

- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

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

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors’ interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

The PIC Q&A provisions covered by the SEC deferral that the Group availed in 2021 follows:

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

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

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

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

The Group availed of the SEC relief on the accounting for significant financing component of PIC Q&A No. 2018-12. Had this provision been adopted, the Group assessed that the impact would have been as follows:

The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contract receivables, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. These would have impacted the cash flows from operations and cash flows from financing activities for all years presented. The Group is still in the process of assessing the impact of significant financing component as of December 31, 2021.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

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

Judgments

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

a. Revenue and cost recognition on real estate sales

Existence of a contract

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

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

Identifying performance obligation

In 2018, the Group entered into a contract to sell covering a land upon which, site preparation will be performed prior to turnover to the buyer. The Group concluded that the revenue and cost of real estate sales should be recorded upon completion of the site preparation activities as specifically stated in the contract to sell, which is at a point in time, since there is only one performance obligation (i.e., developed land) and the Group does not have a right to demand payment for work performed to date from the buyer. For the year ended December 31, 2021, the related revenue has been recognized as the performance obligations under the contract to sell has been performed.

Revenue recognition method and measure of progress

For the revenue from real estate sales in the Philippines, the Group concluded that revenue is to be recognized over time because: (a) the Group’s performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group’s ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer’s payments of total selling price (buyer’s equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer’s continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 10.00% on projects that are under development and construction demonstrate the buyer’s commitment to pay. For certain inventories that have been fully completed and ready for occupancy, outright investment of the buyer of about 5% demonstrates the buyer’s commitment to pay.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group’s performance in transferring control of real estate development to the customers.

Principal versus agent considerations

The contract for the mall retail spaces and office spaces leased out by the Group to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and common usage service area (CUSA) like maintenance, janitorial and security services.

For the electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Group, are primarily responsible for the provisioning of the utilities while the Group, administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

For the provision of CUSA and air-conditioning of the buildings, the Group acts as a principal because it retains the right to direct the service provider of maintenance, janitorial and security to the leased premises, and air-conditioning, respectively. The right to the services mentioned never transfers to the tenant and the Group has the discretion to price the CUSA and air-conditioning charges.

Revenue and cost recognition

The Group’s real estate sales is recognized overtime and the percentage-of-completion is determined using input method measured principally based on total actual cost of resources consumed such as materials, labor hours and actual overhead incurred over the total expected project development cost. Actual costs also include incurred costs but not yet billed which are estimated by the project engineers. Expected project development costs include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Real estate revenue and cost recognition from Chengdu Project

In July 2018, Chengdu Xin Yao Real Estate Development Co. Ltd. secured the license to sell the condominium units in Phase 1 of its residential development in Chengdu Xin Yao Ban Bian Jie. As of December 31, 2021, related revenue has been recognized.

Revenue from the sale of real estate units of Chengdu Xin Yao is accounted for under a completed contract method (i.e., at a point in time) in the consolidated financial statements. It is a recognition method that allows that revenue is recognized at the completion of the project. Under PFRS 15, revenue from property sales is generally recognized when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

b. Definition of default and credit-impaired financial assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria - for installment contract receivables, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria - the customer meets ‘unlikelihood to pay’ criteria, which indicates the customer is in significant financial difficulty. These are instances where: Qualitative criteria - the customer meets ‘unlikelihood to pay’ criteria, which indicates the customer is in significant financial difficulty. These are instances where:

- a. The customer is experiencing financial difficulty or is insolvent
- b. The customer is in breach of financial covenant(s)
- c. An active market for that financial assets has disappeared because of financial difficulties
- d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer’s financial difficulty
- e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group’s expected loss calculation.

c. Revenue recognition on sale of goods from the food business

Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.

i. Existence of a contract

The Group enters into a contract with customer through an approved purchase order which constitutes a valid contract as specific details such as the quantity, price, contract terms and their respective obligations are clearly identified. In the case of sales to key accounts and distributors, the combined approved purchase order and trading terms agreement / exclusive distributorship agreement constitute a valid contract.

ii. Identifying performance obligation

The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group’s promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

Based on management assessment, other than the sale of goods and services, no other performance obligations were identified except in the case of milling revenue.

iii. Recognition of revenue as the Group satisfies the performance obligation

The Group recognizes its revenue for all revenue streams at a point in time, when the goods are sold and delivered and when services are already rendered. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold that will be transferred to the customer.

iv. Method to estimate variable consideration and assess constraint

The Group uses historical experience with key accounts and distributors from the past 12 months to determine the expected value of rights of return and constrain the consideration under the contract accordingly.

v. Recognition of milling revenue under output sharing agreement

The Group applies both output sharing agreement and cane purchase agreement in relation to milling operation. Under output sharing agreement, milling revenue is recognized based on the fair value of the millshare at average raw sugar selling price on the month with sugar production after considering in-purchase, which represents cane purchase agreement. Under cane purchase agreement, the Group purchases raw sugar from the traders and/or planters. The in-purchase rate is derived by determining the total raw sugar purchases and the total planters’ share. Raw production costs are allocated systematically based on the output sharing and cane purchase agreement rates.

d. *Classification of financial assets from the banking business*

Evaluation of business model in managing financial instruments

The Group manages its financial assets based on business models that maintain an adequate level of financial assets to match its expected cash outflows, largely arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

The Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group, various risks and key performance indicators being reviewed and monitored by responsible officers, as well as the manner of compensation for them.

The Bank's BOD approved its documentation of business models which contains broad categories of business models. The business model includes the Bank's lending activities as well as treasury business activities broken down into liquidity and investment portfolios.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

e. *Classification of financial assets from the other businesses*

The Group classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial assets are SPPI on the principal amount outstanding.

The Group performs the business model assessment based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- Compensation of business units whether based on the fair value of those assets managed or on the contractual cash flows collected
- Expected frequency, value, and timing of sales

f. *Determination of fair values of financial instruments*

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any change in fair value of these financial assets and liabilities would affect the consolidated statements of comprehensive income.

Where the fair values of certain financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives. Refer to Note 5 for the fair value measurements of financial instruments.

g. *Determining whether it is reasonably certain that a renewal and termination option will be exercised - Group as a lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include renewal and termination options. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or terminate (e.g., a change in business strategy).

For most of its leases, the Group did not include the renewal or termination options in the lease term as the Group assesses that these options are not reasonably certain to be exercised. However, for some leases of parcels of land, the Group included the renewal period as part of the lease term due to significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one year) and there will be a significant negative effect on the operations if a replacement is not readily available.

Refer to Note 42 for the disclosure on the Group's leases.

h. *Classification of leases - Group as lessor*

Operating lease commitments

The Group has entered into commercial, office and industrial property leases on its investment property portfolio. Based on the evaluation of the terms and conditions of the arrangements, the Group has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the EUL of the related asset.

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including the economic consequence to the lessee.

Finance lease commitments

The Group has entered into property leases on some of its real estate condominium unit property portfolio. The Group has determined based on evaluation of terms and conditions of the arrangements, particularly the bargain purchase option and minimum lease payments that the Group has transferred all the significant risks and rewards of ownership of these properties to the lessee and accounts for them as finance leases.

Refer to Note 42 for the disclosure on the Group’s leases.

i. Assessment on whether lease concessions granted constitute a lease modification

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concessions granted by the Group for the years ended December 31, 2021 and 2020 amounted to ₱3.8 billion and ₱3.5 billion, respectively.

j. Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property is not occupied substantially for use by, or in operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property, only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment.

k. Consolidation of SPEs

The Group periodically undertakes transactions that may involve obtaining the rights to variable returns from its involvement with the SPEs. These transactions include the purchase of aircraft and assumption of certain liabilities. In all such cases, management makes an assessment as to whether the Group has: (a) power over the SPEs; (b) the right over the returns of its SPEs; and (c) the ability to use power over the SPEs to affect the amount of the Group’s return, and based on these assessments, the SPEs are consolidated as a subsidiary or associated company. In making these assessments, management considers the underlying economic substance of the transaction and not

only the contractual terms. The Group has assessed that it will benefit from the economic benefits of the SPEs’ activities and it will affect the returns for the Group. The Group is directly exposed to the risks and returns from its involvement with the SPEs. Such rights and risks associated with the benefits and returns are indicators of control. Accordingly, the SPEs are consolidated.

Upon loss of control, the Group derecognizes the assets and liabilities of its SPEs and any surplus or deficit is recognized in profit or loss.

l. Determination of functional currency

PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine an entity’s functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, each entity in the Group considers the following:

- a. the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
- b. the currency in which funds from financing activities are generated; and
- c. the currency in which receipts from operating activities are usually retained.

In the case of an intermediate holding company or finance subsidiary, the principal consideration of management is whether it is an extension of the Parent Company and performing the functions of the Parent Company - i.e., whether its role is simply to hold the investment in, or provide finance to, the foreign operation on behalf of the Parent Company or whether its functions are essentially an extension of a local operation (e.g., performing selling, payroll or similar activities for that operation) or indeed it is undertaking activities on its own account. In the former case, the functional currency of the entity is the same with that of the Parent Company; while in the latter case, the functional currency of the entity would be assessed separately.

m. Significant influence over an associate with less than 20.0% ownership

In determining whether the Group has significant influence over an investee requires significant judgment. Generally, a shareholding of 20.0% to 50.0% of the voting rights of an investee is presumed to give the Group a significant influence.

There are instances that an investor exercises significant influence even if its ownership is less than 20.0%. The Group applies significant judgment in assessing whether it holds significant influence over an investee and considers the following: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

n. Determination of jet fuel/sing kero price risk components

The Group has historically entered into fuel derivatives to provide extensive protection against the unexpected jet fuel prices movement due to various economic and political events happening across the world. Beginning September 1, 2019, the Group commenced the application of hedge accounting under PFRS 9 on fuel derivatives maturing in 2020 and beyond and has classified these as cash flow hedges. Along with the jet fuel price risk hedging, the Group also adopted risk component hedging strategy given the lack of liquidity in the jet fuel derivatives with long-term maturities across financial markets. Risk components of the jet fuel price are identified as the Brent crude oil and cracks. These components are determined to be separately identifiable and changes

in the fair value of the jet fuel attributable to changes in the Brent crude oil price can be measured reliably.

The existence of a separate market structure for the Brent crude oil and the crack which represents the refining component corroborates with the management’s assertion that these two risk components are separately identifiable and corresponding prices can be reliably measured among others.

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

a. Impairment of goodwill and intangible assets

The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of reporting date. The recoverable amounts of the intangible assets were determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The following assumptions were also used in computing value-in-use:

Growth rate estimates - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

Value-in-use is most sensitive to changes in revenue growth rates and discount rates.

In the case of goodwill and intangible assets with indefinite lives, at a minimum, such assets are subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

As of December 31, 2021 and 2020, the balance of the Group’s goodwill and intangible assets, net of accumulated depreciation, amortization and impairment loss, are disclosed in Notes 19 and 18, respectively.

b. Expected credit losses on receivables

For loans and receivables from the banking business, the Group reviews its financial assets and commitments at each reporting date to determine the amount of expected credit losses to be recognized in the balance sheet and any changes thereto in the statement of income. In particular, judgments and estimates by management are required in determining the following:

- whether a financial asset has had a significant increase in credit risk since initial recognition; whether default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset’s probability of
- default as well as the Group’s forecast of these macro-economic factors;
- probability weights applied over a range of possible outcomes;
- sufficiency and appropriateness of data used and relationships assumed in building the

- components of the Group’s expected credit loss models;
- measuring the exposure at default for unused commitments on which an expected credit loss
- should be recognized and the applicable loss rate

For installment contract receivables from the real estate business, the Group uses vintage analysis approach to calculate ECLs for installment contract receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

For other trade receivables, provision matrix was used to calculate ECLs. The provision rates are based on historical default rates days past due for groupings of various segments that have similar loss patterns. The provision matrix is initially based on the Group’s historical observed default rates. The Group then calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (i.e., gross domestic product and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of the customer’s actual default in the future.

Refer to Note 11 for the carrying amount of receivables subject to ECL and the related allowance for credit losses as of December 31, 2021 and 2020.

c. Revenue and cost recognition from the real estate business

The Group’s revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group’s revenue and cost from real estate where performance obligation is satisfied over time and recognized based on the POC is measured principally on the basis of the estimated completion by reference to the actual costs incurred to date over the estimated total costs of the project. For the years ended December 31, 2021, 2020 and 2019, the real estate sales recognized over time amounted to ₱5.2 billion, ₱11.7 billion and ₱8.7 billion, respectively, while the related cost of real estate sales amounted to ₱2.5 billion, ₱6.1 billion and ₱4.2 billion, respectively.

The Group also recognized revenue when control is passed on a certain point in time. The Group’s revenue and cost of real estate sales were recognized upon transfer of control to the buyer. Real estate sales pertaining to this transaction amounted to ₱13.8 billion, ₱132.6 million and ₱320.9 million for the years ended December 31, 2021, 2020 and 2019, respectively. The related cost of sales amounted to ₱10.8 billion, ₱12.0 million and ₱85.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

d. Valuation of ROU assets and lease liabilities

The application of PFRS 16 requires the Group to make assumptions that affect the valuation of its ROU assets and lease liabilities. These include determining the length of the lease term and determining the interest rate to be used for discounting future cash flows.

Lease term. The lease term determined by the Group comprises non-cancellable period of lease contracts, together with any periods covered by an option to extend the lease if it is reasonably

certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. For lease contracts with indefinite term the Group estimates the length of the contract to be equal to the economic useful life of noncurrent assets located in the leased property and physically connected with it or determines the length of the contract to be equal to the average or typical market contract term of particular type of lease. The same economic useful life is applied to determine the depreciation rate of ROU assets.

Discount rate. The Group cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is determined using the rate of interest rate swap applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified.

As at December 31, 2021 and 2020, the carrying values of the Group's ROU assets and lease liabilities are disclosed in Note 42 to the consolidated financial statements.

e. Determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination

The Group measures the identifiable assets and liabilities acquired in a business combination at fair value at the date of acquisition.

The fair value of the intangible assets acquired in a business combination is determined based on the net sales forecast attributable to the intangible assets, growth rate estimates and royalty rates using comparable license agreements. Royalty rates are based on the estimated arm's length royalty rate that would be paid for the use of the intangible assets. Growth rate estimate includes long-term growth rate and terminal growth rate applied to future cash flows beyond the projection period.

The fair value of property, plant and equipment acquired in a business combination is determined based on comparable properties after adjustments for various factors such as location, size and shape of the property. Cost information and current prices of comparable equipment are also utilized to determine the fair value of equipment.

The Group's acquisitions are discussed in Note 19 to the consolidated financial statements.

f. Determination of NRV of inventories

The Group, in determining the NRV, considers any adjustment necessary for obsolescence which is generally providing a 100.0% write down for nonmoving items for more than one year. The Group adjusts the cost of inventory to the recoverable value at a level considered adequate to reflect any market decline in the value of the recorded inventories. The Group reviews the classification of the inventories and generally provides adjustments for recoverable values of new, actively sold and slow-moving inventories by reference to prevailing values of the same inventories in the market.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in inventory obsolescence and market decline would increase recorded operating expenses and decrease current assets.

Inventory obsolescence and market decline included under 'Provision for impairment losses and others' in profit or loss in the consolidated statements of comprehensive income are disclosed in Notes 12 and 34 to the consolidated financial statements.

The carrying value of the Group's inventories, net of inventory obsolescence and market decline, is disclosed in Note 12 to the consolidated financial statements.

g. Estimation of ARO

The Group is contractually required under certain lease contracts to restore certain leased passenger aircraft to stipulated return condition or to bear a proportionate cost of restoration at the end of the contract period. The contractual obligation includes regular aircraft maintenance, overhaul and restoration of the leased aircraft to its original condition. Since the first operating lease entered by the Group in 2001, these costs are accrued based on an internal estimate which includes certain overhaul, restoration, and redelivery costs at the end of the operating aircraft lease. Regular aircraft maintenance is accounted for as expense when incurred, while overhaul and restoration are accounted on an accrual basis.

Assumptions and estimates used to compute ARO are reviewed and updated annually by the Group. As of December 31, 2021 and 2020, the cost of restoration is computed based on the Group's assessment on expected future aircraft utilization.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. The recognition of ARO would increase other noncurrent liabilities and repairs and maintenance expense.

The carrying values of the Group's ARO (included under 'Other noncurrent liabilities' in the consolidated statements of financial position) is disclosed in Note 24 to the consolidated financial statements.

h. Estimation of useful lives of property, plant and equipment, investment properties, intangible assets with finite life and biological assets at cost

The Group estimates the useful lives of its depreciable property, plant and equipment, investment properties, intangible assets with finite life and biological assets at cost based on the period over which the assets are expected to be available for use. The EUL of the said depreciable assets are reviewed at least annually and are updated, if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the EUL of the depreciable property, plant and equipment, investment properties and intangible assets would increase depreciation and amortization expense and decrease noncurrent assets.

The carrying balances of the Group's depreciable assets are disclosed in Notes 15, 16, 17 and 18 to the consolidated financial statements.

i. Estimation of pension and other benefits costs

The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 37). Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.

As of December 31, 2021 and 2020, the balance of the Group’s present value of defined benefit obligations and other employee benefits is shown in Note 37 to the consolidated financial statements.

- j. *Assessment of impairment of nonfinancial assets excluding goodwill and intangible assets*
The Group assesses impairment on its nonfinancial assets (i.e., property, plant and equipment, investment properties, investments in associates and joint venture and biological assets carried at cost) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset’s value-in-use and decrease the asset’s recoverable amount materially;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. In 2019, following the review of the Petrochemical business, the outlook for the industry and Petrochemical’s operating plan, a reversal of impairment loss has been recognized to adjust the carrying value of certain buildings of the Group to their estimated recoverable values, which is the higher of fair value less to sell and value-in-use, but not exceeding the depreciated historical cost that would have been if the impairment had not been recognized.

Provision for (reversal of) impairment losses on nonfinancial assets recognized in 2021, 2020 and 2019 is disclosed in Note 34 to the consolidated financial statements.

As of December 31, 2021 and 2020, the balance of the Group’s nonfinancial assets excluding goodwill and intangible assets, net of accumulated depreciation, amortization and impairment loss are shown in Notes 14, 15, and 16 to the consolidated financial statements.

- k. *Recognition of deferred tax assets*
The Group reviews the carrying amounts of its deferred tax assets at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized.

The Group has certain subsidiaries which enjoy the benefits of an income tax holiday (ITH). As such, no deferred tax assets were set up on certain gross deductible temporary differences that are expected to reverse or expire within the ITH period (see Note 38).

The Group’s recognized and unrecognized deferred tax assets are disclosed in Note 38 to the consolidated financial statements.

4. Financial Risk Management Objectives and Policies

The Group’s principal financial instruments comprise cash and cash equivalents, investment securities at amortized cost, financial assets at FVPL, financial assets at FVOCI, financial liabilities at FVPL and interest-bearing loans and borrowings. The main purpose of these financial instruments is to finance the Group’s operations and related capital expenditures. The Group has various other financial assets and financial liabilities, such as receivables and payables which arise directly from its operations. Also, the Parent Company and certain subsidiaries are counterparties to derivative contracts, such as interest rate swaps, currency forwards, cross currency swaps, currency options and commodity swaps and options. These derivatives are entered into as a means of reducing or managing their respective foreign exchange and interest rate exposures.

The BOD of the Parent Company and its subsidiaries review and approve the policies for managing each of these risks which are summarized below, together with the related risk management structure.

Risk Management Structure

The BOD of the Parent Company is ultimately responsible for oversight of the Parent Company’s risk management process which involves identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

The BOD has reconstituted its Audit Committee to integrate Audit, Related Party Transactions (RPT) and Risk Oversight Committee to spearhead the managing and monitoring of risks.

Audit, RPT and Risk Oversight Committee (AURROC)

The AURROC shall assist the Group’s BOD in its fiduciary responsibility by providing oversight over the Group’s financial reporting, Internal Control System, Internal and External Audit processes, and compliance with applicable laws and regulations. Furthermore, it is also the Committee’s purpose to oversee the establishment of Enterprise Risk Management (ERM) framework that will effectively identify, monitor, assess and manage key business risks.

The Committee has the following functions:

- a. monitor and evaluate the adequacy and effectiveness of the Parent Company’s internal control system, integrity of financial reporting, and security of physical and information assets;
- b. discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination and coverage of work;
- c. review the reports submitted by the Internal and External Auditors and review and monitor Management’s responsiveness to findings and recommendations;

- d. review and approve the interim and Annual Financial Statements;
- e. review and approve the Parent Company’s transactions with related parties within the set materiality threshold;
- f. evaluate the ERM Plan to ensure its continued relevance, comprehensiveness and effectiveness, as well as look for emerging risks;
- g. review the Parent Company’s risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment;
- h. provide oversight over Management’s activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Parent Company ; and
- i. report to the BOD on a regular basis, or as deemed necessary, the Parent Company’s risk, material risk exposures, the actions taken to reduce the risks.

Enterprise Risk Management

The role of ERM is to oversee that a sound ERM framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. A Chief Risk Officer or its equivalent position, is appointed by the BOD to oversee the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation. The ERM Head reports functionally to the Committee and administratively to the CEO.

Enterprise Resource Management Framework

The ERM framework revolves around the following activities:

- 1. Risk Identification. It involves the identification of key business drivers that influence the operability and performance of the business units. Each business driver is assigned strategic and operational objectives which are owned by risk champions and risk owners. Each risk champion and owner conduct their risk identification process using different tools such as risk factor analysis, megatrends analysis, and systems dynamics analysis.
- 2. Risk Assessment. Each identified risk is assessed to determine which can pose significant impact to the business unit’s ability to implement strategy and deliver business objectives. This process involves grouping similar risks into categories, such as Reputational Risk, Strategic Risk, Financial Risk, and Compliance Risk. For each risk category, a risk assessment scale is developed to provide objective definitions on what is considered insignificant, minor, moderate, major, or extreme impact to the business. The impact severity of the risk is rated based on their nature, regardless of the organization’s circumstances and capability to manage them.
- 3. Risk Prioritization. This process enables the organization to focus the implementation of risk responses into certain high and medium severity risks based on the organization’s risk profile, vulnerability, and contribution to the risk. Risk impact velocity and mitigation timeframe are also considered in prioritizing the organization’s actions and urgency of response to risks.
- 4. Risk Response, Monitoring, and Evaluation. Appropriate risk responses are put in place for each priority risk, both at the level of the risk champions and risk owners and at the enterprise and Group level. Risk champions continually monitor and evaluate the effectiveness of the risk responses. Material residual risks are assessed for improvement of risk response and identification of recovery measures.
- 5. Risk Reporting. At the Group level, top risks are reviewed, updated and reported to the Committee twice a year.

Risk Management Policies

The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risk, such as foreign currency risk, commodity price risk, equity price risk and interest rate risk. The Group’s policies for managing the aforementioned risks are summarized below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group transacts only with recognized, creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant.

The Group continuously provides credit notification and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, financial assets at FVPL, financial assets at FVOCI, investment securities at amortized cost and certain derivative investments, the Group’s exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

The Group has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.

With respect to the Banking Segment, there are several credit risk mitigation practices in place, as follow:

- The Banking Segment offers a variety of loan products with substantial collateral values. The policy on collateral and other credit enhancements are discussed further below.
- Limits are set on the amount of credit risk that the Banking Segment is willing to take for customers and counterparties, and exposures are monitored against such credit limits.
- The Banking Segment also observes related regulatory limits such as the single borrower’s limit (SBL) and directors, officers, stockholders and related interests (DOSRI) ceiling.
- To protect against settlement risk, the Banking Segment employs a delivery-versus-payment (DvP) settlement system, wherein payment is effected only when the corresponding asset has been delivered.
- There is an internal credit risk rating system (ICRRS) in place, providing a structured format for collating and analyzing borrower data to arrive at a summary indicator of credit risk.
- Past due and non-performing loan (NPL) ratios are also used to measure and monitor the quality of the loan portfolio.

a. Credit risk exposure

The Group’s maximum exposure to on-balance sheet credit risk is equal to the carrying value of its financial assets except for the following accounts:

	2021			
	Carrying amount	Fair Value of Collateral	Financial Effect of Collateral	Maximum Exposure to Credit Risk
Interbank loans receivable	₱14,881,826,705	₱117,595,804	₱117,595,804	₱14,764,230,901
Loans and receivables:				
Trade receivables	37,749,156,043	2,696,923,856	2,696,923,856	35,052,232,187
Finance receivables:				
Commercial	56,604,940,584	26,619,399,677	25,257,678,304	31,347,262,280
Real estate	28,954,272,875	12,285,410,220	11,706,069,921	17,248,202,954
Consumption	10,569,899,718	3,052,894,035	2,624,172,960	7,945,726,758
Domestic bills purchased	516,654,187	488,648,547	488,648,547	28,005,640
Other receivables	7,381,220,881	339,352,955	151,432,517	7,229,788,364
Total credit risk exposure	₱156,657,970,993	₱45,600,225,094	₱43,042,521,909	₱113,615,449,084

	2020			
	Carrying amount	Fair Value of Collateral	Financial Effect of Collateral	Maximum Exposure to Credit Risk
Interbank loans receivable	₱4,495,757,260	₱4,356,755,246	₱4,356,755,246	₱139,002,014
Loans and receivables:				
Trade receivables	39,760,722,566	2,306,696,485	2,306,696,485	37,454,026,081
Finance receivables:				
Commercial	50,667,442,539	20,609,092,071	20,254,834,500	30,412,608,039
Real estate	23,692,882,440	25,812,580,155	19,131,128,527	4,561,753,913
Consumption	9,856,971,533	9,377,871,442	6,448,470,383	3,408,501,150
Domestic bills purchased	480,028,717	447,884,707	447,884,707	32,144,010
Other receivables	6,474,044,662	197,231,123	52,290,582	6,421,754,080
Total credit risk exposure	₱135,427,849,717	₱63,108,111,229	₱52,998,060,430	₱82,429,789,287

Collateral and other credit enhancements

The Group holds collateral in the form of real estate and chattel mortgages, government securities and standby letters of credit. The amount and type of collateral required depends on an assessment of credit risk. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- Mortgages over real estate and vehicle for consumer lending
- Chattels over inventory and receivable for commercial lending
- Government securities for interbank lending

It is the Group’s policy to dispose of repossessed properties in an orderly fashion. In general, the proceeds are used to reduce or repay the outstanding claim, and are not occupied for business use.

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

The Group’s policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. In order to avoid excessive concentrations of risks, identified concentrations of credit risks are controlled and managed accordingly.

i. Concentration by geographical location

The Group’s credit risk exposures as of December 31, 2021 and 2020, before taking into account any collateral held or other credit enhancements, is categorized by geographic location as follows:

	December 31, 2021					
	Philippines	Asia (excluding Philippines)	United States	Europe	Others*	Total
Cash and cash equivalents**	₱53,994,268,811	₱23,217,147,948	₱–	₱–	₱23,831,577	₱77,235,248,336
Financial assets at FVPL:						
Held-for-trading:						
Debt securities:						
Government	1,912,412	–	–	–	–	1,912,412
Investment in convertible notes	–	294,377,351	3,725,738,065	–	–	4,020,115,416
	1,912,412	294,377,351	3,725,738,065	–	–	4,022,027,828
Financial assets at FVOCI						
Debt securities:						
Government	15,227,318,059	318,204,527	–	–	167,856,751	15,713,379,337
Private	16,185,119,200	4,073,495,059	358,420,972	626,098,913	271,219,311	21,514,353,455
	31,412,437,259	4,391,699,586	358,420,972	626,098,913	439,076,062	37,227,732,792
Investment securities at amortized cost:						
Debt securities:						
Government	6,655,527,338	–	–	–	–	6,655,527,338
Private	1,819,331,441	–	–	–	–	1,819,331,441
	8,474,858,779	–	–	–	–	8,474,858,779
Receivables:						
Finance receivables	98,918,972,005	–	–	–	–	98,918,972,005
Trade receivables	34,289,164,169	3,953,609,254	–	47,041,346	43,533,969	38,333,348,738
Due from related parties	4,156,699,936	61,663,764	–	–	–	4,218,363,700
Interest receivable	1,645,383,807	68,440,837	369,445	2,011,338	419,674	1,716,625,101
Other receivables***	6,401,712,058	180,079,510	–	21,496,384	2,302,092	6,605,590,044
	145,411,931,975	4,263,793,365	369,445	70,549,068	46,255,735	149,792,899,588
Refundable deposits****	1,966,017,754	–	–	–	–	1,966,017,754
Restricted cash****	1,818,639,034	–	–	–	–	1,818,639,034
	₱243,080,066,024	₱32,167,018,250	₱4,084,528,482	₱696,647,981	₱509,163,374	₱280,537,424,111

* Others include South American countries (i.e., Argentina and Mexico)
** Excludes cash on hand amounting to ₱5,654,873,185
*** Excludes claims receivable of JGSPC and JGSOC amounting to ₱1,202,710,742
**** Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position

	December 31, 2020					
	Philippines	Asia (excluding Philippines)	United States	Europe	Others*	Total
Cash and cash equivalents**	₱66,171,018,714	₱9,865,803,531	₱—	₱—	₱2,448,831,586	₱78,485,653,831
Financial assets at FVPL:						
Held-for-trading:						
Debt securities:						
Government	86,520,711	—	—	—	—	86,520,711
Investment in convertible notes	—	127,703,174	3,615,304,272	—	—	3,743,007,446
Derivative assets	—	—	—	—	556,022	556,022
	86,520,711	127,703,174	3,615,304,272	—	556,022	3,830,084,179
Financial assets at FVOCI						
Debt securities:						
Government	9,188,953,838	415,766,043	—	—	77,187,170	9,681,907,051
Private	15,327,767,754	4,291,238,360	341,227,427	911,334,464	453,646,675	21,325,214,680
	24,516,721,592	4,707,004,403	341,227,427	911,334,464	530,833,845	31,007,121,731
Investment securities at amortized cost:						
Debt securities:						
Government	6,251,706,056	—	—	—	—	6,251,706,056
Private	1,800,257,800	—	—	—	—	1,800,257,800
	8,051,963,856	—	—	—	—	8,051,963,856
Receivables:						
Finance receivables	86,382,308,879	—	—	—	—	86,382,308,879
Trade receivables	37,029,026,584	3,053,277,276	—	81,689,168	94,709,155	40,258,702,183
Due from related parties	2,483,583,930	68,826,811	—	—	—	2,552,410,741
Interest receivable	1,586,398,705	87,174,889	762,355	13,682,781	42,201,201	1,730,219,931
Other receivables***	6,559,957,496	40,443,883	—	—	—	6,600,401,379
	134,041,275,594	3,249,722,859	762,355	95,371,949	136,910,356	137,524,043,113
Refundable deposits****	856,057,644	—	—	—	—	856,057,644
Restricted cash****	5,019,269,617					5,019,269,617
	₱238,742,827,728	₱17,950,233,967	₱3,957,294,054	₱1,006,706,413	₱3,117,131,809	₱264,774,193,971

* Others include South American countries (i.e., Argentina and Mexico), New Zealand and Australia

** Excludes cash on hand amounting to ₱3,003,758,937

*** Excludes claims receivable of JGSPC and JGSOC amounting to ₱304,301,630

**** Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position

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ii Concentration by industry

The tables below show the industry sector analysis of the Group's financial assets as of December 31, 2021 and 2020, before taking into account any collateral held or other credit enhancements.

	2021										
	Manufacturing	Real Estate, Renting and Related Business Activities	Wholesale and Retail Trade	Financial Intermediaries	Transportation, Storage and Communication	Agricultural, Hunting and Forestry	Electricity, Gas and Water	Construction	Government Institutions	Others*	Total
Cash and cash equivalents**	P=	P=	P=	P77,235,248,336	P=	P=	P=	P=	P=	P=	P77,235,248,336
Financial assets at FVPL:											
Held-for-trading:											
Debt securities:											
Government	–	–	–	–	–	–	–	–	1,912,412	–	1,912,412
Investment in convertible notes	2,148,960,778	142,323,656	–	489,736,019	516,110,949	–	165,327,412	–	–	557,656,602	4,020,115,416
	2,148,960,778	142,323,656	–	489,736,019	516,110,949	–	165,327,412	–	1,912,412	557,656,602	4,022,027,828
Financial assets at FVOCI											
Debt securities:											
Government	–	–	–	137,105,712	–	–	–	–	15,090,212,355	486,061,270	15,713,379,337
Private	35,688,590	1,525,222,707	1,964,573,161	14,381,925,122	2,020,707,036	–	1,172,428,404	14,269,520	–	399,538,915	21,514,353,455
	35,688,590	1,525,222,707	1,964,573,161	14,519,030,834	2,020,707,036	–	1,172,428,404	14,269,520	15,090,212,355	885,600,185	37,227,732,792
Investment securities at amortized cost											
Debt securities:											
Government	–	–	–	–	–	–	–	–	6,655,527,338	–	6,655,527,338
Private	–	–	–	1,819,331,441	–	–	–	–	–	–	1,819,331,441
	–	–	–	1,819,331,441	–	–	–	–	6,655,527,338	–	8,474,858,779
Receivables:											
Finance receivables	13,368,817,009	35,414,782,558	12,298,694,601	2,469,746,231	8,157,656,053	632,579,289	5,867,157,713	3,217,567,419	–	17,491,971,132	98,918,972,005
Trade receivables	15,781,447,951	19,593,777,925	–	291,755,188	1,461,123,195	–	–	–	–	1,205,244,479	38,333,348,738
Due from related parties	52,682,966	2,894,605,655	4,137,721	23,384,792	60,690,275	–	–	–	–	1,182,862,291	4,218,363,700
Interest receivable	527,004	49,499,378	140,591,592	1,483,190,820	14,533,108	–	8,972,559	1,502,294	–	17,808,346	1,716,625,101
Other receivables***	1,875,438,234	1,002,757,918	16,409,156	1,086,696,666	19,556	–	–	–	–	2,624,268,514	6,605,590,044
	31,078,913,164	58,955,423,434	12,459,833,070	5,354,773,697	9,694,022,187	632,579,289	5,876,130,272	3,219,069,713	–	22,522,154,762	149,792,899,588
Refundable security deposits ****	–	71,920,404	–	–	–	–	–	–	–	1,894,097,350	1,966,017,754
Restricted cash****	–	378,034,904	–	–	1,440,604,130	–	–	–	–	–	1,818,639,034
	P33,263,562,532	P61,072,925,105	P14,424,406,231	P99,418,120,327	P13,671,444,302	P632,579,289	P7,213,886,088	P3,233,339,233	P21,747,652,105	P25,859,508,899	P280,537,424,111

* Others include consumer, community, social and personal services, education, mining and quarrying, and health and social work sectors.

** Excludes cash on hand amounting to P5,654,873,185

*** Excludes claims receivable of JGSPC and JGSOC amounting to P1,202,710,742

**** Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position

	2020										
	Manufacturing	Real Estate, Renting and Related Business Activities	Wholesale and Retail Trade	Financial Intermediaries	Transportation, Storage and Communication	Agricultural, Hunting and Forestry	Electricity, Gas and Water	Construction	Government Institutions	Others*	Total
Cash and cash equivalents**	₱–	₱–	₱–	₱78,485,653,831	₱–	₱–	₱–	₱–	₱–	₱–	₱78,485,653,831
Financial assets at FVPL:											
Held-for-trading:											
Debt securities:											
Government	–	–	–	–	–	–	–	–	86,520,711	–	86,520,711
Investment in convertible notes	3,615,304,272	75,390,662	–	–	–	–	–	–	–	52,312,512	3,743,007,446
Derivative financial assets:	–	–	556,022	–	–	–	–	–	–	–	556,022
	3,615,304,272	75,390,662	556,022	–	–	–	–	–	86,520,711	52,312,512	3,830,084,179
Financial assets at FVOCI											
Debt securities:											
Government	–	–	–	133,849,706	–	–	–	–	9,055,104,132	492,953,213	9,681,907,051
Private	525,512,471	1,715,060,766	1,154,604,887	12,244,136,695	2,378,713,117	–	1,609,552,651	99,638,120	–	1,597,995,973	21,325,214,680
	525,512,471	1,715,060,766	1,154,604,887	12,377,986,401	2,378,713,117	–	1,609,552,651	99,638,120	9,055,104,132	2,090,949,186	31,007,121,731
Investment securities at amortized cost											
Debt securities:											
Government	–	–	–	–	–	–	–	–	6,251,706,056	–	6,251,706,056
Private	–	–	–	1,800,257,800	–	–	–	–	–	–	1,800,257,800
	–	–	–	1,800,257,800	–	–	–	–	6,251,706,056	–	8,051,963,856
Receivables:											
Finance receivables	7,421,032,602	26,955,339,711	9,505,695,108	4,731,217,800	3,184,693,822	6,988,120,232	6,911,769,831	3,093,265,976	63,721,392	17,527,452,405	86,382,308,879
Trade receivables	16,828,073,728	20,498,080,026	–	329,983,689	1,632,909,592	–	–	–	–	969,655,148	40,258,702,183
Due from related parties	214,744,158	–	–	28,728,789	–	–	–	–	–	2,308,937,794	2,552,410,741
Interest receivable	11,310,630	46,198,320	5,318,075	1,483,001,580	24,765,701	–	19,867,131	2,068,014	–	137,690,480	1,730,219,931
Other receivables***	1,343,724,555	962,457,538	16,409,156	457,027,257	19,556	–	–	–	–	3,820,763,317	6,600,401,379
	25,818,885,673	48,462,075,595	9,527,422,339	7,029,959,115	4,842,388,671	6,988,120,232	6,931,636,962	3,095,333,990	63,721,392	24,764,499,144	137,524,043,113
Refundable security deposits ****	–	67,694,161	–	–	–	–	–	–	–	788,363,483	856,057,644
Restricted cash****	–	4,006,791,007	–	–	1,012,478,610	–	–	–	–	–	5,019,269,617
	₱29,959,702,416	₱54,327,012,191	₱10,682,583,248	₱99,693,857,147	₱8,233,580,398	₱6,988,120,232	₱8,541,189,613	₱3,194,972,110	₱15,457,052,291	₱27,696,124,325	₱264,774,193,971

* Others include consumer, community, social and personal services, education, mining and quarrying, and health and social work sectors.

** Excludes cash on hand amounting to ₱3,005,758,937

*** Excludes claims receivable of JGSPC and JGSOC amounting to ₱304,301,630

**** Included under ‘Other current’ and ‘Other noncurrent assets’ in the consolidated statements of financial position

c. Credit quality per class of financial assets

The table below shows the maximum exposure to credit risk for the Group’s financial assets not measured at fair value by credit rating grades:

	2021 (in millions)				
	General Approach			Simplified Approach	Total
	Stage 1	Stage 2	Stage 3		
Cash and cash equivalents					
Neither Past Due nor Individually Impaired					
High Grade	₱41,505	₱–	₱–	₱–	₱41,505
Standard	35,730	–	–	–	35,730
Financial Assets at FVPL					
Debt securities					
High Grade	2	–	–	–	2
Investment in convertible note					
Unrated	4,020	–	–	–	4,020
Financial Assets at FVOCI					
Neither Past Due nor Individually Impaired					
High Grade	26,319	–	–	–	26,319
Standard	10,909	–	–	–	10,909
Investment securities at Amortized Cost					
Neither Past Due nor Individually Impaired					
Standard	8,475	–	–	–	8,475
Receivables:					
Finance receivables					
Neither Past Due nor Individually Impaired					
High Grade	16,890	2,273	–	–	19,163
Standard	19,034	10,304	–	–	29,338
Substandard	2,712	7,576	–	–	10,288
Unrated	33,462	145	3	–	33,610
Past Due but not Individually Impaired		2,033	2,214	–	4,247
Individually Impaired			2,273	–	2,273
Trade receivables					
Neither Past Due nor Individually Impaired					
High Grade	–	–	–	30,131	30,131
Standard	–	–	–	2,071	2,071
Past Due but not Individually Impaired	–	–	–	5,518	5,518
Individually Impaired	–	–	–	613	613
Due from related parties					
Neither Past Due nor Individually Impaired					
High Grade	–	–	–	4,202	4,202
Standard	–	–	–	16	16
Interest receivable					
Neither Past Due nor Individually Impaired					
High Grade	1,582	–	–	–	1,582
Standard	6	–	–	–	6
Past Due but not Individually Impaired	129	–	–	–	129
Other receivables					
Neither Past Due nor Individually Impaired					
High Grade	1,087	–	–	–	1,087
Standard	4,240	–	–	–	4,240
Past Due but not Individually Impaired	880	–	–	–	880
Individually Impaired	–	–	398	–	398
Refundable deposits***					
Neither Past Due nor Individually Impaired					
High Grade	1,966	–	–	–	1,966
Restricted cash***					
Neither Past Due nor Individually Impaired					
High Grade	1,819	–	–	–	1,819
	₱210,767	₱22,331	₱4,888	₱42,551	₱280,537

* Excludes cash on hand amounting to ₱5,654,873,185
** Excludes claims receivable of JGSPC and JGSOC amounting to ₱1,202,710,742
***Included under ‘Other current’ and ‘Other noncurrent assets’ in the consolidated statements of financial position

	2020 (in millions)				
	General Approach			Simplified Approach	Total
	Stage 1	Stage 2	Stage 3		
Cash and cash equivalents					
Neither Past Due nor Individually Impaired					
High Grade	₱49,631	₱–	₱–	₱–	₱49,631
Standard	28,855	–	–	–	28,855
Financial Assets at FVPL					
Debt securities					
High Grade	87	–	–	–	87
Investment in convertible note					
Unrated	3,743	–	–	–	3,743
Derivative assets					
High Grade	1	–	–	–	1
Financial Assets at FVOCI					
Neither Past Due nor Individually Impaired					
High Grade	19,103	–	–	–	19,103
Standard	11,904	–	–	–	11,904
Investment securities at Amortized Cost					
Neither Past Due nor Individually Impaired					
Standard	8,052	–	–	–	8,052
Receivables:					
Finance receivables					
Neither Past Due nor Individually Impaired					
High Grade	20,264	2,590	1	–	22,855
Standard	20,688	3,277	24	–	23,989
Substandard	2,222	1,837	–	–	4,059
Unrated	29,026	744	233	–	30,003
Past Due but not Individually Impaired	–	1,772	2,019	–	3,791
Individually Impaired	–	–	1,685	–	1,685
Trade receivables					
Neither Past Due nor Individually Impaired					
High Grade	–	–	–	35,296	35,296
Standard	–	–	–	682	682
Past Due but not Individually Impaired	–	–	–	3,783	3,783
Individually Impaired	–	–	–	498	498
Due from related parties					
Neither Past Due nor Individually Impaired					
High Grade	–	–	–	2,537	2,537
Standard	–	–	–	15	15
Interest receivable					
Neither Past Due nor Individually Impaired					
High Grade	1,555	–	–	–	1,555
Standard	4	–	–	–	4
Past Due but not Individually Impaired	171	–	–	–	171
Other receivables					
Neither Past Due nor Individually Impaired					
High Grade	1,468	–	–	–	1,468
Standard	3,828	–	–	–	3,828
Past Due but not Individually Impaired	873	–	–	–	873
Individually Impaired	330	11	90	–	431
Refundable deposits***					
Neither Past Due nor Individually Impaired					
High Grade	856	–	–	–	856
Restricted cash***					
Neither Past Due nor Individually Impaired					
High Grade	5,019	–	–	–	5,019
	₱207,680	₱10,231	₱4,052	₱42,811	₱264,774

* Excludes cash on hand amounting to ₱3,005,758,937
** Excludes claims receivable of JGSPC and JGSOC amounting to ₱304,301,630
***Included under ‘Other current’ and ‘Other noncurrent assets’ in the consolidated statements of financial position

Classification of Financial Assets by Class used by the Group except for the Banking Segment
High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top 10 banks in the Philippines in terms of resources and profitability.

Other high grade accounts are considered to be of high value since the counterparties have a remote likelihood of default and have consistently exhibited good paying habits.

Standard grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

Classification of Financial Assets by Class used by the Banking Segment
For loans and receivables from customers, the Banking Segment’s internal credit risk rating (ICCR) system was approved in 2007 and further enhanced to reflect latest updates. Last enhancement was made in 2017 for the ICRRS covering corporate credit exposures as defined by BSP Circular 439, initially for those borrowers with asset size of more than ₱15.0 million. In compliance with BSP Circular 855, the Banking Segment also developed another ICRRS in 2016 for those borrowers with asset size of ₱15.0 million and below which was also enhanced in 2018.

The Banking Segment’s internal credit risk rating is as follows:

Grades	Categories	Description
High grade		
<i>Risk rating 1</i>	Excellent	Lowest probability of default; exceptionally strong capacity for financial commitments; highly unlikely to be adversely affected by foreseeable events.
<i>Risk rating 2</i>	Super Prime	Very low probability of default; very strong capacity for payment of financial commitments; less vulnerable to foreseeable events.
<i>Risk rating 3</i>	Prime	Low probability of default; strong capacity for payment of financial commitments; may be more vulnerable to adverse business/economic conditions.
<i>Risk rating 4</i>	Very Good	Moderately low probability of default; more than adequate capacity for payment of financial commitments; but adverse business/economic conditions are more likely to impair this capacity.
<i>Risk rating 5</i>	Good	More pronounced probability of default; business or financial flexibility exists which supports the servicing of financial commitments; vulnerable to adverse business/economic changes.

Grades	Categories	Description
Standard		
<i>Risk rating 6</i>	Satisfactory	Material probability of default is present, but a margin of safety remains; financial commitments are currently being met although the capacity for continued payment is vulnerable to deterioration in the business/economic condition.
<i>Risk rating 7</i>	Average	Greater probability of default which is reflected in the volatility of earnings and overall performance; repayment source is presently adequate; however, prolonged unfavorable economic period would create deterioration beyond acceptable levels.
<i>Risk rating 8</i>	Fair	Sufficiently pronounced probability of default, although borrowers should still be able to withstand normal business cycles; any prolonged unfavorable economic/market conditions would create an immediate deterioration of cash flow beyond acceptable levels.
Sub-standard grade		
<i>Risk rating 9</i>	Marginal	Elevated level of probability of default, with limited margin; repayment source is adequate to marginal.
<i>Risk rating 10</i>	Watch list	Unfavorable industry or company specific risk factors represent a concern, financial strength may be marginal; will find it difficult to cope with significant downturn.
<i>Risk rating 11</i>	Special mention	Loans have potential weaknesses that deserve close attention; borrower has reached a point where there is a real risk that the borrower’s ability to pay the interest and repay the principal timely could be jeopardized due to evidence of weakness in the borrower’s financial condition.
<i>Risk rating 12</i>	Substandard	Substantial and unreasonable degree of risk to the institution because of unfavorable record or unsatisfactory characteristics; with well-defined weaknesses that jeopardize their liquidation e.g. negative cash flow, case of fraud.
Past due and impaired		
<i>Risk rating 13</i>	Doubtful	Weaknesses similar to “Substandard”, but with added characteristics that make liquidation highly improbable.
<i>Risk rating 14</i>	Loss	Uncollectible or worthless.

The Banking Segment’s internal credit risk rating system intends to provide a structure to define the corporate credit portfolio, and consists of an initial rating for the borrower risk later adjusted for the facility risk. Inputs include an assessment of management, credit experience, financial condition, industry outlook, documentation, security and term.

Below is the staging parameters adopted by the Banking Segment.

Staging Parameter	Stage	Description
Staging by Days Past Due		<i>Applicable to all loan products.</i>
	1	Accounts with 0 – 30 days past due (applicable for all loan products except for microfinancing loans wherein days past due for Stage 1 accounts is 0 – 6 days).
	2	Accounts with 31 – 90 days past due (applicable for all loan products except for microfinancing loans wherein days past due for Stage 2 accounts is 7 – 10 days).
Staging by Status	3	Accounts with days past due of 91 days and above (applicable for all loan products except for microfinancing loans wherein days past due for Stage 3 accounts is 11 days and above).
		<i>Applicable to all loan products except for Microfinance.</i>
	1	Accounts tagged as Current in its Status are classified under Stage 1.
Staging by Origination Rating vs Current Rating	2	Accounts tagged as Past due performing in its Status are classified under Stage 2.
	3	Accounts tagged as ITL and NPL in its Status are classified under Stage 3.
		<i>Applicable to Commercial Loans (Large Scale and Medium Scale) only</i>
	1	If no movement in the ratings from origination rating against the latest rating, the staging will be based on the current ICRRS rating. If the account's current rating is either Excellent, Super Prime, Prime, Very Good, Good, Satisfactory, Average, Fair, the account will be tagged under Stage 1.
	2	If the account's current rating/equivalent Risk Level deteriorates by 2 notches from its origination rating/equivalent Risk Level, the account is tagged under Stage 2. If no movement in the ratings from origination rating against the latest rating, the staging will be based on the latest ICRRS rating. If the account's latest Rating is either Marginal, Watchlist or Especially Mentioned, account will be tagged under Stage 2.
Staging by Maturity Date vs Cut-off Date		<i>Applicable to all loan products</i>
	1	If maturity date of the account is after the cut-off date of the ECL Calculation, and if the days leading up to the cut-off date from the maturity date is less than 30 days, the account is tagged under Stage 1 (For Microfinance loans, if maturity date of the account is after the cut-off

Staging Parameter	Stage	Description
		date of the ECL Calculation, and if the days leading up to the cut-off date from the maturity date is less than 10 days, the account is tagged under Stage 1).
	3	If maturity date of the account is prior to the cut-off date of the ECL Calculation, and if the days leading up to the cut-off date from the maturity date is more than 30 days, the account is tagged under Stage 3 (For Microfinance loans, if Maturity Date of the account is prior the cut-off date of the ECL Calculation, and if the days leading up to the cut-off date from the maturity date is more than 10 days, the account is tagged under Stage 3).

External ratings

In ensuring a quality investment portfolio, the Group monitors credit risk from investments using credit ratings based on Standard and Poor (S&P). Credit quality of due from BSP and other banks and interbank loans receivable are based on available accredited international and local credit raters using Fitch as standard of rating.

The Group assigns the following credit quality groupings based on ratings prior to PFRS 9 adoption as follows:

Credit Quality	Fitch	Moody's	S&P	Stage*
High Grade	AAA to A-	Aaa to A3	AAA to A-	1
Standard Grade	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	1
Substandard Grade	B+ to C-	B1 to Ca	B+ to C	2
Past due and impaired	D	C	D	3

**Applicable to Banking Segment only.*

d. Aging analysis of receivables by class

The aging analysis of the Group's Past Due but Not Impaired receivables as of December 31, 2021 and 2020 follow:

	2021 (in millions)				
	Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	Total
Finance receivables	₱223	₱1,451	₱617	₱1,956	₱4,247
Trade receivables	4,045	816	304	353	5,518
Interest receivable	2	33	18	76	129
Others	112	59	51	658	880
	₱4,382	₱2,359	₱990	₱3,043	₱10,774

	2020 (in millions)				
	Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	Total
Finance receivables	₱2,429	₱303	₱223	₱836	₱3,791
Trade receivables	3,143	393	103	144	3,783
Interest receivable	63	20	17	71	171
Others	28	80	116	649	873
	₱5,663	₱796	₱459	₱1,700	₱8,618

Liquidity risk

Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment of asset purchases as they fall due. The Group’s liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group’s business operations or unanticipated events created by customer behavior or capital market conditions. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include obtaining bank loans and capital market issues both onshore and offshore.

With respect to the Banking Segment, liquidity risk is considered in assets and liabilities management. The Banking Segment seeks to lengthen liability maturities, diversify existing fund sources, and continuously develop new instruments that cater to different segments of the market. The Assets and Liabilities Committee (ALCO) is composed of some members of the Senior Management including the Lending Groups and Treasury Group Heads. ALCO conducts weekly meetings. The Banking Segment also has specialized units that help monitor market and regulatory developments pertinent to interest rates and liquidity position, as well as prepare cash position reports as needed to measure the liquidity and reserves position of the Banking Segment.

The Banking Segment also keeps credit lines with financial institutions, as well as a pool of liquid or highly marketable securities. Reserves management is another specialized function within the Banking Segment, complying with BSP reserve requirements, which may be a buffer against unforeseen liquidity drains.

The liquidity or maturity gap report is another tool for measuring liquidity risk. Although available contractual maturity dates are generally used for putting instruments into time bands, expected liquidation periods, often based on historical data, are used if contractual maturity dates are unavailable. The liquidity gap per time band is computed by getting the difference between the inflows and outflows within the time band. A positive liquidity gap is an estimate of the Banking Segment’s net excess funds for the time band. A negative liquidity gap is an estimate of a future funding requirement of the Banking Segment. Although such gaps are a normal part of the business, a significant negative amount may bring significant liquidity risk. To help control liquidity risk arising from negative liquidity gaps, maximum cumulative outflow (MCO) targets are set for time bands up to one year.

The tables below summarize the maturity profile of the Group’s financial assets and liabilities based on the applicable undiscounted contractual payments as of December 31, 2021 and 2020:

	2021					Total
	On Demand	Up to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 Years	
Financial Assets						
Cash and cash equivalents*	P34,550,142,438	P42,734,893,835	P2,696,861	P–	P–	P77,287,733,134
Financial assets at FVPL:						
Held-for-trading:						
Debt securities:						
Government	–	1,912,412	–	–	–	1,912,412
Equity securities:						
Quoted	667,582,694	–	1,771,405,641	–	–	2,438,988,335
Investment in convertible note	–	–	–	4,020,115,416	–	4,020,115,416
	667,582,694	1,912,412	1,771,405,641	4,020,115,416	–	6,461,016,163
Financial assets at FVOCI:						
Debt securities:						
Private	–	387,626,193	10,483,602,332	12,724,210,490	–	23,595,439,015
Government	–	–	623,166,981	15,580,809,224	2,588,849,663	18,792,825,868
	–	387,626,193	11,106,769,313	28,305,019,714	2,588,849,663	42,388,264,883

(Forward)

	2021					Total
	On Demand	Up to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 Years	
Equity securities:						
Quoted	P–	P–	P210,408,089	P44,506,905,999	P–	P44,717,314,088
Unquoted	–	–	1,820,169,420	–	–	1,820,169,420
	–	–	2,030,577,509	44,506,905,999	–	46,537,483,508
	–	387,626,193	13,137,346,822	72,811,925,713	2,588,849,663	88,925,748,391
Investment securities at amortized cost:	–	866,870,003	408,663,678	6,037,296,023	2,588,849,663	9,901,679,367
Receivables:						
Trade receivables	22,231,445,352	2,510,776,309	10,937,182,370	5,041,607,830	434,241,096	41,155,252,957
Finance receivables	–	18,976,782,055	15,771,670,242	30,422,554,266	39,704,405,565	104,875,412,128
Due from related parties	1,396,459,481	–	–	2,821,904,219	–	4,218,363,700
Interest receivable	13,371,070	1,441,325,054	261,928,977	–	–	1,716,625,101
Other receivables	3,347,365,533	1,242,285,055	2,015,939,456	–	–	6,605,590,044
	26,988,641,436	24,171,168,473	28,986,721,045	38,286,066,315	40,138,646,661	158,571,243,930
Refundable security deposits***	10,751,750	75,000	2,004,000	616,518,416	1,345,068,338	1,974,417,504
Restricted cash***	1,818,639,034	–	–	–	–	1,818,639,034
	P64,035,757,352	P68,162,545,916	P44,308,838,047	P121,771,921,883	P46,661,414,325	P344,940,477,523

* Excludes cash on hand amounting to P5,654,873,185

**Excludes claims receivable of JGSPC and JGSOC amounting to P1,202,710,742

***Included under ‘Other current’ and ‘Other noncurrent assets’ in the consolidated statements of financial position.

	2020					Total
	On Demand	Up to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 Years	
Financial Assets						
Cash and cash equivalents*	P37,166,361,025	P41,406,969,859	P–	P–	P–	P78,573,330,884
Financial assets at FVPL:						
Held-for-trading:						
Debt securities:						
Government	–	87,076,733	–	–	–	87,076,733
Equity securities:						
Quoted	639,008,134	–	1,095,924,671	–	–	1,734,932,805
Investment in convertible note	–	–	3,743,007,446	–	–	3,743,007,446
Derivative financial assets designated as accounting hedges	–	556,022	–	–	–	556,022
	639,008,134	87,632,755	4,838,932,117	–	–	5,565,573,006
Financial assets at FVOCI:						
Debt securities:						
Private	–	7,151,226,095	12,347,191,134	4,511,669,014	–	24,010,086,243
Government	–	–	626,802,919	1,282,139,746	10,384,000,000	12,292,942,665
	–	7,151,226,095	12,973,994,053	5,793,808,760	10,384,000,000	36,303,028,908
Equity securities:						
Quoted	–	–	225,509,061	32,847,478,716	–	33,072,987,777
Unquoted	–	–	661,523,310	–	–	661,523,310
	–	–	887,032,371	32,847,478,716	–	33,734,511,087
	–	7,151,226,095	13,861,026,424	38,641,287,476	10,384,000,000	70,037,539,995
Investment securities at amortized cost:	–	189,998,044	613,993,681	5,636,941,982	3,260,966,437	9,701,900,144
Receivables:						
Trade receivables	8,749,389,152	13,878,889,080	10,768,993,091	5,675,489,844	1,185,941,016	40,258,702,183
Finance receivables	187,479,392	16,548,718,259	10,164,332,652	20,575,320,247	38,906,458,329	86,382,308,879
Due from related parties	1,552,410,741	–	–	1,000,000,000	–	2,552,410,741
Interest receivable	15,613,421	1,456,596,411	258,010,099	–	–	1,730,219,931
Other receivables	2,937,523,557	2,312,923,575	1,349,954,246	–	–	6,600,401,378
	13,442,416,263	34,197,127,325	22,541,290,088	27,250,810,091	40,092,399,345	137,524,043,112
Refundable security deposits***	76,413,292	–	2,004,000	514,748,450	262,891,902	856,057,644
Restricted cash***	5,019,269,617	–	–	–	–	5,019,269,617
	P56,343,468,331	P83,032,954,078	P41,857,246,310	P72,043,787,999	P54,000,257,684	P307,277,714,402

* Excludes cash on hand amounting to P3,005,758,937

**Excludes claims receivable of JGSPC and JGSOC amounting to P304,301,630

***Included under ‘Other current’ and ‘Other noncurrent assets’ in the consolidated statements of financial position.

	2021					Total
	On Demand	Up to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 Years	
Financial Liabilities						
Accounts payable and accrued expenses (including noncurrent portion booked under ‘Other noncurrent liabilities’ in the consolidated statement of financial position but excluding ‘Deposit liabilities’ and ‘Due to related parties’)	₱28,064,156,617	₱14,670,378,634	₱14,145,083,925	₱5,472,698,006	₱631,686,333	₱62,984,003,515
Short-term debt	–	65,938,250,559	82,726,400	–	–	66,020,976,959
Deposit liabilities (included under ‘Accounts payable and accrued expenses’ and ‘Other noncurrent liabilities’ in the consolidated statements of financial position)	93,118,442,232	43,496,330,836	10,704,785,647	8,759,603,445	4,779,817	156,083,941,977
Due to related parties (included under ‘Accounts payable and accrued expense’ in the consolidated statement of financial position)	169,068,971	–	–	–	–	169,068,971
Deposits from lessees (included under ‘Other current liabilities’ and ‘Other noncurrent liabilities’ in the consolidated statement of financial position)	–	1,492,271,667	1,554,790,422	1,809,072,846	2,066,652,915	6,922,787,850
Long-term debt (including current portion)	–	14,129,463,966	13,416,794,650	165,041,979,015	54,367,879,981	246,956,117,612
Lease liabilities (including current portion)	–	1,759,287,037	4,202,203,160	19,737,865,664	16,460,709,877	42,160,065,738
Bonds payable	–	–	573,738,750	2,294,955,000	13,036,619,375	15,905,313,125
Derivative liabilities	–	1,730,960,768	1,366,788	–	–	1,732,327,556
	₱121,351,667,820	₱143,216,943,467	₱44,681,489,742	₱203,116,173,976	₱86,568,328,298	₱598,934,603,303

	2020					Total
	On Demand	Up to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 Years	
Financial Liabilities						
Accounts payable and accrued expenses (including noncurrent portion booked under ‘Other noncurrent liabilities’ in the consolidated statement of financial position but excluding ‘Deposit liabilities’ and ‘Due to related parties’)	₱27,752,764,330	₱15,220,109,765	₱9,478,357,941	₱4,055,625,815	₱2,236,589,802	₱58,743,447,653
Short-term debt	–	44,472,288,532	–	–	–	44,472,288,532
Deposit liabilities (included under ‘Accounts payable and accrued expenses’ and ‘Other noncurrent liabilities’ in the consolidated statements of financial position)	95,635,547,107	47,905,917,842	8,214,052,168	10,315,999,044	955,474,565	163,026,990,726
Due to related parties (included under ‘Accounts payable and accrued expense’ in the consolidated statement of financial position)	143,059,245	–	–	–	–	143,059,245
Deposits from lessees (included under ‘Other current liabilities’ and ‘Other noncurrent liabilities’ in the consolidated statement of financial position)	–	1,428,487,668	1,556,490,880	1,749,043,359	1,546,956,716	6,280,978,623
Long-term debt (including current portion)	–	7,566,551,276	28,705,604,081	205,958,639,296	52,324,494,732	294,555,289,385
Lease liabilities (including current portion)	691,743,306	1,470,819,426	4,822,499,832	11,345,918,128	13,621,966,050	31,952,946,742
Derivative liabilities	–	–	245,940,423	–	–	245,940,423
	₱124,223,113,988	₱118,064,174,509	₱53,022,945,325	₱233,425,225,642	₱70,685,481,865	₱599,420,941,329

Market risk

Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors.

The following discussion covers the market risks of the Group except for its Banking Segment:

Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured. The Group makes use of derivative financial instruments, such as currency swaps, to hedge foreign currency exposure (Note 8).

The Group has transactional currency exposures. Such exposures arise from sales and purchases in currencies other than the entities’ functional currency. As of December 31, 2021, 2020 and 2019,

approximately 26.0%, 21.0% and 27.4%, respectively, of the Group’s total sales are denominated in currencies other than the functional currency. In addition, approximately 34.5% and 28.6% of total debt are denominated in US Dollar as of December 31, 2021 and 2020, respectively. The Group’s capital expenditures are likewise substantially denominated in US Dollar.

The tables below summarize the Group’s exposure to foreign currency risk as of December 31, 2021 and 2020:

	2021		
	US Dollar	Other Currencies*	Total
Assets			
Cash and cash equivalents	₱20,054,493,868	₱7,115,774,654	₱27,170,268,522
Financial assets at FVPL	4,496,931,846	1,232,610,032	5,729,541,878
Financial assets at FVOCI	10,908,513,721	996,129,033	11,904,642,754
Receivables	1,832,663,302	493,105,106	2,325,768,408
Other current assets	2,632,259,204	668,507	2,632,927,711
	39,924,861,941	9,838,287,332	49,763,149,273
Liabilities			
Accounts payable and accrued expenses	19,517,250,203	854,192,977	20,371,443,180
Financial liabilities at FVPL	1,730,960,768	–	1,730,960,768
Short-term debt	8,470,601,845	1,567,331,946	10,037,933,791
Long-term debt (including current portion)	82,010,153,555	6,681,792,918	88,691,946,473
	111,728,966,371	9,103,317,841	120,832,284,212
Net Foreign Currency-Denominated Assets (Liabilities)	(₱71,804,104,430)	(₱734,969,491)	(₱71,069,134,939)
<i>* Other currencies include Hongkong Dollar, Singapore Dollar, Chinese Yuan, Japanese Yen, Thai Baht, Malaysian ringgit, Korean won, New Taiwan dollar, Australian dollar and Euro</i>			

	2020		
	US Dollar	Other Currencies*	Total
Assets			
Cash and cash equivalents	₱20,828,526,472	₱12,437,944,085	₱33,266,470,557
Financial assets at FVPL	4,280,667,629	1,434,105,577	5,714,773,206
Financial assets at FVOCI	11,903,833,912	–	11,903,833,912
Receivables	13,792,457,236	158,983,933	13,951,441,169
Other current assets	116,734,897	–	116,734,897
	50,922,220,146	14,031,033,595	64,953,253,741
Liabilities			
Accounts payable and accrued expenses	10,405,525,500	1,024,934,564	11,430,460,064
Financial liabilities at FVPL	769,321,983	320,238,126	1,089,560,109
Short-term debt	12,057,556,671	–	12,057,556,671
Long-term debt (including current portion)	84,002,606,117	7,727,531,814	91,730,137,931
	107,235,010,271	9,072,704,504	116,307,714,775
Net Foreign Currency-Denominated Assets (Liabilities)	(₱56,312,790,125)	₱4,958,329,091	(₱51,354,461,034)
<i>* Other currencies include Hongkong Dollar, Singapore Dollar, Chinese Yuan, Japanese Yen, Thai Baht, Malaysian ringgit, Korean won, New Taiwan dollar, Australian dollar and Euro</i>			

The exchange rates used to convert the Group’s US dollar-denominated assets and liabilities into Philippine peso as of December 31, 2021 and 2020 follow:

	2021	2020
US dollar-Philippine peso exchange rate	₱50.999 to US\$1.00	₱48.023 to US\$1.00

The following table sets forth the impact of the range of reasonably possible changes in the US Dollar-Philippine peso exchange rate on the Group’s income before income tax (due to the revaluation of monetary assets and liabilities) for the years ended December 31, 2021 and 2020:

Reasonably Possible Changes in Exchange rates	Change in Income Before Income Tax	
	2021	2020
₱2.0	(₱2,815,902,446)	(₱2,345,242,493)
(2.0)	₱2,815,902,446	₱2,345,242,493

Other than the potential impact on the Group’s pre-tax income, the Group does not expect any other material effect on equity.

The Group does not expect the impact of the volatility on other currencies to be material.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks.

In 2021 and 2020, changes in fair value of equity instruments held as financial assets at FVOCI due to a reasonably possible change in equity indices, with all other variables held constant, will increase equity by ₱398.3 million and ₱352.8 million if equity prices will increase by 1.5%. In 2021, 2020 and 2019, changes in fair value of equity instruments held as financial assets at FVPL due to a reasonably possible change in equity indices, with all other variables held constant, will increase profit by ₱6.5 million, ₱6.0 million and ₱6.1 million, respectively, if equity prices will increase by 1.5%. An equal change in the opposite direction would have decreased equity and profit by the same amount.

Interest rate risk

The Group’s exposure to market risk for changes in interest rates relates primarily to the Parent Company’s and its subsidiaries’ long-term debt obligations which are subject to floating rate. The Group’s policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group makes use of derivative financial instruments, such as interest rate swaps, to hedge the variability in cash flows arising from fluctuation in benchmark interest rates.

The following tables show information about the Group’s long-term debt with floating interest rate presented by maturity profile:

	2021						Total (In Original Currency)	Total (in Philippine Peso)	Debt Issuance Costs	Carrying Value (in Philippine Peso)	Fair Value
	<1 year	>1-<2 years	>2-<3 years	>3-<4 years	>4-<5 years	>5 years					
Long-term debt											
Philippine peso											
Floating rate											
Commercial loans from banks											
Interest rate 5.0%-7.0% (PDST-R2 and BVAL)	₱–	₱1,279,551,165	₱5,403,111,290	₱4,374,354,865	₱3,303,561,565	₱1,929,657,318	₱16,290,236,203	₱16,290,236,203	₱–	₱16,290,236,203	₱16,420,341,225
Term loan											
Interest rate (Prevailing market rate + GRT)	375,000,000	10,156,250,000	–	–	–	–	10,531,250,000	10,000,000,000	23,042,456	9,976,957,544	10,178,850,753
Term loan											
Interest rate (BVAL + 0.5%)	308,070,515	5,159,718,900	–	–	–	–	5,467,789,415	5,000,000,000	11,654,003	4,988,345,997	4,963,016,616
Term Loan											
Interest rate (BVAL + 0.75%)	285,600,000	285,600,000	7,214,395,616	–	–	–	7,785,595,616	7,000,000,000	29,134,482	6,970,865,518	6,781,420,252
Term Loan											
Interest rate (BVAL + 0.75%)	546,811,200	547,013,392	14,783,894,073	–	–	–	15,877,718,665	14,508,000,000	-	14,508,000,000	15,621,252,000
Term Loan											
Interest rate (BVAL + 0.75%)	139,600,000	139,600,000	4,139,982,466	–	–	–	4,419,182,466	4,000,000,000	-	4,000,000,000	4,391,696,177
Foreign currencies:											
Floating rate											
US Dollar loans											
JPY Commercial loans											
Less than 1.0% (JPY LIBOR)	¥1,560,736,932	¥1,568,936,150	¥1,577,004,749	¥1,585,465,365	¥1,593,796,773	¥7,255,217,787	¥15,141,157,756	6,681,792,919	-	6,681,792,919	6,784,260,119
USD Commercial loans											
Interest rate 1.0%-8.0% (USD LIBOR)	US\$ 35,948,795	US\$ 33,247,555	US\$ 33,513,360	US\$ 34,542,373	US\$ 95,175,603	US\$ 168,119,676	US\$ 400,547,362	20,427,514,938	-	20,427,514,938	22,178,011,872
								₱83,907,544,060	₱63,830,941	₱83,843,713,119	₱87,318,849,014

2020											
	<1 year	>1-<2 years	>2-<3 years	>3-<4 years	>4-<5 years	>5 years	Total (In Original Currency)	Total (in Philippine Peso)	Debt Issuance Costs	Carrying Value (in Philippine Peso)	Fair Value
Long-term debt											
Philippine peso											
Floating rate											
Commercial loans from banks											
Interest rate 5.0%-7.0% (PDST-R2 and BVAL)	₱—	₱—	₱1,279,551,165	₱5,403,111,290	₱4,374,354,865	₱5,233,218,883	₱16,290,236,203	₱16,290,236,203	₱—	₱16,290,236,203	₱19,151,866,091
Term loan											
Interest rate (Prevailing market rate + GRT)	375,000,000	375,000,000	10,155,136,986	—	—	—	10,905,136,986	10,000,000,000	38,283,218	9,961,716,782	10,342,148,835
Term loan											
Interest rate (BVAL + 0.5%)	189,575,000	189,575,000	5,094,527,808	—	—	—	5,473,677,808	5,000,000,000	19,322,399	4,980,677,601	4,959,418,878
Term Loan											
Interest rate (BVAL + 0.75%)	285,600,000	285,600,000	285,600,000	7,190,400,000	—	—	8,047,200,000	7,000,000,000	39,323,497	6,960,676,503	6,901,859,603
Term Loan											
Interest rate (BVAL + 0.75%)	691,188,200	691,188,200	691,188,200	14,921,394,765	—	—	16,994,959,365	14,508,000,000	-	14,508,000,000	15,942,294,497
Term Loan											
Interest rate (BVAL + 0.75%)	122,800,000	120,396,334	120,467,944	4,120,867,729	—	—	4,484,532,007	4,000,000,000	-	4,000,000,000	4,491,126,624
Foreign currencies:											
Floating rate											
US Dollar loans											
JPY Commercial loans											
Less than 1.0% (JPY LIBOR)	¥1,552,581,304	¥1,560,736,932	¥1,568,936,150	¥1,577,004,749	¥1,585,465,365	¥8,849,014,560	¥16,693,739,060	7,727,531,810	-	7,727,531,810	7,834,358,952
USD Commercial loans											
Interest rate 3.0%-5.0% (USD LIBOR)	US\$58,056,478	US\$61,687,707	US\$55,937,634	US\$48,045,784	US\$40,500,961	US\$263,295,279	US\$527,523,843	25,333,277,532	-	25,333,277,532	29,224,128,671
New Zealand Dollar loans											
Interest rate (NZ BKBM+1.10%)	NZ\$5,622,167	NZ\$5,606,806	NZ\$400,560,722	-	-	-	NZ\$411,789,695	13,625,258,770	126,604,870	13,498,653,900	13,568,528,873
Australian Dollar loans											
Interest rate (BBSY BID+1.25%)	AU\$488,118,042	-	-	-	-	-	AU\$488,118,042	17,888,983,093	50,085,857	17,838,897,236	17,931,239,219
								<u>₱121,373,287,408</u>	<u>₱273,619,841</u>	<u>₱121,099,667,567</u>	<u>₱130,346,970,243</u>

The following table sets forth the impact of the range of reasonably possible changes in the interest rates on the Group’s income from floating debt obligations before income tax:

Reasonably Possible Changes in Interest Rates	Change in Income Before Income Tax	
	2021	2020
+150.0 basis points (bps)	(₱1,886,020,992)	(₱2,468,301,430)
-150.0 bps	1,886,020,992	2,468,301,430

Price interest rate risk

The Group is exposed to the risks of changes in the value/future cash flows of its financial instruments due to its market risk exposures. The Group’s exposure to interest rate risk relates primarily to the Group’s financial assets at FVPL and financial assets at FVOCI investments.

Except for RBC, which uses Earnings-at -Risk (EaR) as a tool for measuring and managing interest rate risk in the banking book, the table below shows the impact on income before income tax of the estimated future yield of the related market indices of the Group’s FVPL and FVOCI investments using a sensitivity approach.

Reasonably Possible Changes in Interest Rates	Change in Income Before Income Tax	
	2021	2020
+150.0 basis points (bps)	₱18,615,218	₱92,136,733
-150.0 bps	(17,687,428)	(87,776,261)

Reasonably Possible Changes in Interest Rates	Change in Other Comprehensive Income	
	2021	2020
+150.0 basis points (bps)	₱172,432,608	₱149,003,990
-150.0 bps	(172,432,608)	(149,003,990)

Commodity price risk

The Group enters into commodity derivatives to hedge its exposure to jet fuel price risks arising from its forecasted fuel purchases. Commodity hedging allows stability in prices, thus, offsetting the risk of volatile market fluctuations. Depending on the economic hedge cover, the price changes on the commodity derivative positions are offset by higher or lower purchase costs on fuel. A change in price by US\$10.0 per barrel of jet fuel affects the Group’s fuel costs in pre-tax income by ₱576.2 million and ₱758.5 million for the years December 31, 2021 and 2020, respectively, in each of the covered periods, assuming no change in volume of fuel is consumed.

Derivative financial instruments which are part of hedging relationships do not expose the Group to market risk since changes in the fair value of the derivatives are offset by the changes in the fair value of the hedged items.

These hedging activities are in accordance with the risk management strategy and objectives outlined in the TRM policies and guidelines which have been approved by the Executive Committee on September 1, 2019.

Banking Segment’s Market Risk

Market risk is defined as the possibility of loss due to adverse movements in market factors such as rates and prices. Market risk is present in both trading and non-trading activities. These are the risk to earnings or capital arising from changes in the value of traded portfolios of financial instruments. The risk arises from market-making, dealing and position-taking in quoted debt securities and foreign exchange.

RBC observes market risk limits, which are approved by the BOD and reviewed at least annually. Limits are set in such a way as to ensure that risks taken are based on RBC’s existing capital adequacy framework, and corresponding monitoring reports are prepared regularly by an independent risk management unit.

When limits are breached, approval is sought from successive levels of authority depending on the amount of the excess. Limit breaches are periodically presented to the BOD.

Value-at-Risk (VaR) is computed to estimate potential losses arising from market movements. RBC calculates and monitors VaR and profit or loss on a daily basis.

VaR objectives and methodology

VaR is used by RBC to measure market risk exposure from its trading and investment activities. VaR is an estimate of the maximum decline in value on a given position over a specified holding period in a normal market environment, with a given probability of occurrence. RBC uses the historical simulation method in estimating VaR. The historical simulation method is a non-parametric approach to VaR calculation, in which asset returns are not subject to any functional distribution assumption. VaR is estimated directly from historical data without deriving parameters or making assumptions about the entire data distribution.

In employing the historical simulation method, RBC assumes a 500 historical data (approximately 2 years). The Parent Company updates its dataset on a daily basis per RBC’s policy, VaR is based on a 1-day holding period and a confidence level of 99%.

VaR methodology limitations and assumptions

Discussed below are the limitations and assumptions applied by RBC on its VaR methodology:

- a. VaR is a statistical estimate; thus, it does not give the precise amount of loss RBC may incur in the future;
- b. VaR is not designed to give the probability of bank failure, but only attempts to quantify losses that may arise from a RBC’s exposure to market risk;
- c. Since VaR is computed from end-of-day positions and market factors, VaR does not capture intraday market risk.
- d. VaR systems depend on historical data. It attempts to forecast likely future losses using past data. As such, this assumes that past relationships will continue to hold in the future. Therefore, market shifts (i.e., an unexpected collapse of the market) will not be captured and may inflict losses larger than VaR; and
- e. The limitation relating to the pattern of historical returns being indicative of future returns is addressed by supplementing VaR with daily stress testing reported to the RMC, ALCO and the concerned risk-takers.

VaR back testing is the process by which financial institutions periodically compare ex-post profit or loss with the ex-ante VaR figures to gauge the robustness of the VaR model. RBC performs quarterly back testing.

RBC’s VaR figures are as follows (in millions):

	2021			
	Average Daily	Highest	Lowest	December 31
Local interest rates	(₱0.0470)	(₱1.3386)	(₱0.0006)	₱–
Foreign interest rates	(\$0.0011)	(\$0.0274)	(\$0.0004)	(\$0.0004)
	2020			
	Average Daily	Highest	Lowest	December 31
Local interest rates	₱1.2249	₱12.5745	₱0.0103	₱0.9802
Foreign interest rates	\$0.0041	\$0.0294	\$0.0004	\$0.0047

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

RBC’s ALCO surveys the interest rate environment, adjusts the interest rates for RBC’s loans and deposits, assesses investment opportunities and reviews the structure of assets and liabilities. RBC uses EaR as a tool for measuring and managing interest rate risk in the banking book.

EaR objectives and methodology

EaR is a statistical measure of the likely impact of changes in interest rates to the RBC’s net interest income (NII). To do this, repricing gaps (difference between interest rate-sensitive assets and liabilities) are classified according to time to repricing and multiplied with applicable historical interest rate volatility, although available contractual repricing dates are generally used for putting instruments into time bands, contractual maturity dates (e.g., for fixed rate instruments) or expected liquidation periods often based on historical data are used alternatively. The repricing gap per time band is computed by getting the difference between the inflows and outflows within the time band. A positive repricing gap implies that RBC’s net interest income could decline if interest rates decrease upon repricing. A negative repricing gap implies that RBC’s net interest income could decline if interest rates increase upon repricing. Although such gaps are a normal part of the business, a significant change may bring significant interest rate risk.

To help control interest rate risk arising from repricing gaps, maximum repricing gap and EaR/NII targets are set for time bands up to one year. EaR is prepared and reported to the Risk Management Committee quarterly.

RBC’s EaR figures are as follows (in PHP millions):

	2021			
	Average	High	Low	December 31
Instruments sensitive to local interest rates	₱311.64	₱520.74	₱101.98	₱ 355.16
Instruments sensitive to foreign interest rates	\$2.45	\$2.09	\$2.12	\$ 2.99
	2020			
	Average	High	Low	December 31
Instruments sensitive to local interest rates	₱292.75	₱450.47	₱197.00	₱450.47
Instruments sensitive to foreign interest rates	\$1.32	\$2.16	\$0.17	\$2.16

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The BOD has set limits on positions by currency. In accordance with the RBC’s policy, positions are monitored on a daily basis and are used to ensure positions are maintained within established limits.

December 31, 2021		Statement of Income
+10.0% USD appreciation	USD	₱33,990,798
	Other Foreign Currencies*	3,846,934
-10.0% USD depreciation	USD	(33,990,798)
	Other Foreign Currencies*	(3,846,934)
December 31, 2020		Statement of Income
+10.0% USD appreciation	USD	₱33,301,868
	Other Foreign Currencies*	3,481,676
-10.0% USD depreciation	USD	(33,301,868)
	Other Foreign Currencies*	(3,481,676)
*Significant position held in EUR, GBP and AUD		

5. Fair Value Measurement

The following methods and assumptions were used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

Cash and cash equivalents, receivables (except for finance receivables and installment contract receivables), accounts payable and accrued expenses and short-term debt
Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Finance receivables

Fair values of loans are estimated using the discounted cash flow methodology, using RBC’s current incremental lending rates for similar types of loans. Where the instruments are repriced on a quarterly basis or have a relatively short-term maturity, the carrying amounts approximate fair values.

Installment contract receivables

Fair values of installment contract receivables are based on the discounted value of future cash flows using the applicable rates for similar types of receivables. The discount rates used range from 1.9% to 4.4% in 2021 and from 1.9% to 2.7% in 2020.

Debt securities

Fair values of debt securities are generally based on quoted market prices. If the fair value of financial assets cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models using inputs from observable markets subject to a degree of judgment.

Quoted equity securities

Fair values are based on quoted prices published in markets.

Unquoted equity securities

Investment in unquoted equity security classified as FVOCI include interest in unlisted preference shares of stock of a fintech company. The adjusted net asset value approach was used in estimating the fair value of the equity security where assets and liabilities are restated to current fair values.

Due from and due to related parties

Carrying amounts of due from and due to related parties approximate their fair values because these are collectible/payable on demand, except for certain due from related parties amounting to ₱2.8 billion and ₱1.0 billion, as of December 31, 2021 and 2020, respectively, which will mature in April 2023 and 2022, respectively. Due from related parties are unsecured.

Noninterest-bearing refundable security deposits

The fair values are determined as the present value of estimated future cash flows using prevailing market rates.

Investment in convertible note

The fair value of the convertible notes are determined using HP Binomial Pyramid model and comparable companies’ market data.

Biological assets

Biological assets are measured at their fair values less costs to sell. The fair values of Level 2 biological assets are determined based on current market prices of livestock of similar age, breed and genetic merit while Level 3 are determined based on adjusted commercial farmgate prices. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties.

The Group has determined that the highest and best use of the sucklings and weanlings is finishers while for other biological assets is their current use.

Derivative financial instruments

The fair values of the interest rate swaps and commodity swaps and options are determined based on the quotes obtained from counterparties. The fair values of forward exchange derivatives are calculated by reference to the prevailing interest differential and spot exchange rate as of valuation date, taking into account the remaining term-to-maturity of the forwards. The fair values of cross currency swaps are based on the discounted cash flow swap valuation model of a third-party provider.

Investment properties

Fair value of investment properties is based on market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The fair values of the Group’s investment properties have been determined by appraisers, including independent external appraisers, in the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

The Group has determined that the highest and best use of the property used for the land and building is its current use.

Time deposits

Fair values are estimated using the discounted cash flow methodology using RBC’s current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liabilities being valued.

Long-term negotiable certificates of deposit (LTNCD)

Fair values of LTNCD are estimated using quoted market rates for the instrument.

Deposits from lessees

The fair value of customers’ deposits is based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting date. The discount rates used range from 1.9% to 4.4% in 2021 and from 1.9% to 2.7% in 2020.

Long-term debt

The fair value of long-term debt is based on the discounted value of future cash flows (interests and principal) using the applicable rates for similar types of loans. The discount rates used range from 1.9% to 4.7% in 2021 and from 1.9% to 2.7% in 2020.

Fair Value Hierarchy Assets and Liabilities

Assets and liabilities carried at fair value are those whose fair values are required to be disclosed.

- (a) Level 1: quoted (unadjusted) prices in an active market for identical assets or liabilities;
- (b) Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- (c) Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the Group’s assets and liabilities carried at fair value:

	December 31, 2021				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair value
<i>Assets measured at fair value</i>					
Financial assets at FVPL:					
Held-for-trading:					
Debt securities:					
Government	₱1,912,412	₱–	₱1,912,412	₱–	₱1,912,412
Equity securities:					
Quoted	2,438,988,335	2,438,988,335	–	–	2,438,988,335
Investment in convertible notes	4,020,115,416	–	4,020,115,416	–	4,020,115,416
	6,461,016,163	2,438,988,335	4,022,027,828	–	6,461,016,163
Financial assets at FVOCI					
Debt securities:					
Government	15,713,379,337	3,216,384,440	12,496,994,897	–	15,713,379,337
Private	21,514,353,455	18,257,471,468	3,256,881,987	–	21,514,353,455
	37,227,732,792	21,473,855,908	15,753,876,884	–	37,227,732,792
Equity securities:					
Quoted	44,684,355,999	44,526,652,618	157,703,381	–	44,684,355,999
Unquoted	1,853,127,508	–	1,820,169,419	32,958,089	1,853,127,508
	46,537,483,507	44,526,652,618	1,977,872,800	32,958,089	46,537,483,507
	83,765,216,299	66,000,508,526	17,731,749,684	32,958,089	83,765,216,299
Biological assets	298,250,510	–	16,364,135	281,886,375	298,250,510
	₱90,524,482,972	₱68,439,496,861	₱21,770,141,647	₱314,844,464	₱90,524,482,972
<i>Assets for which fair values are disclosed</i>					
Investment securities at amortized cost	₱8,474,858,779	₱3,771,254,829	₱4,562,093,154	₱–	₱8,333,347,983
Receivables:					
Trade receivables	37,749,156,043	–	–	37,211,561,996	37,211,561,996
Finance receivables	96,645,767,364	–	–	98,130,783,298	98,130,783,298
Other receivables	7,381,220,881	–	–	7,376,540,165	7,376,540,165
Refundable deposits	1,966,017,754	–	–	1,881,639,976	1,881,639,976
Investment properties	117,761,485,499	–	–	346,331,112,789	346,331,112,789
	₱269,978,506,320	₱3,771,254,829	₱4,562,093,154	₱490,931,638,224	₱499,264,986,207
<i>Liabilities for which fair values are disclosed</i>					
Deposit liabilities	₱127,575,152,492	₱–	₱–	₱123,013,763,427	₱123,013,763,427
Derivative liabilities	1,732,327,557	–	1,732,327,557	–	1,732,327,557
Deposits from lessees	6,922,787,850	–	–	6,251,534,818	6,251,534,818
Bonds payable	12,184,836,126	–	–	12,184,836,126	12,184,836,126
Long-term debt (including current portion)	220,332,192,883	–	–	224,161,906,522	224,161,906,522
	₱368,747,296,908	₱–	₱1,732,327,557	₱365,612,040,893	₱367,344,368,450

	December 31, 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair value
<i>Assets measured at fair value</i>					
Financial assets at FVPL:					
Held-for-trading:					
Debt securities:					
Government	₱86,520,711	₱86,520,711	₱–	₱–	₱86,520,711
Equity securities:					
Quoted	1,734,932,805	1,734,932,805	–	–	1,734,932,805
Investment in convertible notes	3,743,007,446	–	3,743,007,446	–	3,743,007,446
Derivative assets	556,022	–	556,022	–	556,022
	5,565,016,984	1,821,453,516	3,743,563,468	–	5,565,016,984
Financial assets at FVOCI					
Debt securities:					
Government	9,681,907,051	8,833,121,582	848,785,469	–	9,681,907,051
Private	21,325,214,680	19,616,749,471	1,708,465,209	–	21,325,214,680
	31,007,121,731	28,449,871,053	2,557,250,678	–	31,007,121,731
Equity securities:					
Quoted	33,072,987,777	32,997,587,777	75,400,000	–	33,072,987,777
Unquoted	661,523,310	–	661,523,310	–	661,523,310
	33,734,511,087	32,997,587,777	736,923,310	–	33,734,511,087
	64,741,632,818	61,447,458,830	3,294,173,988	–	64,741,632,818
Biological assets	234,251,397	–	8,146,945	226,104,452	234,251,397
	₱70,540,901,199	₱63,268,912,346	₱7,045,884,401	₱226,104,452	₱70,540,901,199
<i>Assets for which fair values are disclosed</i>					
Investment securities at amortized cost	₱8,049,365,423	₱3,315,813,283	₱4,734,104,150	₱–	₱8,049,917,433
Receivables:					
Trade receivables	39,760,722,566	–	–	37,745,119,499	37,745,119,499
Finance receivables	84,697,325,229	–	–	76,049,104,924	76,049,104,924
Other receivables	6,474,044,662	–	–	6,470,552,438	6,470,552,438
Refundable deposits	856,057,644	–	–	1,148,472,883	1,148,472,883
Investment properties	104,675,085,905	–	–	287,711,868,671	287,711,868,671
	₱244,512,601,429	₱3,315,813,283	₱4,734,104,150	₱409,125,118,415	₱417,175,035,848
<i>Liabilities for which fair values are disclosed</i>					
Deposit liabilities	₱122,324,413,205	₱–	₱–	₱122,808,748,920	₱122,808,748,920
Derivative liabilities	245,940,423	–	245,940,423	–	245,940,423
Deposits from lessees	6,280,367,371	–	–	5,916,713,775	5,916,713,775
Long-term debt (including current portion)	272,341,886,341	–	–	274,690,959,987	274,690,959,987
	₱401,192,607,340	₱–	₱245,940,423	₱403,416,422,682	₱403,662,363,105

In 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements. Non-financial asset determined under Level 3 includes investment properties. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

Description of significant unobservable inputs to valuation:

Account	Valuation Technique	Significant Unobservable Inputs
Loans and receivables	Discounted cash flow method	4.0% - 42.0% discount rate
Biological assets	Adjusted commercial farmgate prices	Commercial farmgate prices
Investment properties	Market data approach and Cost approach	Price/cost per square meter, size, shape, location, time element, discount, replacement cost and depreciation for improvements
		Discount rate, capitalization rate, growth rate, occupancy rate
Refundable deposits	Discounted cash flow method	1.0% - 8.0% discount rate
Reposessed chattels	Discounted cash flow method	Price per unit, size, shape, location, time element and discount
Time deposits	Discounted cash flow method	0.3% - 3.9% discount rate
Long-term debt	Discounted cash flow method	1.9% - 2.7% discount rate

Significant increases (decreases) in reasonable profit margin applied would result in a significantly higher (lower) fair value of the biological assets, considering all other variables are held constant.

Significant Unobservable Inputs

Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
Time Element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor’s perceptions of the market over time. In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.
Risk premium	The return in excess of the risk-free rate of return that an investment is expected to yield.
Reasonable profit margin	Mark up of biological assets at different stages of development.
Adjusted commercial farmgate prices	Fair value based on commercial farmgate prices, adjusted by considering the age, breed and genetic merit

6. Segment Information

Operating Segments

The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Group operates are as follows:

- Foods, agro-industrial and commodities businesses - manufacturing of snack foods, granulated coffee and pre-mixed coffee, chocolates, candies, biscuits, instant noodles, ice cream and frozen novelties, pasta and tomato-based products and canned beans; raising of hog, chicken and manufacturing and distribution of animal feeds, corn products and vegetable oil and the synthesis of veterinary compound; and sugar milling and refining and flour milling.
- Air transportation - air transport services, both domestic and international, for passengers and cargoes.
- Real estate and hotels - ownership, development, leasing and management of shopping malls and retail developments; ownership and operation of prime hotels in major Philippine cities; development, sale and leasing of office condominium space in office buildings and mixed-use developments including high rise residential condominiums; and development of land into

residential subdivisions and sale of subdivision lots and residential houses and the provision of customer financing for sales.

- Petrochemicals - manufacturer of polyethylene (PE), polypropylene (PP), polymer grade ethylene, polymer grade propylene, partially hydrogenated pyrolysis gasoline, pyrolysis fuel oil, aromatics, butadiene and liquefied petroleum gas (LPG).
- Banking - commercial banking operations, including deposit-taking, lending, foreign exchange dealing and fund transfers or remittance servicing.
- Other supplementary businesses - asset management, insurance brokering, foreign exchange and securities dealing. This also includes dividend income from PLDT and equity in net earnings of Meralco and GBPC.

No operating segments have been aggregated to form the above reportable operating business segments.

The Group does not have a single external major customer (which represents 10.0% of Group’s revenues).

Management monitors the operating results of each segment. The measure presented to manage segment performance is the segment operating income (loss). Segment operating income (loss) is based on the same accounting policies as the consolidated operating income (loss) except that intersegment revenues are eliminated only at the consolidation level. Group financing (including finance cost and other charges), finance income, market valuation gains(losses) on financial assets at FVPL and derivatives, foreign exchange gains (losses), other operating income, general and administrative expenses, impairment losses and others and income taxes are managed on a group basis and are not allocated to operating segments. Transfer pricing between operating segments are on arm’s length basis in a manner similar to transactions with third parties.

The Executive Committee (Excom) is actively involved in planning, approving, reviewing, and assessing the performance of each of the Group’s segments. The Excom oversees Group’s decision making process. The Excom’s functions are supported by the heads of each of the operating segments, which provide essential input and advice in the decision-making process. The Excom is the Group’s chief operating decision maker.

The following tables present the financial information of each of the operating segments in accordance with PFRS except for ‘Core earnings’, EBIT’ and EBITDA’ as of and for the years ended December 31, 2021, 2020 and 2019. Core earnings pertain to income before income tax excluding market valuation gains (losses) on financial assets at FVPL, market valuation gains (losses) on derivative financial instruments and foreign exchange gains (losses).

The Group’s operating segment information follows:

	December 31, 2021							
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Banking	Other Supplementary Businesses	Adjustments and Eliminations	TOTAL OPERATIONS
Revenue								
Sale of goods and services:								
External customers	₱116,954,788,444	₱15,740,756,855	₱35,561,985,340	₱40,323,467,713	₱9,285,942,362	₱860,222,110	₱–	₱218,727,162,824
Intersegment revenues	–	–	554,401,657	1,482,671,886	–	–	(2,037,073,543)	–
	116,954,788,444	15,740,756,855	36,116,386,997	41,806,139,599	9,285,942,362	860,222,110	(2,037,073,543)	218,727,162,824
Dividend income (Note 28)	32,302,870	–	–	–	13,038,094	2,094,517,684	–	2,139,858,648
Equity in net earnings of associates and joint ventures (Note 14)	(91,077,671)	(174,431,012)	3,104,377,547	–	–	6,669,090,395	177,352,880	9,685,312,139
Total revenue	116,896,013,643	15,566,325,843	39,220,764,544	41,806,139,599	9,298,980,456	9,623,830,189	(1,859,720,663)	230,552,333,611
Cost of sales and services (Note 30)	83,489,333,409	19,065,731,725	23,378,006,275	40,325,606,872	1,747,658,085	230,207,848	(2,353,501,261)	165,883,042,953
Gross income	₱33,406,680,234	(₱3,499,405,882)	₱15,842,758,269	₱1,480,532,727	₱7,551,322,371	₱9,393,622,341	₱493,780,598	64,669,290,658
General and administrative expenses (Note 31)								51,235,705,424
Provision for impairment losses and others (Note 34)								2,018,025,657
Operating income								11,415,559,577
Financing cost and other charges (Note 35)								(9,111,084,606)
Finance income (Note 27)								1,094,584,901
Other operating income (Note 29)								568,113,153
Core earnings								3,967,173,025
Market valuation losses on financial assets								(1,094,513,349)
Foreign exchange losses								(3,056,849,332)
Loss before income tax								(184,189,656)
Provision for income tax (Note 38)								362,357,776
Net loss from Continuing Operations								(546,547,432)
Net income from Discontinued Operations (Note 44)								11,280,571,602
Net income								₱10,734,024,170
Net income attributable to equity holders of the Parent Company	₱12,888,039,529	(₱17,150,436,805)	₱7,600,091,719	(₱2,139,245,570)	₱745,220,353	₱3,584,083,849	(₱419,523,304)	₱5,108,229,771
EBIT	₱12,716,395,019	(₱23,157,858,622)	₱9,713,808,554	(₱113,840,195)	₱1,519,297,734	₱11,021,798,590	(₱284,041,503)	₱11,415,559,577
Depreciation and amortization (Notes 15, 16, 18 and 33)	5,762,875,646	14,355,454,086	5,246,968,024	3,198,808,608	644,943,852	356,857,641	(435,409,768)	29,130,498,089
Impairment losses on property, plant and equipment	–	–	–	–	–	432,631,271	–	432,631,271
EBITDA	₱18,479,270,665	(₱8,802,404,536)	₱14,960,776,578	₱3,084,968,413	₱2,164,241,586	₱11,811,287,502	(₱719,451,271)	₱40,978,688,937
Other information								
Non-cash expenses other than depreciation and amortization (Note 34):								
Impairment losses on receivables (Note 11)	₱30,419,962	₱104,625,855	₱–	₱–	₱1,304,169,768	₱–	₱–	₱1,439,215,585
Inventories	109,167,827	–	–	–	–	–	–	109,167,827
Property, plant and equipment	–	–	–	–	–	432,631,271	–	432,631,271
Other assets	–	36,915,814	–	–	95,160	–	–	37,010,974
	₱139,587,789	₱141,541,669	₱–	₱–	₱1,304,264,928	₱432,631,271	₱–	₱2,018,025,657

	December 31, 2020							
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Banking	Other Supplementary Businesses	Adjustments and Eliminations	TOTAL OPERATIONS
Revenue								
Sale of goods and services:								
External customers	₱113,161,785,302	₱22,617,967,165	₱27,518,406,639	₱21,275,283,602	₱9,174,583,626	₱907,768,085	₱—	₱194,655,794,419
Intersegment revenues	—	—	352,791,286	746,044,686	—	—	(1,098,835,972)	—
Dividend income (Note 28)	113,161,785,302	22,617,967,165	27,871,197,925	22,021,328,288	9,174,583,626	907,768,085	(1,098,835,972)	194,655,794,419
Equity in net earnings of associates and joint ventures (Note 14)	64,605,739	—	—	—	14,890,056	1,931,625,044	—	2,011,120,839
	(61,973,951)	(316,115,081)	2,647,283,834	—	—	5,122,116,552	193,323,054	7,584,634,408
Total revenue	113,164,417,090	22,301,852,084	30,518,481,759	22,021,328,288	9,189,473,682	7,961,509,681	(905,512,918)	204,251,549,666
Cost of sales and services (Note 30)	78,573,438,418	21,277,642,920	15,943,948,736	22,693,576,725	2,255,332,241	189,672,908	(968,971,939)	139,964,640,009
Gross income	₱34,590,978,672	₱1,024,209,164	₱14,574,533,023	(₱672,248,437)	₱6,934,141,441	₱7,771,836,773	₱63,459,021	64,286,909,657
General and administrative expenses (Note 31)								52,947,982,752
Provision for (reversal of) impairment losses and others (Note 34)								1,420,479,998
Operating income								9,918,446,907
Financing cost and other charges (Note 35)								(8,913,379,991)
Finance income (Note 27)								1,213,910,835
Other operating income (Note 29)								(470,478,828)
Core earnings								1,748,498,923
Market valuation losses on financial assets								(2,332,944,398)
Foreign exchange gains								2,566,753,557
Income before income tax								1,982,308,082
Provision for income tax (Note 38)								2,705,574,458
Net loss from Continuing Operations								(723,266,376)
Net income from Discontinued Operations (Note 44)								1,120,472,735
Net income								₱397,206,359
Net income attributable to equity holders of the Parent Company	₱5,937,767,259	(₱15,091,628,081)	₱5,701,662,067	(₱1,978,617,551)	₱560,752,150	₱4,147,299,277	₱254,605,351	(₱468,159,528)
EBIT	₱13,896,446,993	(₱20,769,259,127)	₱8,493,865,051	(2,059,718,932)	₱905,208,132	₱9,451,904,790	₱—	₱9,918,446,907
Depreciation and amortization (Notes 15, 16, 18 and 33)	6,157,195,635	16,074,455,052	5,184,698,880	2,608,155,788	610,301,346	197,072,356	(432,614,388)	30,399,264,669
EBITDA	₱20,053,642,628	(₱4,694,804,075)	₱13,678,563,931	₱548,436,856	₱1,515,509,478	₱9,648,977,146	(₱432,614,388)	₱40,317,711,576
Other information								
Non-cash expenses other than depreciation and amortization (Note 34):								
Impairment losses on receivables (Note 11)	₱32,583,003	₱102,043,756	₱180,022,673	₱—	₱1,098,049,322	₱—	₱—	₱1,412,698,754
Other assets	—	—	—	—	4,005,198	3,776,046	—	7,781,244
	₱32,583,003	₱102,043,756	₱180,022,673	0	₱1,102,054,520	₱3,776,046	₱—	₱1,420,479,998

	December 31, 2019							
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Banking	Other Supplementary Businesses	Adjustments and Eliminations	TOTAL OPERATIONS
Revenue								
Sale of goods and services:								
External customers	₱114,403,217,219	₱84,806,810,363	₱33,491,747,783	₱29,053,982,086	₱8,121,662,955	₱749,175,892	₱—	₱270,626,596,298
Intersegment revenues	—	—	305,342,362	1,021,253,450	—	—	(1,326,595,812)	—
Dividend income (Note 28)	114,403,217,219	84,806,810,363	33,797,090,145	30,075,235,536	8,121,662,955	749,175,892	(1,326,595,812)	270,626,596,298
Equity in net earnings of associates and joint ventures (Note 14)	16,151,435	—	—	—	10,178,075	1,323,581,816	(1,199,410)	1,348,711,916
	(178,444,726)	66,959,384	6,105,626,129	—	—	7,291,201,995	52,326,143	13,337,668,925
Total revenue	114,240,923,928	84,873,769,747	39,902,716,274	30,075,235,536	8,131,841,030	9,363,959,703	(1,275,469,079)	285,312,977,139
Cost of sales and services (Note 30)	80,639,110,369	49,518,018,515	17,485,706,873	30,232,850,986	3,194,709,177	—	(1,230,153,493)	179,840,242,427
Gross income	₱33,601,813,559	₱35,355,751,232	₱22,417,009,401	(₱157,615,450)	₱4,937,131,853	₱9,363,959,703	(₱45,315,586)	105,472,734,712
General and administrative expenses (Note 31)								53,703,458,101
Provision for (reversal of) impairment losses and others (Note 34)								(2,144,968,452)
Operating income								53,914,245,063
Financing cost and other charges (Note 35)								(9,942,735,096)
Finance income (Note 27)								2,054,451,319
Other operating income (Note 29)								(54,316,681)
Core earnings								45,971,644,605
Market valuation gains on financial assets								640,533,460
Foreign exchange gains								899,389,898
Income before income tax								47,511,567,963
Provision for income tax (Note 38)								5,210,568,871
Net income from Continuing Operations								42,300,999,092
Net income from Discontinued Operations (Note 44)								364,512,757
Net income								₱42,665,511,849
Net income attributable to equity holders of the Parent Company	₱5,399,282,651	₱6,185,199,432	₱11,333,531,130	₱970,642,663	₱431,655,905	₱6,920,739,669	₱44,194,882	₱31,285,246,332
EBIT	₱12,743,109,451	₱12,621,017,504	₱12,282,895,865	₱910,182,517	₱781,026,480	₱14,576,013,246	₱—	₱53,914,245,063
Depreciation and amortization (Notes 15, 16, 18 and 33)	6,107,908,856	15,399,075,784	4,966,545,415	1,954,567,251	579,139,834	173,478,564	(369,867,669)	28,810,848,035
Reversal of impairment losses on property, plant and equipment	—	—	—	(2,274,795,253)	—	—	—	(2,274,795,253)
EBITDA	₱18,851,018,307	₱28,020,093,288	₱17,249,441,280	₱589,954,515	₱1,360,166,314	₱14,749,491,810	(₱369,867,669)	₱80,450,297,845
Other information								
Non-cash expenses other than depreciation and amortization (Note 34):								
Impairment losses on receivables (Note 11)	₱2,208,724	₱3,427	₱—	₱—	₱131,435,597	₱—	₱—	₱133,647,748
Inventory obsolescence and market decline (Note 12)	2,678	—	—	—	—	—	—	2,678
Property, plant and equipment (Note 16)	—	—	—	(2,274,795,253)	—	—	—	(2,274,795,253)
Impairment losses on other assets	—	—	—	—	(3,823,625)	—	—	(3,823,625)
	₱2,211,402	₱3,427	₱—	(₱2,274,795,253)	₱127,611,972	₱—	₱—	(₱2,144,968,452)

Other information on the Group’s operating segments follow:

December 31, 2021								
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Banking	Other Supplementary Businesses	Adjustments and Eliminations	Consolidated
Investments in associates and joint ventures (Note 14)	₱55,228,221	₱143,169,241	₱60,625,797,118	₱–	₱–	₱85,149,045,162	₱60,879,714	₱146,034,119,456
Segment assets	₱152,820,591,289	₱137,410,223,820	₱228,081,491,760	₱164,145,750,794	₱179,660,289,603	₱309,478,815,107	(₱148,856,022,924)	₱1,022,741,139,449
Short-term debt (Note 23)	₱15,914,691,530	₱–	₱–	₱50,080,891,952	₱–	₱–	₱–	₱65,995,583,482
Long-term debt (Note 23)	₱–	₱58,139,935,742	₱47,042,864,144	₱30,000,000,000	₱–	₱97,334,229,123	₱–	₱232,517,029,009
Segment liabilities	₱43,052,857,454	₱138,076,956,315	₱97,599,974,998	₱112,640,010,246	₱161,332,655,675	₱113,029,076,421	(₱86,617,512,869)	₱579,114,018,240
Capital expenditures (Notes 15 and 16)	₱13,199,692,100	₱5,506,681,705	₱17,999,501,395	₱12,290,417,538	₱184,988,682	₱48,905,420	(₱3,494,160,000)	₱45,736,026,840

December 31, 2020								
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Banking	Other Supplementary Businesses	Adjustments and Eliminations	Consolidated
Investments in associates and joint ventures (Note 14)	₱386,494,519	₱354,516,067	₱58,399,603,679	₱–	₱–	₱80,318,664,883	(₱126,443,676)	₱139,332,835,472
Segment assets	₱176,194,930,275	₱128,584,821,478	₱215,210,687,766	₱134,022,507,590	₱151,215,387,210	₱299,035,519,441	(₱104,655,331,436)	₱999,608,522,324
Short-term debt (Note 23)	₱10,122,879,567	₱–	₱–	₱34,166,510,354	₱–	₱128,702,264	₱–	₱44,418,092,185
Long-term debt (Note 23)	₱31,337,551,136	₱53,239,934,436	₱53,603,778,783	₱30,000,000,000	₱–	₱104,160,621,986	₱–	₱272,341,886,341
Segment liabilities	₱78,410,768,338	₱107,377,637,489	₱112,492,656,131	₱79,965,944,455	₱132,889,772,851	₱ 118,687,894,638	(₱38,326,507,936)	₱591,498,165,966
Capital expenditures (Notes 15 and 16)	₱6,690,489,884	₱4,044,960,019	₱11,154,452,396	₱15,129,963,318	₱248,236,782	₱80,783,148	₱–	₱37,348,885,547

December 31, 2019								
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Banking	Other Supplementary Businesses	Adjustments and Eliminations	Consolidated
Investments in associates and joint ventures (Note 14)	₱421,625,100	₱1,221,452,018	₱56,653,592,667	₱–	₱–	₱93,658,009,900	(₱263,107,097)	₱151,691,572,588
Segment assets	₱168,652,989,873	₱157,977,016,711	₱189,651,209,761	₱115,700,303,303	₱131,141,546,214	₱187,953,903,640	(₱22,767,450,825)	₱928,309,518,677
Short-term debt (Note 23)	₱12,595,841,120	₱–	₱8,491,700,000	₱21,524,562,580	₱–	₱11,435,306,304	₱–	₱54,047,410,004
Long-term debt (Note 23)	₱30,386,077,608	₱57,144,521,276	₱34,715,272,176	₱22,000,000,000	₱–	₱74,689,663,647	₱–	₱218,935,534,707
Segment liabilities	₱73,468,487,679	₱114,441,734,821	₱89,573,539,283	₱59,620,821,793	₱114,081,071,846	₱99,227,402,926	(₱30,750,682,538)	₱519,662,375,810
Capital expenditures (Notes 15 and 16)	₱8,988,692,239	₱25,570,098,817	₱11,500,261,557	₱25,199,924,879	₱222,320,890	₱667,120,902	₱–	₱72,148,419,284

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Reconciliation of Income Before Income Tax to EBITDA and Core Earnings

	2021	2020	2019
Income (loss) before income tax	(₱184,189,654)	₱1,982,308,082	₱47,511,567,963
Finance income	(1,094,584,901)	(1,213,910,835)	(2,054,451,319)
Financing cost and other charges	9,111,084,606	8,913,379,991	9,942,735,096
Other operating income (losses)	(568,113,153)	470,478,828	54,316,681
Market valuation losses (gains) on financial assets at FVPL and derivative financial instruments	1,094,513,349	2,332,944,398	(640,533,460)
Foreign exchange (gains) losses	3,056,849,330	(2,566,753,557)	(899,389,898)
EBIT	11,415,559,577	9,918,446,907	53,914,245,063
Depreciation and amortization	29,130,498,089	30,399,264,669	28,810,848,035
Provision for (reversal of) impairment losses	432,631,271	–	(2,274,795,253)
EBITDA	₱40,978,688,937	₱40,317,711,576	₱80,450,297,845
Income (loss) before income tax	(₱184,189,654)	₱1,982,308,082	₱47,511,567,963
Market valuation losses (gains) on financial assets at FVPL and derivative financial instruments	1,094,513,349	2,332,944,398	(640,533,460)
Foreign exchange (gains) losses	3,056,849,330	(2,566,753,557)	(899,389,898)
Core earnings	₱3,967,173,025	₱1,748,498,923	₱45,971,644,605

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The table below presents the consolidated statement of financial position of the Group broken down between industrial and banking components:

	December 31, 2021				December 31, 2020			
	Non-banks	Banks	Elimination*	Consolidated	Non-banks	Banks	Elimination*	Consolidated
ASSETS								
Current Assets								
Cash and cash equivalents	₱69,702,780,365	₱39,664,799,543	(₱26,477,458,387)	₱82,890,121,521	₱56,087,730,858	₱31,630,913,339	(₱6,227,231,429)	₱81,491,412,768
Financial assets at fair value through profit and loss	6,459,103,751	1,912,412	—	6,461,016,163	5,477,940,251	87,076,733	—	5,565,016,984
Financial assets at fair value through other comprehensive income	12,728,683,142	26,529,627,158	—	39,258,310,300	12,578,348,139	19,315,805,963	—	31,894,154,102
Receivables - net	40,949,990,701	31,273,661,946	—	72,223,652,647	40,385,785,079	27,982,699,969	—	68,368,485,048
Inventories - net	81,611,906,817	—	—	81,611,906,817	75,777,125,084	—	—	75,777,125,084
Biological assets - net	132,144,916	—	—	132,144,916	99,919,468	—	—	99,919,468
Assets held for sale	—	—	—	—	11,101,305,051	—	—	11,101,305,051
Other current assets	22,861,361,464	828,599,148	—	23,689,960,612	26,365,792,030	625,358,409	—	26,991,150,439
Total current assets	234,445,971,156	98,298,600,207	(26,477,458,387)	306,267,112,976	227,873,945,960	79,641,854,413	(6,227,231,429)	301,288,568,944
Noncurrent Assets								
Financial assets at fair value through other comprehensive income	44,506,905,999	—	—	44,506,905,999	32,847,478,716	—	—	32,847,478,716
Receivables - noncurrent	7,549,521,416	67,937,959,026	—	75,487,480,442	7,861,430,860	58,984,807,221	—	66,846,238,081
Investments at amortized cost	—	8,474,858,779	—	8,474,858,779	—	8,049,365,423	—	8,049,365,423
Investments in associates and JVs - net	145,822,109,563	212,009,893	—	146,034,119,456	139,332,835,472	—	—	139,332,835,472
Investments properties - net	116,975,431,334	786,054,165	—	117,761,485,499	104,210,195,008	464,890,897	—	104,675,085,905
Property, plant and equipment - net	249,045,908,180	502,762,777	—	249,548,670,957	259,870,423,147	545,316,558	—	260,415,739,705
Right-of-use assets	31,449,724,690	830,589,916	—	32,280,314,606	22,236,389,037	812,346,008	—	23,048,735,045
Biological assets - bearer	166,105,594	—	—	166,105,594	134,331,929	—	—	134,331,929
Goodwill - net	21,993,372,200	244,327,006	—	22,237,699,206	31,916,144,787	244,327,006	—	32,160,471,793
Intangibles - net	2,975,606,163	1,377,089,563	—	4,352,695,726	12,841,509,107	1,313,392,088	—	14,154,901,195
Other noncurrent assets	14,496,099,199	1,131,452,361	—	15,627,551,560	15,495,682,520	1,159,087,596	—	16,654,770,116
Total Noncurrent Assets	634,980,784,338	81,497,103,486	—	716,477,887,824	626,746,420,583	71,573,532,797	—	698,319,953,380
	₱869,426,755,494	₱179,795,703,693	(₱26,477,458,387)	₱1,022,745,000,800	₱854,620,366,543	₱151,215,387,210	(₱6,227,231,429)	₱999,608,522,324

*Elimination of intercompany balances between banking and non-banking components

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	December 31, 2021				December 31, 2020			
	Non-banks	Banks	Elimination*	Consolidated	Non-banks	Banks	Elimination*	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY								
Current liabilities								
Accounts payable and accrued expenses	₱59,613,317,305	₱148,551,704,689	(₱26,477,458,387)	₱181,687,563,607	₱57,846,148,952	₱121,104,837,984	(₱6,227,231,429)	₱172,723,755,507
Short-term debt	65,995,583,482	—	—	65,995,583,482	44,418,092,185	—	—	44,418,092,185
Current portion of long-term debt	19,501,714,468	—	—	19,501,714,468	34,413,387,739	—	—	34,413,387,739
Derivative liabilities	1,732,327,557	—	—	1,732,327,557	245,940,423	—	—	245,940,423
Income tax payable	332,634,821	766,092	—	333,400,913	531,260,647	1,548,361	—	532,809,008
Other current liabilities	30,958,781,863	390,750	—	30,959,172,613	43,347,790,462	386,800	—	43,348,177,262
Total current liabilities	178,134,359,496	148,552,861,531	(26,477,458,387)	300,209,762,640	180,802,620,408	121,106,773,145	(6,227,231,429)	295,578,993,653
Noncurrent liabilities								
Long-term debt - net of current portion	200,830,478,415	—	—	200,830,478,415	237,928,498,602	—	—	237,928,498,602
Bonds payable	12,184,836,126	—	—	12,184,836,126	—	—	—	—
Deferred tax liabilities - net	4,548,347,515	—	—	4,548,347,515	8,661,143,952	—	—	8,661,143,952
Other noncurrent liabilities	48,560,799,400	12,779,794,144	—	61,340,593,544	37,546,530,053	11,782,999,706	—	49,329,529,759
Total noncurrent liabilities	266,124,461,456	12,779,794,144	—	278,904,255,600	284,136,172,607	11,782,999,706	—	295,919,172,313
Total Liabilities	444,258,820,952	161,332,655,675	(26,477,458,387)	579,114,018,240	464,835,624,544	132,889,772,851	(6,227,231,429)	591,498,165,966
Stockholders' equity	324,095,994,827	11,212,896,388	—	335,308,891,215	297,190,870,163	11,130,436,193	—	308,321,306,356
Minority interest in consolidated subsidiaries								
	101,071,939,715	7,250,151,630	—	108,322,091,345	92,593,871,836	7,195,178,166	—	99,789,050,002
	₱869,426,755,494	₱179,795,703,693	(₱26,477,458,387)	₱1,022,745,000,800	₱854,620,366,543	₱151,215,387,210	(₱6,227,231,429)	₱999,608,522,324

*Elimination of intercompany balances between banking and non-banking components

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Intersegment Revenues

Intersegment revenues are eliminated at the consolidation level.

Segment Results

Segment results pertain to the net income (loss) of each of the operating segments adjusted by the subsequent take up of significant transactions of operating segments with fiscal year-end and the capitalization of borrowing costs at the consolidated level for qualifying assets held by a certain subsidiary. The chief decision maker also uses the 'Core earnings', 'EBIT' and 'EBITDA' in measuring the performance of each of the Group's operating segments. The Group defines each of the operating segment's 'Core earnings' as the total of the 'Operating income', 'Finance income' and 'Other operating income' deducted by the 'Financing cost and other charges'. EBIT is equivalent to the Group's operating income while EBITDA is computed by adding back to the EBIT the depreciation and amortization expenses during the period. Depreciation and amortization include only the depreciation and amortization of plant and equipment, investment properties and intangible assets.

Depreciation and amortization

In 2021, 2020 and 2019, the amount of reported depreciation and amortization includes depreciation for investment properties and property, plant and equipment, and amortization of intangible assets.

Segment Assets

Segment assets are resources owned by each of the operating segments with the exclusion of intersegment balances, which are eliminated, and adjustment of significant transactions of operating segment with fiscal year-end.

Segment Liabilities

Segment liabilities are obligations incurred by each of the operating segments excluding intersegment balances which are eliminated. The Group also reports, separately, to the chief operating decision maker the breakdown of the short-term and long-term debt of each of the operating segments.

Capital Expenditures

The components of capital expenditures reported to the chief operating decision maker are the acquisitions of investment property and property, plant and equipment during the period, including those acquired through business combination.

Geographical Information

The Group operates in the Philippines, Thailand, Malaysia, Indonesia, China, Hong Kong, Singapore, Vietnam and Myanmar.

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced:

	2021	2020	2019
Domestic	₱170,594,134,890	₱161,310,903,670	₱207,150,591,256
Foreign	59,958,198,721	42,940,645,996	78,162,385,883
	₱230,552,333,611	₱204,251,549,666	₱285,312,977,139

The Group has no significant customer which contributes 10.0% or more of the consolidated revenues of the Group.

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The table below shows the Group's carrying amounts of noncurrent assets per geographic location excluding noncurrent financial assets, deferred tax assets and pension assets:

	2021	2020
Domestic	₱488,529,018,937	₱462,693,963,514
Foreign	92,907,135,619	122,662,724,858
	₱581,436,154,556	₱585,356,688,372

7. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand	₱5,654,873,185	₱3,005,758,937
Cash in banks (Note 40)	34,550,142,438	38,893,100,714
Cash equivalents (Note 40)	42,685,105,898	39,592,553,117
	₱82,890,121,521	₱81,491,412,768

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents represent money market placements made for varying periods depending on the immediate cash requirements of the Group, and earn annual interest ranging from 0.125% to 5.3%, from 1.0% to 3.5%, and from 0.05% to 7.5% in 2021, 2020 and 2019, respectively.

Interest earned on cash and cash equivalents amounted to ₱825 million, ₱976 million and ₱1.6 billion for the years ended December 31, 2021, 2020 and 2019, respectively (Note 27).

8. Derivative Financial Instruments

The tables below show the fair values of the Group's outstanding derivative financial instruments, reported as assets or liabilities, together with their notional amounts as of December 31, 2021 and 2020. The notional amount is the basis upon which changes in the value of derivatives are measured.

	December 31, 2021		
	Notional Amounts	Derivative Assets (Note 9)	Derivative Liabilities (Note 22)
Derivatives Not Designated as Accounting Hedges			
Derivatives at FVPL:			
Conversion option arising from convertible bonds (Note 23)	–	₱–	₱1,730,960,769
Derivatives at FVOCI:			
Addition from acquisition of subsidiaries (Note 19)	–	–	1,366,788
		₱–	₱1,732,327,557

	December 31, 2020			
	Notional Amounts (in Millions)		Derivative Assets	Derivative Liabilities
	Japanese Yen	Dollar	(Note 9)	(Note 22)
Derivatives Not Designated as Accounting Hedges				
Freestanding:				
Call option	–	–	₪–	₪169,449,156
Foreign currency swaps	JPY9.65	–	556,022	–
			₪556,022	₪169,449,156
Derivatives Designated as Accounting Hedges				
Zero cost collars*	–	US\$7.46	₪–	₪32,214,937
Currency options	–	NZ\$28.20	–	44,276,330
			₪–	₪76,491,267
Presented in the consolidated statements of financial position as:				
Current			₪556,022	₪245,940,423
Noncurrent			₪–	₪–

*Notional quantity amounted to 120,000 US barrels as of December 31, 2020

Conversion Option Arising from Convertible Bonds

On May 10, 2021, CAI issued at face value US\$250.0 million convertible bonds (CB) to the International Finance Corporation (IFC), IFC Emerging Asia Fund LP and Indigo Philippines LLC (collectively known as “the CB Holders”) due on May 10, 2027 (Note 23). The bonds bear an interest rate of 4.5% payable semi-annually in arrears on May 10 and November 10 of each year.

The conversion option entitles the CB holders to convert its outstanding bonds for CAI’s common shares at any time within the conversion period which shall begin 40 days after the issue date of the CB and shall end 20 business days before the maturity date. The conversion option is an embedded derivative that is required to be bifurcated.

As of December 31, 2021, the conversion option has a negative fair value of ₱1.7 billion. Net market valuation losses recognized by CAI in the 2021 consolidated statement of comprehensive income amounted to ₱1.3 billion.

Derivatives not designated as accounting hedges

The Group’s derivatives not designated as accounting hedges include transactions to take positions for risk management purpose.

- Zero cost collars and commodity swap
On March 16, 2020, CAI discontinued, for the first time, the application of hedge accounting on some of its fuel hedges following the suspension of flights in response to government-imposed enhanced community quarantine over the entire Luzon due to outbreak of COVID-19.

Following the Philippine Government announcing the easing of community quarantine after March 31, 2020, CAI’s commercial flights during the next six months were either suspended or significantly reduced leading to lower forecasted fuel and USD-denominated purchases. With the newly available information, management reassessed its hedging portfolio requiring discontinuation of hedge accounting for certain fuel and FX derivatives designated as cash flow hedges as corresponding hedged items were no longer highly probable and not expected to occur. Consequently, the related effective portion of the fair value losses recognized in OCI amounting to

₱2.2 billion were immediately recycled from equity to profit or loss for the year ended December 31, 2020.

As of December 31, 2021 and 2020, CAI has no outstanding fuel derivatives treated as economic hedges.

- Foreign currency forwards
On March 16, 2020, CAI likewise discontinued, for the first time, the hedge accounting application on some FX forwards because of reduced forecasted fuel purchase following the suspension of flights in response to government-imposed enhanced community quarantine over the entire Luzon due to outbreak of COVID-19 and due to unforeseen drop in oil prices.

Following the Philippine Government announcing the easing of community quarantine after March 31, 2020, CAI’s commercial flights during the next six months were either suspended or significantly reduced leading to lower forecasted fuel and USD-denominated purchases. With the newly available information, Management reassessed its hedging portfolio requiring discontinuation of hedge accounting for certain fuel and FX derivatives designated as cash flow hedges as corresponding hedged items were no longer highly probable and not expected to occur. Consequently, the related effective portion of the fair value losses recognized in OCI amounting to ₱124.6 million were immediately recycled from equity to profit or loss for the year ended December 31, 2020.

As of December 31, 2021 and 2020, CAI has no outstanding FX derivatives treated as economic hedges.

- Foreign currency swaps
RBC entered into foreign currency swap transactions with positive fair values of nil and ₱0.6 million as of December 31, 2021 and 2020, respectively. In 2021, 2020 and 2019, RBC recognized net changes in fair value of derivatives amounting to nil, ₱17.0 million gain and ₱45.0 million gain, respectively.
- Call option
As part of change in ownership of URC Oceania Group, Intersnack was also given an option to acquire an additional 9.0% equity share in UHC. The call option has a fair value of ₱169.4 million as of December 31, 2020. In October 2021, Intersnack exercised the call option to acquire an additional equity share in UHC (see Note 44).

Derivatives designated as accounting hedges

As part of its asset and liability management, the Group uses derivatives, particularly interest rate swaps and currency options, as cash flow hedges in order to reduce its exposure to market risks that is achieved by hedging portfolios of floating rate financial instruments.

The accounting treatment explained in Note 2 to the consolidated financial statements, *Hedge Accounting*, varies according to the nature of the hedged item and compliance with the hedge criteria. Hedges entered into by the Group which provide economic hedges but do not meet the hedge accounting criteria are included under derivatives not designated as accounting hedges.

- Currency options
URC entered into currency options with a total notional amount of NZ\$28.2 million and initial fair value of ₱7.5 million. URC recognized unrealized loss in other comprehensive income under ‘Net gains (losses) from cash flow hedges’ amounting to ₱19.1 million and ₱4.6 million for the years ended December 31, 2020 and 2019. URC made a settlement of ₱4.6 million in 2019 for the related

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derivatives. URC's currency options have negative fair value of ₱44.3 million as of December 31, 2020. In October 2021, the option was transferred to Intersnack upon divestment (see Note 44).

- Zero cost collars and commodity swaps

CAI enters into zero cost collars and commodity swaps derivative contracts to manage its exposure to fuel price fluctuations. The notional quantity is the amount of the derivatives' underlying asset or liability, reference rate or index and is the basis upon which changes in the value of derivatives are measured. These swaps and collars can be exercised at various calculation dates with specified quantities on each calculation date. Hedge accounting under PFRS 9 were applied on instruments with various maturity dates through 2020 until 2021 starting September 1, 2019.

CAI has designated for hedge accounting derivatives with net liability position amounting to nil and ₱32.2 million as of December 31, 2021 and 2020, respectively.

- Foreign currency forwards

CAI enters into foreign currency forwards to manage its exposures to foreign currency-denominated transactions given its global operations. These forwards have various maturity dates through 2020 where hedge accounting under PFRS 9 were also applied beginning September 1, 2019.

As of December 31, 2021 and 2020, CAI has no outstanding FX derivatives designated for hedge accounting.

Fair Value Changes in Derivatives

Fair value changes of derivatives designated as accounting hedges

The net movements in fair value of the Group's derivative financial instruments designated as accounting hedges follow:

	2021	2020
Beginning balance	(₱76,491,267)	(₱126,312,502)
Net changes shown in other comprehensive income (Note 36):		
Net changes in fair value of derivatives taken to other comprehensive income	51,509,875	(230,922,782)
Fair value of settled instruments	24,981,392	280,744,017
	<u>₱—</u>	<u>(₱76,491,267)</u>

Net changes in fair value of derivatives taken to other comprehensive income are recorded under 'Net gains (losses) from cash flow hedges' in the consolidated statement of comprehensive income.

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Fair value changes of derivatives not designated as accounting hedges

The net movements in fair value of the Group's derivative financial instruments not designated as accounting hedges follow:

	2021	2020
Balance at beginning of year:		
Derivative assets	₱556,022	₱992,618
Derivative liabilities	169,449,156	306,298,308
	<u>(168,893,134)</u>	<u>(305,305,690)</u>
Net losses from changes in fair value of derivatives taken to profit or loss	—	(2,008,251,915)
Fair value of acquired/settled instruments	167,526,346	2,144,664,471
	<u>(₱1,366,788)</u>	<u>(₱168,893,134)</u>
Balance at end of year:		
Derivative assets (Note 9)	₱—	₱556,022
Derivative liabilities (Note 8)	1,366,788	169,449,156

The net changes in fair value of derivatives taken to profit or loss are included under 'Market valuation gains (losses) on derivative financial instruments' in the consolidated statements of comprehensive income, except for the foreign currency swaps of RBC, where the net changes in fair value are taken to profit or loss under 'Trading and securities gains' (see Note 26).

Refer to Note 23 for the changes in fair value of derivative financial instruments at fair value through profit or loss.

9. Financial Assets at Fair Value through Profit or Loss

This account consists of the following:

	2021	2020
Debt securities:		
Government	₱1,912,412	₱86,520,711
Equity securities:		
Quoted	2,438,988,335	1,734,932,805
Investment in convertible notes	4,020,115,416	3,743,007,446
Derivatives (Note 8)	—	556,022
	<u>₱6,461,016,163</u>	<u>₱5,565,016,984</u>

Sea Limited

In 2019, the note from Sea Limited was converted into 1,834,188 ordinary shares which was then sold for a total price of US\$43.7 million, resulting in realized market valuation gain of US\$10.9 million (₱566.6 million).

Oriente

On December 14, 2018, JGDEV acquired 6,627,087 Series A-2 Preferred shares of Oriente Finance Group Limited (OFGL) and a convertible note with a face value of \$1.975 million from ORT Philippines Holdings Pte Ltd. in exchange for all its shares, including deposit for future subscription, in Oriente Techsystem Philippines Corporation and Paloo Financing, Inc.

On December 5, 2019, the convertible note was converted to 819,541 Series B-1 preferred shares. As of December 31, 2021 and 2020, Series A-2 and Series B-1 preferred shares are classified under financial assets at FVOCI (see Note 10).

JUUL Labs, Inc

In August 2019, JGSPL invested in USD50.0 million Convertible Notes of JUUL Labs, Inc. (“JUUL Labs”). JUUL Labs is a private company based in California, USA, which is in the business of manufacturing and distributing e-cigarettes. In January 2020, JGSPL made additional investment amounting to USD25.0 million.

The Convertible Notes have the following features:

1. Repayable after 5 years;
2. 7.0% p.a. coupon accruing and compounding quarterly paid in kind thru increase in the outstanding principal (“Accreted principal”);
3. Conversion into class of shares (or mix thereof) as specified in paragraph 1.12 of the Note Purchase Agreement;
4. Conversion can be:
 - a. Automatic in the event of any of the following qualified financing events (e.g., qualified private financing, qualified IPO and qualified direct listing), with conversion price determined as the higher of the valuation floor and lower of valuation cap and discounted valuation in the financing event; or
 - b. Optional (i) in the event of financing events whereby conditions for qualification were not met, and in that case the conversion price is determined using the basis in (a) above; (ii) upon JUUL Labs’ direct listing or starting on the 24th month anniversary, and in such cases the conversion price is the valuation cap; and (iii) when exercised on maturity date and the conversion price is USD30.4 million; and
5. Early redemption at the option of JUUL Labs but subject to the consent of majority investors or one (1) owner provided the Issuer offered the same terms to other investors. The redemption price should not be less than the accreted principal as of the redemption date.

Snapcart Group (HK) Limited

On March 5, 2019, JGDEV entered into a Deed of Adherence with Snapcart Group (HK) Limited pursuant to the Convertible Loan Agreement entered into on February 20, 2019. The consideration is for a loan amount of \$1.0 million at a rate of 3.0% interest per annum. The convertible loan was set to mature on December 20, 2019 but subsequently amended to extend maturity to March 31, 2020. The convertible note was classified under financial assets at FVPL.

On March 31, 2020, convertible loan from Snapcart Group (HK) Limited matured and was converted into 102,402 shares of Series B amounting to \$1.03 million.

Zuzu Hospitality Solutions Pte. Ltd.

On September 10, 2019, JGDCPL entered into a Note Purchase Agreement with Zuzu Hospitality Solutions Pte. Ltd. (Zuzu Hospitality) to invest in a Convertible Note amounting to SGD1 million. Zuzu Hospitality is a private company incorporated and based in Singapore that offers outsourced revenue management to independent hotels. Zuzu Hospitality currently operates in Indonesia and Taiwan.

As of December 31, 2021, 2020 and 2019, unrealized loss on debt securities recognized amounted to ₱109.7 million, ₱25.3 million and ₱9.2 million, respectively.

As of December 31, 2021, 2020 and 2019, unrealized gain (loss) on equity securities recognized amounted to ₱333.3 million, (₱282.3 million) and ₱713.1 million, respectively.

In 2021, 2020 and 2019, the Group recognized net market valuation gains (losses) on financial assets at FVPL (excluding derivatives) amounting to ₱223.6 million, (₱307.6 million) and ₱703.9 million, respectively, included under ‘Market valuation gains (losses) on financial assets at fair value through profit or loss’ in the consolidated statements of comprehensive income.

Interest income on financial assets at FVPL consists of (see Note 27):

	2021	2020	2019
Debt securities:			
Government	₱252,927,020	₱7,424,489	₱13,181,655
Private	–	–	87,690,303
	₱252,927,020	₱7,424,489	₱100,871,958

10. Investment Securities

Financial Assets at Fair Value through Other Comprehensive Income

This account consists of investments in:

	2021	2020
Debt securities:		
Government	₱15,713,379,337	₱9,681,907,051
Private	21,514,353,455	21,325,214,680
	37,227,732,792	31,007,121,731
Equity securities:		
Quoted	44,717,314,088	33,072,987,777
Unquoted	1,820,169,419	661,523,310
	46,537,483,507	33,734,511,087
	₱83,765,216,299	₱64,741,632,818

Breakdown of financial assets at FVOCI as shown in the consolidated statements of financial position follows:

	2021	2020
Current portion	₱39,258,310,300	₱31,894,154,102
Noncurrent portion	44,506,905,999	32,847,478,716
	₱83,765,216,299	₱64,741,632,818

The Group classified its 24.3 million PLDT shares representing 11.3% ownership interest as financial assets at FVOCI, which have carrying values of ₱44.1 billion and ₱32.6 billion as of December 31, 2021 and 2020, respectively.

Interest income on debt financial assets at FVOCI follows (Note 27):

	2021	2020	2019
Debt securities:			
Private	₱976,528,666	₱888,193,462	₱664,109,167
Government	221,851,580	212,212,623	363,288,259
	₱1,198,380,246	₱1,100,406,085	₱1,027,397,426

The range of the Group’s effective interest rates on government securities are as follows:

	2021	2020	2019
Peso-denominated securities	2.63%-8.13%	1.89%-5.09%	5.75%-8.00%
Foreign currency-denominated securities	2.75%-6.75%	2.86%-6.47%	4.75%-7.75%

The range of the Group’s effective interest rates on the private bonds are as follows:

	2021	2020	2019
Peso-denominated securities	3.63%-6.49%	3.82%-6.49%	4.20%-6.49%
Foreign currency-denominated securities	3.30%-7.25%	3.90%-7.25%	4.38%-7.38%

The movements in net unrealized gains (losses) on financial assets at FVOCI follow:

	2021		
	Parent Company	Non-controlling Interests	Total
Balance at beginning of year	(₱14,794,597,877)	₱324,400,037	(₱14,470,197,840)
Net changes shown in other comprehensive income (Note 36):			
Fair value changes during the period on financial assets at FVOCI of the Parent Company and its subsidiaries	10,729,323,198	(442,045,521)	10,287,277,677
Realized gain on sale of financial assets at FVOCI (Note 29)	(8,569,740)	–	(8,569,740)
	(4,073,844,419)	(117,645,484)	(4,191,489,903)
Share in net changes in fair value of financial assets at FVOCI of an associate (Note 14)	34,483,923	–	34,483,923
Balance at end of year	(₱4,039,360,496)	(₱117,645,484)	(₱4,157,005,980)

	2020		
	Parent Company	Non-controlling Interests	Total
Balance at beginning of year	(₱23,832,621,540)	₱249,569,240	(₱23,583,052,300)
Net changes shown in other comprehensive income (Note 36):			
Fair value changes during the period on financial assets at FVOCI of the Parent Company and its subsidiaries	9,007,575,421	74,830,797	9,082,406,218
Realized gain on sale of financial assets at FVOCI (Note 29)	(23,850,313)	–	(23,850,313)
Provision for impairment loss	(1,364,730)	–	(1,364,730)
	(14,850,261,162)	324,400,037	(14,525,861,125)
Share in net changes in fair value of financial assets at FVOCI of an associate (Note 14)	55,663,285	–	55,663,285
Balance at end of year	(₱14,794,597,877)	₱324,400,037	(₱14,470,197,840)

	2019		
	Parent Company	Non-controlling Interests	Total
Balance at beginning of year	(₱22,647,670,192)	(₱204,920,170)	(₱22,852,590,362)
Net changes shown in other comprehensive income (Note 36):			
Fair value changes during the period on financial assets at FVOCI of the Parent Company and its subsidiaries	(1,081,326,798)	454,489,410	(626,837,388)
Realized gain on sale of financial assets at FVOCI (Note 29)	(277,810,114)	–	(277,810,114)
Provision for impairment loss	(2,070,586)	–	(2,070,586)
	(24,008,877,690)	249,569,240	(23,759,308,450)
Share in net changes in fair value of financial assets at FVOCI of an associate (Note 14)	176,256,150	–	176,256,150
Balance at end of year	(₱23,832,621,540)	₱249,569,240	(₱23,583,052,300)

Investment Securities at Amortized Cost

The investment securities at amortized cost of the Group consist of the following:

	2021	2020
Government securities	₱6,655,527,338	₱6,251,706,056
Private bonds	1,820,142,305	1,800,257,800
	8,475,669,643	8,051,963,856
Less allowance for impairment losses	810,864	2,598,433
	₱8,474,858,779	₱8,049,365,423

The effective interest rates for peso-denominated investment securities at amortized cost of the Group ranges from 3.25% to 8.13%, from 3.82% to 8.13% and from 3.25% to 8.13% in 2021, 2020 and 2019, respectively. The effective interest rates for foreign currency-denominated investment securities at amortized cost of the Group range from 2.75% to 7.25% in 2021, 2.62 to 5.31% in 2019 and 2.75% in 2019.

In 2020, the RBC disposed ‘Investment Securities at Amortized Cost’ with carrying value of ₱3.35 billion resulting in a gain on disposal amounting to ₱190.9 million. Prior to the disposal, RBC noted significant withdrawals from depositors because of the imposition of the community quarantine protocols. RBC anticipated further pressures to liquidity because of the implementation of the Republic Act No. 11468 or the “Bayanihan to Heal as One Act” which grants a moratorium on all loan payments falling due within the period of enhanced community quarantine for a minimum of thirty (30) days without incurring interests, penalties, fees, or other charges. The remaining HTC securities of RBC will remain to be under a HTC business model. Furthermore, LSB also disposed peso-currency denominated securities under the HTC portfolio with carrying value of ₱180.98 million, resulting in a gain on disposal amounting to ₱2.93 million in 2020. The sale was due to a change in intention to hold and collect principal and interest from the securities. The remaining HTC securities of RBC will remain to be under a HTC business model.

Interest income on investment securities at amortized cost amounted to ₱305.2 million, ₱356.6 million and ₱477.8 million in 2021, 2020 and 2019, respectively (see Note 27).

11. Receivables

This account consists of:

	2021	2020
Finance receivables	₱98,918,972,005	₱86,382,308,879
Trade receivables	38,333,348,738	40,258,702,183
Due from related parties (Note 40)	4,218,363,700	2,552,410,741
Interest receivable	1,716,625,101	1,730,219,931
Other receivables	7,808,300,786	6,904,703,009
	150,995,610,330	137,828,344,743
Less allowance for impairment losses	3,284,477,241	2,613,621,614
	₱147,711,133,089	₱135,214,723,129

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

	2021	2020
Current portion	₱72,223,652,647	₱68,368,485,048
Noncurrent portion	75,487,480,442	66,846,238,081
	₱147,711,133,089	₱135,214,723,129

Noncurrent receivables consist of:

	2021	2020
Finance receivables	₱67,937,959,026	₱58,984,807,221
Trade receivables	4,727,617,197	6,861,430,860
Due from related parties	2,821,904,219	1,000,000,000
	₱75,487,480,442	₱66,846,238,081

Finance Receivables

Breakdown of finance receivables, which represent receivables from customers of RBC and its subsidiary, follows:

	2021	2020
Receivables from customers:		
Commercial	₱57,879,055,931	₱51,507,822,886
Real estate	29,718,350,075	24,157,056,273
Consumption	11,098,264,008	10,608,170,674
Domestic bills purchased	516,654,187	480,028,717
	99,212,324,201	86,753,078,550
Less unearned interest and discounts	293,352,196	370,769,671
	₱98,918,972,005	₱86,382,308,879

Interest income on finance receivables included under ‘Banking revenue’ in profit or loss in the consolidated statements of comprehensive income, consists of (see Notes 26 and 27):

	2021	2020	2019
Receivables from customers:			
Commercial	₱3,192,316,847	₱3,237,021,544	₱3,173,161,721
Consumption	1,745,640,627	2,004,957,885	1,806,095,578
Real estate	1,882,384,449	1,364,197,120	1,076,020,078
Domestic bills purchased	113,598	73,149	459,690
Others	5,286,868	4,399,035	6,703,541
	₱6,825,742,389	₱6,610,648,733	₱6,062,440,608

Others consist of sales contract receivables and lease receivables.

Restructured receivables which do not meet the BSP requirements to be treated as performing receivables shall be considered as nonperforming loans. Restructured receivables as of December 31, 2021 and 2020 amounted to ₱281.4 million and ₱61.1 million, respectively.

Trade Receivables

Included in trade receivables are installment contract receivables of the real estate segment of the Group amounting to ₱13.6 billion and ₱14.9 billion as of December 31, 2021 and 2020. These are collectible in monthly installments over a period of one year to ten years. These are carried at amortized cost, except for receivables from lease-to-own arrangements which are carried at fair value through OCI. The title of the real estate property, which is the subject of the installment contract receivable, passes to the buyer once the receivable is fully paid. Revenue from real estate and hotels includes interest income earnings from installment contract receivables amounting to ₱0.7 billion, ₱0.8 billion and ₱0.3 billion in 2021, 2020 and 2019, respectively, and is recorded under ‘Sale of goods and service’ on the consolidated statements of comprehensive income.

Other trade receivables are noninterest-bearing and generally have 30 to 90-day terms.

Others

Other receivables include claims receivables, advances to brokers and other non-trade receivables. As of December 31, 2021 and 2020 claims receivables amounted to ₱2.3 billion.

Allowance for Impairment Losses on Receivables

Changes in the allowance for impairment losses on receivables follow:

	2021		
	Trade Receivables	Finance Receivables	Other Receivables
Balance at beginning, as adjusted	₱497,979,617	₱1,684,983,650	₱430,658,347
Provision for impairment losses (Note 34)	135,045,012	1,277,021,353	27,149,220
Write-offs, net of recoveries	(13,884,633)	(695,712,201)	—
Unrealized foreign exchange gains	81,266	—	3,332,594
Reclassification/Others	(35,028,567)	6,911,839	(34,060,256)
Balance at end of year	₱584,192,695	₱2,273,204,641	₱427,079,905

	2020			
	Trade Receivables	Finance Receivables	Other Receivables	Total
Balance at beginning, as adjusted	₱198,721,234	₱1,014,700,667	₱476,413,871	₱1,689,835,772
Provision for impairment losses (Note 34)	314,649,432	1,062,890,752	35,158,570	1,412,698,754
Written-off	(14,771,574)	(392,607,769)	(81,569,388)	(488,948,731)
Unrealized foreign exchange gains	(71,326)	—	(2,051,964)	(2,123,290)
Reclassification/Others	(548,149)	—	2,707,258	2,159,109
Balance at end of year	₱497,979,617	₱1,684,983,650	₱430,658,347	₱2,613,621,614

Provision for impairment losses on receivables for the years ended December 31, 2021, 2020 and 2019 amounted to ₱1.4 billion, ₱1.4 billion and ₱133.6 million, respectively.

Allowance for credit losses on other receivables includes credit losses on non-trade receivables, advances to officers and employees and other receivables. Allowance for credit losses on advances to officers and employees amounted to ₱19.6 million as of December 31, 2021 and 2020.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to commercial loans follow:

	2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2021	₱43,318,187,940	₱7,781,258,930	₱408,376,016	₱51,507,822,886
New assets originated or purchased	98,256,197,176	—	—	98,256,197,176
Assets derecognized or repaid (excluding write offs)	(88,574,404,176)	(3,165,703,874)	188,598,403	(91,551,509,647)
Transfers to Stage 1	39,677,046	(38,360,269)	(1,316,777)	—
Transfers to Stage 2	(15,805,664,806)	15,805,664,806	—	—
Transfers to Stage 3	(562,404,829)	(309,394)	562,714,223	—
Amounts written off	—	—	(333,454,484)	(333,454,484)
	₱36,671,588,351	₱20,382,550,199	₱824,917,381	₱57,879,055,931
ECL allowance as at January 1, 2021	₱231,853,564	₱314,078,570	₱249,436,018	₱795,368,152
Provisions for (recovery of) credit losses*	777,359,958	(156,392,671)	133,519,257	754,486,544
Transfers to Stage 1	11,591	(11,591)	—	—
Transfers to Stage 2	(332,622,762)	332,622,762	—	—
Transfers to Stage 3	(443,034,019)	(101,247)	443,135,266	—
Amounts written off/reversals/others	—	—	(281,548,128)	(281,548,128)
	₱233,568,332	₱490,195,823	₱544,542,413	₱1,268,306,568

**The net effect on allowance of transfers between Stage 1 to 3 are reflected in provision for (recovery of) credit losses*

	2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱45,227,258,622	₱3,860,868,821	₱426,708,034	₱49,514,835,477
New assets originated or purchased	50,428,244,448	—	—	50,428,244,448
Assets derecognized or repaid (excluding write offs)	(47,012,473,601)	(1,203,710,763)	(20,295,308)	(48,236,479,672)
Transfers to Stage 1	2,624,185,861	(2,624,185,861)	—	—
Transfers to Stage 2	(7,767,057,149)	7,767,480,660	(423,511)	—
Transfers to Stage 3	(167,362,533)	(19,193,927)	186,556,460	—
Amounts written off	(14,607,708)	—	(184,169,659)	(198,777,367)
	₱43,318,187,940	₱7,781,258,930	₱408,376,016	₱51,507,822,886
ECL allowance as at January 1, 2020	₱147,083,052	₱73,137,283	₱196,172,277	₱416,392,612
Provisions for (recovery of) credit losses*	452,904,775	(70,836,854)	13,923,311	395,991,232
Transfers to Stage 1	2,415,898	(2,415,898)	—	—
Transfers to Stage 2	(317,630,379)	317,630,379	—	—
Transfers to Stage 3	(46,386,054)	(3,436,340)	49,822,394	—
Amounts written off/reversals/others	(6,533,728)	—	(10,481,964)	(17,015,692)
	₱231,853,564	₱314,078,570	₱249,436,018	₱795,368,152

**The net effect on allowance of transfers between Stage 1 to 3 are reflected in provision for (recovery of) credit losses*

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to real estate follow:

	2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2021	₱21,044,591,782	₱1,756,970,164	₱1,355,494,327	₱24,157,056,273
New assets originated or purchased	10,755,288,309	—	—	10,755,288,309
Assets derecognized or repaid (excluding write offs)	(3,307,611,463)	(435,729,085)	(474,408,766)	(4,217,749,314)
Transfers to Stage 1	1,049,290,114	(868,697,195)	(180,592,919)	—
Transfers to Stage 2	(1,044,341,286)	1,080,464,630	(36,123,344)	—
Transfers to Stage 3	(843,001,362)	(209,013,377)	1,052,014,739	—
Amounts written off	(874,588,525)	(9,680,506)	(91,976,162)	(976,245,193)
	₱26,779,627,569	₱1,314,314,631	₱1,624,407,875	₱29,718,350,075
ECL allowance as at January 1, 2021	₱33,273,185	₱7,996,559	₱153,248,056	₱194,517,800
Provisions for (recovery of) credit losses*	172,153,934	23,069,432	(60,794,566)	134,428,800
Transfers to Stage 1	4,622,623	(3,890,182)	(732,441)	—
Transfers to Stage 2	(13,719,571)	14,274,019	(554,448)	—
Transfers to Stage 3	(97,242,050)	(23,867,324)	121,109,374	—
Amounts written off/reversals/others	—	—	(7,984,424)	(7,984,424)
	₱99,088,121	₱17,582,504	₱204,291,551	₱320,962,176

**The net effect on allowance of transfers between Stage 1 to 3 are reflected in provision for (recovery of) credit losses*

	2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱18,037,358,388	₱1,035,203,454	₱255,873,169	₱19,328,435,011
New assets originated or purchased	6,990,949,236	—	—	6,990,949,236
Assets derecognized or repaid (excluding write offs)	(1,920,528,775)	(175,031,342)	(26,482,162)	(2,122,042,279)
Transfers to Stage 1	395,613,018	(382,623,933)	(12,989,085)	—
Transfers to Stage 2	(1,565,599,074)	1,578,168,014	(12,568,940)	—
Transfers to Stage 3	(881,913,959)	(285,875,230)	1,167,789,189	—
Amounts written off	(11,287,052)	(12,870,799)	(16,127,844)	(40,285,695)
	₱21,044,591,782	₱1,756,970,164	₱1,355,494,327	₱24,157,056,273
ECL allowance as at January 1, 2020	₱11,981,916	₱1,382,175	₱6,653,654	₱20,017,745
Provisions for (recovery of) credit losses*	127,577,169	32,421,611	16,511,828	176,510,608
Transfers to Stage 1	493,931	(488,257)	(5,674)	—
Transfers to Stage 2	(7,595,069)	7,645,728	(50,659)	—
Transfers to Stage 3	(98,661,356)	(32,042,438)	130,703,794	—
Amounts written off/reversals/others	(523,406)	(922,260)	(564,887)	(2,010,553)
	₱33,273,185	₱7,996,559	₱153,248,056	₱194,517,800

**The net effect on allowance of transfers between Stage 1 to 3 are reflected in provision for (recovery of) credit losses*

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to consumer loans follow:

	2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2021	₱8,903,154,518	₱738,094,168	₱966,921,988	₱10,608,170,674
New assets originated or purchased	9,609,070,680	—	—	9,609,070,680
Assets derecognized or repaid (excluding write offs)	(7,847,911,762)	(477,968,459)	415,447,803	(7,910,432,418)
Transfers to Stage 1	125,900,115	(103,854,022)	(22,046,093)	—
Transfers to Stage 2	(572,818,462)	581,666,150	(8,847,688)	—
Transfers to Stage 3	(329,489,569)	(108,041,435)	437,531,004	—
Amounts written off	(165,094,679)	(4,808,305)	(1,038,641,944)	(1,208,544,928)
	₱9,722,810,841	₱625,088,097	₱750,365,070	₱11,098,264,008

(Forward)

	2021			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at January 1, 2021	₱118,912,861	₱52,892,814	₱523,292,023	₱695,097,698
Provisions for (recovery of) credit losses*	213,364,618	(5,631,594)	180,372,985	388,106,009
Transfers to Stage 1	1,695,364	(1,439,810)	(255,554)	—
Transfers to Stage 2	(53,119,473)	53,580,651	(461,178)	—
Transfers to Stage 3	(152,174,486)	(41,857,427)	194,031,913	—
Amounts written off/reversals/others	11,371,121	—	(410,638,931)	(399,267,810)
	₱140,050,005	₱57,544,634	₱486,341,258	₱683,935,897

**The net effect on allowance of transfers between Stage 1 to 3 are reflected in provision for (recovery of) credit losses*

	2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2019	₱9,614,890,909	₱598,101,501	₱614,279,098	10,827,271,508
New assets originated or purchased	8,576,790,434	—	—	8,576,790,434
Assets derecognized or repaid (excluding write offs)	(7,472,730,546)	(227,678,134)	(59,027,655)	(7,759,436,335)
Transfers to Stage 1	61,224,550	(58,752,436)	(2,472,114)	—
Transfers to Stage 2	(690,964,174)	693,693,376	(2,729,202)	—
Transfers to Stage 3	(593,942,478)	(140,740,777)	734,683,255	—
Amounts written off	(592,114,177)	(126,529,362)	(317,811,394)	(1,036,454,933)
	₱8,903,154,518	₱738,094,168	₱966,921,988	₱10,608,170,674
ECL allowance as at January 1, 2019	₱97,478,442	₱7,575,959	₱473,235,909	₱578,290,310
Provisions for (recovery of) credit losses*	345,279,451	65,394,102	79,715,359	490,388,912
Transfers to Stage 1	1,026,939	(942,948)	(83,991)	—
Transfers to Stage 2	(50,146,488)	50,296,590	(150,102)	—
Transfers to Stage 3	(222,447,738)	(51,642,611)	274,090,349	—
Amounts written off/reversals/others	(52,277,745)	(17,788,278)	(303,515,501)	(373,581,524)
	₱118,912,861	₱52,892,814	₱523,292,023	₱695,097,698

**The net effect on allowance of transfers between Stage 1 to 3 are reflected in provision for (recovery of) credit losses*

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act (“Bayanihan 1 Act”) was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act (“Bayanihan 2 Act”), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2020, RBC, in addition to the reliefs provided under Bayanihan 1 Act and Bayanihan 2 Act, has offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the following:

- Restructuring of existing receivables including extension of payment terms
- Relief for principal and interest repayments

Based on the Group’s assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets. Total modification losses recognized in the statement of comprehensive income under miscellaneous expense amounted to ₱273.5 million (see Note 29). The effect of the modifications on the measurement of ECL is not significant to the Group.

12. Inventories

This account consists of inventories at cost held as follows:

	2021	2020
Subdivision land, condominium and residential units for sale	₱37,679,441,733	₱41,251,901,420
Raw materials	17,729,203,316	12,015,292,878
Spare parts, packaging materials and other supplies	13,977,307,633	12,519,994,035
Finished goods	10,696,679,943	8,389,220,485
Work-in-process	1,529,274,192	1,600,716,266
	₱81,611,906,817	₱75,777,125,084

Summary of the movements in real estate inventory follows:

	2021	2020
Balance at beginning of year	₱41,251,901,420	₱36,062,897,387
Construction and development costs incurred	9,314,493,631	9,171,932,407
Land acquisition	339,455,204	1,341,648,000
Costs of real estate sales (Note 30)	(13,344,164,863)	(6,161,235,541)
Transfers from investment properties, property and equipment and unrealized land cost (Notes 15 and 16)	117,756,341	836,659,167
Balance at end of year	₱37,679,441,733	₱41,251,901,420

Borrowing cost capitalized amounted to nil and ₱304.0 million in 2021 and 2020, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2021 and 2020 is nil and 4.54%, respectively. This amount was included in the construction and development costs incurred.

The amount of subdivision land, condominium and residential units for sale recognized as cost of real estate sales in the consolidated statements of comprehensive income amounted to ₱13.3 billion, ₱6.2 billion and ₱4.2 billion for the years ended December 31, 2021, 2020 and 2019, respectively.

No subdivision land, condominium and residential units for sale were pledged as security to liabilities as of December 31, 2021.

Under the terms of agreements covering liabilities under trust receipts amounting to ₱8.1 billion and ₱7.5 billion as of December 31, 2021 and 2020, respectively, certain inventories which approximate the trust receipts payable, have been released to the Group under trust receipt agreement with the banks (see Note 23). The Group is accountable to the banks for the value of the trustee inventories or their sales proceeds.

The Group recognized impairment losses on its inventories included under ‘Provision for (reversal of) impairment losses and others’ amounting to ₱109.2 million, nil and ₱2,678 in 2021, 2020 and 2019, respectively (see Note 34).

On October 20, 2015, the Chinese government awarded the Contract for Assignment of the Rights to the Use of State-Owned Land (the Contract) to the Group. In May 2016, the Masterplan had been completed and was submitted for approval to the Chinese government in the same month. The Chinese government approved the Masterplan in the first quarter of 2017 and construction activities have

commenced (recognized as land use right and development cost included in ‘Subdivision land, condominium and residential units for sale’).

Under the Contract, the Group is entitled to transfer, lease, mortgage all or part of the state-owned construction land use right to a third party. Upon receipt of the Certificate of State-owned Land Use Right Assignment, the land title will be subdivided into Individual Property Titles which will be issued to unit owners one year after completion of the development and turn-over of the units to the buyers. When all or part of the state-owned construction land use right is transferred, through sale of commercial units and high-rise condominium units to buyers, the rights and obligations specified in the Contract and in the land registration documents shall be transferred accordingly to the buyer. The use term will be the remaining years as of the date of transfer based on the original use term specified in the Contract.

When the use term under the Contract expires (residential: 70 years and commercial: 40 years) and the land user continues using the assigned land under the Contract, an application for renewal shall be submitted to the Chinese government not less than one (1) year prior to the expiration of the use term.

No subdivision land, condominium and residential units for sale were pledged as security to liabilities as of December 31, 2021 and 2020.

13. Other Current Assets

This account consists of:

	2021	2020
Input value-added tax (VAT)	¥10,249,021,023	¥11,432,179,257
Advances to suppliers	¥5,191,796,358	4,175,244,931
Prepaid expenses	¥3,169,873,355	3,275,215,633
Creditable withholding tax	¥3,070,804,237	2,693,702,525
Restricted cash	¥1,818,639,034	5,019,269,617
Advances to lot owners and joint operations	¥25,734,743	331,941,593
Utility deposits	—	8,719,131
Others	¥164,091,862	¥54,877,752
	¥23,689,960,612	¥26,991,150,439

Input VAT

Input tax pertains to VAT from purchases of goods and services, which will be claimed as credit against output tax liabilities in a manner prescribed by pertinent revenue regulations. The Group believes that the amount of input VAT is fully realizable in the future.

Restricted Cash

RLC has restricted cash that includes the deposits in local banks for the purchase of land and deposits of buyers of Chengdu Xin Yao which will mainly be used for construction of real estate inventories.

In 2020, CAI has restricted cash deposited with certain banks to secure standby letters of credit issued in favor of lessors.

Advances to Suppliers

Advances to suppliers include advance payments for the acquisition of raw materials, spare parts, packaging materials and other supplies. This also includes prepayments for the construction of residential projects.

Prepaid Expenses

This account consists of prepayments on rent, insurance, taxes, and office supplies.

Advances to Lot Owners and Joint Operations

Advances to lot owners consist of advance payments to land owners which will be applied against the acquisition cost of the real properties that will be acquired. The application is expected to be within twelve (12) months after the reporting date.

This also includes deposit to various joint operations partners representing share in an ongoing real estate development which will be liquidated at the end of the joint venture agreement. This deposit will be realized through RLC’s share in the completed units or share in the sales proceeds of the units, depending on the agreement with the other party.

14. Investments in Associates and Joint Ventures

Details of this account follow:

	2021	2020
Acquisition cost:		
Balance at beginning of year	¥107,272,930,100	¥119,256,844,701
Additional investments	¥655,599,541	412,556,393
Reclassification to Investment in Subsidiary due to gain of control	(¥275,293,071)	—
Disposal of investment	—	(577,306,470)
Reclassification/transfer	—	(11,819,164,524)
Balance at end of year	¥107,653,236,570	107,272,930,100
Accumulated equity in net earnings:		
Balance at beginning of year	¥33,854,782,744	32,981,671,569
Equity in net earnings from continuing operations	¥9,685,312,139	7,584,634,408
Dividends received	(¥4,985,370,666)	(7,227,674,931)
Elimination of unrealized gains on downstream sales	(¥404,888,166)	(198,216,371)
Reclassification to Investment in Subsidiary due to gain of control	(¥69,084,799)	—
Equity in net earnings from discontinued operations	—	31,586,911
Reclassification/transfer	—	660,071,604
Accumulated equity in net losses (earnings) of disposed investment	—	22,709,554
Balance at end of year	¥38,080,751,252	33,854,782,744
Share in unrealized gain (loss) on financial assets at FVOCI of associates:		
Balance at beginning of year	¥90,514,869	34,851,584
Share in net changes in fair value of financial assets at FVOCI of associates	¥34,483,923	55,663,285
Balance at end of year	¥124,998,792	90,514,869

(Forward)

	2021	2020
Share in remeasurements of the net defined benefit liability of associates:		
Balance at beginning of year	(₱1,610,065,526)	(₱584,449,410)
Share in net changes in remeasurements of the net defined benefit liability of associates	1,918,720,561	(1,083,403,985)
Reclassification/transfer	–	57,787,869
	308,655,035	(1,610,065,526)
Cumulative translation adjustment	200,844,018	22,123,682
	146,368,485,667	139,630,285,869
Less allowance for impairment losses	334,366,211	297,450,397
	₱146,034,119,456	₱139,332,835,472

The composition of the carrying value of the Group’s investments in associates and joint ventures and the related percentages of effective ownership interest are shown below:

	Effective Ownership		Carrying Value	
	2021	2020	2021	2020
(In Million Pesos)				
Associates				
Domestic:				
Manila Electric Company (Meralco)	29.56	29.56	₱83,185.1	₱78,681.0
Oriental Petroleum and Mining Corporation (OPMC)	19.40	19.40	776.6	748.7
G2M Solutions Philippines Pte. Ltd (G2M)	0.00	0.00	439.2	381.1
Luzon International Premiere Airport Development Corp. (LIPAD)	33.00	33.00	475.0	358.4
Cebu Light Industrial Park, Inc. (CLIPPI)	20.00	20.00	58.7	58.9
DHL Summit Solutions, Inc. (DSSI) formerly Summit Supply Chain Solutions, Inc.	50.00	50.00	30.3	1.2
Global Business Power Corporation (GBPC)*	—	30.00	—	—
GoTyme Bank Corporation	24.24	—	354.7	—
Foreign:				
Singapore Land Group Limited (formerly United Industrial Corp., Limited) (SLG)	37.05	37.05	58,034.9	56,026.9
Zyllem Pte. Ltd	13.33	13.33	46.0	54.9
Value Alliance Travel System Pte. Ltd. (formerly Air Block Box Asia Pacific Pte. Ltd.)	10.18	10.15	—	43.7
			143,400.5	136,354.8
Joint Ventures				
Domestic:				
RHK Land Corporation	36.71	36.58	1,342.9	1,341.6
Robinsons DoubleDragon Corporation	40.21	40.07	672.6	673.7
RLC DMCI Property Ventures, Inc	30.59	30.49	375.4	357.5
Philippine Academy for Aviation Training (PAAT)	33.93	33.82	187.5	218.8
1Aviation Groundhandling Services Corp.	27.15	27.05	—	—
Shang Robinsons Properties, Inc.	30.49	30.49	—	—
Vitasoy-URC, Inc (VURCI)	27.67	27.63	—	—
Danone Universal Robina Beverages, Inc. (DURBI)	27.67	27.63	—	—
Foreign:				
Proper Snack Foods Limited (PSFL)	27.68	27.68	—	341.1
Calbee – URC Malaysia Sdn. Bhd (CURM)	27.63	27.63	55.2	45.4
			2,633.6	2,978.1
			₱146,034.1	₱139,332.9

*Carrying value amounting to ₱11.1 billion as of December 31, 2020 has been reclassified to ‘Assets held for sale’

Material investees

Meralco

On June 14, 2017, the Parent Company acquired an additional 27,500,000 common shares of Meralco for a total cost of ₱6.9 billion. After this transaction, the total number of shares held by the Parent Company is 333,189,397 representing 29.56% of Meralco’s total outstanding common shares.

OPMC

The Group accounts for its investment in OPMC as an associate although the Group holds less than 20.00% of the issued share capital, as the Group has the ability to exercise significant influence over the investment, due to the Group’s voting power (both through its equity holding and its representation in key decision-making committees) and the nature of the commercial relationships with OPMC.

SLG

SLG, a company incorporated in Singapore, is engaged in residential property management. SLG follows the fair value model in measuring investment properties while the Group follows the cost model in measuring investment properties. The financial information of SLG below represents the adjusted amounts after reversal of the effect of revaluation and depreciation on the said assets.

GBPC

On December 23, 2020, the Parent Company entered into a share purchase agreement with Meralco PowerGen for the sale of 30% of the issued and outstanding shares of GBPC. The total consideration for the sale of the shares is around ₱11.4 billion which shall be paid in installments. The purchase price will be subject to adjustment based on the amount of dividends from GBPC that the Parent Company will be entitled to receive after the signing date. As of December 31, 2020, the carrying value is reclassified as ‘Assets held for sale’ in the consolidated statement of financial position.

The closing of the transaction was completed on March 31, 2021 with a consolidated net gain of ₱261.9 million. The Parent Company retained a beneficial interest over the carved-out land located in Iloilo, with an area of 286,771 sqm, on the sale of GBPC. As of December 31, 2021, the outstanding receivable related to the sale amounted ₱2.3 billion.

Fair value of investments in listed associates

As of December 31, 2021 and 2020, the Group’s investments in the following listed investee companies have fair values of:

Exchange Listed		2021	2020
Meralco	Philippine Stock Exchange	₱98,357,509,994	₱97,291,303,924
SLG	Singapore Exchange Limited	52,144,810,151	44,917,170,226
OPMC	Philippine Stock Exchange	426,890,219	474,708,952

As of December 31, 2021 and 2020, the breakdown of the total fair market value of the Group’s investment in OPMC follows:

	2021	2020
Class A Common Stock	₱99,115,847	₱117,136,910
Class B Common Stock	327,774,372	357,572,042
	₱426,890,219	₱474,708,952

The fair value is based on the quoted price prevailing as of the reporting date.

Summarized below is the financial information of the significant associates of the Group:

- Summarized statements of financial position of the Group's significant associates as of December 31, 2021 and 2020:

	2021				2020			
	Meralco	GBPC	SLG	OPMC	Meralco	GBPC	SLG	OPMC
Current assets	₱137,019,000,000	₱—	₱13,437,007,918	₱911,115,444	₱128,382,000,000	₱18,645,218,822	₱14,009,378,256	₱878,847,676
Noncurrent assets	346,463,000,000	—	333,353,169,780	3,867,790,558	261,885,000,000	51,115,729,579	310,965,619,141	3,686,205,785
Current liabilities	161,570,000,000	—	14,341,909,379	27,778,288	142,600,000,000	15,351,679,468	21,097,792,531	21,275,297
Noncurrent liabilities	216,469,000,000	—	20,952,007,383	105,519,920	166,935,000,000	23,449,784,029	13,381,857,374	42,282,042
Equity	₱105,443,000,000	₱—	₱311,496,260,936	₱4,645,607,794	₱80,732,000,000	₱30,959,484,904	₱290,495,347,492	₱4,501,496,122
Group's carrying amount of the investment	₱83,185,127,452	₱—	₱58,034,949,807	₱776,626,121	₱78,680,964,375	₱11,101,305,051	₱56,026,898,785	₱748,668,457

As of December 31, 2021 and 2020, the Group's share in Meralco's net assets amounted to ₱31.2 billion and ₱23.9 billion, respectively. As of December 31, 2021 and 2020, the excess of the carrying value over the Group's share in Meralco's net assets is attributable to the notional goodwill and the difference between the fair value and carrying value of Meralco's net assets at the date of acquisition.

As of December 31, 2020, the Group's share in GBPC's net assets amounted to ₱9.3 billion. The excess of the Group's share in the carrying value of GBPC's net assets over the carrying value of the investment is attributable to the notional goodwill and the difference between the fair value and carrying value of GBPC's net assets at the date of acquisition.

As of December 31, 2021 and 2020, the Group's share in SLG's net assets amounted to ₱115.4 billion and 107.6 billion, respectively. The excess of the Group's share in the carrying value of SLG's net assets over the carrying value of the investment is attributable to the difference between the fair value and carrying value of SLG's net assets at the date of acquisition.

As of December 31, 2021 and 2020, the Group's share in OPMC's net assets amounted to ₱901.2 million and ₱873.3 million, respectively. The excess of the Group's share in the carrying value of OPMC's net assets over the carrying value of the investment is attributable to the difference between the fair value and carrying value of OPMC's net assets at the date of acquisition.

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- Summarized statements of comprehensive income of the Group's significant associates for the period ended December 31, 2021, 2020 and 2019:

	2021				2020			
	Meralco	GBPC	SLG	OPMC	Meralco	GBPC	SLG	OPMC
Revenue	₱318,547,000,000	₱–	₱22,258,422,308	₱269,030,748	₱275,304,000,000	₱21,876,546,660	₱25,517,515,967	₱169,560,225
Expenses	289,208,000,000	–	16,788,448,048	184,386,035	254,313,000,000	15,538,527,602	16,677,920,134	134,808,203
Finance costs (income)	(3,656,000,000)	–	(3,149,324,199)	24,704,295	(1,424,000,000)	2,203,211,624	46,288,892	(79,762,983)
Profit before tax	32,995,000,000	–	8,619,298,459	59,940,418	22,415,000,000	4,134,807,434	8,793,306,941	114,515,005
Income tax expense	8,912,000,000	–	1,382,194,643	–	6,266,000,000	1,088,892,516	1,021,844,374	–
Profit for the year								
(continuing operations)	₱24,083,000,000	₱–	₱7,237,103,816	₱59,940,418	₱16,149,000,000	₱3,045,914,918	₱7,771,462,567	₱114,515,005
Other comprehensive income (loss) for the year	6,987,000,000	–	–	–	(4,299,000,000)	–	–	–
Total comprehensive income for the year								
(continuing operations)	₱31,070,000,000	₱–	₱7,237,103,816	₱59,940,418	₱11,850,000,000	₱3,045,914,918	₱7,771,462,567	₱114,515,005
Group's share of profit for the year	₱6,730,478,760	₱–	₱2,681,346,964	₱13,430,956	₱4,607,335,920	₱541,296,119	₱2,492,264,217	₱28,644,075

	2019			
	Meralco	GBPC	SLG	OPMC
Revenue	₱319,322,222,397	₱24,664,347,108	₱968,672,147	₱373,034,295
Expenses	289,069,727,910	17,390,229,780	467,453,130	299,805,689
Finance costs	(1,662,088,758)	2,264,670,273	2,930,980	–
Profit before tax	31,914,583,245	5,009,447,055	498,288,037	73,228,606
Income tax expense	8,543,046,152	1,102,612,239	41,642,037	–
Profit for the year (continuing operations)	₱23,371,537,093	₱3,906,834,816	₱456,646,000	₱73,228,606
Total comprehensive income for the year (continuing operations)	(2,995,676,854)	–	–	–
Total comprehensive income for the year (continuing operations)	₱20,375,860,239	₱3,906,834,816	₱456,646,000	₱73,228,606
Group's share of profit for the year	₱6,667,422,170	₱671,236,006	₱6,037,320,136	₱14,206,355