives such as, but not limited to, methyl tertiary butyl ether ("**MTBE**"). Furthermore, all liquid fuels for motors and engines sold in the Philippines were required to contain locally-sourced biofuels components as follows: (i) within two years from the effectivity of RA 9367, at least 5% bioethanol must comprise the annual total volume of gasoline fuel actually sold and distributed by each and every oil company in the Philippines, subject to the requirement that all bioethanol blended gasoline must contain a minimum of 5% bioethanol fuel by volume, provided, that the ethanol blend conforms to the Philippine National Standards that are consistent with Section 26 of RA 8749, otherwise known as the

"Philippine Clean Air Act of 1999" ("**PNS**"); (ü) within four years from the effectivity of RA 9367, the National Biofuel Board ("**NBB**") is empowered to determine the feasibility and thereafter recommend to the DOE to mandate a minimum of 10% blend of bioethanol by volume into all gasoline fuel distributed and sold by each and every oil company in the Philippines. In the event of supply shortage of locally-produced bioethanol during the four-year period, oil companies are allowed to import bioethanol but only to the extent of the shortage as may be determined by the NBB; (iii) within three months from the effectivity of RA 9367, a minimum of 1.0% biodiesel by volume must be blended into all diesel engine fuels sold in the Philippines, provided that, the biodiesel blend conforms to PNS for biodiesel; (iv) within two years from the effectivity of RA 9367, the NBB is empowered to determine the feasibility and thereafter recommend to the DOE to mandate a minimum of 2.0% blend of biodiesel by volume which may be increased taking into account considerations including but not limited to domestic supply and availability of locally-sourced biodiesel component.

To encourage investments in the production, distribution and use of locally-produced biofuels at and above the minimum mandated blends, and without prejudice to enjoying applicable incentives and benefits under existing laws, rules and regulations, the following additional incentives were provided under RA 9367: (i) specific tax — the specific tax on local or imported biofuels component per liter of volume is zero, provided that the gasoline and diesel fuel component remains subject to the prevailing specific tax rates; (ii) value added tax — the sale of raw material used in the production of biofuels such as, but not limited to coconut, jatropha, sugarcane, cassava, corn, and sweet sorghum is exempt from the value added tax; (iii) water effluents — all water effluents, such as but not limited to distillery slops from the production of biofuels used as liquid fertilizer and for other agricultural purposes are considered "reuse," and are exempt from wastewater charges under the system provided under Section 13 of RA 9275, also known as the Philippine Clean Water Act, provided, however, that such application must be in accordance with the guidelines issued pursuant to RA 9275, subject to the monitoring and evaluation by the DENR and approved by the DA; (iv) financial assistance — government financial institutions, such as the Development Bank of the Philippines, Land Bank of the Philippines, Quedancor and other government institutions providing banking and financial services must, in accordance with and to the extent allowed by the enabling provisions of their respective charters or applicable laws, accord high priority to extend financing to Filipino citizens or entities, at least 60% of the capital stock of which belongs to citizens of the Philippines that must engage in activities involving production, storage, handling and transport of biofuel and biofuel feedstock, including the blending of biofuels with petroleum, as certified by the DOE.

Any provision of RA 9367 to the contrary notwithstanding, the SRA, pursuant to its mandate, must ensure that the supply of sugar is sufficient to meet the domestic demand and that the price of sugar is stable. To this end, the SRA must recommend and the proper agencies must undertake the importation of sugar whenever necessary and shall make appropriate adjustments to the minimum access volume parameters for sugar in the Tariff and Customs Code.

The following acts are prohibited (i) diversion of biofuels, whether locally produced or imported, to purposes other than those envisioned under RA 9367; (ii) sale of biofuel-blended gasoline or diesel that fails to comply with the minimum biofuel-blend by volume in violation of the requirement under RA 9367; (iii) distribution, sale and use of automotive fuel containing harmful additives such as, but not limited to, MTBE at such concentration exceeding the limits to be determined by the NBB; (iv) non-compliance with the established guidelines of the PNS and DOE adopted for the implementation of RA 9367; and (v) false labelling of gasoline, diesel, biofuels and biofuel-blended gasoline and diesel. The commission of any of the aforesaid prohibited acts is punishable by imprisonment and fines. In addition, the DOE will confiscate any amount of such products that fail to comply with the requirements of RA 9367. The DOE is also empowered to stop and suspend the operation of businesses for their refusal to comply with any order or instruction of the DOE Secretary in the exercise of his functions under RA 9367. Furthermore, the DOE is empowered to impose administrative fines and penalties for any violation of the provisions of RA 9367.

ENVIRONMENTAL LAWS

Philippine Environmental Impact Statement System

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. The DENR through its regionaloffices or through the Environmental Management Bureau ("**EMB**"), determines whether a project is environmentallycritical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an EIS to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("**IEE**") to the proper DENR

regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projectsfor which EISs and ECCs are mandatory.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of thedirect and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures,for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regardingthe project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an EGF when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The EGF is intended to meet any damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an EMF when an ECC iseventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of theproject. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized tomonitor compliance with the ECC and applicable laws, rules and regulations.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

In addition to the requirement for the issuance of an ECC, all public and private proponents of subdivision development projects, housing projects and other land development and infrastructure projects are required to undertake an EGGA. The EGGA is undertaken in order that project proponents can adequately and comprehensively address and mitigate the possible effects/impacts of geologic hazards.

FLI believes that it has complied with all applicable Philippine environmental laws and regulations. FLI's compliance with environmental laws is dictated by and in accordance with the environmental laws and regulations applicable to specific and individual projects. 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. The cost of such compliance is not significant and FLI does not keep a separate account thereof.

Legal Framework of Hazardous Waste Management

PD 1152, also known as "the Philippine Environmental Code," took effect in 1977,and provides a basis for an integrated waste management regulation starting from waste source to methods of disposal. PD 1152 has further mandated specific guidelines to manage municipal wastes (solid and liquid), sanitary landfill andincineration, and disposal sites in the Philippines.

In 1990, the Philippine Congress enacted the Toxic Substances, Hazardous and Nuclear Wastes Control Act, commonly known as RA 6969, a law designed to respond to increasing problems associated with toxic chemicals andhazardous and nuclear wastes. RA 6969 mandates control and management of import, manufacture, process, distribution, use, transport, treatment, and disposal of toxic substances and hazardous and nuclear wastes in the Philippines. RA 6969 seeks to protect public health and the environment from unreasonable risks posed by these substances in the Philippines.

Apart from the basic policy rules and regulations of RA 6969, hazardous waste management must also comply with the requirements of other specific environmental laws, such as Presidential Decree No. 984 (National Pollution ControlDecree of 1976), Presidential Decree No. 1586 (Environmental Impact Statement System Law), RA 8749

(PhilippineClean Air Act of 1999) and RA 9003 (Ecological Solid Waste Management Act of 2000) and their implementing rulesand regulations.

Hazardous waste generators are required to register with and pay a registration fee to the EMB Regional Office havingjurisdiction over the location of the waste generator.

Waste generators are required to perform the following activities: (1) notify the DENR of the type and quantity of wastes generated in accordance with the form and in a manner approved by the DENR and pay the prescribed fee; (2) provide the DENR, on a quarterly basis, with information to include the type and quantity of the hazardous wastegenerated, produced or transported outside in a form approved by the DENR; (3) continue to own and be responsiblefor the hazardous waste generated or produced in the premises until the hazardous waste has been certified by the waste treater as adequately treated, recycled, reprocessed or disposed of; (4) prepare and submit to the DENR comprehensive emergency contingency plans to mitigate spills and accidents involving hazardous wastes. These plansmust conform to the guidelines issued by the DENR; (5) train/inform personnel and staff on: (a) the implementationof the plan, and (b) the hazards posed by the improper handling, storage, transport, and use of hazardous wastes and their containers.

Philippine Clean Water Act of 2004

RA 9275 applies to water quality management in all water bodies in the Philippines particularly to the abatement andcontrol of pollution from land-based sources. It provides for water quality standards and regulations and civil and criminal penalties for violations thereof. The DENR, in coordination with the National Water Resources Board must designate certain areas as water quality management areas ("**Management Areas**") which have similar hydrological, hydrogeological, meteorological or geographic conditions which affect the physicochemical, biological and bacteriological reactions and diffusions of pollutants in the water bodies, or otherwise share common interest or face similar development programs, prospects, or problems.

The DENR implements a wastewater charge system in all Management Areas through the collection of wastewater charges/fees. The system is established on the basis of payment to the government for discharging wastewater into thewater bodies. Wastewater charges is established taking into consideration the following: (a) to provide strong economic inducement for polluters to modify the production or management processes or to invest in pollution control technology in order to reduce the amount of water pollutants generated; (b) to cover the cost of administering water quality management or improvement programs; (c) reflect damages caused by water pollution on the surrounding environment, including the cost of rehabilitation; (d) type of pollutant; (e) classification of the receiving water body, and (f) other special attributes of the water body.

The DENR requires owners or operators of facilities that discharge regulated effluents pursuant to the law to secure a permit to discharge. The discharge permit is the legal authorization granted by the DENR to discharge wastewater, provided, that the discharge permit must specify, among others, the quantity and quality of effluent that said facilitiesare allowed to discharge into a particular water body, compliance schedule and monitoring requirement.

As part of the permitting procedure, the DENR must encourage the adoption of waste minimization and waste treatment technologies when such technologies are deemed cost effective. The DENR must also develop procedures to relate the current water quality guideline or the projected water quality guideline of the receiving water body with total pollution loadings from various sources, so that effluent quotas can be properly allocated in the discharge permits. Effluent trading may be allowed per management area.

Fiscal and non-fiscal incentives are provided for compliance with RA 9275 such as: (1) inclusion in the Investment Priorities Plan; and (2) tax and duty exemption of donations, legacies and gifts for the support of the waste management program.

Philippine Clean Air Act of 1999

RA 8749 was enacted to provide for a comprehensive management program for air pollution and enforce a system ofaccountability for short and long-term adverse environmental impact of a project, program or activity. This includes the setting up of a funding or guarantee mechanism for clean-up and environmental rehabilitation and compensation for personal damages. The DENR, in case of industrial dischargers, and the Department of Transportation and Communications, in case of motor vehicle dischargers, designs, imposes and collects, based

on environmental techniques, regular emission fees from said dischargers as part of the emission permitting system or vehicleregistration renewal system, as the case may be. The system encourages the industries, and motor vehicles to abate, reduce, or prevent pollution. The basis of the fees includes, but is not limited to, the volume and toxicity of any emittedpollutant. Industries, which must install pollution control devices or retrofit their existing facilities with mechanisms that reduce pollution are entitled to tax incentives such as but not limited to tax credits and/or accelerated depreciationdeductions. The DENR has the authority to issue permits as it may determine necessary for the prevention and abatement of air pollution. Said permits cover emission limitations for the regulated air pollutants to help attain and maintain the ambient air quality standards. These permits serve as management tools for the LGUs in the developmentof their action plan. The DENR or its duly accredited entity must, after proper consultation and notice, require any person who owns or operates any emission source or who is subject to any requirement of RA 8749 to: (a) establish and maintain relevant records; (b) make relevant reports; (c) install, use and maintain monitoring equipment or methods; (d) sample emission, in accordance with the methods, locations, intervals, and manner prescribed by the DENR; (e) keep records on control equipment parameters, production variables or other indirect data when direct monitoring of emissions is impractical; and (f) provide such other information as the DENR may reasonably require. The DENR, through its authorized representatives, has the right to (a) enter or access any premises including documents and relevant materials; (b) inspect any pollution or waste source, control device, monitoring equipment ormethod required; and (c) test any emission. Any record, report or information obtained under RA 8749 must be made available to the public, except upon a satisfactory showing to the DENR by the entity concerned that the record, report, or information, or parts thereof, if made public, would divulge secret methods or processes entitled to protection as intellectual property. Such record, report or information must likewise be incorporated in the DENR's industrial ratingsystem. RA 8749 provides for civil and criminal penalties for violations thereof.

Other Environmental Laws

Other regulatory environmental laws and regulations applicable to the businesses of the Company include the following:

- RA. 6969 or the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990, which regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines, or the keeping in storage of hazardous wastes which include by-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.

- RA 9003 or the Ecological Solid Waste Management Act of 2000, which provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The National Solid Waste Management Commission, together with other Government agencies and the different local Government units, are responsible for the implementation and enforcement of the said law.

- PD 856 or the Code on Sanitation of the Philippines (the "**Sanitation Code**"), which provides for sanitary and structural requirements in connection with the operation of certain establishments such as industrial establishments. Under the Sanitation Code, which is implemented by the Philippine Department of Health, no person, firm, corporation, or entity shall operate any industrial establishment without first obtaining a sanitary permit.

- RA 11898, or the Extended Producer Responsibility ("**EPR**") Act of 2022, which amends certain provisions of Republic Act No. 9003 and requires obliged enterprises to recover and divert at least 20% of their 2022 plastic packaging footprint by the end of 2023 and increase this annually up to 80% by end of 2028. Product producers obliged to implement the EPR shall refer to large enterprises that generate plastic packaging waste.

Environmental Compliance

The Issuer is in compliance with all the necessary environmental laws. The cost of compliance is very minimal.

BANKING REGULATION AND SUPERVISION

Introduction

RA 7653, the New Central Bank Act of 1993 ("**New Central Bank Act**"), and RA 8791, the General Banking Law of 2000 ("**General Banking Law**"), vest the BSP, which exercises its powers through the Monetary Board, with the authority to regulate and supervise financial intermediaries in the Philippines. Financial intermediaries include banks or banking institutions such as universal banks, commercial banks, thrift banks (composed of savings and mortgage banks, stock savings and loan associations, and private development banks), rural banks, co-operative banks as well as branches and agencies of foreign banks in the Philippines. Entities performing quasi-banking functions, trust companies, building and loan associations, non-stock savings and loan associations and other non-deposit accepting entities, while not considered banking institutions, are also subject to regulation by the Monetary Board.

The supervisory power of the BSP under the New Central Bank Act extends to the subsidiaries and affiliates of banks and quasi-banking institutions engaged in allied activities. A subsidiary is defined as a corporation with more than 50% of its voting stock owned by a bank or quasi-bank. An affiliate is defined as a corporation whose voting stock, to the extent of 50% or less is owned by a bank or quasi-bank or which is related or linked to such institution or intermediary through common stockholders or such other factors as determined by the Monetary Board. In this regard, the BSP Manual defines an affiliate as an entity linked directly or indirectly to a bank by means of: (a) ownership, control (as defined under the relevant portion of the BSP Manual), or power to vote, of at least 20% of the outstanding voting stock of the entity, or vice-versa; (b) interlocking directorship or officership, where the concerned director or officer owns, controls (as defined under the relevant portion of the BSP Manual), or has the power to vote of at least 20% of the outstanding voting stock of the entity; (c) common stockholders owning at least 10% of the outstanding voting stock of the bank and at least 20% of the outstanding voting stock of the entity; (d) management contract or any arrangement granting power to the bank to direct or cause the direction of management and policies of the entity; and (e) permanent proxy or voting trusts in favor of the bank constituting at least 20% of the outstanding voting stock of the entity, or vice-versa.

In the exercise of its power of supervision under the General Banking Law, the BSP may issue rules of conduct or standards of operation for uniform application, conduct examination to determine compliance with laws and regulations, oversee compliance with such rules and regulations and inquire into the solvency and liquidity of the covered entities. Section 7 of the General Banking Law provides that the BSP in examining a bank shall have the authority to examine an enterprise which is owned or majority-owned or controlled by a bank.

As a general rule, no restraining order or injunction may be issued by a court to enjoin the BSP from exercising its powers to examine any institution subject to its supervision. The BSP may compel any officer, owner, agent, manager or officer-in-charge of an institution subject to its supervision or examination to present books, documents, papers or records necessary in its judgment to ascertain the facts relative to the true condition of the institution as well as the books and records of persons and entities relative to or in connection with the operations, activities or transactions of the institution under examination, to the extent permitted by law. The refusal of any officer, owner, agent, manager, director or officer-in-charge of an institution subject to the supervision or examination of the BSP to make a report or permit an examination is criminally punishable under Section 34 of the New Central Bank Act. In addition to the general laws such as the General Banking Law and RA. 9160 or the AMLA, as amended, among others, banks must likewise comply with letters, circulars and memoranda issued by the BSP some of which are contained in the Manual of Regulations of Banks (the "**Manual**").

The Manual is the principal source of rules and regulations to be complied with and observed by banks in the Philippines. The Manual contains regulations that include those relating to the organization, management and administration, deposit and borrowing operations, loans, investments and special financing program, and trust and other fiduciary functions of the relevant bank. Supplementing the Manual are rules and regulations promulgated in various circulars, memoranda, letters and other directives issued by the Monetary Board.

The Manual and other regulations are principally implemented by the Supervision and Examination Sector of the BSP ("**SES**"). The SES is responsible for ensuring the observance of applicable laws and rules and regulations by banking institutions operating in the Philippines (including Government credit institutions, their subsidiaries and affiliates), non-bank financial intermediaries, and subsidiaries and affiliates of non-bank financial intermediaries performing quasi-banking functions, non-bank financial intermediaries performing trust and other fiduciary activities under the General Banking Law, non-stock and savings loans associations under RA 3779, the Savings and Loan Association Act, and pawnshops under PD 114, the Pawnshop Regulation Act.

Regulation relating to capital structure

Pursuant to the General Banking Law, no entity may operate as a bank without the permit of the BSP through the Monetary Board. The SEC will not register the incorporation documents of any bank or any amendments thereto without a Certificate of Authority issued by the Monetary Board.

A bank can only issue par value stocks and it must comply with the minimum capital requirements prescribed by the Monetary Board. A bank cannot purchase or acquire its own capital stock or accept the same as security for a loan, except when authorized by the Monetary Board. Any stock so purchased or acquired must be sold within six months from the time of its purchase or acquisition.

In accordance with BSP Circular No. 854, universal banks are required to have capital accounts of at least ₱3.0 billion for head office only, ₱6.0 billion for head office with up to ten (10) branches (inclusive of head office), ₱15.0 billion for head office with 11 to 100 branches (inclusive of head office), and ₱20.0 billion for head office with more than 100 branches (inclusive of head office). Commercial banks are required to have capital accounts of at least ₱2.0 billion for head office only, ₱4.0 billion for head office with up to ten (10) branches (inclusive of head office), ₱10.0 billion for head office with 11 to 100 branches (inclusive of head office), and ₱15.0 billion for head office with more than 100 branches (inclusive of head office). Thrift banks with head office in Metro Manila are required to have capital accounts of at least ₱500.0 million for head office only, ₱750.0 million for head office with up to ten (10) branches (inclusive of head office), ₱1.0 billion for head office with 11 to 50 branches (inclusive of head office), and ₱2.0 billion for head office with more than 50 branches (inclusive of head office). Banks that existed prior to November 19, 2014, which will not immediately meet the new minimum capital requirement, may avail themselves of a five-year transition period in order to fully comply with the minimum capitalization requirements. The same period, reckoned from the same date, is also given to banks granted with special banking authorities/licenses which require compliance with minimum capital requirements. These minimum levels of capitalization may be changed by the Monetary Board from time-to-time.

For purposes of these requirements, the Manual states that the term capital shall be synonymous to unimpaired capital and surplus, combined capital accounts and net worth and shall refer to the total of the unimpaired paid-in capital, surplus and undivided profits, less:

- treasury stock;
- unbooked allowance for probable losses (including allowance for credit losses and impairment losses) and other capital adjustments as may be required by the BSP;
- total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI granted by the bank;
- total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates;
- total outstanding unsecured loans, other credit accommodations and guarantees granted to related parties that are not at an arm's length terms;
- deferred tax assets that rely on future profitability of the bank to be realized net of any (a) allowance for impairment and (b) associated deferred tax liability if the conditions cited in PAS 12 on income taxes are met;
- reciprocal investment in equity of other banks or enterprises, whether foreign or domestic, if the other bank or enterprise has a reciprocal equity investment in the investing bank, the deduction shall the investment of the bank or the reciprocal investment of the other bank or enterprises, whichever is lower; and
- in the case of rural banks, the government counterpart equity, except those arising from conversion of arrearages under the BSP rehabilitation program.

According to BSP Circular No. 1027 dated December 28, 2018, deposits for stock subscription recognized as equity pursuant to Section X128 of the Manual shall be added to capital.

On July 15, 2014, RA 10641, An Act Allowing the Full Entry of Foreign Banks in the Philippines, Amending for the Purpose RA 7721 ("**RA 10641**"), further liberalized the industry by providing that the Monetary Board may authorize foreign banks to acquire up to 100% (previously 60%) of the voting stock of one domestic bank. Under RA 10641, established, reputable and financially sound foreign banks may be authorized by the Monetary Board to operate in the Philippine banking system though any one of the following modes of entry: (a) by acquiring, purchasing or owning up to 100% of the voting stock of an existing bank; (b) by investing in up to 100% of the voting stock of a new banking subsidiary incorporated under the laws of the Philippines; or (c) by establishing branches with full banking authority. The foreign bank applicant must be established, reputable and financially sound. Additionally, such foreign bank must be widely-owned and publicly-listed in its country of origin, unless the foreign bank applicant is owned and controlled by the government of its country of origin. A foreign bank branch authorized to do banking business in the Philippines under RA 10641 may open up to five sub-branches as may be approved by the Monetary Board. Locally incorporated subsidiaries of foreign banks authorized to do banking business in the Philippines under RA 10641 shall have the same branching privileges as domestic banks of the same category. Privileges shall include the eligibility to operate under a universal banking authority subject to compliance with existing rules and regulations. Notwithstanding the entry of foreign banks, the BSP is mandated to adopt necessary measures to ensure that at all times the control of 60% of the resources or assets of the entire banking system is held by domestic banks, which are majority-owned by Filipinos.

Under RA 10641, the Monetary Board was authorized to issue such rules and regulations as may be needed to implement the provisions of RA 10641. On 6 November 2014, the Monetary Board issued Resolution No. 1794 providing for the implementing rules and regulations of RA 10641 and on November 21, 2014, the BSP issued BSP Circular No. 858, amending the relevant provisions of the Manual, accordingly. On February 15, 2016, BSP issued BSP Circular No. 902, Series of 2016 to implement the phased lifting of the moratorium on the grant of new banking license or establishment of new domestic banks pursuant to its policy to promote a competitive banking environment.

The stockholders of individuals related to each other within the fourth degree of consanguinity or affinity, whether legitimate, illegitimate or common-law, shall be considered family groups or related interests and must be fully disclosed in all transactions by such an individual with the bank. Moreover, two or more corporations owned or controlled by the same family group or same group of persons shall be considered related interests, which must be fully disclosed in all transactions with the bank.

A bank cannot declare dividends greater than its accumulated net profits on hand deducting therefrom its losses and bad debts. A bank cannot also declare dividends, unless at the time of declaration, it has complied with the following:

- clearing account with BSP is not overdrawn;
- liquidity floor requirement for government funds;
- minimum capitalization requirement and risk-based capital ratios as provided under applicable and existing capital adequacy framework;
- the combined requirement for capital conservation buffer and countercyclical capital buffer as defined in Appendix 63b of the Manual;
- higher loss absorbency requirement, phased-in starting January 1, 2017 with full implementation by January 1, 2019, in accordance with Domestic Systemically Important Bank ("**D-SIB**") Framework as provided under Subsec.X115.5 of the Manual; or
- has not committed any unsafe or unsound banking practice as defined under existing regulations and/or major acts or omissions as determined by BSP to be grounds for suspension of dividend distribution, unless this has been addressed by the bank as confirmed by the Monetary Board or the Deputy Governor, SES.

Banks are required to ensure compliance with the minimum capital requirements and risk-based capital ratios even after the dividend distribution.

Regulations with respect to branches

Section 20 of the General Banking Law provides that universal and commercial banks may open branches within or outside the Philippines upon prior approval of the BSP. The same provision of law allows banks, with prior approval from the Monetary Board, to use any or all of their branches as outlets for the presentation and/or sale of financial products of their allied undertakings or investment house units. In line with this, BSP Circular No. 854 Series of 2014 provides various minimum capitalization requirements for branches of banks, depending on the number of branches (e.g., ranging from a minimum of ₱6 billion for up to 10 branches of universal banks to a maximum of ₱20.0 billion for more than 100 branches of universal banks). For a discussion on the breakdown of minimum capital requirements for banks, please see "*—Regulation Relating to Capital Structure.*"

Subject to compliance with the requirements provided in BSP Circular No. 624, issued on October 13, 2008, which provides for BSP's branching policy and guidelines, EW may apply to the BSP for the establishment of branches outside its principal or head office. Generally, only universal/commercial and thrift banks may establish branches on a nationwide basis. Pursuant to BSP Circular No. 759, issued on May 30, 2012, which liberalized the policy on the establishment of branches by removing the limit set on the number of branches allowed to be applied for by a bank, once approved, a store should be opened within three (3) years from the date of approval. Pursuant to BSP Circular No. 505, issued on December 22m 2005, banks are allowed to establish branches in the Philippines, except in the cities of Makati, Mandaluyong, Manila, Paranaque, Pasay, Pasig and Quezon and the municipality of San Juan, Metro Manila. However, this branching restriction was liberalized pursuant to BSP Circular No. 728, issued on June 23, 2011. Phase 1 of the liberalization allowed private domestically incorporated universal and commercial banks and thrift banks with limited store networks in the eight cities or "restricted areas" in Metro Manila until June 30, 2014 to apply for and establish branches in said restricted areas. In Phase 2, branching in the "restricted" areas was opened to all banks except rural banks and cooperative banks. However, branches of microfinance-oriented banks and microfinance-oriented branches of regular banks' branches that will cater primarily to the credit needs of Barangay Micro Business Enterprises duly registered under the Barangay micro business enterprises Act of 2002 or RA 9178 may be established anywhere upon the fulfillment of certain conditions. BSP Circular No. 759 further liberalized its policy on the establishment of branches by removing the limit set on the number of branches allowed to be applied for by a bank.

In BSP Circular No. 987, Series of 2017, the BSP approved the guidelines on the establishment of branch-lite units amending relevant provisions of the Manual. A branch-lite unit refers to any permanent office or place of business of a bank, other than its head office or a store which performs limited banking activities and records its transactions in the books of the head office or the store to which it is annexed.

Regulations with respect to management of banks

The board of directors of a bank must have at least five (5) and a maximum of 15 members. According to the RA 11232, the Revised Corporation Code, the board of banks and quasi-banks must have independent directors comprising at least 20% of such board. In case of merged or consolidated banks, the number of directors shall not exceed 21. An independent director is a person who is not an officer or employee of a bank, its subsidiaries or affiliate or related interests.

Foreigners are allowed to have board seats to the extent of the foreign participation in the equity of the bank.

The Monetary Board shall issue regulations that provide for the qualifications and disqualifications to become a director or officer of a bank. After due notice to the board of directors of a bank, the Monetary Board may disqualify, suspend or remove any bank director or officer who commits or omits act which renders him or her unfit for the position.

The Monetary Board may regulate the payment by the bank of compensation, allowances, bonus, fees, stock options and fringe benefits to the bank officers and directors only in exceptional cases such as when a bank is under conservatorship, or is found by the Monetary Board to be conducting business in an unsafe or unsound manner or when the Monetary Board deems it to be in unsatisfactory condition.

Except in cases allowed under the Rural Bank Act, no appointive or elective public official, whether full time or part time, may serve as officer of any private bank, except if the service is incidental to financial assistance provided by government or government owned and controlled corporation or when allowed by law.

On August 22, 2017, the BSP issued BSP Circular No. 971, prescribing the Guidelines on Risk Governance for BSFIs, and requiring the appointment of a Chief Risk Officer ("**CRO**") in universal and commercial banks to head the risk management function. In addition to overseeing the risk management function, the CRO shall also

support the board of directors in the development of the risk appetite of the BSFI and for translating the risk appetite into a risk limits structure. The appointment, dismissal and other changes to the CRO requires the prior approval of the board of directors.

On the same date, the BSP also issued BSP Circular No. 972, prescribing the Enhanced Guidelines in Strengthening Compliance Frameworks for BSFIs, and requiring the appointment of a Chief Compliance Officer ("**CCO**"). The CCO is tasked to oversee the identification and management of the BSFI's compliance risk and shall supervise the compliance function staff. Additionally, the board of directors should ensure that a compliance program is defined for the BSFI and that compliance issues are resolved expeditiously. For this purpose, a board-level committee, chaired by a non-executive director, shall oversee the compliance program.

Regulations with respect to bank operations

A universal bank, such as EW, may open branches or offices within or outside the Philippine subject to the prior approval by the BSP. A bank and its branches and offices shall be treated as one unit. A bank, with prior approval of BSP, may likewise use any of its branches as outlets for presentation and/sale of financial products of its allied undertakings or investment house units.

The Monetary Board shall prescribe the minimum ratio which the net worth of a bank must bear to its total risk assets which may include contingent accounts. In connection thereto, the Monetary Board may require that the ratio be determined on the basis of the net worth and risk assets of a bank, its subsidiaries, financial or otherwise and prescribe the composition and the manner of determining the net worth and total risk assets of bank and their subsidiaries. To ensure compliance with the set minimum ratio, the Monetary Board may limit or prohibit the distribution of net profits by such bank and require that such net profit be used to increase the capital accounts of the bank until the minimum requirement has been met. It may also restrict or prohibit acquisition of major assets and the making of new investments by the bank.

A universal bank has the authority to: (i) perform activities allowed for commercial banks; (ii) exercise powers of an investment house; and (iii) invest in non-allied enterprise.

Capital adequacy requirements and reserve requirements

In December 2010, a new update to the Basel Accords, known as Basel III, was issued by the BCBS containing new standards that modify the structure of regulatory capital. The Basel III regulations include tighter definitions of Tier 1 capital and Tier 2 capital, the introduction of a leverage ratio, changes in the risk weighting of counterparty credit risk, a framework for counter-cyclical capital buffers, and short and medium-term quantitative liquidity ratios. To align with the international standards, the BSP adopted part of the Basel Committee's eligibility criteria to determine eligibility of capital instruments to be issued by Philippine banks and quasi-banks as Hybrid Tier 1 capital and Tier 2 with the issuance of BSP Circular No. 709 effective January 1, 2011, as amended by BSP Circular No. 716.

In January 2012, the BSP announced that the country's universal and commercial banks, including their subsidiary banks and quasi-banks, will be required to adopt in full the capital adequacy standards under Basel III with effect from January 1, 2014. It aims to replace Basel II, to further strengthen the local bank's loss absorption capacity and encourage banks to rely more on core capital instruments like Common Equity Tier 1 and Tier 1 issues.

This thus allowed local banks one full year for a parallel run of the old and new guidelines prior to the effectiveness of the new standards in 2014, marking an accelerated implementation compared to the Basel Committee's staggered timeline that stretches from January 2013 to January 2017. On January 15, 2013, the BSP issued the implementing guidelines for the adoption on January 1, 2014 of the revised capital standards under the Basel III accord for universal and commercial banks.

The guidelines set new regulatory ratios for banks to meet specific minimum thresholds for CET1 capital and Tier 1 capital in addition to the capital adequacy ratio. The BSP maintained the minimum capital adequacy ratio at 10.0% and set a minimum CET1 ratio of 6.0% and a minimum Tier 1 capital ratio of 7.5%. The new guidelines also introduced a CCB of 2.5% which shall be made up of CET1 capital. Under BSP Circular No. 1027 dated Deember 28, 2018, net due from head office, branches and subsidiaries outside the Philippines, excluding accumulated net earnings shall be deducted from CET1 capital.

In addition, banks which issued capital instruments from 2011 will be allowed to count these instruments as Basel III-eligible until end-2015. However, capital instruments that are not eligible in any of the three components of capital were derecognized from the determination of the regulatory capital on January 1, 2014.

Under the New Central Bank Act, the BSP requires banks to maintain cash reserves and liquid assets in proportion to deposits in prescribed ratios. If a bank fails to meet this reserve during a particular week on an average basis, it must pay a penalty to BSP on the amount of any deficiency.

Under BSP Circular 732 issued on August 3, 2011, as further amended by BSP Circular 753 issued on March 29, 2012, BSP Circular 830 issued on April 3, 2014, BSP Circular 832 issued on May 27, 2014, BSP Circular 997 issued on February 15, 2018, BSP Circular 1004 issued on May 24, 2018, BSP Circular 1041 issued on May 29, 2019, BSP Circular 1054 issued on October 11, 2019, and BSP Circular 1056 issued on October 22, 2019, and BSOP Circular No. 1082 issued on March 31, 2020 (reiterated in BSP Circular No. 1092), universal and commercial banks are required to maintain regular reserves, effective week of April 3, 2020 of: (a) 12% against demand deposits, NOW) accounts, savings deposits (excluding basic deposit accounts), time deposits, negotiable CTDs, long-term non-negotiable tax-exempt CTDs, deposit substitutes, Peso deposits lodged under due to foreign banks and Peso deposits lodged under due to head office/branches/agencies abroad of banks (Philippine branch of a foreign bank); (b) 0% against deposit substitutes evidenced by repurchase agreements; (c) 4% against LTNCDs; (d) 3% against bonds; and (e) 0% against basic deposit accounts as defined under Section X222 of the MORB and for IBCL.

On October 29, 2014, the Monetary Board approved the guidelines for the implementation of higher capital requirements on D-SIBs by the BSP under Basel IIII. Banks deemed as D-SIBs by the BSP are required to maintain capital surcharges to enhance their loss absorbency and thus mitigate any adverse side effects both to the banking system and to the economy should any of the D-SIBs fail. The assessment started in 2014 with the BSP informing banks confidentially of their D-SIB status in 2015. To determine the banks' systemic importance, the BSP will assess and assign weights using the indicator-based measurement approach based on the following: size, interconnectedness, substitutability, and complexity. Depending on how they score against these indicators and the buckets to which the scores correspond, the D-SIBs will have varying levels of additional loss absorbency requirements ranging from 1.0% to 2.5%. Aside from the added capital pressure, D-SIBs may be put at an undue disadvantage compared to Global Systemically Important Banks given that this framework was patterned for regional/global banks and thus may not be appropriate for local banks. The phased-in compliance started on January 1, 2017 and became fully effective on January 1, 2019.

In May 2015, the BSP approved the guidelines for the implementation of Basel III leverage ratio (computed as banks' Tier 1 capital divided by its total on-book and off-book exposure). On June 9, 2015, the BSP issued BSP Circular No. 881 on the implementing guidelines and accordingly, amending the relevant provisions of the guidelines. Under the guidelines, universal and commercial banks are required to maintain a minimum leverage ratio of 5%, which is more stringent than the 3% minimum leverage ratio under Basel III by January 1, 2017 (which compliance period was extended to January 1, 2018 based on BSP Circular No. 943 issued in 2017). The guidelines also provide for a monitoring period up to the end of 2016 during which banks are required to submit periodic reports; however, sanctions will not be imposed on banks whose leverage ratios fall below the required 5% minimum during the period. However, sanctions were not imposed on banks whose leverage ratios fell below the required 5% minimum during the period. The leverage ratio serves as a backstop measure to the risk-based capital requirements. While this has no material impact given that Philippine banks' ratios are above the required minimum, the leverage ratio along with other pending components of Basel III point to an increasing regulatory burden on banks. On January 26, 2017, the BSP issued BSP Circular No. 943 which approved the one-year extension of the Basel III Leverage Ratio monitoring period from December 31, 2016 to December 31, 2017, and set new deadlines for the submission of the reporting and disclosure requirements. During the monitoring period, the BSP will continue to assess the calibration and treatment of the components of the leverage ratio. The leverage ratio serves as a backstop measure to the risk-based capital requirements. While this has no material impact given that Philippine banks' ratios are above the required minimum, the leverage ratio along with other pending components of Basel III point to increasing regulatory burden on banks.

On January 22, 2018, the BSP issued BSP Circular No. 990 which approved the extension of the Basel III Leverage Ratio monitoring period from December 31, 2017 to June 30, 2018, and set new deadlines for the submission of the reporting and disclosure requirements. The monitoring of the leverage ratio shall be implemented as a Pillar 1 minimum requirement effective on July 1, 2018.

Further, local banks face new liquidity requirements, namely, the LCR and the Net Stable Funding Ratio ("**NFSR**"), under Basel III. The LCR requires banks to hold sufficient level of High Quality Liquid Assets ("**HQLAs**") to enable them to withstand a 30 day-liquidity stress scenario. Meanwhile, the NSFR requires that banks' assets and activities are structurally funded with long-term and more stable funding sources. While both ratios are intended to strengthen banks' ability to absorb shocks and minimize negative spillovers to the real economy, compliance with these ratios may also further increase competition among banks for deposits as well as HQLAs. In March 2016, the Monetary Board approved the LCR framework with an observation period from July 1, 2016 until the end of 2017, during which banks are required to commence reporting their LCR to the BSP. Starting January 1, 2018, banks were required to meet a 90% LCR threshold, which was increased to 100% commencing on January 1, 2019 for universal and commercial banks. On June 6, 2018, the BSP issued BSP Circular No. 1007 which sets out the guidelines on the adoption of the Basel III Framework on Liquidity Standards - NSFR. The internationally agreed start date for the phase-in of liquidity requirements is January 1, 2015. On March 15, 2019, the Monetary Board approved the extension of the observation period for the LCR and NSFR for subsidiary banks and quasi banks of universal and commercial banks until December 31, 2019, moving the effectivity dates of said ratios to January 1, 2020. During the extended observation period, subsidiary banks and quasi-banks of universal and commercial banks are required to comply with a 70% LCR and NSFR, which shall increase to 100% on January 1, 2020. On March 15, 2019, the Monetary Board also approved enhancements to the LCR and minimum liquidity ratio guidelines, including netting of cash inflows and outflows for the LCR framework, and counting interbank placements as eligible liquid assets and adjusting qualifying liabilities through conversion factors to retail current and regular savings deposits worth ₱500,000.00 and below and certain liability accounts.

On Februrary 12, 2016, the Monetary Board approved the guidelines on the submission of a recovery plan by D-SIBs which shall form part of the D-SIBs' ICAAP submitted to the BSP every 31st of March of each year. The recovery plan identifies the course of action that a D-SIB should undertake to restore its viability in cases of significant deterioration of its financial condition in different scenarios. At the latest, the recovery plan shall be activated when the D-SIB breaches the total required CET1 capital, the higher loss absorbency ("**HLA**") capital requirement and/or the minimum liquidity ratios as may be prescribed by the BSP. As a preemptive measure, the recovery plan should use early warning indicators with specific levels (i.e., quantitative indicators supplemented by qualitative indicators) that will activate the recovery plan even before the above-said breaches happen. This preparatory mechanism, including the operational procedures, monitoring, escalation and approval process should be clearly defined in the recovery plan. The ICAAP document which includes the first recovery plan was submitted on June 30, 2016 and will be re submitted on the 31st of March of each year.

In addition, Basel III capital rules for banks include setting up a countercyclical capital buffer ("**CCyB**") wherein banks build up the required level of capital during boom times and draw down on the buffer in the event of an adverse turn in the cycle or during periods of stress, thus helping to absorb losses. On December 6, 2018, the BSP issued guidelines on CCyB. BSP Circular No. 1024 imposes a CCB of 2.5% and a CCyB of 0% subject to upwards adjustment to a rate determined by the Monetary Board when systemic conditions warrant but not to exceed 2.5%. Any increase in the CCyB rate shall be effective 12 months after its announcement, while decreases shall be effective immediately. The circular further provides that the HLA requirement shall be on top of the combined requirement for CCB and CCyB. Under EW for International Settlements, the CCB became fully effective on January 1, 2019.

In October 2014, the BSP issued BSP Circular No. 855 which provides for new guidelines on sound credit risk management practices. BSP Circular No. 855 mandates banks to establish appropriate credit risk strategy and policies, processes and procedures including cash flow-based credit evaluation process, and tighter provisioning guidelines. These are seen to increase costs as banks may have to upgrade their risk management systems and provisioning requirements.

Additionally, BSP Circular No. 855 sets the collateral value ("**CV**") for a loan backed up by real estate to only 60% of its appraised value. Banks will still be allowed to lend more than 60% of the CV; however, the portion above 60% will be considered unsecured, thus requiring banks to set up loan loss provisions accordingly. The CV ruling should not be mistaken for the loanable value, which is the loan amount extended by banks to its borrowers. The current industry practice is a LTV ratio of 70%-80%, which some banks may continue to grant provided that they have strict and consistent lending standards, adequate capital buffer and provisions. This new ruling, along with other BSP regulations intended to avert a property bubble, could result in an overall slowdown in lending to the real estate sector as banks adjust to these rulings.

On October 9, 2014, the Monetary Board decided to increase the minimum capital requirement for all bank categories including universal, commercial, thrift, rural and cooperative banks. This is in line with the BSP's efforts of further strengthening the banking system. Under this regulation, the minimum capital for universal and commercial banks will be tiered based on network size as indicated by the number of branches. Existing banks that will not immediately meet the new minimum capital requirement may avail of a five (5)-year transition period to fully comply. Such banks will be required to submit a capital build-up program that is acceptable. Banks that fail to comply with the minimum capital requirements or fail to propose an acceptable capital build-up program face curtailment of future expansion plans. For universal banks, the minimum capitalization was changed from the previous ₱4.95 billion, which was applicable to all, to ₱3.0 billion for banks with head office only, ₱6.0 billion for banks with up to ten (10) branches, ₱15.0 billion for banks with 11 to 100 branches and ₱20.0 billion for banks with more than 100 branches.

To better monitor the banking industry's exposure to the property sector, the BSP in September 2012 approved the guidelines that effectively widened the scope of banks' real estate exposures to include mortgages and loans extended to the following: individuals to finance the acquisition/construction of residential real estate for own occupancy as well as land developers and construction companies for the development of socialized and low-cost housing. Securities investments issued for purposes of financing real estate activities are also included under the new guidelines. Banks were required to submit the expanded report starting end-December 2012.

Further on June 27, 2014, the BSP issued BSP Circular No. 839 requiring banks to undergo real estate stress tests while setting prudential limits for banks' real estate exposures to ensure that they have adequate capital to absorb potential losses to the property sector. Universal and commercial banks as well as thrift banks must meet a capital adequacy ratio of 10% of qualifying capital after adjusting for the stress test results. Further, universal and commercial banks and their thrift bank subsidiaries are required to maintain a level of CET1 capital that is at least 6% of qualifying capital after factoring in the stress scenario. In addition, banks are mandated to submit quarterly report of their real estate exposures, in line with the new real estate stress test capital requirements.

On October 10, 2017, the BSP issued BSP Circular No. 976 which approved amendments to the expanded report on the real estate exposure of banks, and required the submission of a report on project finance exposures to enable the BSP to gather more granular information regarding these exposures. It also clarified the definition of loans to finance infrastructure projects for public use that are currently exempt from the 20% limit on real estate loans.

On November 23, 2017, the BSP issued BSP Circular No. 983 that prescribes the reduction in the reserve requirement rate on repurchase transactions, as well as sets forth the features of the repurchase program that shall be eligible for the zero reserve rate requirement. Deposit substitutes evidenced by repurchase agreements covering government securities that are transacted in an organized market under the Government Securities Repo Program shall be subject to the reserve requirement of 0% beginning the first week of December 2017.

Limitations on operations

The Single Borrower's Limit

Except as prescribed by Monetary Board for reasons of national interest, the total amount of loan, credit accommodations and guarantees (determined on the total credit commitment) that may be extended by a bank to any person or entity shall at no time exceed 20% of the net worth of the bank (or 30% of the net worth of the bank in the event that certain types and levels of security are provided). This ceiling may be adjusted by the Monetary Board from time to time. As of December 31, 2011, the ceiling applicable to EW was 25% (or 35% of the net worth of the bank in the event that certain types and levels of security are provided). The ceiling may be increased by the following percentages: (a) an additional 10% of the net worth of the bank as long as the additional liabilities are secured by shipping documents, trust or warehouse receipts or other similar documents which cover marketable, non-perishable goods which must be fully covered by insurance, (b) an additional 25% of the net worth of the bank provided that: (i) the additional loans, credit accommodations and guarantees are used to finance the infrastructure and/or development projects under the Public-Private Partnership Program of the government duly certified by the Secretary of Socio-Economic Planning; (ii) these additional liabilities should not exceed 25% of the net worth of the bank; and (iii) the additional 25% shall only be allowed for a period of six years from December 6, 2010; and (c) an additional 15% of the net worth of the bank provided that the additional loans, credit accommodations and guarantees are used to finance oil importation of oil companies which are not subsidiaries or affiliates of the lending bank which is also engaged in energy and power generation. To encourage BSFIs to engage in agricultural value chain financing, the total amount of loans, credit accommodations and guarantees may also be increased by an additional 25% granted to entities, which act as value chain aggregators

of the lending banks' clients, and/or economically-linked entities that are also actors/players in the value chain, which shall only be for a period of three years from March 14, 2016, subject to review after said period.

The limitations shall not apply to (a) loans and other credit accommodations secured by obligations of the BSP or of the Government; (b) loans and other credit accommodations fully guaranteed by the Government as to the payment of principal and interest; (c) loans and other credit accommodations secured by U.S. Treasury Notes and other securities issued by central governments and central banks of foreign countries with the highest credit quality given by any two internationally accepted rating agencies; (d) loans and other credit accommodations to the extent covered by the hold-out on or assignment of, deposits maintained in the lending bank and held in the Philippines; (e) loans, credit accommodations and acceptances under letters of credit to the extent covered by margin deposits; and (f) other loans or credit accommodations which the Monetary Board may from time to time specify as non-risk items. On July 5, 2017, the BSP issued BSP Circular No. 965, approving the guidelines on the exclusion from the Single Borrower's Limit of banks and quasi-banks' short-term exposures to clearing and settlement banks arising from payment transactions.

On April 30, 2018, the BSP issued BSP Circular No. 1001 which provided for a separate individual limit of 25.0% of the net worth of the lending bank for loans, credit accommodations and guarantees granted by a bank to an entity for the purpose of project finance. The applicability of the separate individual limit shall be subject to the following conditions: (a) the unsecured portion shall not exceed 12.5% of the net worth of the lending bank when the project is already operational; (b) such project finance loans are for the purpose of undertaking initiatives that are in line with the priority programs and projects of the government; (c) the lending bank shall ensure that the standard prudential controls in project finance loans designed to safeguard creditors' interests are in place, which may include pledge of a borrower's shares, assignment of the borrower's assets, assignment of all revenues and cash waterfall accounts, and assignment of project document; (d) the lending bank shall consider its total project finance exposures in complying with the guidelines in managing large exposures and credit risk concentrations; (e) the subsidiary or affiliate is not a related interest of any of the director, officer, and/or stockholder of the lending bank; and (f) the total outstanding loans, other credit accommodations and guarantees to all subsidiaries and affiliates shall be subject to the aggregate limits for related party transactions.

On July 22, 2020, the BSP issued Memorandum Circular No. 1091, introducing an exemption for debt securities held by market makers from the single borrower's limit. This circular stipulates that these debt securities will not be considered in the calculation of the single borrower's limit for a specified timeframe. Specifically, if the acquisition of debt securities by market makers occurs between August 1, 2020, and July 31, 2021, the exclusion from the calculation of the single borrower's limit will be in effect for a period of 90 days from the date of acquisition. For acquisitions made on or after August 1, 2021, the exclusion period will be 60 days from the date of acquisition.

Limitation on DOSRI Transactions

No director or officer of any bank shall directly or indirectly, for himself or as the representative or agent of others, borrow from such bank nor shall he become a guarantor, endorser or surety for loans from such bank to others, or in the manner be an obligor or incur any contractual liability to the bank except with the written approval of the majority of all the directors of the bank, excluding the director concerned.

After due notice to the Board of Directors of the bank, the office of any officer or director who violates the DOSRI limitation may be declared vacant and such erring officer or director shall be subject to the penal provisions of the New Central Bank Act. The DOSRI account shall be limited to an amount equivalent to their respective unencumbered deposits and book value of their paid-in capital contribution in the bank. The limitation excludes loans, credit accommodations and guarantees secured by assets which the Monetary Board considers as non-risk.

On June 2, 2016, the Monetary Board approved the revisions to prudential policy on loans, other credit accommodations, and guarantees granted to DOSRIs. The Monetary Board approved the exclusion of loans, other credit accommodation and guarantees granted by a bank to its DOSRI for the purpose of project finance from the 30% unsecured individual ceiling during the project gestation phase, provided, that the bank shall ensure that standard prudential controls in project finance loans designed to safeguard creditors' interests are in place, which may include pledge of the borrower's shares, assignment of the borrower's assets, assignment of all revenues and cash waterfall accounts, and assignment of project documents.

On June 23, 2016, the BSP issued BSP Circular No. 914, Series of 2016 amending the prudential policy on loans, other credit accommodations, and guarantees granted to DOSRI, subsidiaries and affiliates. BSP Circular No. 914

has raised the ceilings on the exposures of subsidiaries and affiliates of banks to priority programs particularly infrastructure projects under the Philippine Development Plan / Public Investment Program ("**PDP/PIP**") needed to support economic growth. The exposures to subsidiaries and affiliates in PDP/PIP projects will now be subject to higher individual and unsecured limits of 25% instead of 10% and 12.5% instead of 5% of the net worth of the lending bank, respectively, subject to conditions. Further, the circular also provides for a refined definition of "related interest" and "affiliates" to maintain the prudential requirements and preempt potential abuse in a borrowing transaction between the related entities. The circular also amends the capital treatment of exposures to affiliates by weighing the risk of both the secured and unsecured loans granted to the latter.

Limitations on Loans and Credit Accommodations

As a general rule, loan and other credit accommodation against real estate shall not exceed 60% of the appraised value of the real estate security plus 60% of the appraised value of the insured improvements, and such loans may be made to the owner of the real estate or to his assignees, except for the following which shall be allowed a maximum value of 70% of the appraised value of the insured improvements: (a) residential loans not exceeding ₱3.5 million to finance the acquisition or improvement of residential units; and (b) housing loans extended by or guaranteed under the Government's "National Shelter Program", such as the Expanded Housing Loans Program of the Home Development Mutual Fund and the mortgage and guaranty and credit insurance program of the Home Insurance and Guaranty Corporation. Prior to lending on an unsecured basis, a bank must investigate the borrower's financial position and ability to service the debt and must obtain certain documentation from the borrower, such as financial statements and tax returns. Any unsecured lending should be only for a time period essential for completion of the operations to be financed. Likewise, loans against chattels and intangible properties shall not exceed 75% of the appraised value of the security and such loans may be made to the title-holder of the unencumbered chattels and intangible properties or his assignee.

On February 4, 2008, the BSP issued Circular No. 600 removing interbank loans from the total loan base to be used in computing the aggregate limit on real estate loans and amending the inclusions and exclusions to be observed in the computation.

On October 10, 2017, the BSP issued Circular No. 976 which approved amendments to the expanded report on the real estate exposure of banks and required the submission of a report on project finance exposures to enable the BSP to gather more granular information regarding these exposures. It also clarified the definition of loans to finance infrastructure projects for public use that are currently exempt from the 20% limit on real estate loans.

On October 27, 2017, the BSP issued BSP Circular No. 978 which provided for exclusion of the portion of loans and other credit accommodation covered by guarantees of international/regional institutions/multilateral financial institutions where the Philippine Government is a member/shareholder, from the ceilings on total outstanding loans, other credit accommodations and guarantees granted to banks' subsidiaries and affiliates. BSP Circular No. 978 excluded the following in determining compliance with the ceilings provided under BSP Circular No. 914: (1) Loans, other credit accommodations and guarantees secured by assets considered as non-risk under existing BSP regulations; (2) Interbank call loans; and (3) The portion of loans and other credit accommodations covered by guarantees of international/regional institutions/multilateral financial institutions where the Philippine Government is a member/shareholder, such as the International Finance Corporation and the Asian Development Bank.

Limitation on Investments

The total investment of a universal bank in equities of allied and non-allied enterprises shall not exceed 50% of its net worth. Moreover, the equity investment in any one enterprise whether allied or non-allied, shall not exceed 25% of the net worth of the universal bank. Net worth for this purpose is defined as the total unimpaired paid-in capital including paid-in surplus, retained earnings and undivided profit, net of valuation reserves and other adjustments as may be required by BSP. The Monetary Board must approve such acquisition of equities. Further, the BSP may impose conditions on the any approval of a major investment and has the authority to seek corrective action.

A universal bank can own up to 100% of the equity in a thrift bank, a rural bank or a financial or non-financial allied enterprise. A publicly listed universal bank, such as EW, may own up to 100% of the voting stock of only one other universal or commercial bank. However, with respect to non-allied enterprise, the equity investment in such enterprise by a universal bank shall not exceed 35% of the total equity in the enterprise nor shall it exceed 35% of the voting stock in that enterprise.

A bank's total investment in real estate and improvements including bank equipment shall not exceed 50% of the combined capital accounts. Further, the bank's investment in another corporation engaged primarily in real estate shall be considered as part of the bank's total investment in real estate, unless otherwise provided by the Monetary Board.

The limitation stated above shall not apply with respect to real estate acquired by way of satisfaction of claims. However, all these properties must be disposed by the bank within a period of five (5) years or as may be prescribed by the Monetary Board.

Prohibition to act as Insurer

A bank is prohibited from directly engaging in insurance business as the insurer.

Permitted Services

In addition to the operations incidental to its banking functions, a bank may perform the following services:

- receive in custody funds, documents and valuable objects;
- act as financial agent and buy and sell, by order of and for the account of their customers, shares evidences of indebtedness and all types of securities;
- upon prior approval of the Monetary Board, act as the managing agent, adviser, consultant or administrator of investment management/advisory/consultancy accounts; and
- rent out safety deposit boxes.

Anti-Money Laundering Act of 2001

The AMLA, as amended, requires covered institutions such as banks including its subsidiaries and affiliates, to provide for customer identification, record keeping and reporting of covered and suspicious transactions.

On February 15, 2013, RA 10365, which took effect on March 7, 2013, expanded the AMLA covered institutions and crimes. Additions to the enumeration of covered persons include jewelry selling agents for transactions in excess of ₱1 million; company service providers, or those who form companies for third parties, hold positions as directors or corporate secretaries for third parties, provide business addresses or engage in correspondence or act as nominee shareholder for others. Likewise, the following persons were added to the list: persons (a) who manage their client's money, security or other assets, or (b) who manage bank or securities accounts, or (c) who organize funds for the creation, operation or management of companies, or (d) who create, operate or manage entities or relationships, or (e) buy and sell business entities. In July 2017, RA 10927 further expanded the coverage of AMLA to include casinos for a single casino cash transaction involving an amount in excess of ₱5.0 million or its equivalent in any other currency.

Covered transactions are single transactions in cash or other equivalent monetary instrument involving a total amount in excess of ₱500,000.00 within one (1) Business Day, and for covered persons under Section 3(a)(8), a single casino transaction involving an amount in excess of ₱5.0 million or its equivalent in any other currency.

Suspicious transactions are transactions with covered institutions such as a bank, regardless of the amount involved, where any of the following circumstances exists:

- there is no underlying legal or trade obligation, purpose or economic justification;
- the customer or client is not properly identified;
- the amount involved is not commensurate with the business or financial capacity of the client;
- the transaction is structured to avoid being the subject of reporting requirements under the AMLA;
- there is a deviation from the client's profile or past transaction;

- the transaction is related to an unlawful activity or offence under the AMLA; and

- similar or analogous transactions to the above.

Failure by any responsible official or employee of a bank to maintain and safely store all records of all transactions of the bank, including closed accounts, for five (5) years from date of transaction/closure of account shall be subject to a penalty of six months to one year imprisonment and/or fine of ₱500,000.00.

Malicious reporting of completely unwarranted or false information relative to money laundering transaction against any person is punishable by six months to four years imprisonment and a fine of not less than ₱100,000.00 and not more than ₱500,000.00.

In compliance with the law, banks, their officers and employees are prohibited from communicating directly or indirectly to any person or entity, the media, the fact that a covered or suspicious transaction has been reported or is about to be reported, the contents of the report, or any information relating to such report. Neither may such report be published or aired in any manner or form by the mass media, electronic mail, or other similar devices. A violation of this rule is deemed a criminal act.

Money laundering is committed by any person who, knowing that any monetary instrument or property represents, involves, or relates to the proceeds of any unlawful activity:

(a) transacts said monetary instrument or property;

(b) converts, transfers, disposes of, moves, acquires, possesses or uses said monetary instrument or property;

(c) conceals or disguises the true nature, source, location, disposition, movement or ownership of or rights with respect to said monetary instrument or property;

(d) attempts or conspires to commit money laundering offenses referred to in paragraphs (a), (b) or (c);

(e) aids, abets, assists in or counsels the commission of the money laundering offenses referred to in paragraphs (a), (b) or (c) above;

(f) performs or fails to perform any act as a result of which the person facilitates the offense of money laundering referred to in paragraphs (a), (b) or (c) above; and

(g) knowingly fails to disclose and file with AMLC any monetary instrument or property required to be disclosed and filed.

Under AMLA, banks, as covered persons, are required to report to the AMLC all covered transactions and suspicious transactions within a period of five working days from occurrence thereof, unless the AMLC prescribes a different period not exceeding 15 working days. The Court of Appeals of the Philippines ("**Court of Appeals**"), upon verified ex-parte application by the AMLC and after determination that probable cause exists that any monetary instrument or property is in any way related to an unlawful activity as defined in the AMLA, has the authority to issue a freeze order which shall be effective immediately, and which shall not exceed six months depending upon the circumstances of the case. However, if no case is filed against a person whose account has been frozen within the period determined by the Court of Appeals (but not exceeding six months), the freeze order shall be deemed automatically lifted, provided, that a freeze order is without prejudice to an asset preservation order which the relevant trial court may issue upon the same assets. Further, a freeze order or asset preservation order shall be limited only to the amount of cash or monetary instrument or value of property which the court finds probable cause to consider such property as proceeds of the predicate crime.

BSP Circular No. 495 issued on September 20, 2005, as amended by BSP Circular 527 issued on April 28, 2006, required all universal and commercial banks to adopt an electronic money laundering transaction monitoring system by October 14, 2007. The said system should, at the minimum, be able to detect and raise to the bank's attention, transactions and/or accounts that qualify either as "covered transactions" or "suspicious transactions" as defined under AMLA.

BSP Memorandum No. M2012-017 issued on April 4, 2012, as affirmed by BSP Circular No. 950 issued on March 15, 2017 likewise requires all covered banking institutions to comply with the anti-money laundering risk rating system ("**ARRS**"), a supervisory system that aims to ensure that mechanisms to prevent money laundering and terrorist funding are in place and effectively implemented in banking institutions. Under the ARRS, each institution is rated based on the following factors: (a) efficient board of directors and senior management oversight; (b) sound anti-money laundering policies and procedures embodied in a money laundering and terrorist financing prevention program duly approved by the board of directors; (c) robust internal controls and audit; and (d) effective implementation. BSP Circular No. 950, further provides for specific requirements on having a risk-based approach to customer identification by covered institutions, an ongoing monitoring of customers, accounts, and transactions, and a policy of non-discrimination against certain types of customers.

Institutions that are subject to AMLA are also required to establish and record the identities of their clients based on official documents. In addition, all records of transactions are required to be maintained and stored for a minimum of ten years from the date of a transaction. Records of closed accounts must also be kept for five years after their closure.

On April 20, 2018, the AMLC issued AMLC Letter No. AMLET-18-03, providing for Operational Guidelines in the Conduct of the 2018 Third Round Mutual Evaluation of the Philippines (the "**Operational Guidelines**"). The Operational Guidelines aim to (a) create an inter-agency Mutual Evaluation Working Group and sub-working groups; (b) enumerate the functions and obligations of the member-agencies with respect to the Mutual Evaluation process; (c) outline the Mutual Evaluation process and provide guidance as to the different components of the process; (d) provide timelines for the Mutual Evaluation process and Mutual Evaluation-related activities; (e) enumerate effects of a "non-compliant" or "poor" Mutual Evaluation; and (f) lay down the framework towards the adoption of a national anti-money laundering/counter-financing of terrorism ("**AML/CFT**") Strategy. The Operational Guidelines are addressed to all participating government agencies and other entities.

The Mutual Evaluation is a government-wide concern as what will be assessed is the compliance of the Philippines with the Financial Action Task Force Forty Recommendations and the effectiveness of its AML/CFT regime. The entire Mutual Evaluation process spans two (2) years, and will require the support and active participation of various government agencies, including supervisory authorities, law enforcement agencies, and public and private stakeholders. The Philippines will be evaluated by a pool of experts from Financial Intelligence Units from other member-jurisdictions of the Asia-Pacific Group on Money Laundering ("**APG**"), pursuant to the APG's membership rules.

On November 22, 2018, the AMLC approved the 2018 Implementing Rules and Regulations of the AMLA prescribing, among others, the guidelines on identifying and recording beneficial ownership. In relation thereto, on January 14, 2019, BSP issued Circular Letter No. CL-2019-002, addressed to all BSFIs of the guidelines issued by the AMLC on digitisation of customer records and identification of beneficial owners.

Moreover, the Implementing Rules and Regulations of the Anti-Money Laundering Act of 2001 requires compliance officers which will oversee the Anti-Money Laundering Programme. This is also reflected in the amendments to the Revised Corporation Code mandating banks to elect a compliance officer.

On January 29, 2020, the AMLC issued AMLC Regulatory Issuance (ARI) A, B and C No. 1 (2020), which amends certain provisions of the 2018 implementing Rules and Regulations of RA 9160, as amended. The ARI added provisions on immediate family members and close associates of politically-exposed persons and expanded the definition of a customer or client to include juridical persons. Such resolution also provided that the suspicious transaction report shall cover all transactions, whether completed or attempted, and shall be promptly filed within the next working day from the occurrence thereof.

On January 29, 2021, the AMLA was further amended to include violations under the SRC and Strategic Trade Management Act. It also includes tax deficiencies in excess of ₱25,000,000.00. The AMLC is also empowered to issue ex parte freeze orders in cases of violations involving terrorist financing.

ANTI-TRUST LAWS

The Philippine Competition Act

RA 10667, or the PCA was signed into law on July 21, 2015 and took effect on August 8, 2015. This is the first anti-trust statute in the Philippines and it provides the competition framework in the Philippines. The PCA was

enacted to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities. To implement its objectives, the PCA provides for the creation of a PCC, an independent quasi-judicial agency with five (5) commissioners. Among its powers are to: conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, however, the PCC must still apply for a warrant with the relevant court.

The PCA prohibits and imposes sanctions on: (a) anti-competitive agreements between or among competitions, mergers and acquisitions which have the object or effect of substantially preventing, restricting or lessening competition, and (c) practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition, such as selling goods or services below cost to drive out competition, imposing barriers to entry or prevent competitors from growing, and setting prices or terms that discriminate unreasonably between customers or sellers or the same goods, subject to certain exceptions.

On June 3, 2016, the PCC issued the IRR of the PCA. Under the IRR, as a general rule, parties to a merger or acquisition are required to notify the PCC when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the Ultimate Parent entity of the acquiring or the acquired entities exceed ₱1.0 billion; and (b) the value of the transaction exceeds ₱1 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱1.0 billion, or (b) the gross revenues generated in the Philippines by assets to be combined in thePhilippines or contributed into the proposed joint venture exceed ₱1.0 billion.

On March 10, 2018, the PCC issued Memorandum Circular No. 1-001 ("**MC No. 18-001**") to amend Section 3, Rule 4 of the IRR to increase the initial thresholds. Under MC No. 18-001, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the Ultimate Parent entity of at least one of the acquiring or acquired entities, including thatof all entities that the Ultimate Parent entity controls, directly or indirectly, exceed ₱5.0 billion; and (b) the value of thetransaction exceeds ₱2.0 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2 billion; or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.0 billion. As provided in MC No. 18-001, the thresholds shall be automatically adjusted commencing on March 1, 2019 and on March 1st of every succeeding year, using as index the Philippine Statistics Authority's official estimate of the nominal gross domestic product growth of the previous calendar year rounded up to the nearest hundred million. Therevised thresholds, however, shall not apply to mergers or acquisitions pending review by the PCC; notifiable transactions consummated before the effectivity of the memorandum circular; and transactions already subject of a decision by the PCC.

On March 1, 2025, the notification thresholds were further adjusted by PCC Commission Resolution No. 04-2025 such that effective March 1, 2025, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of theUltimate Parent entity of at least one of the acquiring or acquired entities, including that of all entities that the Ultimate Parent entity controls, directly or indirectly, exceed ₱8.5 billion; and (b) the value of the transaction exceeds ₱3.5 billion,as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement ifeither (a) the aggregate value of the assets will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱8.5 billion; or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱3.5 billion.

Violations of the PCA and the IRR have severe consequences. Under the PCA and the IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of 1% to 5% of the value of the transaction. Criminal penalties for entities that enter into anti-competitive agreements, as defined, include: (a) a fine of not less than ₱50.0 million but not more than ₱250.0. million; and (b) imprisonment for two (2) to seven (7) years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100.0 million to ₱250.0 million may be imposed on entities found violating prohibitions againstanti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

On September 15, 2017, the PCC published the 2017 Rules of Procedure ("**Rules**") which apply to investigations, hearings, and proceedings of the PCC, except to matters involving mergers and acquisitions unless otherwise provided.It prescribes procedures for fact-finding or preliminary inquiry and full administrative investigations by the PCC. TheRules also include non-adversarial remedies such as the issuance of binding rulings, show cause orders, and consent orders.

On September 23, 2017, the PCC published the 2017 Rules on Merger Procedures which provides the procedure for the review or investigation of mergers and acquisition pursuant to the IRR. The 2017 Rules on Merger Procedures provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the IRR are requiredto notify the PCC within 30 days from the signing of definitive agreements relating to the notifiable merger.

DATA PRIVACY LAWS

Data Privacy Act

RA 10173, otherwise known as the Data Privacy Act of 2012 ("**Data Privacy Act**"), was signed into law on 15 August 2012, to govern the processing of all types of personal information (i.e., personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System ("**ICT**"), which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar deviceby or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storageof electronic data, electronic message, or electronic document. While the law expressly provides that it does not applyto certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes. It mandated the creation of a National Privacy Commission, whichshall administer and implement the provisions of the Data Privacy Act and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental humanright of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The Data Privacy Act seeks to protect the confidentiality of "personal information", which is defined as "any information, whether recorded in material form or not, from which the identity of an individual is apparent or can bereasonably and directly ascertained by the entity holding the information, or when put together with other informationwould directly and certainly identify an individual." The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on "personal information controllers" and "personal information processors". It also provides for penal and monetary sanctions forviolations of its provision.

Financial Products and Services Consumer Protection Act

RA 11765, otherwise known as the Financial Products and Services Consumer Protection Act ("**FPSCPA**") was signed into law on May 6, 2022. The FPSCPA expanded the powers of financial regulators such as the BSP and imposes duties on financial service providers such as banks. Violation of the Act will result in the imposition of enforcement actions from the BSP, penalties and/or administrative sanctions. On November 28, 2022, the Monetary Board issued Circular No. 1160, Series of 2022, which provides for the implementing guidelines of FPSCPA. According to the Circular, banks must meet the following standards in dealing with financial consumers:

1. Disclosure and Transparency;
2. Protection of Client Information;
3. Fair Treatment;
4. Effective Recourse; and
5. Protection of Consumer Assets against Fraud and Misuse.

Under the FPSCPA and the Circular, financial service providers, such as banks, are tasked to continuously evaluate their financial products or services to ensure that they are appropriately targeted to the needs, understanding and capacity of both their markets and their clients, which shall include, among others, the conduct of affordability and suitability assessments, the adoption of a clear cooling-off policy, and the provision of pre-payment of loans and other credit accommodations to its borrowers.

Pursuant to the FPSCPA, the BSP may, in addition to the enforcement actions under the MORB, restriction the ability of banks to collect excessive or unreasonable interests, fees or charges, including other interests, fees and charges that are covered under RA 10870, the "Philippine Credit Card Industry Regulation Law", and order requiring accounting and disgorgement of profits obtained, or losses avoided, as a result of a violation of the FCPA, its IRR and other existing laws, rules, and regulations under its jurisdiction, including reasonable interest.

Electronic Banking Operations

The BSP has prescribed prudential guidelines in the conduct of electronic banking, which refers to systems that enable bank customers to avail themselves of a bank's products and services through a personal computer (using direct modem dial-in, internet access, or both) or a telephone. Applicant banks must prove that they have in place a risk management process that is adequate to assess, control, and monitor any risks arising from the proposed electronic banking activities.

BSP Circular No. 542, dated September 1, 2006, released new guidelines on the protection of electronic banking customers. These guidelines set specific requirements in the following areas: (a) oversight by a bank's board of directors, and other concerned officers over its electronic banking activities; (b) the development of a risk management policy and internal controls over its electronic banking activities; (c) the implementation of a consumer awareness program for the customers of banks; (d) development of policy on disclosures and transparencies, and the availability of electronic banking service; and (e) the development of complaint resolution procedure for unauthorized transactions in electronic banking. Private domestic banks with a BSP-approved electronic banking facility may accept payment of fees and other charges of a similar nature for the account of the departments, bureaus, offices and agencies of the government as well as all government-owned and controlled corporations. The funds accepted shall be treated as deposit liabilities subject to existing regulations on government deposits and shall not exceed the minimum working balance of such government entities.

Private domestic banks with a BSP-approved electronic banking facility may accept payment of fees and other charges of a similar nature for the account of the departments, bureaus, offices and agencies of the government as well as all government-owned and controlled corporations. The funds accepted shall be treated as deposit liabilities subject to existing regulations on government deposits and shall not exceed the minimum working balance of such government entities.

BSP Circular No. 808, dated August 22, 2013, required BSP-supervised institutions to migrate their entire payment network to the more secure Europay, MasterCard and Visa ("**EMV**") chip-enabled cards. In 2014, BSP Circular No. 859 set out the EMV Implementation Guidelines which shall govern the implementation for debit cards in any card-accepting devices/terminals. The deadline set for compliance with the migration to the EMV was initially set for January 1, 2017. However, pursuant to BSP Memorandum No. M-2017-019 issued on June 9, 2017, BSFIs are required to fully comply with the EMV requirement by June 30, 2018. Failure to do so is considered a serious offense and will subject these institutions to monetary sanctions provided under relevant provision of the BSP Manual.

On February 22, 2019, the BSP issued BSP Circular No. 1033 introducing certain amendments to regulations on electronic banking services and other electronic operations, particularly electronic payment and financial services ("**EPFS"**). EPFS are products and services that enable customers to receive payments or initiate financial transactions and other related services through an electronic device. BSP Circular No. 1033 requires the prior approval of the BSP to offer EPFS and certain reportorial requirements must be submitted to the BSP.

On November 26, 2020, the Monetary Board approved the inclusion of digital banks as a distinct classification of banks. Digital banks offer financial products and services that are processed end-to-end through a digital platform and/or electronic channels without any physical branch or sub-branch or branch-lite unit offering financial products and services. On December 2, 2020, the BSP issued BSP Circular No. 1105 which provides the guidelines on establishment of digital banks. While digital banks have no physical branch or sub-branch or branch-lite unit, digital banks are required to maintain a principal or head office in the Philippines to serve as the main

point of contact for stakeholders, including the BSP and other regulators. Pursuant to the accelerated digitalization in the financial industry, the BSP issued Memorandum No. M-2022-016 on March 22, 2022, which provides the controls and processes supporting the operation, connectivity, and endpoint security of Application Programming Interface ("**API**") and the good practices for API management.

On February 7, 2023, the BSP issued Circular No. 1166 which amended the regulations on electronic money ("**E-Money**") and operations of E-Money issuers in the Philippines. The Circular clarified that the E-Money issued under closed-loop electronic wallet systems is not covered by the regulations and provides additional guidelines which shall govern the issuance and operations of E-Money, including the regulations on minimum systems and controls required from E-Money issuers, consumer protection regulations, minimum disclosure requirements, liquidity requirements and capital requirements, among others.

Related Party Transactions

BSP Circular No. 895, dated December 14, 2015, announced the approval of guidelines strengthening oversight and control standards for managing related party transactions of banks and their non-bank financial subsidiaries and affiliates. The guidelines highlight that while transactions between and among the entities within the same group create financial, commercial, and economic benefits, higher standards should be applied to protect the interests of all stakeholders. It is emphasized that related party transactions are generally allowed for as long as these are done on an arm's length basis referring to the process involved in handling the transaction as well as the economic terms of the transaction. Under the guidelines, the board, as an oversight body, shall have overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations. The board is expected to approve an overarching policy on the handling of related party transactions that should cover the scope of its related party transactions policy, guidelines in ensuring arm's length terms, management of conflicts of interest, materiality thresholds and limits, whistle blowing mechanisms, and restitution of losses and other remedies for irregular related party transactions. Further, banks that are part of conglomerates are required to create a related party transactions committee responsible for the continuing identification and review of existing relations between and among businesses and counterparties, and for ensuring that related party transactions are processed in the regular course of business, and are priced fairly. The guidelines now explicitly require that the annual reports adequately disclose relevant information on the governance of related party transactions and specific details of exposures to related parties.

BSP Circular No. 969, dated August 22, 2017, further codified the BSP's thrust to strengthen oversight over related party transactions by enhancing corporate governance guidelines which includes improvement of the duties and responsibilities of the related party transactions committee of BSP supervised financial institutions.

On August 25, 2019, the Philippine SEC issued Memorandum Circular No. 10, series of 2019 (Rules on Material Related Party Transactions for Publicly Listed Companies), mandating additional disclosure/reportorial requirements for material related party transactions ("**MRPTs"**) amounting to 10% or higher of a publicly listed company's total assets. The circular requires all publicly listed companies to submit to the Philippine SEC a policy on MRPTs. Advisement Reports on MRPTs shall also be filed with the Philippine SEC in accordance with the circular within three calendar days after the execution of a covered transaction. Finally, a summary of MRPTs entered into by the company during the reporting year shall be disclosed in the company's Integrated Annual Corporate Governance Report submitted annually every May 30.

National Payment Systems Act

On October 30, 2018, Congress enacted RA 11127,"An Act Providing for the Regulation and Supervision of Payment Systems" ("**R.A. No. 11127"**). RA 11127 seeks to regulate payment systems, recognising that they are crucial parts of the financial infrastructure of the country. The law defines payment systems as the set of payment instructions, processes, procedures and participants that ensures the circulation of money or movement of funds. Meanwhile, the same law defines operators as persons who provide clearing or settlement services in a payment system, or define, prescribe, design, control or maintain the operational framework of the payment system.

Under RA 11127, all operators of payment systems must register with the BSP. Furthermore, the Philippine SEC can no longer register the charter documents of any operator of a designated payment system, or any amendment thereto, or otherwise issue to an operator a license to do business in the Philippines, unless accompanied by a certificate of authority from the Monetary Board under its seal. The law also grants the BSP the power to designate

a new payment system if it determines that an existing payment system is posing or has the potential to pose a systemic risk or the designation is necessary to protect the public interest.

On September 9, 2019, the BSP issued BSP Circular No. 1049 which implements the provisions of RA. 11127. It provides that banks which act as payment systems operators must register with the BSP through notification but do not have to separately file an application or pay registration fees. The BSP will then issue the registering bank a Provisional Certificate of Registration. Thereafter, the BSP will issue the bank a Certificate of Registration, if warranted, and provided the documents submitted by the bank meet all regulatory requirements. BSP Circular No. 1068 issued on December 26, 2019 extended the deadline for the registration of existing payment systems operations from October 1, 2019, as originally provided in Circular No. 1049, to April 1, 2020.

Taxation for Banks

Banks are subject to RCIT, based on their taxable income at a tax rate of 25%.

Taxable net income refers to items of income specified under Section 32(A) of the Tax Code, as amended (the "**Tax Code**") less the items of allowable deductions under Section 34 of the Tax Code or those allowed under special laws.

A minimum corporate income tax ("**MCIT**") equivalent to 2% of the gross income of a bank is payable beginning on the fourth year of operations of the bank only if the MCIT is greater than the RCIT. Any excess MCIT paid over the RCIT can be carried forward as tax credit for the three immediately succeeding years. For purposes of MCIT, the bank's gross income means: (a) gross receipts less sales returns, allowances, discounts and cost of services, including interest expense; and (b) income derived from other businesses except income exempt from income tax and income subject to final tax.

Net operating loss carry-over ("**NOLCO**") can be claimed as deduction against taxable income within three (3) years after NOLCO is incurred.

An improperly accumulated earning tax equivalent to 10% of improperly accumulated taxable income of a corporation is not applicable to banks.

Since banks are in the regular business of lending, interest income derived by banks from lending activities which is generally considered passive income by non-banks, is considered ordinary income of banks subject to 25% corporate income tax. Banks may also claim interest expense as tax deduction if such expense complies with the requirements laid down in Revenue Regulations No. 13-00. The amount of interest expense which banks may claim as tax deduction shall be reduced by an amount equal to 20% of the banks' interest income that is subject to final tax.

The Tax Code does not allow banks to deduct interest expense or bad debts arising from transactions with the following:

- an individual who directly or indirectly owns more than 50% in value of the outstanding capital stock of the bank; and

- a corporation, more than 50% in value of the outstanding capital stock of which is owned directly or indirectly, by or for the same individual in sub-paragraph (a), either as a personal holding company or a foreign personal holding company.

Pursuant to Revenue Regulations No. 05-99 (as amended by Revenue Regulations No. 25-02), in order for banks to claim bad debts as tax deductions, they must submit a written approval from the BSP stating that the indebtedness can be written off from the banks' books of accounts at the end of the taxable year, subject to the final determination by the BIR that bad debts being claimed by the banks are worthless and uncollectible. However, on October 29, 2014, the BSP issued Circular No. 855 which provides that notice of write-off of problem credits shall be submitted in the prescribed form to the BSP through the appropriate Central Point of Contact within 30 business days after every write-off with a sworn statement signed by the President of the financial institution or officer of equivalent rank that write-off did not include transactions with DOSRI and was undertaken in accordance with board-approved internal credit policy. Based on the said circular, a notice to the BSP would suffice, and that BSP approval with respect to a write-off of a bad debt not related to a DOSRI transaction, is no longer required.

The banks' passive income such as interest income earned from bank deposits is subject to final withholding tax.

Banks are subject to percentage tax or GRT, which is a tax levied on the gross receipts of banks and non-bank financial intermediaries. On June 13, 2016, the BIR issued Revenue Memorandum Circular No. 62-2016 ("**RMC 62-2016**") seeking to clarify the tax treatment of GRT, which is passed on by banks through contractual stipulations to their clients. RMC 62-2016 provides that if under a contract the GRT is passed on to the client, such passed-on GRT should be treated as gross income characterized as other fees and charges and should itself be subject to a 7% GRT.

ROPA of banks are considered as ordinary assets. The income derived from their sale is subject to the RCIT. Moreover, the transaction is subject to a 6% creditable withholding tax based on the highest among the zonal value, value in the tax declaration or selling price, which shall be withheld by the buyer and can be used as a credit against the bank's taxable income in the year that the gain is realized.

The Tax Code provides for a final tax at fixed rates for the amount of interest, yield or benefit derived from deposit substitutes which shall be withheld and remitted by the payor of the said interest, yield or benefit. This rule does not apply to gains derived from trading, retirement or redemption of the debt instrument which is subject to regular income tax rates, except those instruments with maturity of more than five (5) years as these are exempt from income tax.

To be considered as a deposit substitute, the debt instrument must have been issued or endorsed to 20 or more individuals at any one time at the time of the original issuance in the primary market or at the issuance of each tranche in the case of instruments sold or issued in tranches.

Interbank call loans with a maturity period of not more than five days and used to cover deficiency in reserves against deposit liabilities are not considered deposit substitutes and are not subject to documentary stamp tax except if they have a maturity of more than seven (7) days.

FCDU transactions with non-residents of the Philippines, offshore banking units ("**OBUs**"), FCDUs of local banks and branches of foreign banks (i.e., offshore income) are tax-exempt, while interest income from foreign currency loans granted by FCDUs of depositary banks to residents other than OBUs or other depository banks under the expanded system is subject to 10% final tax. All other income of FCDUs is taxable at RCIT of 25% or MCIT of 2%, whichever is higher.

The TRAIN Law took effect on January 1, 2018. The TRAIN Law amends certain provisions of the Tax Code and is the first package of the Comprehensive Tax Reform Program ("**CTRP**") of the Duterte administration. The relevant changes of the TRAIN Law are incorporated in the section titled "Philippine Taxation" of this Prospectus.

The second package of the CTRP (the "**TRABAHO Bill**") aims to lower corporate income taxes while rationalizing fiscal incentives for corporations, such as income tax holidays, special rates, and custom duty exemptions. The House of Representatives approved its version of the TRABAHO Bill on September 10, 2018 and transmitted the same to the Senate on September 11, 2018. The Senate's version of the TRABAHO Bill is currently pending with its Ways and Means Committee. Since the TRABAHO Bill was not passed before the adjournment of Congress, it will have to be refiled with the next Congress.

On March 26, 2021, former President Rodrigo R. Durterte signed into law RA 11534, the CREATE Act to attract more investments and maintain fiscal prudence and stability. It also introduces reforms to the corporate income tax and incentives systems. On November 8, 2024, President Ferdinand R. Marcos Jr. signed into law RA 12066, the CREATE MORE Act. Building on the CREATE Act, it amends current tax rates and incentives of certain businesses and activities.

Other Regulations

Set out below are other regulations applicable to banks operating in the Philippines:

- *Implementation of Basel III Framework on Liquidity Standards*. On March 10, 2016, the BSP issued BSP Circular No. 905 which provided guidelines for the implementation of Basel III framework on Liquidity Standards as it relates to LCR and Disclosure Standards. The Monetary Board approved the LCR framework with an observation period from July 1, 2016 until the end of 2017, during which banks are required to commence reporting their LCR to the BSP. Beginning on January 1, 2018, banks were

required to meet a 90% LCR, which was increased to 100% commencing on January 1, 2019. However, subsidiary banks and quasi-banks of universal banks or commercial banks are subject to an LCR floor of 70% from July 1, 2018 to December 31, 2019 and will be subject to a 100% LCR floor beginning on January 1, 2020. The Monetary Board has yet to release an exposure draft of NSFR requirements. The internationally agreed start date for the phase-in of liquidity requirements is January 1, 2015. On November 3, 2017, the BSP issued BSP Circular No. 981 which amended the guidelines on liquidity risk management. The banks have until September 1, 2018 to develop or make appropriate changes to their policies and procedures, provided that banks complete a gap analysis of the requirements in BSP Circular No. 981 vis-à-vis their existing risk management systems by March 31, 2018, the result of such gap analysis shall be documented and made available for review of the BSP. On February 8, 2018, the BSP issued BSP Circular No. 996 which amended the LCR framework and extended its coverage to subsidiaries of universal and commercial banks and quasi-banks on both solo (head office and branches/other offices) and consolidated (parent bank and subsidiary financial allied undertakings) bases.

- *Regulations Governing the Derivatives Activities of Banks*. In line with the policy of the BSP to support the development of the Philippine financial market by providing banks and their clients with expanded opportunities for financial risk management and investment diversification through the prudent use of derivatives, BSP Circular No. 594 was issued by the BSP in January 2008 amending the existing regulations governing the derivatives activities of banks and trust entities. Furthermore, BSP Circular No. 688 issued by the BSP in May 2010 prescribes guidelines on the determination of the credit risk weighted assets for banks that will engage in derivatives activities as end-users for hedging purposes and/or under limited-use authority. The BSP also issued BSP Circular No. 891 on November 9, 2015 amending the sales and marketing guidelines for derivatives under the Manual. Banks must ensure that the financial products (e.g., debt and equity securities, hybrid securities, derivatives, securitization structures and similar products with substantial investment characteristics) it recommends to a client are appropriate for that client through a client suitability process which involves obtaining client information, classifying a client according to financial sophistication and risk tolerance, and conducting a suitability review. Any informational or promotional presentation must be undertaken only by personnel who are knowledgeable on the products involved and are qualified based on qualification standards established by the bank. Any disclosures regarding its products and services must meet the bank's standards to ensure that its clients understand the nature of the financial transaction. The BSP may bring about timely corrective actions and impose sanctions on the bank and responsible persons, which may include warning, reprimand, suspension, removal, and disqualification of concerned directors, officers, and employees. In February 2017, BSP issued Memorandum No. M-2017-004 advising all banks and quasi-banks that cross-border derivative transactions involving non-centrally cleared derivatives shall be subject to margin requirements pursuant to the policy framework adopted by the BCBS and the International Organization of Securities Commissions. The framework requires all covered entities that engage in non-centrally cleared derivatives to exchange initial and variation margins. Assets collected as collateral for margin purposes should be highly liquid and should, after the application of an appropriate haircut, be able to hold their value in time of stress. Variation margin requirements were phased in from September 1, 2016 to March 1, 2017 while initial margin requirements are being phased in from September 1, 2016 to September 1, 2020. As an initial step, banks and quasi-banks should make a determination of the transactions that will be subject to margin requirements implemented in other jurisdictions and assess whether they will be able to comply with the margin requirements implemented in other jurisdictions and assess whether they will be able to comply with the pertinent legal and operational arrangements. The Bank expects increased competition in the swaps and other derivative transactions allowed under the regulations. EW has already obtained its limited dealer authority for Foreign Exchange Forwards (including non-deliverables), Foreign Exchange Swaps, Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements, as well as for European Foreign Exchange, Interest Rate, Bond and Swap Options.

- *Amendments to UTIF Regulations*. In September 2004, the BSP issued BSP Circular No. 447 (as amended by BSP Circular No. 675 2009, BSP Circular No. 676 2009, Memorandum No. M-2010-033 2010, BSP Circular No. 767 2012, BSP Circular No. 852 2014, BSP Circular No. 876 2015 and BSP Circular No. 907 2016) which provided guidelines for the launching and offering of new products to be known as UITFs, and was intended to completely phase out common trust funds or convert them into UITFs within two (2) years from the date of the circular. UITFs are open-ended pooled trust funds denominated in any acceptable currency that are to be operated and administered by trust entities. Eligible assets of UITFs include bank deposits, securities issued by or guaranteed by the Government or the BSP, tradable securities issued by the government of a foreign country, exchange listed securities,

marketable instruments that are traded in an organized exchange, loans traded in an organized market, loans arising from repo agreements which are transacted through an exchange recognized by the Philippine SEC and such other tradable investments outlets/categories as the BSP may allow. These assets are subject to mark-to-market valuation on a daily basis. The stated objective of the BSP is to align the operation of pooled funds with international best practices and enhance the credibility of pooled funds to investors. In January 2008, the BSP issued BSP Circular No. 593 to improve risk disclosure on investing in UITFs, by requiring banks to conduct a client suitability assessment to profile the risk-return orientation and suitability of the client to the specific type of UITF that he wants to participate in, and to update the client's profile at least every three years. EW has joined with the BSP in this endeavor to guide clients in choosing investment outlets that are best suited to their objectives, risk tolerance, preferences and experience. In December 2009, the BSP issued BSP Circular No. 676 allowing cross-currency investment for Peso trust, other fiduciary and investment management accounts, including Peso UITFs. In September 2012, the BSP issued BSP Circular No. 767 to include investments by UITFs in units/ shares in collective investment schemes as an allowable investment and recognizing UITF structures such as feeder funds and fund-of-funds. On October 21, 2014, the BSP issued BSP Circular No. 852, amending the UITF Regulations. Through this circular, the BSP strengthened the disclosure requirements for UITFs by prescribing the use of the Key Information and Investment Disclosure Statement and online posting of UITF information via a website. On March 10, 2016, the BSP issued BSP Circular No. 907 to amend certain exposure limits, and allowable investment and valuation on UITFs invested in feeder fund and fund-of-funds. UITF investments shall only be limited to bank deposits and collective investment schemes (e.g., target fund, exchange-traded funds), subject to such target fund not being structured or similarly structured as a feeder fund or a fund-of-funds. On March 14, 2018, BSP issued BSP Circular No. 999 which further amended the allowable investment and valuation of UITFs invested in feeder fund or fund-of-funds. Under the circular, offshore/global funds which use financial derivatives for efficient portfolio management ("**EPM**") may be allowed as target fund, provided that financial derivatives are not extensively or primarily used as an investment strategy of the target fund and that the risk level of the target fund remain consistent with the objective and risk profile of the investor fund. Alternatively, the target fund shall comply with the relevant regulatory requirements of its home jurisdiction as regards the use of financial derivatives for EPM.

- *Exemption of Paired ROP Warrants from Capital Charge for Market Risk*. In connection with the Government's Paired Warrants Program, the BSP issued BSP Circular No. 605 in March 2008 exempting warrants paired with ROP Global Bonds from capital charge for market risk to the extent of a bank's holdings of bonds paired with warrants equivalent to not more than 50% of total qualifying capital. EW holds such investments which give it additional flexibility for capital deployment.

- *Guidelines on Securities Borrowing and Lending Transactions*. Guidelines by the PSE on SBL govern SBL transactions between local/foreign borrowers and local/foreign lenders. BSP Circular No. 611, Series of 2008, provides guidelines on SBL transactions in the PSE involving borrowings by foreign entities of PSE-listed shares from local investors/lenders. In May 2008, the BSP Monetary Board authorized the issuance of BSP Registration Documents to cover the PSE-listed shares of stock borrowed by foreign entities from local investors and lenders. This will allow foreign borrowers to purchase foreign exchange from the banking system for remittance abroad using the Peso sales proceeds of the borrowed shares including the related income from the SBL transaction, such as rebates or shares in the income earned on the reinvestment of the cash collateral, interest and dividends earned on the Peso denominated government securities and PSE-listed shares used as collateral.

- *Reclassification of Financial Assets between Categories*. The BSP issued BSP Circular No. 628 dated October 31, 2008, amending BSP Circular No. 626 dated October 23, 2008 and the Resolution of the Monetary Board No. 1423 dated October 30, 2008, which approved the guidelines governing the reclassification of financial assets between categories. Financial Institutions shall be allowed to reclassify all or a portion of their financial assets from "held for trading" or "available for sale" categories to the "available for sale" or "held to maturity" or "unquoted debt securities classified as loans" categories effective July 1, 2008. Any reclassification made in periods beginning on or after November 15, 2008 shall take effect from the date when the reclassification is made.

- *Rules and Regulations on the Mandatory Allocation for Agriculture and Agrarian Reform Credit*. In July 2011, the BSP issued BSP Circular No. 736 as a component of the Implementing Rules and Regulations of the Republic Act No. 10000 or the Agri-Agra Reform Credit Act. Aside from retaining the mandatory credit allocation, it also rationalizes the modes of compliance. In addition to direct

compliance through loans to qualified borrowers, a list of alternative compliance mechanisms is also provided. On July 20, 2018, the BSP issued BSP Circular No. 1009, Series of 2018 further amending the Rules and Regulations on the Mandatory Credit Allocation for Agriculture and Agrarian Reform Credit.

- *Valuations of Government Securities Held by Banks*. In October 2013, the BSP amended the rules on valuations of government securities held by banks to reflect actual market rates, with the guideline applying to both benchmark and non-benchmark securities. Under BSP Circular No. 813, the weighted average of done or executed deals shall be used as the basis for valuation. In the absence of weighted average done deals for benchmark bonds, the simple average bids shall be used. In the absence of both weighted done deals and simple average bids for non-benchmark securities, interpolated yields derived from reference rates in accordance with BSP-approved guidelines shall be used

- *Segregation of Customer Funds and Securities Received by Banks*. On August 14, 2015, the BSP issued BSP Circular No. 885 requiring the segregation of customer funds and securities received by banks in the performance of their securities brokering functions. Banks are required to institute adequate risk management systems and controls to ensure protection of customer funds and securities, proper segregation of functions, and prevention of conflict of interest situations that may arise in the conduct of securities brokering activities within the bank. Banks must also make and keep current books and records relating to customer funds and securities and submit monthly reportorial requirements.

- *Creation of Personal Management Trust*. On August 18, 2016, the BSP issued BSP Circular No. 920 allowing for the creation of the personal management trust ("**PMT**"), which is a living trust arrangement that seeks to meet the estate planning and asset management needs of individuals. The trustor may or may not nominate a third party beneficiary. It is supposed to serve as a more flexible tool in the management of an individual's financial affairs. Upon the effectivity of the circular, all living trust accounts were discontinued and all those that remained valid were automatically considered as PMT.

- *Clearing of Checks via Electronic Presentment*. On September 7, 2016, the BSP issued BSP Circular No. 924, amending the Manual in view of the clearing of checks via electronic presentment, which shall be implemented by the Philippine Clearing House Corporation. On January 20, 2017, the BSP began the electronic clearing of checks. Under this new system, only digital images of the checks and their electronic payment information shall be required to be transmitted to the paying bank. The clearing time was reduced to just one (1) Business Day, as against three (3) Business Days previously, since no physical delivery of checks will be needed.

- *Effective Reporting System Generation and Timely Submission of Reports*. On June 26, 2017, the BSP amended the Manual through BSP Circular No. 963, Series of 2017, which issuance instituted governance processes in accordance with the BSP's expectation that banks establish an effective reporting system generation and timely submission of reports. Said reports must comply with the standards prescribed by the BSP, and the banks that fail to do so (i.e., files an erroneous report, delayed report, or did not submit at all) are meted with certain sanctions that can be aggravated by habitual violations. It further provided that banks had until December 31, 2017 to make the necessary preparations to their systems and processes in order to comply with the new provision. Its full implementation commenced on January 1, 2018.

- *Additional Requirements for the Issuance of Bonds and Commercial Papers.* On August 9, 2018, the BSP issued additional requirements for the issuance by banks of bonds and commercial papers. Circular No. 1010 provides that a bank may issue bonds and/or commercial papers without prior BSP approval, provided that the following conditions are met:

    (a) The bank must have a CAMELS composite rating of at least "3" and a "Management" rating of not lower than "3";

    (b) The bank has no major supervisory concerns in governance, risk management systems, and internal controls and compliance system;

    (c) The bank/QB has complied with directives and/or is not subject of specific directives and/or enforcement actions by the BSP; and

(d) The bonds issued are enrolled and/or traded in a market which is organized in accordance with the SEC rules and regulations.

Further, the issuing bank, including its subsidiaries, affiliates, and the wholly or majority-owned or -controlled entities of such subsidiaries and affiliates, except for its trust departments or related trust entities, is prohibited from holding or acting as a market maker of the bank's listed/traded bonds or commercial papers. Likewise, the registry bank, including the underwriter/arranger of the issuance, shall be a third party with no subsidiary/affiliate relationship with the issuing bank and which is not related to the issuing bank in any manner that would undermine its independence.

- *Guidelines on the Adoption of PFRS 9.* On August 14, 2018, the BSP issued Circular No. 1011 which provides guidelines on the adoption of PFRS 9. The Circular provides that where there are differences between the BSP regulation and PFRS 9, as when more than one option are allowed or certain limits are prescribed, then the option or limit prescribed by the BSP should be adopted. The circular further provides that with respect to the preparation of prudential reports, banks should adopt in all respect the PFRS, except in the following cases:

  (a) in preparing consolidated financial statements, only investments in financial allied subsidiaries except insurance subsidiaries shall be consolidated with the financial statements of the parent bank on a line-by-line basis, while insurance and non-financial allied subsidiaries shall be accounted for using the equity method. Investments in financial/non-financial allied/non-allied associates and joint ventures shall be accounted for using the equity method in accordance with the provisions of PAS 28.

  (b) In preparing solo/separate financial statements, investments in financial/nonfinancial allied/non-allied subsidiaries/associates, including insurance subsidiaries/associates, shall be accounted for using the equity method as described in PAS 28.

  (c) banks shall recognize adequate and timely allowance for credit losses at all times. In this respect, banks shall adopt the principles provided under the enhanced standards on credit risk management in measuring credit losses in the BSP Manual.

- *Marking to market of financial instruments*. BSP Circular No. 1021 dated November 15, 2018 provides that financial instruments that are required to be classified and measured at fair value, within the scope of PFRS 9 shall be marked-to-market in accordance with the provisions of PFRS 13 on Fair Value Measurement and the related rules and regulations issued by the Securities and Exchange Commission

- *Basic Deposit Accounts.* BSP Circular No. 992, issued on February 1, 2018, requires banks to establish a basic deposit account which refers to interest or non-interest-bearing account designed to promote financial inclusion. The basic deposit account shall have an opening amount of not more than ₱100.00 and no minimum maintaining balance but with a maximum balance of not more than ₱50,000.00. If the depositor exceeds the ₱50,000.00 maximum balance, the bank shall convert the basic deposit account to a regular deposit account. The basic deposit account shall have no dormancy charges and has no reserve requirement.

- *Electronic Banking Services and Other Electronic Operations.* On February 22, 2019, the BSP issued BSP Circular No. 1033, which classifies electronic payments and financial services ("**EPFS**") into basic and advanced and establishes guidelines for the licensing of EPFS. Further, BSFIs that are licensed to offer funds transfer services shall make these interoperable by participating in automated clearing houses.

- *Reserves against trust and other fiduciary accounts* ("**TOFA**"). BSP Circular No. 1025 dated December 13, 2018 provides that in addition to the basic security deposit, banks authorized to engage in trust and other fiduciary business shall maintain reserves on TOFA -others, except accounts held under (1) administratorship; (2) trust under indenture; (3) custodianship and safekeeping; (4) depository and reorganization; (5) employee benefit plans under trust; (6) escrow; (7) personal trust (testamentary trust); (8) executorship; (9) guardianship; (10) life insurance trust; (11) pre-need plans (institutional/individual); (12) Personal Equity And Retirement Account (PERA); (13) legislated and quasi-judicial trust; and (14) specialize institutional accounts under trust.

- *Currency Rate Risk Protection programme (CRPP Facility) and the Implementing Guidelines.* On September 24, 2018, and October 5, 2018, the BSP issued Circular No. 1014 and 1015, respectively, revising the guidelines on the CRPP Facility. The CRPP Facility is a non-deliverable USD/PHP forward contract between BSP and a universal/commercial bank in response to the request of bank clients desiring to hedge their eligible foreign currency obligations. Transactions under the CRPP facility are considered part of banks' Generally Authorised Derivatives Activities. Under the CRPP Facility, only the net difference between the contracted forward rate and the prevailing spot rate shall be settled in pesos at maturity of the contract. Should the eligible obligation be denominated in a foreign currency other than the USD, the CRPP contract shall be denominated in USD equivalent using the exchange rate indicated in the BSP Reference Exchange Rate Bulletin on deal date. The BSP shall have supervisory enforcement actions or right to deploy its range of supervisory tools to promote adherence to the requirements set forth in the guidelines. Any violation of the guidelines, including willful delay in the submission, non-submission and/or willful making of a false or misleading statement in the notarised certification required to be submitted therein to the BSP Sections shall constitute grounds for the imposition on the bank of penalties.

- *Adoption of Policy Framework on the Grant of Regulatory Relief to Banks/Quasi Banks Affected by Calamities.* On October 10, 2018, the BSP issued Circular No. 1017, which provides the policy framework on the grant of regulatory relief measures to banks/quasi-banks affected by calamities. Under the framework, banks/quasi-banks may avail of the regulatory relief packages, including the provision of financial assistance to officers who are affected by the calamity even in the absence of BSP approved purposes, for a period of one (1) year from the date of declaration of state of calamity.

- *Technology and Cyber-Risk Reporting and Notification Requirements.* On October 31, 2018, the BSP issued Circular No. 1019, which amended provisions relating to the technology and cyber-risk reporting and notification requirements for BSFIs. The amendments were made to enable the BSP to have ready access to accurate, timely, and actionable information regarding BSFI's technology risk profiles as well as the evolving cyber-threat environment for a more responsive, proactive and effective banking supervision.

- *Amendments to the FX Manual.* On February 5, 2019, the BSP issued Circular No. 1030, which amended provisions of the Manual of Regulations on Foreign Exchange Transactions in furtherance of the BSP's aim of liberalizing the regulations applicable to (among others) inward investments. The issuance expanded the scope of the categories of inward foreign investments such that the presence of control and significant degree of influence between the investor and the investee firm is considered for certain types of investments to be categorized as direct investment or portfolio investment. It also established a grace period to register existing investments that are unregistered as of the effectivity date of the issuance.

- *Revised Framework on the Selection of External Auditors.* On May 20, 2019, the BSP issued Circular No. 1040, which revised the framework on selection of external auditors for BSP Supervised Financial Institutions in accordance with the cooperative arrangement among the BSP, the Philippine SEC, Insurance Commission and the PDIC.

- *Rules and Regulations on the Registration of Operators of Payment Systems.* On September 9, 2019, Circular No. 1049 was issued approving the rules and regulation on the registration of operators of payment systems to implement Republic Act No. 11127 or the National Payment Systems Act. These rules and regulations form part of the newly-created Manual of Regulations for Payment Systems.

- *Guidelines on Voluntary Surrender of a Banking License.* On September 18, 2019, Circular No. 1050 issued the guidelines on voluntary surrender of banking license in case of voluntary dissolution and liquidation, or to convert into a non-bank entity.

- *Amendments to the Prudential Requirements and Guidelines on the Public Offering and Listing of Bank Shares for Universal Banks.* On November 15, 2019, Circular No. 1060 was issued amending the prudential requirements on the public offering and listing of bank shares for universal banks. The amendments are aimed at supplementing the enhanced corporate governance frameworks of the BSP by encouraging dispersed shareholdings on banks.

- *Amendment of the Requirements on the Issuance of Long-Term Negotiable Certificates of Time Deposit*

(LTNCTDs), Bonds and Commercial Papers. On November 26, 2019, Circular 1062 was issued amending the provisions of the MORB to relax certain requirements on the issuance of LTNCTDs, Bonds and Commercial Papers. Of note is the amendment expanding the entities that are now prohibited from holding the LTNCTDs, Bonds and Commercial Papers.

- *Report on Intraday Liquidity of Universal and Commercial Banks (UBs/KBs) and their Subsidiary Banks/Quasi-Banks (QBs).* On December 3, 2019, Circular No. 1064 was issued amending the MORB to implement and adopt the report on intraday liquidity for universal banks and their subsidiary thrift banks/quasi-banks. The report is aimed at appropriately monitoring the intraday liquidity position of BSP supervised financial institutions, their sources of intraday liquidity, and their ability to meet payment and settlement obligations on a timely basis under both normal and stressed conditions. The reporting requirements are also intended to facilitate the sound management of intraday liquidity risk as well as provide sufficient understanding and allocation of resources to effectively manage the same.

- *Amendments to Regulations on Financial Audit of Banks.* On February 7, 2020, Circular No. 1074 was issued amending regulations on the financial audit of BSP supervised financial institutions which aim to enhance the quality of information channeled to the supervisory process and ultimately promote fairness, transparency and accuracy in financial reporting. Amendments pertain to changes in prescribed formats of statements in the financial statements, changes in deadline of report submissions to the BSP, new and amended disclosure requirements to the financial statements, among others.

- *Amendments to the Regulations on the Disqualifications and Watchlisting of Directors/Officers.* On February 18, 2020, Circular No. 1076 was issued to strengthen the disqualification and watchlisting of directors and officers of banks and other financial institutions. The amendments aim to further promote the integrity of the financial system and better protect the interest of the public.

- *Correspondent Banking Relationships.* On March 9, 2020, the BSP issued Circular No. 1078, prescribing the Guidelines on Correspondent Banking Relationships. The circular states that covered persons must adopt the stated policies and procedures to prevent correspondent banking activities from being used for money laundering or terrorist financing activities; furthermore, covered persons must designate an officer responsible to ensure compliance with the Guidelines and the covered person's policies and procedures.

- *Payment System Oversight Framework.* On July 7, 2020, the BSP issued BSP Circular No. 1089, providing for the Payment System Oversight Framework, which sets out the approach and rules of the BSP in the conduct of its oversight function pursuant to R.A. No. 11127 or The New Central Bank Act. Under this circular, the BSP approved the accreditation of the Philippine Payments Management Inc. (PPMI) who will promote the development of the retail payment systems, and establish payment system rules, agreements, and standards to ensure that payment transactions are safely and efficiently cleared and settled with finality.

- *Cash Service Alliance Guidelines.* On October 6, 2020, the BSP issued BSP Circular No. 1099 which provides for the adoption of the Cash Service Alliance ("**CSA**") general guidelines. The CSA is a currency circulation mechanism that aims to enable Authorized Agent Banks to enter into a mutually beneficial agreement to service requirements for fit Philippine currency of other banks from their available currency holdings. The CSA General Guidelines is issued to formalize the direct exchange of fit currency among banks, and to serve as a general reference guide that participating banks shall adopt in drafting their bilateral agreements. CSA transactions shall cover fit currency, which are legal tender Philippine banknotes and coins of good quality such that genuineness is obvious.

- *Extension of Transition Period for the Implementation of the Guidelines on the Management of Interest Rate Risk in the Banking Book.* On October 19, 2020, the BSP issued Circular No. 1101 which extended the transition period for the implementation of the guidelines on the management of interest rate risk in the banking book by allowing banks and quasi-banks to develop or make changes in their policies and procedure until January 1, 2022.

- *Guidelines on the Establishment of Digital Banks.* On December 2, 2020, the BSP issued Circular No. 1105 which provides for the guidelines on the establishment of digital banks. Among the salient provisions are: (i) minimum capitalization of P1.0 billion; (ii) maintenance of a principal/head office in

the Philippines to serve as main point of contact for stakeholders including the BSP and other regulators; (iii) allowable services which include granting loans, accepting savings and time deposits as well as foreign currency deposits, investing in readily marketable bonds and other debt securities, issuing credit cards, buying and selling foreign exchange, and selling and servicing microinsurance products; and (iv) other documentary and regulatory, including reportorial, requirements for the establishment of digital banks. On September 14, 2022, the BSP issued Circular No. 1154, further amending the MORB to clarify that the three (3)-year capital build-up shall not apply to committed capital infusion of new investors in the converting bank arising from acquisition, purchase/sale, transfer of the converting bank's shares of stock or other similar arrangements, where such required minimum capital shall be infused before the issuance of the Certificate of Authority to Register with the SEC. Currently, a moratorium on the application for a new digital bank license, including conversion of an existing bank's license to a digital bank license, has been imposed beginning August 31, 2021 to date, pursuant to BSP Memorandum No. M-2021-046. The moratorium also covers applications for the establishment of other types of banks which will primarily offer financial products and services that are processed end-to end through a digital platform and/or electronic channel.

- *Amendments to the Regulations on Investment Management Activities.* Under BSP Circular No. 1109 dated February 4, 2021, the minimum size of an investment in an investment management account ("**IMA**") was reduced to P100,000.00. Moreover, commingling of funds from multiple IMAs for the sole purpose of investing in qualified assets was allowed, subject to specified conditions.

- *Rationalization of Prudential Reporting Requirements.* To adhere to internationally recognized standards and practices on data aggregation and governance as well as to promote ease of doing business, the BSP, in its Circular No. 1110 dated February 24, 2021, deleted several prudential reports required from BSP-Supervised Financial Institutions ("**BFSI**") found in Annex 7 of the MORB and Appendices Q-3, S-2 and N-1 of the MONBFI but required the submission of a certification on loans and other credit accommodations to DOSRI.

- *Amendments to the Rules and Regulations on the Mandatory Credit Allocation for Agriculture and Agrarian Reform Credit.* On March 3, 2021, the BSP issued Circular No. 1111 to amend the rules and regulations governing the mandatory credit allocation for agriculture and agrarian reform credit. Under the amendments, banks shall set aside at least 25% of their total loanable funds for agriculture, fisheries and agrarian reform credit in general, of which at least 10% of the total loanable funds shall be made available for ARBs and/or ARB households or ARCs. Excess compliance in the 10% agrarian reform credit may be used to offset a deficiency, if any, in the 15% other agricultural and fisheries credit, in general, but not vice versa. Banks are given guidelines on direct compliance and allowable alternative compliance.

- *Amendments to Operational Risk Management and Internal Control Measures.* On April 8, 2021, the BSP issued Circular No. 1112 which requires the management of banks and non-bank financial institutions to adopt a risk-focused screening process in the recruitment and selection of personnel. With this approach, appropriate level of screening is employed based on factors like the position, reputational risk implication and responsibilities associated with a particular position. The human resources department of the BSFI are also mandated to require all those who passed the initial stages of pre-employment screening to accomplish the Authorization Form for Querying of the BSP for purposes of deciding the fitness and propriety of the applicant. Management shall also ensure that BSFIs culture, values and expectations on behavior are compatible with those of its employees.

- *Guidelines on Reputational Risk Management.* On April 16, 2021, BSP Circular No. 1114 ("**Circular 1114**") was issued to lay down the guidelines on reputational risk management. Under Circular 1114, BFSIs are expected to adhere to the standards set forth under the chapter on Corporate Governance/Corporate Governance Guidelines, on Risk Governance Framework and on Internal Control Framework. BFSIs are required to (i) set out clear objectives and expectations on reputation risk management,; (ii) define the roles and responsibilities of the different parties such as the Board of Directors, senior management, business units and risk management, compliance, internal audit personnel and crisis management team; and (iii) adopt an appropriate risk management framework as part of the enterprise risk management system which is commensurate to the size, nature and complexity of operations, overall risk profile and systematic importance of the enterprise.

- *Amendments to the Guidelines on Recovery Plan of a Domestic Systemically Important Bank*. Also on

April 16, 2021, BSP issued Circular No. 1113 ("**Circular 1113**") requiring domestic systematically important banks ("**D-SIBs**") to submit separately their ICAAP document and recovery plan. Circular 1113 also introduces the concept of intensive supervisory approach as part of the framework for dealing with D-SIBs which consists of three parts, as follows: (1) assessment methodology; (2) higher loss absorbency and interaction with other elements of Basel III framework; and (3) intensive supervisory approach which includes concrete and reasonable recovery plans, consistency and coherence of ICAAP, and guidelines and action plans to be taken to restore D-SIBs' financial condition to viable level in cases of significant deterioration in certain scenarios.

- *Amendments to Derivatives Regulations of Banks, Quasi-Banks and Trust Corporations.* BSP Circular No. 1119 dated June 7, 2021 provides for the list of derivative activities which banks, quasi-banks, and trust corporations may engage in without need of prior approval from the BSP and those activities requiring prior notification only. Under the same issuance, a bank, quasi-bank or a trust corporation, as the case may be, are required to apply for prior BSP approval of additional derivatives authority to engage in all other financial derivatives which are not generally authorized and those which are not part of activities requiring notification only.

- *Amendments to the Regulations on Securities Custodianship and Securities Registry Operations.* According to BSP Circular No. 1121 issued on June 8, 2021, the authority of banks, quasi-banks and other non-bank financial institutions to conduct securities custodianship and securities registry operations is classified as Type C license. To qualify, the securities custodian/registry must be a universal or a commercial bank, an investment house with quasi-banking authority, or a non-bank financial institution ("**NBFI**") under BSP supervision with a trust authority, or a stand-alone trust corporation. Further, the BSP required that the securities custodianship operations be conducted in a unit that is separate from the securities underwriting, dealing, or brokering operations of the BSFI.

- *Open Finance Framework.* On June 17, 2021, the BSP adopted the Open Finance Framework as provided under BSP Circular No. 1122. Under the Open Finance Framework, the BSP shall recognize an Open Finance Oversight Committee ("**OFOC**") which shall exercise governance over the activities and participants of the Open Finance Ecosystem. In turn, the OFOC shall be subject to the regulation and supervision of the BSP. BSFIs with a composite rating of at least "3" under the Supervisory Assessment Framework or its equivalent are automatically eligible to become participants in the Open Finance System. Meanwhile, those which do not meet the minimum rating must secure BSP approval in order to participate therein.

- *Revised Guidelines on the Imposition of Monetary Penalties on BSFIs, and/or their Directors/Trustees, Officers and/or Employees for Violations with Sanctions Falling under Section 37 of R.A. No. 7653 (The New Central Bank Act), as Amended.* To supplement BSP Circular No. 1012, the BSP issued Circular No. 1125 dated August 10, 2021, which provided for a maximum monetary penalty of ₱1.0 million for each transactional violation or ₱100,000.00 per calendar day for violations of a continuing nature, imposed on both banks and non-bank financial institutions, as well as their directors, officers and/or employees. In case profit is gained or loss is avoided as a result of the violation, the BSP may also impose a fine of no more than three (3) times the profit gained or loss avoided. Payments for transactions, including penalties and other charges, other than those required to be paid through the banks' demand deposit account, shall be made in accordance with the manner of payment provided in the billing notice, or through any such acceptable means of payment as may be provided in pertinent advisories issued by the BSP.

- *Adoption of the Principles for Financial Market Infrastructures.* Following the adoption of the Principles for Financial Market Infrastructures ("**PFMI**") pursuant to BSP Circular No. 1089 dated July 7, 2020, the BSP amended the Manual of Regulations for Payment Systems through BSP Circular No. 1126 by imposing a mandatory adoption of the PFMI standard by designated payment systems, including the operator, issuer, service provider, or any person involved in the payment system other than the end-user. The PFMI is a set of international standards designed to strengthen FMIs and make them more resilient to financial crises, and participant defaults.

- *Governance Policy for Operators of Payment System.* On September 17, 2021, the BSP also approved through Circular No. 1127 the governance guidelines for operators of a payment system ("**OPS**") including the BSP as operator of the real time gross settlement system, BSFIs including banks and non-bank financial institutions, as well as non-BSFIs such as cooperatives regulated by the Cooperative

Development Authority. The said guidelines provided for the powers, duties and responsibilities, and composition of the board of directors as well as the qualifications and disqualifications of the directors and officers of such OPS.

- *Environmental and Social Risk Management Framework.* On October 26, 2021, in order to integrate the environmental and social risks in the enterprise-wide risk management frameworks, the BSP issued Circular No. 1128 amending the duties and responsibilities of the board of directors and senior management, as laid down under Section 153 of the MORB on the Sustainable Finance Framework. Under the framework, the board of directors shall set out the environmental and social objectives and targets while the senior management is primarily responsible for the overall implementation of the board-approved credit strategies and policies in relation to the adoption of sustainability principles.

- *Amendments to Corporate Governance Guidelines for BSP-Supervised Financial Institutions*. With the issuance of BSP Circular No. 1129 on November 12, 2021, the Corporate Governance Guidelines for BSFIs was amended. Among the significant amendments are: (i) removing the condition that a majority of the directors must be residents of the Philippines, consistent with the Revised Corporation Code; (ii) expressly exempting directors of publicly listed companies from the required seminar on corporate governance; (iii) making a distinction on the maximum cumulative term of directors of cooperative banks which shall be eight (8) years; and (iv) allowing interlocking directorships and officerships, as a general rule, provided that the positions do not pose conflict of interests.

- *Amendments to the Regulations on Confirmation of the Election/Appointment of Directors/Trustees/Officers.* On February 11, 2022, the BSP clarified the coverage of the BSP confirmation of appointment of officers of BSFIs, either by the Monetary Board or the Financial Supervision Sector ("**FSS**") Committee. Under amendment introduced by BSP Circular No. 1136, only the following are subject to confirmation by the corresponding confirming authority:

    1. By the Monetary Board: (a) Directors and CEO/President or its equivalent rank of universal and commercial banks including their subsidiary banks, quasi-banks, trust corporations and non-bank financial institutions with trust authority, and all other stand-alone banks, quasi-banks and NBFIs with trust authority, and trust corporations with total assets of at least ₱10.0 billion; (b) Trustees and CEO/President or its equivalent rank of non-stock savings and loan association ("**NSSLA**") with total assets of at least ₱10.9 billion; (c) Heads of internal audit risk management and compliance functions, regardless of rank, of NSSLAs
    2. By the FSS: Directors and Chief Executive Officer/President or its equivalent rank of stand-alone banks, quasi-banks and NBFIs with trust authority, and trust corporations with total assets of less than ₱10.0 billion; (b) Heads of comptrollership/finance, lending, treasury, branch banking and information technology directly reporting to the CEO/President or its equivalent rank or to the foreign bank office and with the rank of Senior Vice President and above of universal and commercial banks; (c) trust offer, regardless of rank, of banks, quasi-banks and NBFIs with trust authority; (d) Trustees and CEO/President or its equivalent rank of NSSLA with total assets of less than ₱10.0 billion; (e) Heads of internal audit risk management and compliance functions, regardless of rank, of NSSLAs.

- *Amendments to Regulations on Outsourcing and IT Risk Management.* BSP Circular No. 1137 issued on February 18, 2022 distinguishes outsourcing arrangements which are material and non-material. For material outsourcing arrangement, only banks with a SAFr composite rating of at least "3" shall be allowed to outsource designated activities without prior BSP approval, subject to notification requirements. Otherwise, Banks with lower rating must secure approval from the appropriate supervising department prior to implementation of the material outsourcing arrangement. Moreover, the said issuance requires the observance of the guidelines and requirements of outsourcing to third-party providers when the bank itself acts the service provider, or participates in intra-group outsourcing or engages in offshore outsourcing.

- *Regulatory Reporting Standards for Operators of Payment System.* To further regulate the OPS the BSP

issued Circular No. 1138 dated March 1, 2022 which sets forth reporting standards by requiring the OPS to have in place a reporting system that has at least the following functionalities: (i) generates accurate, complete and reliable information; (ii) aggregates all material data across various business lines, entities, services, instruments and other groupings that are relevant to regulatory reporting; and (iii) produces in a timely manner, regular, on-demand and ad hoc reports. Circular 1138 also mandates the OPS to adopt a policy requiring data and report retention of no less than five (5) years.

- *Amendments to Regulations on Information Technology Risk Management.* In order to strengthen cybersecurity posture and minimize losses arising from fraud and cybercriminal activities, the BSP issued Circular No. 1140 dated March 24, 2022 requiring BFSIs to implement automated and real-time fraud monitoring and detection systems to identify and block suspicious or fraudulent online transactions. Circular No. 1140 also requires BSFIs to promote customer awareness as a key defense against fraud, identity theft and security breach by paying special attention to the provision of easy to understand and prominent advice to customers on security precautions for e-services and by ensuring that clients have undertaken customer education course/program on the safe and secure use of electronic payment and financial services. To ensure adherence to the regulation, BSP may deploy enforcement actions and impose corrective actions and/or sanctions. The BSFIs are also required to show their plan of actions with specific timelines and comply with the foregoing standards until December 31, 2022.

- *Amendments to the Guidelines on the Computation of Minimum Required Capital and Risk-Based Capital Adequacy Ratio.* On March 29, 2022, the BSP issued Circular No. 1142 which amended the guidelines in computing the minimum required capital and the risk-based capital adequacy ratio. In determining capital, deposit for stock subscription are included in, and treasury stock as well as the total outstanding unsecured credit accommodations to DOSRI granted by the bank proper are deducted from the capital. Pursuant to Circular No. 1142, the total outstanding unsecured credit accommodations to DOSRI, net of allowance for credit losses, are considered in calculating the risk-based capital adequacy ratio. With respect to risk-weighted assets, the risk-weighted amount shall be the product of the net carrying amount of the asset and the risk weight associated with such asset. Moreover, for purposes of the issuance of a Qualification Certificate as Administrator to an entity, compliance with minimum net worth of ₱100.0 million shall take into account the total outstanding unsecured credit accommodations extended by the Administrator to DOSRI.

- *Rules of Procedure for the Consumer Assistance Mechanism.* On March 24, 2023, the BSP issued Circular No. 1169 on the "Rules of Procedure for the Consumer Assistance Mechanism, Mediation and Adjudication of Cases in the BSP", pursuant to the FPSCPA. These Rules apply suppletory to the Rules of Court as may be determined by the Adjudicator and govern the consumer assistance mechanism as well as mediation and adjudication of financial consumer complaints in the BSP.

- *Amendments to the Regulations on Credit Exposure Limits to a Single Borrower and Definition of Capital.* On January 5, 2023, the BSP issued Circular No. 1164 which provides for the definition of credit risk transfer and which clarifies that loans and other credit accommodations or portion thereof covered by an effective credit risk transfer arrangement in the form of a guarantee or credit derivative that complies with the minimum operational requirements provided under the MORB shall be excluded from the total credit commitment of the bank to a borrower in reckoning compliance with the single borrower limit ("**SBL**"). Meanwhile, the portion of the loans and other credit accommodations that is riot covered by an effective credit risk transfer arrangement. if any. shall still form part of the credit commitment of the bank to the borrower in reckoning compliance with the SBL.

- *Regulations on Financial Consumer Protection to Implement Republic Act No. 11765, otherwise known as the "Financial Products and Services Consumer Protection Act".* On November 28, 2022, the BSP issued Circular No. 1160 amending the MORB to provide guidelines on Financial Consumer Protection Framework to implement the FPSCPA. The Framework applies to all financial products or services created, developed, offered or marketed by a BSP. The circular provides for measures to be undertaken by BSIs in order to meet the standards of disclosure and transparency, protection of client information, fair treatment, effective recourse; and protection of consumer assets against fraud and misuse.

- *Guidelines on Recovery Plan of Banks.* On October 18, 2022, the BSP issued Circular No. 1158, on the "Guidelines on Recovery Plan of Banks", wherein it requires Philippine banks to adopt a recovery plan which will provide, among others, for early warning indicators and trigger levels (which must be set above the minimum regulatory requirements but below or at more severe levels than the triggers applicable in activating the capital and liquidity contingency plans) for activation of the recovery plan, reporting requirements to the BSP, restoration points, recovery options, preparatory measures and implementation plan, testing and simulation exercises and updating of such recovery plan. The circular recognizes that with respect to foreign bank subsidiaries and branches, such foreign bank branches and subsidiaries may play a role in the recovery options in the group recovery plans or be impacted by their implementation and thus should consider the possible interactions and impacts of the group-wide recovery plans. The recovery plan shall be subject to annual BSP review.

- *Regulatory Sandbox Framework.* In 2022, BSP issued BSP Circular No. 1153 on the Regulatory Sandbox Framework which applies to all BSP-supervised financial institutions, third-party service providers of BSFIs, other BSP-registered institutions, and new players that intend to offer or use an emerging or new technology to deliver financial products/services pertaining to activities that could fall under the regulatory purview of the BSP. Applicants should meet certain eligibility standards to be able to participate in the regulatory sandbox. Each regulatory sandbox shall undergo a four-stage process: Application. Evaluation, Testing, and Exit Stage. Participants shall submit (i) interim and (ii) final reports to the BSP to facilitate monitoring of the progress of the regulatory sandbox and the attendant risks. and assessment of the success of the experimentation. In the test design phase, the BSP and the participant shall agree on the details of the reports to be submitted such as the content, frequency, and schedule of reporting, among others. Participant/s whose sandbox activities are assessed as successful and whose products or services are deemed fit for public consumption shall be issued an authority to operate. The participant shall formally submit to the BSP an application to operate and offer for public use and consumption the proposed product or service that was subjected to the sandbox activity. including any proposed new regulations or changes to existing regulations.

- *Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks.* On August 23, 2022, the BSP issued Circular No. 1149 which provided for guidelines on prudent conduct of investment activities and the minimum practices that a bank should establish for the management and control of risks associated with its investments. The guidelines cover all of a bank's investments in the trading and banking books, excluding (a) investments that grant control over an enterprise and are accounted for using the equity method, (b) transactions in derivatives involving stand-alone contracts, and (c) receivables arising from repurchase agreements. Under the circular, a bank is mandated to institute a risk management system to manage the risks arising from its investment activities. This system includes having (1) board and senior management oversight; (2) policies, procedures, and limits that provide a framework for managing investment activities; (3) risk measurement, monitoring and management information systems; and (4) internal controls and audit.

- *Amendments to the Ceiling on Interest or Finance Charges for Credit Card Receivables.* On January 19, 2023, the BSP issued Circular No. 1165 which provides that banks may now impose an interest or finance charge which shall not exceed an annual interest rate of 36% on all credit card transactions. This issuance supersedes BSP issued Circular No. 1098 issued on September 24, 2020, imposing a 24% interest per year cap on all credit card transactions.

- *Conduct of Customer Due Diligence.* On March 30, 2023, the BSP issued Circular No. 1170 which provides for amendments to existing rules on the conduct of customer due diligence by banks and non-banks. This includes "Know Your Customer" or e-KYC guidelines on the use of digital IDs and other minimum information or documents required for customer identification. BSP defines "**e-KYC**" as the use of electronic or digital methods in customer identification and verification process. In conducting customer due diligence, a risk-based approach shall be undertaken depending on the type of customer, business relationship, nature of the product, or transaction/activity.

- *Lifting of the Moratorium on the Establishment of Digital Banks*. On December 26, 2025, the BSP issued Circular No. 1205 which approves the lifting of the moratorium on the grant of new digital banking

licenses, including the conversion of existing bank's license to digital bank license starting January 1, 2025. Accordingly, Section 102 of the MORB was amended to reflect this change.

Board of Directors and Senior Management

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by its Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Currently,the Board consists of nine (9) members, of which three (3) are independent directors.

The table below sets forth the members of the Company's Board and its executive officers as of the date of this Prospectus.

Jonathan T. Gotianun *Chairman of the Board and Director*	Mr. Gotianun, 71, Filipino, was first elected as Director of FDC on July 9, 1993. He also serves as the Chairman of the Board of Directors of FLI and EW, both publicly-listed companies. He is also the Chairman of Davao Sugar Central Co., Inc. and Cotabato Sugar Central Co., Inc., and FDCUI and its subsidiary power companies. He served as Director and Senior Vice President of Family Bank & Trust Co. until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976.
Lourdes Josephine Gotianun-Yap *Vice Chairman of the Board*	Mrs. Yap, 69, Filipino, was first elected as Director of FDC on March 30, 1990. She holds several prominent positions within the Filinvest Group, including Director, President and CEO of FLI, Chairperson of the Board of FILRT, and Director in FAI and FDCUI, among others. 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 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.
Rhoda A. Huang *President and CEO*	Ms. Huang, 62, Filipino, is the former President of BPI Capital Corporation. She was also the former Branch Head of Investment Banking for Credit Suisse Philippines and spent nineteen (19) years at JP Morgan Chase and its predecessor institutions. Ms. Huang brings more than thirty (30) years of experience in Philippine corporate, financial and government institutions. She has led various aspects of investment banking, including handling mergers and acquisitions, facilitating equity-linked transactions, managing equity and debt capital markets, overseeing structured products and lending, as well has handling risk management. Ms. Huang completed her Bachelor's degree in Business Administration and Accountancy at the University of the Philippines and is a Certified Public Accountant.
Michael Edward T. Gotianun *Vice-President and Director*	Mr. Gotianun, 67, Filipino, was first elected as a Director of FDC on October 24, 2017. He is also a Director of FLI, a publicly-listed company, FHC, FDCUI and FAI. 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.
Francis Nathaniel C. Gotianun *First Senior Vice-President, and Director*	Mr. Gotianun, 41, Filipino, is the Senior Vice-President of FHC, 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 FMI and as the President and CEO of The Palms Country Club, Inc. He also serves as a Director of FILRT, and FLI, both publicly-listed companies. 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.

Isabelle Therese G. Yap
Director

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 and worked as a Consultant for McKinsey and Co. She graduated cum laude with a degree in Business Management, double major Finance and 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.

Virginia T. Obcena
Lead Independent Director

Ms. Obcena, 77, Filipino, was first elected as an independent director of FDC on April 29, 2016. She is also an Independent Director of FILRT. 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 & Co. 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.

Marievic Ramon Añonuevo
Independent Director

Ms. Añonuevo, 67, Filipino, was elected as an independent director of FDC on April 26, 2024. Ms. Añonuevo was a senior partner at SyCip Salazar Hernandez & Gatmaitan, until her retirement in August 2022. With forty (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.

Mina C. Figueroa
Independent Director

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 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.

Ysmael V. Baysa
Chief Operating Officer

Mr. Baysa, 69, Filipino, has worked in the consumer sector in the fields of Accounting and Finance. He brings with him several years of experience working on the local and international operations of Procter & Gamble and Jollibee Foods Corporation. At Procter & Gamble, he occupied various local and regional positions the most notable of which is as Head of its Finance function for the Philippines, Malaysia and Singapore. H was also the Chief Finance Officer of Jollibee Foods Corporation, one of Asia's largest restaurant companies. He graduated with a degree

	in Bachelor of Science in Business Administration (Accountancy) from the Manuel S. Enverga University Foundation (formerly Luzonian University Foundation) in 1976.
Ven Christian S. Guce *Treasurer and Chief Finance Officer*	Mr. Guce, 48, Filipino, Senior Vice-President, was previously the Group Strategy, Strategic Finance, and Special Projects Head before taking on the role as CFO and Treasurer. Prior to joining FDC, Ven was the CFO of Growsari which is the Philippines' leading B2B e-commerce company. He led the completion of Growsari's fund raise that was recognized as the largest fund raise so far for a Philippine start-up at that time. 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 Finance, Economics, and Supply Chain Management. Ven finished his Master of Science in Industrial Economics 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 also completed a certificate program on Advanced Corporate Finance from the Wharton School of the University of Pennsylvania.
Estrella C. Elamparo *Compliance Officer and Head of Legal*	Ms. Elamparo, 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 DivinaLaw, 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.
Lindeza R. Rogero-Gavino *Corporate Secretary and Corporate Information Officer*	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 SEC. 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.

Family Relationships

Mr. Jonathan T. Gotianun, Mr. Michael Edward T. Gotianun, and Ms. Lourdes Josephine Gotianun-Yap are siblings. Mr. Francis Nathaniel C. Gotianun is the son of Mr. Jonathan Gotianun and Ms. Isabelle Therese G. Yap is the daughter of Ms. Lourdes Josephine Gotianun-Yap. All of them are current members of the Board of Directors of the Company.

Other than the foregoing, there are no other family relationships known to the Company.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

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 five (5) years and up to March 31, 2025: (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 five (5) years.

CORPORATE GOVERNANCE

FDC 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 ("**RMCG**"). 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

FDC is in substantial compliance with the PSE and the SEC regulatory requirements, and with its RMCG as demonstrated by the following:

a) the election of three (3) independent directors to the Board;

b) the appointment of the members of the audit and risk management oversight, compensation, related-party transaction, and corporate governance committees;

c) the conduct of regular quarterly board meetings and special meetings, the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors;

d) the timely and accurate submission to the SEC and the PSE of reports and disclosures required under the Securities Regulation Code and the PSE Listing and Disclosure Rules;

e) consistent adherence to national and local laws pertaining to its operations;

f) the observance of applicable accounting standards;

g) the adoption of the Integrated ASEAN Corporate Governance Report in Corporate Governance Reporting;

h) the adoption of the Related-Party Transaction Policy;

i) the conduct of annual corporate governance seminar to its directors and senior management officers;

j) the submission of its sustainability report;

k) the launch this year of a self-assessment survey to the Board of Directors to help them assess their performance vis-à-vis the requirements of the laws, rules and regulations and the Company's RMCG; and

l) the continuous enhancement of FDC's website to provide our shareholders and stakeholders with quicker reference to our corporate governance policies.

FDC likewise continuously reviews and updates its RMCG, in compliance with SEC directives and to reflect current best practices.

In order to keep abreast of best practices in various aspects of corporate governance, the members of the Board and key officers have attended seminars on corporate governance initiated by duly accredited institutions.

FDC, through its Board of Directors and in coordination with the management, constantly reviews its corporate governance practices annually and welcomes proposals, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors.

Board of Directors

Leading the practice of good corporate governance is the Board of Directors. The Board of Directors of FDC is firmly committed to the adoption of and compliance with the best practices in corporate governance as well as the observance of all relevant laws, regulations and ethical business practices.

Nominations and Voting for the Board of Directors

The members of the Board are elected during the annual stockholders' meeting. The stockholders of FDC may nominate individuals to be members of the Board of Directors.

The Corporate Governance Committee, acting as Nomination Committee, which receives nominations for the Board, including independent directors as may be submitted by the stockholders. After the deadline for the submission thereof, the Corporate Governance Committee meets to consider the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in FDC's RMCG and the Securities Regulation Code. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. The Corporate Governance Committee shall then prepare a *Final List of Candidates* enumerating the nominees who passed the screening and these nominees shall be disclosed along with his or their relationship with the nominating shareholder.

Only nominees whose names appear on the *Final List of Candidates* shall be eligible for election as directors. No other nomination shall be entertained after the *Final List of Candidates* shall have been prepared. Neither are shareholders allowed to further nominate anyone during the actual annual meeting.

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 RMCG 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 up 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 FDC 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 judgement in carrying out his responsibilities as director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

i. Is not a director or officer or substantial stockholder of FDC or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);

ii. Is not a relative of any director, officer or substantial stockholder of FDC, any of its related companies or any of its substantial shareholders. For this purpose, "relative" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

iii. Is not acting as a nominee or representative of a substantial shareholder of FDC, any of its related companies or any of its substantial shareholders;

iv. Has not been employed in an executive capacity by FDC, any of its related companies or any of its substantial shareholders within the last two (2) years;

v. Is not related as a professional adviser of FDC, any of its related companies or any of its substantial shareholders within the last two (2) years, either personally or through his firm;

vi. Has not engaged and does not engage in any transaction with FDC or any of its related companies or any of its substantial shareholders, 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 shareholder, other than transactions which are conducted at arms-length and are immaterial or insignificant.

B. When used in relation to FDC, subject to the requirements above:

i. "Related company" means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and

ii. "Substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than 10% of any class of its equity security.

C. An independent director of FDC shall have the following qualifications:

i. He shall have at least one (1) share of stock of FDC;

ii. 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;

iii. He shall possess integrity/probity; and

iv. He shall be assiduous.

C. No person enumerated under Section II(5) of the RMCG shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:

i. He becomes an officer or employee of FDC, or becomes any of the persons enumerated under items (A) hereof;

ii. His beneficial security ownership exceeds 10% of the outstanding capital stock of FDC;

iii. 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

iv. If he becomes disqualified under any of the grounds stated in FDC's RMCG.

D. Pursuant to SEC Memorandum Circular No. 09, Series of 2011, as amended by SEC Memorandum Circular No. 04, Series of 2017, the following additional guidelines, amending the rules on the term limit of independent directors, shall be observed in the qualification of individuals to serve as independent directors:

i. 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 independent director can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate;

ii. An independent director shall serve for a maximum cumulative term of nine (9) years;

iii. 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;

iv. 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

v. The reckoning of the cumulative nine-year term is from 2012.

Members of the Board of Directors, Attendance and Committee Memberships

The following table lists down the members of the Board of Directors who were elected during the Annual Stockholders' Meeting held on April 25, 2025.

Board	Name	Date of Election
Chairman	Jonathan T. Gotianun	April 25, 2025
Vice-Chairman	Lourdes Josephine Gotianun-Yap	April 25, 2025
Member	Michael Edward T. Gotianun	April 25, 2025
Member	Francis Nathaniel C. Gotianun	April 25, 2025
Member	Rhoda A. Huang	April 25, 2025
Member	Isabelle Therese G. Yap	April 25, 2025
Independent	Virginia T. Obcena	April 25, 2025
Independent	Marievic Ramon Añonuevo	April 25, 2025
Independent	Mina C. Figueroa	April 25, 2025

Committee Membership

COMMITTEE	CHAIR AND MEMBERS
Executive Committee	**Chair:** Jonathan T. Gotianun
	Members:
	Lourdes Josephine Gotianun-Yap
	Michael Edward T. Gotianun
	Francis Nathaniel C. Gotianun
	Rhoda A. Huang
Audit & Risk Management Oversight Committee	**Chair:** Virginia T. Obcena (Independent Director)
	Members:
	Mina C. Figueroa (Independent Director)
	Jonathan T. Gotianun
	Lourdes Josephine Gotianun-Yap
	Marievic Ramon Añonuevo (Independent Director)
Compensation Committee	**Chair:** Lourdes Josephine Gotianun-Yap

COMMITTEE	CHAIR AND MEMBERS
	Members:
	Jonathan T. Gotianun
	Marievic Ramon Añonuevo (Independent Director)
Corporate Governance Committee	**Chair:** Marievic Ramon Añonuevo (Independent Director)
	Members:
	Virginia T. Obcena (Independent Director)
	Mina C. Figueroa (Independent Director)
Related-Party Transaction Committee	**Chair:** Mina C. Figueroa (Independent Director)
	Members:
	Virginia T. Obcena (Independent Director)
	Marievic Ramon Añonuevo (Independent Director)

Duties and Responsibilities of the Different Board Committees

Executive Committee

Office	Name	Date of Appointment
Chairman (NED)	Jonathan T. Gotianun	April 25, 2025
Member (NED)	Lourdes Josephine Gotianun-Yap	April 25, 2025
Member (ED)	Michael Edward T. Gotianun	April 25, 2025
Member (ED)	Francis Nathaniel C. Gotianun	April 25, 2025
Member (ED)	Rhoda A. Huang	April 25, 2025

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 at 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 & Risk Management Oversight Committee

Office	Name	Date of Appointment
Chairman (ID)	Virginia T. Obcena	April 25, 2025
Member (NED)	Lourdes Josephine Gotianun-Yap	April 25, 2025

Member (NED)	Jonathan T. Gotianun	April 25, 2025
Member (ID)	Mina C. Figueroa	April 25, 2025
Member (ID)	Marievic Ramon Añonuevo	April 25, 2025

The Board constituted an Audit & 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 & Risk Management Oversight 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 & Risk Management Oversight Committee to review and approve the annual internal audit plan.

Compensation Committee

Office	Name	Date of Appointment
Chairman (NED)	Lourdes Josephine Gotianun-Yap	April 25, 2025
Member (NED)	Jonathan T. Gotianun	April 25, 2025
Member (ID)	Mina C. Figueroa	April 25, 2025

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

Office	Name	Date of Appointment
Chairman (ID)	Marievic Ramon Añonuevo	April 25, 2025
Member (ID)	Virginia T. Obcena	April 25, 2025
Member (ID)	Mina C. Figueroa	April 25, 2025

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 CEO 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 RMCG 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 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 RMCG.

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

Office	Name	Date of Appointment
Chairman (ID)	Mina C. Figueroa	April 25, 2025
Member (ID)	Virginia T. Obcena	April 25, 2025
Member (ID)	Marievic Ramon Añonuevo	April 25, 2025

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 Company intends to elect a third member of the RPT Committee to replace Claire L. Huang, following her resignation effective July 26, 2023.

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' Rights

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.

EXECUTIVE COMPENSATION

The aggregate compensation paid or incurred during the last two (2) fiscal years and the estimate for this year are as follows:

(a) Name and Principal Position	(b) Year	(c) Annual Compensation	(d) Other Annual Compensation	TOTAL
President and top four (4) highest [(1)] compensated officers	2025 – Estimated	₱102.38 Mn	--	₱102.38 Mn
	2024	₱99.82 Mn	--	₱99.82 Mn
	2023	₱90.57 Mn	--	₱90.57 Mn
Aggregate Officers (from senior vice presidents) & Directors	2025 – Estimated	₱105.87 Mn	--	₱105.87 Mn
	2024	₱135.37 Mn	--	₱135.37 Mn
	2023	₱93.52 Mn	--	₱93.52 Mn

(1) Jonathan T. Gotianun (Chairman of the Board); Lourdes Josephine Gotianun-Yap (Vice Chairman of the Board; Rhoda A. Huang (President and Chief Executive Officer); Ysmael V. Baysa (Chief Operating Officer);Ven Christian S. Guce (Treasurer and Chief Finance Officer)

Non-executive director and/or independent directors receive a per diem of ₱50,000.00 for every Board committee meeting attended and ₱100,000.00 for every Board meeting attended.

Other than as discussed, there are no other existing arrangements for the payment of compensation or remuneration to the directors in their capacity as such, but the Company may, without any obligation, grant additional compensation if certain performance driven goals are met, subject to such approvals as may be required by law.

Standard arrangements

Other than payment of a per diem for every meeting attended, there are no other arrangements for the payment of compensation or remuneration to the directors in their capacity as such.

Other arrangements

There are no other arrangements pursuant to which any director of FDC was compensated, or is to be compensated, directly or indirectly, for any service provided as a director.

EMPLOYMENT CONTRACTS BETWEEN THE COMPANY AND NAMED EXECUTIVE OFFICERS

There are no special employment contracts between the Company and the executive officers.

WARRANTS AND OPTIONS OUTSTANDING

There are no outstanding warrants or options held by the Company's CEO, the above-named executive officers, and all officers and directors as a group.

Shareholders approved the creation of a *Long-Term Incentive Plan* and the delegation of authority to the Chief Executive Officer and Compensation Committee, to finalize and implement the same, was approved by the Board of Directors of the Company and the same was approved by its shareholders on April 29, 2022. The *Long-Term Incentive Plan*, as approved, involves stock grants, the same shall be implemented without exceeding the number of treasury shares held by the Company as of the date that this resolution is passed and in no case shall exceed 1% of the Company's total outstanding capital stock.

The Company's Compensation Committee will be tasked to review the terms and conditions of the *Long-Term Incentive Plan*, including vesting periods, qualifications, disqualifications of grantees and any procedures relevant

for the same to ensure that the following objectives are met:

- Drive long term performance for the Company through its critical officers;
- Motivate a sustained high-level contributions from critical officers; and
- Attract and retain critical talents

SIGNIFICANT EMPLOYEES

The Company considers the contribution of every employee important to the fulfillment of its goals. The Company is not dependent on the services of certain key personnel.

Security Ownership of Management and Certain Record and Beneficial Owners

Security Ownership of Certain Record and Beneficial Owners of more than 5% as of December 31, 2024:

Title of Class of Securities	Name/ Address of Record Owner and Relationship with FLI	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Common	**A.L. Gotianun Inc. (formerly ALG Holdings Corporation)** 32nd Floor, Parkway Corporate Center, Corporate Avenue, Filinvest City, Alabang, Muntinlupa City	(No single shareholder owns at least 5% of total shares)	Filipino	7,587,823,501 (D) 61,976,540 (I)	87.74% 0.72%
Common	**PCD Nominee Corporation (Filipino)** G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	EastWest Banking Corporation - Trust Division (more than 5%)	Filipino	912,952,648	10.56%

Total number of shares of all record and beneficial owners as a group is 8,648,462,987 common shares representing 100% of the total outstanding common shares.

Mrs. Lourdes Josephine Gotianun-Yap is usually appointed by ALGI as its representative with authority to vote ALGI's shares in stockholders' meetings of FDC.

Security Ownership of Management as of December 31, 2024:

Title of Class of Securities	Name	Amount	Nature of Ownership D=Direct; I=Indirect	Citizenship	Percentage of Ownership
Common	Jonathan T. Gotianun	12	D	Filipino	0.0000%
		263,925*	I		0.0031%
Common	Lourdes Josephine Gotianun-Yap	10	D	Filipino	0.0715%
		15,582,914	I		0.1086%
Common	Rhoda A. Huang	1	D	Filipino	0.0000%
		0	I		0.0000%
Common	Michael Edward T. Gotianun	50,501,501	D	Filipino	0.5839%
		0	I		0.0000%
Common	Francis Nathaniel C. Gotianun	1	D	Filipino	0.0000%
		0	I		0.0000%
Common	Isabelle Therese Gotianun-Yap	1	D	Filipino	
		40,000	I		
Common	Atty. Marievic G. Ramos-Anonuevo	1	D	Filipino	0.0000%
		0	I		0.0000%
Common	Mina C. Figueroa	1	D	Filipino	0.0000%
		0	I		0.0000%
N.A.	Ysmael Baysa	0	D	Filipino	0.0000%
		211,000	I		0.0024%
N.A.	Ven Christian S. Guce	0	D	Filipino	0.0000%
		3,400	I		0.0000%
N.A.	Atty. Estrella C. Elamporo	0	D	Filipino	N.A.
			I		
N.A.	Atty. Lindeza Rogero-Gavino	0	D	Filipino	N.A.
			I		
Common	Virginia T. Obcena	0	D	Filipino	N.A.
			I		

** Includes shares of stock in FDC under the names of Berit Holdings Corp., Jabberwock Holdings, Inc. and Chriszen Holdings, Inc.*
***Composed of 10 direct shares and 15,582,914 indirect shares (held through brokers/PCD)registered under the name Joseph M. Yap &/or L. Josephine Gotianun-Yap.*

Total ownership of all directors and officers as a group as of December 31, 2024 is 0.76% of the total issued and outstanding common shares of stock.

There are no arrangements which may result in a change in control of FDC. 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.

Voting Trust Holders of 5% or More

There are no persons holding 5% or more of a class of shares under any voting trust or similar agreement.

Changes in Control

There are no arrangements that may result in change in control of the Company.

Certain Relationships and Related Transactions

The Company and its subsidiaries, in their normal course of business, have certain related party transactions with affiliates principally consisting of advances and intercompany charges.

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. Related parties may be individuals or corporate entities.

All material RPTs with a transaction value that reaches 10% of the Group's total consolidated assets shall be subject to the review by the Related-Party Transaction 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 RPTs ("**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.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. The transactions are made at terms and prices agreed upon by the parties. As of December 31, 2024, 2023 and 2022, 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.

However, no other transaction, without proper disclosure, was undertaken by the Group in which any director or executive officer, any nominee for election as director, any beneficial owner of more than 5% of the Company's outstanding shares (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest.

FDC employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

The amounts and balances arising from significant related party transactions are as follows.

For a more detailed discussion of the subject, please refer to Note 26 of the Group's audited consolidated financial statements.

	2024			
	Amount/ Volume	**Outstanding Balance Due from (Due to)**	**Terms**	**Conditions**
	(in ₱ thousands)			
Due from related parties				
Real estate operations				
Ultimate Parent Company[(a)]	**₱-**	₱320	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Affiliates:				
Share in expenses	29,686	99,469	Non-interest bearing and due on demand except for ₱53.0 million loan subject to interest rate of 3.5% to 3.8% due within 1 year[(b)]	Unsecured, no impairment
		₱99,789		
Due to related Parties				
Affiliates				
Share in expenses[(a)]	**₱-**	**(**₱212,566)	Noninterest-bearing, payable on demand	Unsecured
Management fee[(c)]	46,961	(110,340)	Noninterest-bearing, payable on demand	Unsecured
		(₱322,906)		

	2023			
	Amount/ Volume	Outstanding Balance Due from (Due to)	Terms	Conditions
	(in ₱ thousands)			
Due from related parties				
Real estate operations				
Ultimate Parent Company [(a)]	(₱360)	₱320	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Affiliates:				
Share in expenses	69,597	129,155	Non-interest bearing and due on demand except for ₱53.0 million loan subject to interest rate of 3.5% to 3.8% due within 1 year[(b)]	Unsecured, no impairment
		₱129,475		
Due to related Parties				
Affiliates				
Share in expenses[(a)]	₱ -	(₱792,820)	Noninterest-bearing, payable on demand	Unsecured
Management fee[(c)]	217,461	(63,379)	Noninterest-bearing, payable on demand	Unsecured
		(₱856,199)		

Notes:
(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

Philippine Taxation

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership, and disposition of the Offer Shares. The statements made regarding taxation in the Philippines are based on the laws in force at the date of this Prospectus and are subject to any changes in law occurring after such date. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the Offer Shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates or tax incentives under special laws. Prospective purchasers of the Offer Shares are advised to consult their own tax advisers concerning the tax consequences of their investment in the Offer Shares.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines andwho is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien engaged in trade or business in the Philippines;" otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not engaged in trade or business in the Philippines". A "resident foreign corporation" is a foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

The term "non-resident holder" means a holder of the Offer Shares:

- *who is an individual who is neither a citizen nor a resident of the Philippines, or an entity which is anon-resident foreign corporation; and*

- *should an income tax treaty be applicable, whose ownership of the Offer Shares is not effectively connected witha fixed base or a permanent establishment in the Philippines.*

Philippine Taxation

The following is a general description of certain Philippine tax aspects of the Securities. It is based on the present provisions of the National Internal Revenue Code of 1997, as amended by Republic Act No. 10963 or the TRAIN Law and Republic Act No. 11534 or the CREATE Law (the "**Tax Code**"), the regulations promulgated thereunder and judicial and ruling authorities in force as of the date of this Offering Circular, all of which are subject to changes occurring after such date, which changes could be made on a retroactive basis.

The CREATE Law was signed into law by then President Duterte on March 26, 2021 and took effect on April 11, 2021 (with effective dates on specific provisions). The key provisions of CREATE Law include, but not limited to, reduction of regular corporate income tax rate from 30% to 25% (or 20% for corporations with net taxable income not exceeding ₱5,000,000.00 and with total assets not exceeding ₱100,000,000.00 excluding land on which the office, plant, and equipment are situated) effective July 1, 2020; reduction of minimum corporate income tax rate from 2% to 1% for July 1, 2020 until June 30, 2023, thereafter, the rate will revert to 2%; reduction of income tax (final tax) rate on payments to non-resident foreign corporations from 30% to 25% effective January 1, 2021; and repeal of improperly accumulated earnings tax (**"IAET"**).

Taxes on Dividends on the Offer Shares

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to a final withholding tax at the rate of 10.0%, which shall be withheld by the Company. Cash and property dividends received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20% final withholding tax on the gross amount thereof, while cash and property dividends received by non-resident alien individuals not engaged in trade or business in the Philippines are subject to a final withholding tax at 25% of the gross amount, subject, however, to the applicable preferential tax rates under income tax treaties executed between the Philippines and the country of residence or domicile of such non-resident alien individuals.

Cash and property dividends received from a domestic corporation by another domestic corporation or by a resident foreign corporation are not subject to income tax while those received by a non-resident foreign

corporation are generally subject to income tax at a final withholding tax rate of 25%. The 25% income tax rate for dividends paid to a non-resident foreign corporation may be reduced to a lower rate of 15% if tax sparing applies, which is when (i) the country where the non-resident foreign corporation is domiciled imposes no tax on foreign sourced dividends or (ii) the country of domicile of the nonresident foreign corporation allows at least 15% credit equivalent for taxes deemed to have been paid in the Philippines.

In order to avail of the 15% tax sparing rate, a non-resident foreign corporation must file an application with the BIR for a confirmatory ruling on its entitlement pursuant to Revenue Memorandum Order No. 46-20 (Guidelines and Procedures for the Availment of the Reduced Rate of 15% on Intercompany Dividends Paid by a Domestic Corporation to a Non-resident Foreign Corporation Pursuant to Section 28(B)(5)(b) of the National Internal Revenue Code of 1997, as Amended, dated December 23, 2020). The application has to be filed within ninety (90) days from "the remittance of the dividends or from the determination by the foreign tax authority of the deemed paid tax credit/non-imposition of tax because of the exemption, whichever is later." A domestic corporation is not required to first secure a ruling from the BIR in order to use the tax sparing rate when it remits the dividends. However, it is required to determine if under the law of the country of domicile of the non-resident foreign corporation, such non-resident foreign corporation is granted the applicable "deemed paid" tax credit, or an exemption from income tax on such dividends.

The abovementioned tax rates are without prejudice to applicable preferential tax rates under income tax treaties in force between the Philippines and the country of domicile of the non-resident holder. (Please see discussion on tax treaties below.)

Preferential Rates under the Income Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

Country	Dividends	Stock transaction tax on sale or disposition effected through the PSE (%)[9]	Capital Gains Tax Due on Disposition of Shares Outside the PSE
Canada	25[1]	0.6	May be exempt[13]
China	15[2]	Exempt[10]	May be exempt[13]
France	15[3]	Exempt[11]	May be exempt[13]
Germany	15[4]	Exempt[12]	May be exempt[13]
Japan	15[5]	0.6	May be exempt[13]
Singapore	25[6]	0.6	May be exempt[13]
United Kingdom	25[7]	0.6	Exempt[14]
United States	25[8]	0.6	May be exempt[13]

Notes:

(1) 15% if the recipient company which is a resident of Canada controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.

(2) 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.

(3) 10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.

(4) 5% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends.; 15% in all other cases

(5) 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends; 15% in all other cases.

(6) 15% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company; 25% in all other cases.

(7) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.

(8) 20% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying

corporation were owned by the recipient corporation; 25% in other cases. Notwithstanding the rates provided under the Convention between the Government of the Republic of the Philippines and the Government of the United States of America with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.

(9) If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the Tax Code as amended by the Section 39 of the TRAIN.

(10) Article 2(1)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on November 18, 1999.

(11) Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic Signed on January 9, 1976 was signed in Paris, France on June 26, 1995 signed on June 26, 1995.

(12) Article 2 (3)(a) of Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013.

(13) Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.

(14) Under the income tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

When availing of capital gains tax exemption on the sale of shares of stock under an income tax treaty, a tax treaty exemption ruling from the BIR shall be necessary in order to completely implement the transfer. For sale of shares made outside the PSE, a Certificate Authorizing Registration ("**CAR**") from the BIR is required before the transfer is registered in the stock and transfer book. The BIR issues the CAR only after verifying that the applicable taxes have been paid. Thus, in lieu of proof of payment of capital gains tax, the tax treaty relief ruling should be submitted to the BIR office processing the CAR.

The BIR revised its procedures for availment of tax treaty relief on dividends by issuing Revenue Memorandum Order No. 14-21 (Streamlining the Procedures and Documents for the Availment of Treaty Benefits, dated March 31, 2021) as clarified by Revenue Memorandum Circular No. 77-21 (Clarification on Certain Provisions of Revenue Memorandum Order No. 14-21, dated June 15, 2021). In accordance with the foregoing regulations, all income items derived by nonresident taxpayers entitled to tax treaty relief shall be confirmed by the BIR through filing of: (i) a request for confirmation by the withholding agent, or (b) a tax treaty relief application by the nonresident taxpayer, with the required supporting documents in either case.

*Request for Confirmation (**"RFC"**)*

The withholding agent/income payor may apply the preferential tax treaty rate on the dividend income of the non-resident foreign shareholder by relying the submission by such shareholder of the following documents before the dividend income is paid: (a) on an application form for treaty purposes (BIR Form 0901-D for dividends), an authenticated/apostilled tax residency certificate duly issued by the relevant foreign tax authority in favor of the shareholder, and (c) the relevant provision of the applicable tax treaty which prescribes the preferential tax treatment on dividend income. If the tax treaty rate was applied, the withholding agent/income payor must file with the BIR's International Tax Affairs Division ("**ITAD**") a request for confirmation of the use of the tax treaty rate. The request for confirmation must be filed after the payment of the withholding tax and in no case later than the last day of the fourth month following the close of the relevant taxable year. Revenue Memorandum Circular No. 77-21 prescribes the filing of one consolidated request for confirmation per nonresident income recipient, regardless of the number and type of income payments during the year. Revenue Memorandum Circular No. 77-21 also provides for a list of all documentary requirements that have to be submitted in support of the request for confirmation.

If the BIR determines that the withholding tax rate used is lower than the applicable tax rate that should have been applied, or that the non-resident taxpayer is not entitled to treaty benefits, the request for confirmation will be denied and it will require the withholding agent/income payor to pay the deficiency taxes plus surcharge, interest and penalties.

Tax Treaty Relief Application

In case the withholding agent/income payor used the regular rate under the Tax Code, the non-resident foreign shareholder may, at any time after its receipt of the dividend income, file a tax treaty relief application ("**TTRA**") with ITAD. Similar to a request for confirmation, the must also be supported by the documents specified in Revenue Memorandum Circular No. 77-21.

If the BIR determines that the withholding tax rate applied is higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits, and the shareholder may apply for a refund of excess withholding tax within the two-year period provided in Section 229 of the Tax Code. The claim for refund of the shareholder may also be filed simultaneously with the TTRA.

The Company shall withhold taxes at a reduced rate on dividends to a non-resident holder if the nonresident submitted to the Company a Tax Residency Certificate ("**TRC**") and BIR Form No. 0901-D prior to the payment of dividends. TRC is a certificate issued by the tax authority of the country of residence and shall establish the fact of residency in a contracting state of the non-resident.

On March 31, 2021, the BIR issued Revenue Memorandum Order No. 14-2021 ("**RMO 14-2021**"). RMO 14-2021 was issued to streamline the procedures and documents for the availment of the tax treaty benefits. To avail of the tax treaty relief benefits, the following guidelines and procedures will be observed:

1. The non-resident income recipient should submit to the withholding agent or income payor the submitted Application Form for Treaty Purposes, Tax Residency Certificate duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty on whether to apply a reduced rate of, or exemption from, withholding at source on the income derived by the non-resident income recipient. The documents should be submitted to each withholding agent or income payor prior to the payment of income for the first time. The failure to provide the said documents when requested may lead to the withholding using the regular withholding rates without the tax treaty benefit rate.

2. When the preferential tax rates have been applied by the withholding agent, it shall file with the ITAD a request for confirmation on the propriety of the withholding tax rates applied by the withholding agent. On the other hand, if the regular withholding rates have been imposed on the income, the non-resident income recipient shall file a TTRA with ITAD. In either case, each request for confirmation and TTRA shall be supported by the documentary requirements set out in the issuance.

3. The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the fourth month following the close of each taxable year. On the other hand, the filing of the TTRA may be filed by the non-resident income recipient at any time after the receipt of the income.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the nonresident income recipient is not entitled to treaty benefits, it will issue a BIR Ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties. On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the nonresident income recipient's entitlement to the treaty benefits. In this case, the nonresident income recipient may apply for a refund of the excess withholding tax.

The original or certified true copy of the following documents, as may be applicable, shall be submitted to the International Tax Affairs Division of the BIR when claiming the tax treaty relief:

A. General Requirements:

1. Letter-request;

2. Application Form duly signed by the non-resident income earner or its/his/her authorized representative;

3. Tax Residency Certificate for the relevant period, duly issued by the tax authority of the foreign country in which the investor is a resident;

4. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing the payment/remittance of income;

5. Withholding tax return with Alphalist of Payees;

6. Proof of payment of withholding tax; and

7. Notarized Special Power of Attorney issued by the non-resident income earner to its/his/her authorized representative(s), which shall expressly state the authority to sign the Application Form as well as to file the tax treaty relief application or request for confirmation.

B. Additional general requirements for legal persons and arrangements, and individuals:

1. Authenticated copy of the non-resident legal person or arrangement's Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language; and

2. Original copy of the Certificate of Non-Registration of the investor or certified true copy of License to Do Business in the Philippines duly issued by the Philippine SEC for legal persons and arrangements, or original copy of the Certificate of Business Registration/Presence duly issued by the DTI for individuals.

C. Additional general requirements for fiscally transparent entities:

1. A copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the foreign fiscally transparent entity;

2. List of owners/beneficiaries of the foreign entity;

3. Proof of ownership of the foreign entity; and

4. Tax Residency Certificate issued by the concerned foreign tax authority to the owners or beneficiaries of the fiscally transparent entity.

The BIR may require additional documents during the course of its evaluation as it may deem necessary. Upon the confirmation of the entitlement to the tax treaty benefit or confirmation of the correctness of the withholding tax rates applied, the BIR will issue a certification to that effect. Any adverse ruling may be appealed to the Department of Finance within 30 days from receipt.

If the income of the nonresident Shareholder has been subjected to regular withholding rates, the Shareholder may file a claim for refund with the BIR independently of, or simultaneously with, the TTRA. Nonetheless, all claims for refund shall be filed within the two-year prescriptive period provided under Section 229 of the National Internal Revenue Code, as amended.

Transfer taxes (*e.g.*, documentary stamp tax, local transfer tax) may be payable if the dividends declared are property dividends, depending on the type of property distributed as dividends. Stock dividends distributed pro-rata to any holder of shares of stock are generally not subject to Philippine income tax. However, the sale, exchange or disposition of shares received as stock dividends by the shareholder is subject to stock transaction tax if the transfer is through a local stock exchange; or if the transfer is made outside of the exchange, capital gains tax; and documentary stamp tax.

If the dividends of the non-resident taxpayer have been subjected to the regular rate, he/she/it may subsequently file a claim for refund of the difference between the amount of withholding tax actually paid in the Philippines and the amount of tax that should have been paid under the treaty after obtaining a certificate confirming his/her/its entitlement to treaty benefits. For this purpose, a duly accomplished BIR Form No. 1913 shall be filed together with the letter-request. The claim for refund may be filed independently of, or simultaneously with, the TTRA. (See RMO 14-2021, sec. 10). However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information and may also involve the filing of a judicial appeal, it may be impractical to pursue obtaining such a refund.

The foregoing requirements shall be submitted, (i) in respect of an issuance of the Offer Shares, to the Joint Lead Underwriters and Bookrunners or Selling Agents who shall then forward the same with the Application to Purchase to the Stock Transfer Agent; or (ii) in respect of a transfer from a holder of Offer Shares to a purchaser, to the Stock Transfer Agent within three (3) days from settlement date.

Unless properly provided with satisfactory proof of the tax-exempt status of an Applicant or a holder of the Offer Shares, the Stock Transfer Agent and Paying Agent may assume that said Applicant or holder is taxable and proceed to apply the tax due on the Offer Shares. Notwithstanding the submission by the Applicant or holder, or the receipt by the Issuer or any of its agents, of documentary proof of the tax-exempt status of an Applicant or holder, the Issuer may, in its sole and reasonable discretion, determine that such shareholder is taxable and require the Stock Transfer Agent and Paying Agent to proceed to apply the tax due on the Offer Shares. Any question on such determination shall be referred to the Issuer.

Sale, Exchange or Disposition of Shares after the Offer Period

Capital gains tax

The net capital gains realized by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, or a domestic corporation (other than a dealer in securities) during each taxable year from the sale, exchange or disposition of shares of stock outside the facilities of the PSE, are subject to capital gains tax at the rate of 15% of the net capital gains realized during the taxable year.

The net capital gains realized by a resident foreign corporation or a non-resident foreign corporation during each taxable year from the sale, exchange or disposition of shares of stock in a domestic corporation outside the facilities of the PSE are also subject to the final tax rate of 15% based on the net capital gains realized during the taxable year.

If an applicable income tax treaty exempts net gains from such sale from capital gains tax, either a request for confirmation on the propriety of the withholding tax or an application for tax treaty relief has to be filed with the BIR in accordance with BIR regulations, and approved by the BIR, to avail of the exemption. (Please see discussion below on tax treaties.) The transfer of shares shall not be recorded in the books of a company, unless the BIR has issued a CAR.

Taxes on transfer of shares listed and traded at the PSE

Unless an applicable income tax treaty exempts the sale from income and/or percentage tax (please see discussion below on tax treaties), a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities) is subject to a percentage tax usually referred to as a stock transaction tax at the rate of 6/10 of 1% of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, which shall be paid by the seller or transferor. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain income tax treaties, the exemptions from capital gains tax may not be applicable to stock transaction tax.

In addition, VAT of 12% is imposed on the commission earned by the PSE-registered broker, and is generally passed on to the client, the seller or transferor.

The stock transaction tax will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 2012-0046 dated August 22, 2012 provides that immediately after December 31, 2012, the Philippine SEC shall impose a trading suspension for a period of not more than six (6) months, on shares of a listed company who has not complied with the Rule on Minimum Public Ownership ("**MPO**") which requires listed companies to maintain a minimum percentage of listed securities held by the public at 10% of the listed companies issued and outstanding shares at all times. The sale of such listed company' shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (i.e., capital gains tax and documentary stamp tax, and may even include donor's tax).

The stock transaction tax will also not apply if the shares sold are issued by a corporation that does not meet the MPO requirement, even if the sale is done through the facilities of the PSE. Revenue Regulations No. 16-2012 ("**R.R. 16-12**") provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to

meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. R.R. 16-12 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

Documentary Stamp Taxes on Shares

The original issue of shares is subject to documentary stamp tax of ₱2.00 on each ₱200.00 par value, or fraction thereof, of the shares issued. On the other hand, the transfer of shares is subject to a documentary stamp tax at a rate of ₱1.50 on each ₱200.00, or fractional part thereof, of the par value of the Shares. The documentary stamp tax is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable either by the vendor or the purchaser of the shares.

However, the sale, barter or exchange of Offer Shares should they be listed and traded through the PSE are exempt from documentary stamp tax.

Estate and Gift Taxes

The transfer of the Offer Shares upon the death of a registered holder to his heirs by way of succession, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, shall be subject to an estate tax which is levied on the net estate of the deceased at a uniform rate of 6%. An Investor shall be subject to donor's tax at a uniform rate of 6% based on the value of the total gift on the transfer of the Commercial Papers by gift in excess of ₱250,000.00 made during a calendar year, regardless of the relation of the donor to the donee.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor. The estate tax and the donor's tax, in respect of the Offer Shares, shall not be collected: (1) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (2) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In case the Offer Shares are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Offer Shares exceeded the value of the consideration may be deemed a gift, and donor's taxes may be imposed on the transferor of the Offer Shares, based on Section 100 of the Philippine Tax Code, provided that a transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Taxation outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law to be situated in the Philippines and any gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donors' tax or estate tax.

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

The Philippine Stock Market

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Sole Issue Manager, and the Joint Lead Underwriters and Bookrunners, or any of their respective subsidiaries, affiliates or advisors in connection with the offer and sale of the Preferred Shares.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was established on August 8, 1927, and the Makati Stock Exchange, which was established on May 27, 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Philippine government resulted in the unification of the two bourses into the PSE. The PSE was incorporated on December 23, 1992 by officers of both the Makati and the Manila Stock Exchanges. On March 4, 1994, the SEC granted the PSE its license to operate as a securities exchange and simultaneously canceled the licenses of the two exchanges. The PSE previously maintained two trading floors, one in Makati City and the other in Pasig City, which were linked by an automated trading system that integrated all bid and ask quotations from the bourses. In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City. The PSE Tower houses the PSE corporate offices and a single, unified trading floor. On June 24, 2022, the PSE closed its trading floor at the PSE Tower, Bonifacio Global City to embrace digital trading. Traders are to conduct activities off-site instead of their trading booths, embracing remote setup. While the PSE shifted to "floorless trading," bell ringing ceremonies for new listings would still be conducted in the PSE headquarters.

On June 29, 1998, the Philippine SEC granted the Self-Regulatory Organization status to the PSE, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 3, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC.

The PSE has an authorized capital stock of ₱120 million. As of December 31, 2022, the PSE has 85,477,846 issued and outstanding shares, of which 3,513,952 are treasury shares, resulting in 81,963,894 total shares outstanding. Each of the 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President of the PSE.

On December 15, 2003, the PSE listed its shares by way of introduction at its own course as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging Board. In 2013, the PSE issued Rules on Exchange Traded Funds ("**ETF**") which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards. Previously, the PSE allowed listing on the First Board, Second Board, or the SME Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated June 6, 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in a company's articles of incorporation of the Issuer. Each index represents the numerical average of the prices of component shares.

The PSE has a benchmark index, referred to as the Philippine Stock Exchange Index ("**PSEi**", previously "**PHISIX**"), which as at the date thereof reflects the price movements of selected shares listed on the PSE, based on traded prices of shares from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006, simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of shares of 30 selected companies listed on the PSE. On July 26, 2010, the PSE launched a new trading system, PSE Trade.

With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE has adopted an online daily disclosure system to support the provision of material

information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE replaced its online disclosure System with a new disclosure system, the PSE EDGE. The PSE EDGE, a new disclosure system co-developed with the Korea Exchange, went live. The PSE EDGE system provided a dedicated portal for listed company disclosures and also offered a free-to download mobile application for easy access by investors, with a variety of features to (i) further standardize the disclosure reporting process of listed companies on the PSE, (ii) improve investors' disclosure searching and viewing experience, and (iii) enhance overall issuer transparency in the market.

The main index for PSE is the PSEi, which is a capitalization-weighted index composed of stocks representative of the Industrial, Properties, Services, Holding Firms, Financial and Mining & Oil Sectors of the PSE. It measures the relative changes in the free float-adjusted market capitalization of the 30 largest and most active common stocks listed at the PSE. The selection of companies in the PSEi is based on a specific set of public float, liquidity and market capitalization criteria. There are also six sector-based indices as well as a broader all shares index.

In June 2015, the PSE Trade system was replaced by PSE Trade XTS which utilizes NASDAQ's X-stream Technology. The PSE Trade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, the Exchange received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the Philippine SEC to introduce short selling in the equities market.

The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and is based on internationally recognized corporate governance codes and best practices.

The table below sets out movements in the composite index as of the last business day of each calendar year from 1995 to 2024, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization (in ₱ billions)	Combined Value of Turnover (in ₱ billions)
1995	2,594.2	205	1,545.7	379.0
1996	3,170.6	216	2,121.1	668.8
1997	1,869.2	221	1,251.3	586.2
1998	1,968.8	222	1,373.7	408.7
1999	2,142.9	225	1,936.5	781.0
2000	1,494.5	229	2,576.5	357.7
2001	1,168.1	231	2,141.4	159.6
2002	1,018.4	234	2,083.2	159.7
2003	1,442.4	236	2,973.8	145.4
2004	1,822.8	235	4,766.3	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	239	7,173.2	572.6
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	245	8,697.0	1,422.6
2012	5,812.7	254	10,952.7	1,771.7
2013	5,889.8	257	11,931.3	2,546.2
2014	7,230.6	263	14,251.7	2,130.1
2015	6,952.1	265	13,465.1	2,172.5
2016	6,840.6	265	14,438.8	1,929.5
2017	8,558.4	267	17,583.1	1,958.4
2018	7,466.0	267	16,146.7	1,736.8

2019	7,815.3	271	16,710.0	1,770.0
2020	7,139.7	271	15,890.0	1,770.0
2021	7,122.6	276	18,081.1	2,233.1
2022	6,566.4	286	16,558.5	1,788.7
2023	6,450.0	283	16,740.2	1,474.8
2024	6,528.8	283	Data not available	Data not available

Source: Philippine Stock Exchange, Inc. and PSE Annual Reports

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one (1) broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the second trading day (the settlement date) after the trade.

Generally, equities trading on the PSE starts at 9:30 a.m. until 12:00 p.m., when there will be a one-hour lunch break. In the afternoon, trading resumes at 1:00 p.m. and ends at 3:00 p.m. Trading days are Monday to Friday, except legal holidays and days when the BSP clearing house is closed and such other days as may be declared by the Philippine SEC or the PSE, to be a non-trading day.

Minimum trading lots range from five to 1,000,000 shares depending on the price range and nature of the security traded. The minimum trading lot for a company's shares is 100 shares. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated through the enforcement of static and dynamic thresholds.

The upper static threshold enforces a 50%, while the lower static threshold enforces as 30%, trading band within which the price of a stock is allowed to move. When the price of a listed security moves up by 50% (price ceiling) or down by 30% (floor price) on a particular day (to be reckoned from the last closing price or the last adjusted closing price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the corporation or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the subject corporation fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the subject corporation is disseminated, subject again to the trading ban.

The dynamic threshold is the maximum allowable price difference between an update in the Last Traded Price ("**LTP**") of a given stock or group of stocks and its preceding LTP that is equal to a percentage set by the PSE, subject to the classification of a stock or a group of stocks based on its trade frequency. The dynamic threshold of a listed stock may vary from 10%, 15% and 20% depending on its trade frequency.

In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- In case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE.

- In case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly-listed securities, 15% for security cluster B and 10% for security cluster C); otherwise, such order will be rejected by the PSE.

Non-Resident Transactions

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The Securities Clearing Corporation of the Philippines ("**SCCP**") is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP started its commercial operations on January 3, 2000 received its permanent license to operate on January 17, 2002. It is responsible for:

- synchronizing the settlement of funds and the transfer of securities through delivery versus payment clearing and settlement of transactions of clearing members, who are also PSE trading participants;

- guaranteeing the settlement of trades in the event of a trading participant's default through the implementation of its fails management system and administration of the Clearing and Trade Guaranty Fund; and

- performance of risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a two (2)-day rolling settlement environment, which means that settlement of trades takes place two (2) days after transaction date (T+2). The deadline for settlement of trades is 12:00 noon of T+2. Securities sold should be in scripless form and lodged under the book entry system of the PDTC. Each PSE trading participant maintains a cash settlement account with one of the nine existing settlement banks of SCCP which are BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank & Trust Company, Deutsche Bank, Union Bank of the Philippines, The Hongkong and Shanghai Banking Corporation Limited, Maybank Philippines, Inc., Asia United Bank, and China Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement ("**CCCS**") system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the central counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, BDO, RCBC, Metrobank, DB, HSBC, Unionbank, and Maybank Philippines.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares in favor of the PCD Nominee Corporation ("**PCD Nominee**"), a corporation wholly-owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of

the PCD Nominee through the PDTC participant will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+2) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP Central Clearing and Central Settlement system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged, and the shares will no longer be eligible for settlement through the PCD system. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry is in the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.

- On the other hand, for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a registry confirmation advice to PDTC evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgement of Securities under Section 17 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Philippine SEC in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof, to wit:

"For new companies to be listed at the PSE as of July 1, 2009 the usual procedure will be observed but the Transfer Agent of the companies shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the Depository Participants on listing date."

"On the other hand, for existing listed companies, the PDTC shall wait for the advice of the Transfer Agents that it is ready to accept surrender of PCNC jumbo certificates and upon such advice the PDTC shall surrender all PCNC jumbo certificates to the Transfer Agents for cancellation. The Transfer Agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the Company's registry as a confirmation date."

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a registry confirmation advice to the PDTC covering the new number of shares lodged under PCD Nominee.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

Amended Rule on Minimum Public Ownership

On December 1, 2017, the Philippine SEC issued SEC Memorandum Circular No. 13, Series of 2017 ("**SEC MC 13-2017**") on the rules and regulations on minimum public ownership ("**MPO**") on initial public offerings.

Under SEC MC 13-2017, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC and with intention to list their shares for trading in an exchange shall apply for registration with a public float of at least 20% of the companies' issued and outstanding shares. It shall, at all times, maintain an MPO of at least 20%. If the MPO of the company falls below 20% at any time after registration, such company shall bring the public float to at least 20% within a maximum period of twelve (12) months from the date of such fall.

The determination of whether shareholdings are considered public or non-public is based on: (a) the amount of shareholdings and its significance to the total outstanding shares; (b) the purpose of investment; and (c) the extent of involvement in the management of the company.

The shares held by the following are generally considered as held by the public: (i) individuals whose shares are not of significant size and which are non-strategic in nature; (ii) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (iii) investment funds and mutual funds; (iv) pension funds which hold shares in companies other than the employing company or its affiliates; (v) PCD Nominee provided that none of the beneficial owners of the shares has significant holdings (i.e., shareholdings by an owner of 10% or more are excluded and considered non-public); and (vi) Social Security funds.

If an investment in a listed company is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then the shareholdings of such investor are considered non-public. Ownership of 10% or more of the total issued and outstanding shares of a listed company is considered significant holding and therefore non-public.

Listed companies which become non-compliant with the minimum public ownership requirement will be suspended from trading for a period of not more than six months and will be automatically delisted if it remains non-compliant with the said requirement after the lapse of the suspension period.

Notwithstanding the quarterly public ownership report requirement of the PSE, listed companies listed on the PSE are required to (a) establish and implement an internal policy and procedure to monitor its MPO levels on a continuous basis; and (b) immediately report to the Philippine SEC within the next business day if its MPO level falls below 20%. Listed companies are also required to submit to the Philippine SEC a time-bound business plan describing the steps that the company will take to bring the public float to at least 20% within a maximum period of twelve (12) months from, within ten (10) days from knowledge that its MPO has become deficient. Listed companies are also required to submit to the Philippine SEC a public ownership report and progress report on any such submitted business plan within fifteen (15) days after end of each month until such time that its MPO reaches the required level.

The MPO requirement also forms part of the requirement for the registration of securities. Non-compliance with these MPO requirements subject publicly listed companies to administrative sanctions, including suspension and revocation of their registration with the SEC.

On August 3, 2020, the PSE issued Memorandum CN-No. 2020-0076 (Guidelines on MPO Requirement for Initial and Backdoor Listings), effective immediately. Under the guidelines, companies applying for initial listing through an Initial Public Offering are required to have a minimum public offer size of 20% to 33% of its outstanding capital stock, as follows:

Market Capitalization	**Minimum Public Offer**
Not exceeding ₱500 million	33% or ₱50 million, whichever is higher
Over ₱500 million to ₱1 billion	25% or ₱100 million, whichever is higher
Over ₱1 billion	20% or ₱250 million, whichever is higher

A company listing through an Initial Public Offering is required to maintain at least 20% public ownership level at all times, whether the listing is initial or through backdoor listing. A company applying for listing by way of introduction is required to have at least 20% public float upon and after listing. For companies doing a backdoor listing, the 20% MPO requirement shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.

Amendments to the Voluntary Delisting Rules

On December 1, 2020, PSE issued Memorandum Circular No. 2020-0104 ("**C.N. 2020-0104**") on the amendments to the voluntary delisting rules. Under C.N. 2020-0104, the delisting must be approved by: (i) at least two-thirds (2/3) of the entire membership of the Board, including the majority, but not less than two, of all of its independent directors; and (ii) Stockholders owning at least two-thirds (2/3) of the total outstanding and listed shares of the listed company.
Further, the number of votes cast against the delisting proposal should not be more than 10% of the total outstanding and listed shares of the listed company.

As regards the tender offer price, the minimum tender offer price shall be the higher of: (i) the highest valuation based on the fairness opinion or valuation report prepared by an independent valuation provider in accordance with SRC Rule 19.2.6; or (ii) the volume weighted average price of the listed security for one year immediately preceding the date of posting of the disclosure of the approval by the Company's Board of Directors of the Company's delisting from the Exchange.

Rule on Initial Listing Through a Preferred Shares Offering

On May 24, 2022, PSE issued Memorandum Circular No. 2022-0023 ("**C.N. 2022-0023**"), which provides the Rule on Initial Listing through a Preferred Shares Offering, effective immediately. Under C.N. 2022-0023, the minimum offering to the public shall be at least One Billion Pesos (₱1,000,000,000.00) or 20% of the market capitalization of preferred shares applied for listing, whichever is higher.

Further, upon listing, the applicant company should have at least 1,000 stockholders, each owning at least one (1) board lot, whether it is listing on the Main Board or the SME Board. After listing, the listed company shall be subject to the 20% public float requirement.

As regards the lock-up rule, the 180-day/365-day lock-up rule shall not apply to the initial listing through a preferred shares offering; however, preferred shares and instruments entitling the holder to issuance of preferred shares (e.g., convertible bonds, warrants) issued and fully paid within 180 days before the Initial Public Offering at a price lower than the Initial Public Offering price shall be locked up for 365 days from full payment. If the applicant company has outstanding common shares which are listed, the same will not be covered by the lock-up rule.

Companies mandated by law or regulation to list and/or offer their shares to the public cannot list through this mode of initial listing. A company that lists under this Rule also cannot list by way of introduction.

Amendments to the Rules on Follow-On Offering

On April 16, 2024, the PSE issued Memorandum Circular CN No. 2024-0024 ("**C.N. 2024-0024**") which provides the amendments to Article III, Part F, Section 13 and Article V, Part F of the Consolidated Listing and Disclosure Rules, effective immediately.

Under C.N. 2024-0024, the allocation of offer shares to Local Small Investors shall be mandatory.

Moreover, offering of secondary shares acquired at a discount before the follow-on offering shall be prohibited. If there is any issuance or transfer of shares (i.e., private placement, asset for shares swap or a similar transaction) or of instruments which leads to an issuance or transfer of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within 180 days prior to the start of the offering period and the transaction price is lower than the offer price, all shares subscribed, acquired or availed of shall not form part of the offer shares. This prohibition shall apply to all follow-on offerings, including public offerings undertaken by companies listed by way of introduction or through backdoor listing. However, said prohibition shall not apply to shares subscribed, acquired or availed of through stock dividend distribution or stock option plan. The PSE may likewise rule on a case to-case basis, that the prohibition would not be applicable to shares subscribed, acquired or availed of through any other transaction provided that it can be shown that the offering will not give undue advantage to the subscriber.

Philippine Foreign Exchange and Foreign Ownership Controls

REGISTRATION OF FOREIGN INVESTMENTS AND EXCHANGE CONTROLS

Under current BSP regulations, an investment in Philippine securities (such as the Offer Shares) must be registered with the BSP if the foreign exchange needed to service the repayment of principal and payment of interest derived from such Preferred Shares is to be sourced from the Philippine banking system. The registration with the BSP is evidenced by a Bangko Sentral Registration Document. Under the Manual of Regulations on Regulations of Foreign Exchange Transactions, debt securities (which include non-participating preferred shares), purchase of condominium units, capital expenses incurred by foreign firms pursuant to government approved-service contracts and similar contracts, and Philippine depositary receipts must likewise be registered with the BSP if foreign exchangewill be sourced from the Philippine banking system.

If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippinebanking system, registration is not required. BSP Circular No. 471 (Series of 2005), as amended, however, subjects foreign exchange dealers, money changers and remittance agents to RA 9160 and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit, among others, the original BSP registration documents in connection with their application to purchase foreign exchange exceeding US$5,000.00 for purposes of capital repatriation and remittance of dividends. BSP Circular No.942 (Series of 2017) lists minimum documentary requirements that must be submitted by foreign exchange buyers forpurposes of capital repatriation and remittance of dividends, regardless of amount.

The foregoing is subject to the power of the BSP, through the Monetary Board and with the approval of the Presidentof the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreignexchange transactions or require delivery of foreign exchange to the BSP or its designee when an exchange crisis is imminent, or in times of national emergency. Furthermore, there can be no assurance that BSP foreign exchange regulations will not be made more restrictive in the future.

FOREIGN OWNERSHIP CONTROLS

Under the General Banking Law, as clarified by BSP Circular No. 256, the aggregate voting stock in a domestic bankheld by foreign individuals and non-bank corporations must not exceed 40% of the outstanding voting stock of such bank. Although the aggregate ceiling on the equity ownership in a domestic bank does not apply to Filipinos and domestic non-bank corporations, their individual ownership is limited to only up to 40% of the voting stock. The percentage of foreign-owned voting stocks in a bank shall be determined by the citizenship of the individual stockholders in that bank. The citizenship of the corporation which is a stockholder in a bank shall follow the citizenship of the controlling stockholders of the corporation, irrespective of the place of incorporation.

On July 15, 2014, RA 10641, an Act Allowing the Full Entry of Foreign Banks in the Philippines, Amending for the Purpose Republic Act No. 7721 ("**RA 10641**") became law. Under RA 10641, established, reputable and financially sound foreign banks may be authorized by the Monetary Board to operate in the Philippine banking system through any one of the following modes of entry: (a) by acquiring, purchasing or owning up to 100% of the voting stock of an existing bank; (b) by investing in up to 100% of the voting stock of a new banking subsidiary incorporated under the laws of the Philippines; or (c) by establishing branches with full banking authority. In relation thereto, on November 6, 2014, the Monetary Board issued Resolution No. 1794 providing for the implementing rules and regulations of RA 10641 and on November 21, 2014, the BSP issued BSP Circular No. 858, amending the relevant provisions of the BSP Manual of Regulations for Banks, accordingly. The entry into law of RA 10641 did not entirely eliminate the foreign ownership controls under the General Banking Law. While qualified foreign banks may own up to 100% of voting shares in a universal bank, otherforeign individuals or non-bank corporations are still subject to the 40% foreign ownership limitation under the General Banking Law.

The Philippine Constitution and related statutes also set forth restrictions on foreign ownership of companies that ownland in the Philippines.

In connection with the ownership of private land, Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter 4 of Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or

associations organized under the laws of the Philippines, at least 60% of whose capital is owned by such citizens.

RA 7042 as amended, the Foreign Investments Act of 1991, reserves to Philippine Nationals all areasof investment in which foreign ownership is limited by mandate of the Constitution and specific laws. Section 3(a) of said law defines a "Philippine National" as:

- A citizen of the Philippines;
- A domestic partnership or association wholly owned by citizens of the Philippines;
- A trustee of funds for pension or other employee retirement or separation benefits where the trustee is a PhilippineNational and at least 60% of the fund will accrue to the benefit of Philippine Nationals;
- A corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstandingand entitled to vote is owned and held by citizens of the Philippines; and
- A corporation organized abroad and registered as doing business in the Philippines under the Philippine Corporation Code of the Philippines of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos.

However, RA 7042 states that where a corporation (and its non-Filipino shareholders) ownstock in a Philippine SEC-registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of both the investing corporation and the investee corporation must be owned and held by citizens of the Philippines. Further, at least 60% of the members of the board of directors of both the investing corporation and the investee corporation must be Philippine citizens in order for the investee corporation to be considered a Philippine National.

On May 20, 2013, the Philippine SEC issued Memorandum Circular No. 8, Series of 2013 which provided guidelines(the "**Guidelines**") on compliance with the Filipino-Foreign ownership requirements under the 1987 Philippine Constitutionand other existing laws by corporations engaged in nationalized or partly nationalized activities (the "**Nationalized Corporations**"). The Guidelines provide that for purposes of determining compliance with the foreign equity restrictions in Nationalized Corporations, the required percentage of Filipino ownership shall be applied to both (a) thetotal number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

Considering the foregoing, for so long as the Company and its subsidiaries own land or are engaged in nationalized activities, foreign ownership in the Company is limited to a maximum of 40% of the Company's outstanding capital stock. Accordingly, the Company shall disallow the issuance or the transfer of Shares to persons other than Philippine Nationals and shall not record transfers in the Company's books if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above.

Compliance with the required ownership by Philippine Nationals of a corporation is to be determined on the basis ofoutstanding capital stock whether fully paid or not.

Counsels and Independent Auditors

Legal Matters

All legal opinion/matters in connection with the issuance of the Offer Shares, which are subject to this Offer, shall be passedupon by Picazo Buyco Tan Fider Santos & Dee, for the Joint Lead Underwriters and Bookrunners. Picazo Buyco Tan Fider Santos & Dee has no direct or indirect interest in FDC. Picazo Buyco Tan Fider Santos & Dee may from time to time beengaged by FDC to advise in its transactions and perform legal services to the same basis that Picazo Buyco Tan Fider Santos & Dee provides such services to its other clients.

FDC's Legal Services Division

FDC's legal services division provided the legal opinion/matters in connection with the issuance of the Offer Shares, which are subject to this Offer, for the Company. The members of FDC's legal services division are employed by the Company and as suchreceived salary and benefits from the Company.

Independent Auditors

SGV & Co., independent auditors, audited the Company's consolidated financial statements (without qualification) as of and for the years ended December 31, 2024, 2023, and 2022, included in this Prospectus. There has neither been a termination nor change in the said appointment.

The Partner in charge of the audit of the Group's 2024 consolidated financial statements is Martin C. Guantes.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditorsfor the same periods. SGV & Co. has neither shareholdings in the Company nor anyright, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV& Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functionsas external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

Approval of Policies and Procedures of the Management and/or Audit and Risk Management Oversight Committee for Independent Accountant's Services

In giving its stamp of approval to the audit services rendered by the independent accountant and the rate of the professional fees to be paid, the Audit and Risk Management Oversight Committee, with inputs from the management of FDC, makes a prior independent assessment of the quality of audit services previously rendered by the accountant, the complexity of the transactions subject of the audit, and the consistency of the work output with generally accepted accounting standards. Thereafter, the Audit and Risk Management Oversight Committee makes the appropriate recommendation to the Board of Directors of the Company.

The following table sets out the aggregate fees for each of the last two (2) years for professional services rendered by SGV & Co., excluding fees directly related to the Offer.

In ₱ thousands	**2024**	**2023**
Audit and Audit Related fees*	20,864.7	18,267.1
Tax Fees	728.6	1,075.0
All Other Fees**	12,641.8	8,193.3
Total	**34,235.1**	**27,535.4**

* Pertains to the professional services rendered by SGV & Co. as our independent auditors for audit of the Group's annual financial statements and services that are normally provided in connection with statutory and regulatory filings.

** Pertains to the professional services rendered by SGV & Co. in relation to agreed-upon procedures , technology consulting and other advisory services.

The fees presented above include out-of-pocket expenses incidental to the independent auditor's services. There are no other fees billed in each of the last two (2) years for products and services provided by SGV & Co., other than the services provided above.

SGV & Co. does not have any direct or indirect interest in the Company. The above-mentioned fees were approved by the Audit and Risk Management Oversight Committee.

Financial Information

The following pages set forth FDC's (1) audited consolidated financial statements as of December 31, 2024 and 2023 and for each of the three (3) years in the period ended December 31, 2024, 2023 and 2022; and (2) interim condensed consolidated financial statements as of March 31, 2025 and for the three (3) months ended March 31, 2025 and 2024.

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LEGAL ADVISORS

To the Company

FDC's Legal Services Division

To the Joint Lead Underwriters and Bookrunners

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