



MAKATI FINANCE
CORPORATION
MORE THAN JUST FINANCING

April 17, 2023

Corporate Governance and Finance Department
SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307

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

The Disclosure Department
THE PHILIPPINE STOCK EXCHANGE, INC.

3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Attention: **Ms. Alexandra D. Tom Wong**
OIC, Disclosure Department


Gentlemen:

We are sending herewith a copy of Makati Finance Corporation SEC Form 17-A for the year ended December 31, 2022.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

MAKATI FINANCE CORPORATION
Registrant

By:



MARCOS E. LAROSA
Chief Finance Officer / CIO/Compliance Officer

3/F Mazda Makati Building, 2301 Chino Roces Avenue, Makati City 1231 Philippines
Telephone Nos. (632) 7751-8132
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended : December 31, 2022
2. SEC Identification Number : 28788 3. BIR Tax Identification No. : 000-473-966
4. Exact name of issuer as specified in its charter : MAKATI FINANCE CORPORATION
5. Makati, Philippines (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. 3F Mazda Makati Bldg., 2301 Chino Roces Ave., Brgy.Magallanes 1231
Address of principal office Postal Code
8. (0632) 7751-8132 local 111
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	269,283,709

11. Are any or all of these securities listed on a Stock Exchange.

Yes [/] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange Common Stock

12. Check whether the issuer:

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

Yes [/] No []

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

Yes [/] No []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

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

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

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC form 17-A into which the documents is incorporated:

- (a) Any annual reports to security holders

NA

- (b) Any information statement filed pursuant to SRC Rule 20

NA

- (c) Any prospectus filed pursuant to SRC Rule 8.1

NA

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. Business

Makati Finance Corporation (“MFC” or the “Company”) is a company providing quality financial services and advisory to its clients. The Company has been in the financial services sector since 1966, navigated its way out of the Asian Financial Crisis in 1997-1999, and was listed in the PSE following a successful initial public offering (IPO) in 2003. Since listing, MFC has posted net profits and has consistently declared 30% of its net income as dividends every year which is the Company’s dividend policy established in 2003. However, in 2019, the Company, upon the approval of its stockholders has declared a Special Stock Dividends amounting 12.9549278928% of the outstanding capital stock equivalent to a maximum of 30,000,000 shares of stocks, and was released out of its un-issued capital stock to stockholders of record as of 22 August 2019 with a payment date not later than 18 September 2019.

The Company’s has expanded its product lines from its traditional Rx Cashline, MFC Factors (receivables financing) Business Loans; Motorcycle (MC) Financing to include new financial products lines recently introduced by the company namely: corporate salary loans; personal loans; micro business loans; pension loans; car loans and leisure bikes financing. These loans are offered domestically, hence there are no foreign sales. Also, no government approval is needed to offer these products. The management continues to implement measures to ensure costs and expenses are managed accordingly and impose higher standards of credit evaluation to ensure quality of accounts and maintain high collection efficiency of loan repayments. MFC has also been innovating in order to be able to adapt to positive changes in the current business environment that will impact its operations.

Corporate Mission Statement

The Company believes in reaching its goals by focusing on its mission as follows:

“...to become one of the leading financial institutions in the country. Its objective is to become the best rather than the biggest. The Company pursues this objective through the following:

- *Efficiency in all aspects of operations*
- *Client satisfaction at all levels of service*
- *In-depth market penetration*
- *Creativity in the provision of competent solutions*

In the long run, Makati Finance sees itself as being the finance company known for excellence in financial service in its niche market.”

MFC recognizes its role not only as a source of funding for consumers and businesses but as a partner to its clients in the improvement of their livelihood.

History and Background

On February 17, 1966 the Company was incorporated as Makati Investment & Finance Corporation (MIFC) under SEC registration number 28788. MFC's commercial operations started with engaging in stock dealership functions, credit line extensions, and acceptance of private placements.

The Philippine economy was in an upswing during the 1990s. Consequently, the Company focused on the growth and expansion of its operations and lending activities. Under the new management, the Company focused on the growth of its loan portfolio to take advantage of the improving Philippine economy. It was during this time when MFC introduced new products and services as well as established additional credit lines with major commercial banks.

In 2005, MFC ventured into motorcycle financing. Seeing that motorcycle financing is a growth area and a profitable market niche, MFC has put considerable effort in developing its MC Financing business line. As part of its efforts to grow this product, the Company has partnered with two motorcycle trading Companies in its Luzon operations; MFC secured a contract which gives the MFC rights of first refusal over the financing of motorcycle sales for the aforementioned locations which is still in effect up to the present.

In the past years, MFC continued to foster a good business relationship with its motorcycle dealer partners as the Company sees Motorcycle Financing to continue to be one of the main product lines of MFC, while it carried on its efforts to diversify product lines by growing the collateral based Business loans, Rx Cashline (Doctors loans), and introducing new product lines which aims to significantly improved its loan portfolio balance and further improve its operations and profitability. Among the new products that were introduced are Personal Loans in 2016, Car loans and Corporate salary loans in 2017, and in 2018, MFC had successfully launched as planned its Micro Business loans, Pension loans and Leisure bikes financing.

The on-going diversification and strategic positioning of existing partner dealers for the past three years expectedly reduced the share of Motorcycle Financing from 43% in 2018 to 33% in 2021, but still holds the biggest chunk of the total loan portfolio of MFC. Other existing products maintained its share as follows; Rx Cashline – 11%, MFC Factors – 6%, Business Loans – 32%, Car Loans & Leisure Bikes – 10% and Other products – 8%.

For the Year 2021, the Company released a total loans of P732 million, 23% lower or about P224 million versus P956 million in 2020, this is mainly due to the impact of COVID 19 pandemic as the Company became more stricter in credit evaluation especially on new accounts, while we continue to support in servicing our existing good customers. On the other hand, total collections amounted to P981 million, a decrease of 11% or about P118 million versus P1.1 billion in 2020. The net income of the Company amounted to P9.7 million, or about 8% lower versus P10.8 million in 2020, mainly due to the impact of CREATE law, correcting prior years deferred tax assets in the amount of Php 9.54 million. Without the income tax correction, the Company's Net income in 2021 should have been P19.24 million, 78% higher versus 2020.

Makati Finance Corporation (MFC) has achieved impressive financial results in 2022. The Company reported an increase in Net Income of 84% compared to the previous year, which is a clear indicator of its strong financial performance. MFC's 41% increase in other income was a significant contributor to the overall increase in net income. This increase in other income was mainly due to the valuation of its ROPOA (Real and Other Properties Owned and Acquired) in its latest appraisal report.

The Loans Portfolio decreased by 6% from Php 871m in 2021 to Php 815m in 2022, this was mainly due to the Company's cautious approach in evaluating creditworthiness of new loan applicants. MFC

mainly focused on servicing its existing and long-time clients, which ensured the quality of its loan portfolio and minimized the risk of default.

MFC's cautious approach to credit evaluation, coupled with its focus on servicing existing clients, has proven to be a sound strategy that has paid off. The Company's impressive financial results are a testament to its commitment to responsible lending and prudent management of its assets.

Operating Departments and Units

The Company has an Operations Group which comprises of several operating units that complements to each other's operating functions. The following is a brief description of each:

Sales Group

This team is composed of various teams who were tasked in sourcing loan applications for various loan products of MFC, such as the Rx Cashline (Doctor's loans); Business Loans; Receivable Factoring; Motorcycle financing; Pension loans; Corporate salary loans; Personal loans; Micro business loans; pension loan; Car loans & Leisure Bike financing. Thoroughly evaluates each loan application and recommend/endorse the loan application to the Credit Committee for review and approval. Each team who handles each product is expected to produce quality accounts with the aim of achieving the pre-set targets and objectives for the year.

Marketing Team

This Team is tasked to uplift or build up the company's image and provide support to the Sales Group by providing marketing materials and paraphernalia, implement marketing plans and strategies, provide promotional support for the various sales activities for each loan product. The effort of the Marketing team is expected to help the Sales Group realize its goals and objective for the year 2021 and the coming years.

Credit & Verification Team

The team is tasked to conduct online credit verification through NFIS/Loandex and CMAP facilities and other applicable credit agencies. A thorough credit and background verification is likewise being conducted through phone validation of all information contained in the loan applications submitted by clients. Further, to ensure veracity of the credit findings, actual field validation/personal visit, residence and neighborhood checking are being conducted by the team's field personnel to guarantee all data and information gathered are double checked and are valid, satisfactorily within the acceptable credit standard of the company..

Complete and adequate evaluation and stringent screening process for all loan applications to ensure quality account and repayment is the main objective of this team.

Loan Collections Team

Monitoring the repayment of loan accounts is the responsibility of the Sales team for each of the loan products and collection sales representative (CSR) in the case of Motorcycle Financing. The subsidiary ledger of their respective approved clients contains the schedule of the loan amortization payments which are readily available given their authorized access to the Loans Management System (LMS) of the Company. Hence, the account officer (AO) for each loan products is well advised of the status of each account. AOs are expected to always be updated on client's repayments. Most clients repayment are covered by postdated checks, an authority to debit bank account or by way of assigned payroll ATM.

Clients, whose checks have bounced and or has missed their respective due dates are immediately advised by the AOs in charge to settle the payment as soon as possible with consequent late payment

charges and handling fees. With this, it is important to take note that MFC normally evaluates the circumstances of bounced checks on a case-to-case basis to maintain profitable relations with their clients as much as possible. The CSRs, on the other hand, most often directly and personally collects the loan amortizations of Motorcycle Financing customers. Some customers prefer to pay directly to the branch office.

Remedial Team

Customers that do not remit payment on the due date are classified as past due accounts while those that are more than 90 days past due are reclassified as delinquent accounts and are referred to the remedial team for follow up collection. Past due client who responded positively to the collection effort by the Remedial team are offered repayment schemes that will allow them to re-structure their accounts. For those who continuously refused to heed the collection demand of the Remedial team are endorsed to our accredited collection agencies. The last recourse, if all remedial measure fails is the endorsement of the account for Legal action or foreclosure of collateral as these accounts are already classified as delinquent. Motorcycle units are repossessed by MFC from loan accounts which are over 90 days past due. Clients may redeem upon payment of amortization in arrears.

Despite instituting a firm and stringent credit and collection policy, the Company maintains its goal of providing quality service to its clients.

Employees

As of December 31, 2022, the Company accounted for a total of 156 employees, distributed as follows:

<u>Rank</u>	<u>2022 No. of Employees</u>	<u>Projected 2023 No. of Employees</u>
Officers	3	3
Managerial/Supervisory	25	26
Rank and File	128	143
Total	156	172

<u>Employment Status</u>	<u>No. of Employees</u>
Regular	144
Probationary	12
Total	156

The employees of the Company are not subject to any collective bargaining agreement (CBA).

ITEM 2. Properties

As part of its normal operations, the Company acquires or forecloses several properties that are mortgaged to secure customers' loans. There are no other mortgages or liens on these properties except those under the name of the Company. These properties have subsequently been transferred to the Company. The Company tries to eventually dispose or sell these properties. The list of these properties is found in the following table:

List of Foreclosed Properties as of December 31, 2022		
Location	Size(s.qm)	Description
(Farm Land) Santan St., Cityland Cityview II Farm Lot Subdivision, Barangay De Ocampo, Trece Martires City, Cavite (ROPA1)	1,410	Transferred
(House and Lot) Blk 23, Lot 1, Montevista Hts., Subd.,Brgy. Dolores, Taytay, Rizal (ROPA3)	181	Transferred
(House and Lot) Blk 23, Lot 2, Montevista Hts., Subd.,Brgy. Dolores, Taytay, Rizal (ROPA4)	198	Transferred
(House and Lot-2storey)Lot 1-B, Blk 17, No. 26 Sardinia St., San Francisco Village, Barangay Muzon, Taytay, Rizal (ROPA5)	157	Transferred
(House and Lot) Lot 9, Blk 1, Victoria Ave. Brookside Hills Subd., San Isidro, Cainta, Rizal	279	Transferred
(Lot) Lot 15-F, Iruhin Central R1, Tagaytay City (ROPA7)	2,231	Transferred
(Lot) Bo. of Labit West, Urdaneta, Pangasinan (ROPA 8)	6,374	Transferred
Residential House, Guiguinto, Bulacan (ROPA 9)	210	Transferred
TOTAL	11,040	

ITEM 3. Legal Proceedings

There are no legal proceedings against the Company, except collection and/or foreclosure cases in the normal course of its operations.

ITEM 4. Submission of Matters to a Vote of Security Holders

No matter that require voting decisions were submitted to the Security Holders in the fourth quarter of the year 2022.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. Market for Issuer's Common Equity and Related Stockholder Matters

Share Capital

The Company has an authorized capital of ₱300,000,000, divided into 300,000,000 Common Shares, with a par value of ₱1.00 per share, out of which ₱267,828,098, divided into 267,828,098 shares are issued and outstanding as at December 31, 2021.

Subject to the authorization of the SEC, the Company may increase or decrease its authorized capital with the approval of a majority of the Board of Directors (BOD) and Stockholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of the Company.

Amendments to Authorized Capital Stock and Par Value

In year 2000, the BOD and stockholders approved, as part of the quasi-reorganization, the decrease in the Company's authorized capital stock of ₱100,000,000, with a subscribed and paid-up capital of ₱45,149,780 to ₱9,949,040 with a subscribed and paid-up capital of ₱2,487,260. There was no return of capital, thus, the surplus arising from the reduction in the capital amounting to ₱42,662,520 was credited to additional paid-in capital.

On the same date, the BOD and stockholders approved the increase in the Company's authorized capital stock from ₱9,949,040 to ₱127,000,000, divided into 12,700,000 common shares with a par value of ₱10 per share.

On January 23, 2001, the Company issued additional 3,198,535 shares to the shareholders against their deposits for future subscriptions amounting to ₱87,078,288, resulting to an additional paid-in capital of ₱55,092,938.

On the same date, the Securities and Exchange Commission (SEC) approved the quasi-reorganization as described above.

Accordingly, upon such approval, the additional paid-in capital amounting to ₱97,781,211 as of that date was applied against the Company's deficit as of July 31, 2000 amounting to ₱97,781,211.

On December 11, 2001, the BOD and stockholders approved the reduction in the Company's authorized capital stock from ₱127,000,000 to ₱100,000,000 and from par value of ₱10 per share to ₱1 per share. On March 11, 2002, the BOD and stockholders amended the proposed reduction in the Company's authorized capital stock from ₱127,000,000 to ₱90,000,000 and from par value of ₱10 per share to ₱1 per share. The reduction in authorized capital stock was approved by the SEC on May 9, 2002. The reduction in par value resulted in the issuance of 31,025,349 additional shares to existing shareholders.

Also on March 11, 2002, the BOD and stockholders approved the offer of up to 19,560,000 shares from the Company's unissued common stock through initial common public offering (IPO). The application for the IPO of the Company was approved by the SEC and the Philippine Stock Exchange (PSE), on December 9, 2002 and November 28, 2002, respectively. The Company was listed in the PSE under the Small & Medium Enterprise Board on January 6, 2003 with an offer price of P1.38 per share. Underwriter was Abacus Capital & Investment Corporation.

On November 6, 2007, the Board of Directors and stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Company approved the increase in the Company's authorized capital stock from ₱90,000,000 divided into 90,000,000 shares, with a par value of ₱1.00 per share, to ₱300,000,000, divided into 300,000,000 shares, with a par value of ₱1.00 per share.

Stock Dividends

On July 25, 2019, the BOD and stockholders approved the declaration of 13.55% stock dividends in the amount of ₱31,376,132 to stockholders of record as of August 22, 2019 with distribution date not later than September 18, 2019. On the same date, the BOD also approved the declaration of cash dividends amounting to ₱31,376,174. Fractional shares related to this declaration were settled in cash amounting to ₱42.40.

On July 30, 2020, the BOD and stockholders approved the declaration of 1.23% stock dividends in the amount of ₱3,255,804 to stockholders of record as of August 27, 2020 with distribution date not later than September 22, 2020. On the same date, the BOD also approved the declaration of cash dividends amounting to ₱3,255,891. Fractional shares related to this declaration were settled in cash amounting to ₱43.35.

On July 29, 2021, the BOD and stockholders approved the declaration of 0.61% stock dividends in the amount of ₱1,624,051 to stockholders of record as of August 26, 2021 with distribution date not later than September 21, 2021. On the same date, the BOD also approved the declaration of cash dividends amounting to ₱1,624,095. Fractional shares related to this declaration were settled in cash amounting to ₱44.45.

On July 28, 2022, the BOD and stockholders approved the declaration of 0.54% stock dividends in the amount of ₱1,455,611 to stockholders of record as of August 26, 2022 with distribution date not later than September 21, 2022. On the same date, the BOD also approved the declaration of cash dividends amounting to ₱1,455,710. Fractional shares related to this declaration were settled in cash amounting to ₱49.90.

The movements in the number of shares and capital stock amount for the years ended December 31, 2022, 2021 and 2020 as follow:

	2022		2021		2020	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Balance at beginning of year	267,828,098	₱267,828,098	266,204,047	₱266,204,047	262,948,243	₱262,948,243
Stock dividends	1,455,611	1,455,611	1,624,051	1,624,051	3,255,804	3,255,804
Balance at end of year	269,283,709	₱269,283,709	267,828,098	₱267,828,098	266,204,047	₱266,204,047

MARKET SHARE INFORMATION

The Company was listed in the Philippine Stock Exchange on January 6, 2003.

On January 6, 2003 with authorized capital stock of ₱90 million, a total of 19.56 million shares of stock were offered to the general public in the company's IPO. On November 6, 2007, the BOD and Stockholders approved the increase in the Company's authorized capital stock to ₱300 million.

On March 27, 2008, the Securities and Exchange Commission approved the Company's application for a follow-on offering to the general public of 75,500,000 new common shares and 7,598,892 secondary shares. But the sharp fall in stock prices locally and globally prompted the Board and Management to forego the planned additional public offering.

According to the Philippine Stock Exchange Website, latest available price information on MFC's stock price is ₱2.50 per share as of December 31, 2021. The Company has not gone into a business combination nor any reorganization for the year 2021.

Share Prices:

The latest available price information on Makati Finance's stock price is ₱2.10 per share as of April 14, 2023.

Philippine Stock Exchange Market prices for the last two years were as follows:

Quarter Ending	Market Prices	
	High	Low
March 2023	2.10	2.10
December 2022	2.35	2.35
September 2022	3.15	3.15
June 2022	2.15	2.15
March 2022	2.20	2.20
December 2021	2.50	2.50
September 2021	2.40	2.40
June 2021	2.72	2.72
March 2021	2.53	2.53
December 2020	2.70	2.70
September 2020	2.09	2.09
June 2020	1.90	1.90

HOLDERS OF COMMON STOCK as of April 14, 2023
TOP 20 Stockholders

There are a total of 111 stockholders as of April 14, 2023

Name	Nat	Class	No. of Shares	Percentage
*AMALGAMATED INVESTMENT BANCORPORATION	FIL	A	76,529,806	28.42%
MOTOR ACE PHILIPPINES, INC.	FIL	A	68,120,624	25.30%
PCD NOMINEE CORPORATION (FILIPINO)	FIL	A	59,705,368	22.17%
BORROMEO BROS. ESTATE INC.	FIL	A	10,016,387	3.72%
MF PIKEVILLE HOLDINGS, INC.	FIL	A	9,522,387	3.54%
GRACEFIELD CAPITAL HOLDINGS INC.	FIL	A	8,910,117	3.31%
ERIC B. BENITEZ	FIL	A	7,509,958	2.79%
MELLISSA B. LIMCAOCO	FIL	A	6,740,206	2.50%
GLENN B. BENITEZ	FIL	A	6,417,388	2.38%
RENE B. BENITEZ	FIL	A	6,160,981	2.29%
JOEL FERRER	FIL	A	2,712,670	1.01%
MICHAEL WEE	FOR	A	1,025,376	0.38%
MARY GRACE V. REYES	FIL	A	799,595	0.30%
SALUD BORROMEO FOUNDATION	FIL	A	544,422	0.20%
TERESITA B. BENITEZ	FIL	A	523,736	0.19%
MERG REALTY DEVELOPMENT	FIL	A	465,300	0.17%
LIMCAOCO, MELISSA B. ITF DANIELLE B. LIMCAOCO	FIL	A	320,832	0.12%
LIMCAOCO, MELISSA B. ITF MICHAELA. LIMCAOCO	FIL	A	320,832	0.12%
GLENN BENITEZ ITF ALESSANDRA C. BENITEZ	FIL	A	320,832	0.12%
GLENN BENITEZ ITF ALFONSO C. BENITEZ	FIL	A	320,832	0.12%
SUB-TOTAL			266,987,649	99.15%
OTHER STOCKHOLDERS (91)			2,296,060	0.85%
GRAND TOTAL (111 stockholders)			269,283,709	100.00%

*Note: * Exclusive of uncertificated shares that were lodged to PCD Nominee.*

Currently the Company is compliant in the PSE continuing listing requirement rule on minimum public ownership. The rule requires a 10% minimum public float. MFC has 17.72% public float.

DIVIDENDS

As approved by the BOD and upon concurrence by the stockholders of the Company, an annual dividend declaration policy was set up, amount of which will be equivalent to 30% of the Company's net earnings for the year.

For the year 2019, the Board of Directors and Stockholders approved the declaration of cash dividends amounting to ₱1,376,174. Fractional shares were paid in cash.

For the year 2020, the Board of Directors and Stockholders approved the declaration of cash dividends amounting to ₱3,255,847. Fractional shares were paid in cash.

For the year 2021, the Board of Directors and Stockholders approved the declaration of cash dividends amounting to ₱1,624,095. Fractional shares were paid in cash.

For the year 2022, the Board of Directors and Stockholders approved the declaration of cash dividends amounting to ₱1,455,710. Fractional shares were paid in cash.

NAMES OF THE UNDERWRITERS OR IDENTITY OF PERSONS TO WHOM THE SECURITIES WERE SOLD

There were no underwriters or persons to whom the stock dividends were sold.

EXEMPTION FROM REGISTRATION CLAIMED

Pursuant to SRC Rule No. 10 Section D, the declaration of stock dividends is an exempt transaction. The approval of the Commission for the stock dividend declaration was not sought by the Company.

ITEM 6. Management's Discussion and Analysis or Plan of Operation.

Plans and Prospects for 2023

Makati Finance Corporation (MFC) has had a remarkable year in 2022, despite a decrease in Loans Portfolio. The Company's increase in Net Income by 84% compared to the previous year, mainly due to a 41% increase in other income, highlights the strength of its business model and prudent management practices.

As MFC looks towards 2023, the Company's focus will remain on responsible lending, with a continued emphasis on implementing stricter credit criteria for new loan applicants. At the same time, the Company will continue to service its existing and long-time clients, which will help maintain the quality of its loan portfolio and minimize the risk of default.

MFC is also set to increase its presence in the SME market by tapping into social media platforms, joining exhibits, and increasing the number of agents. By offering competitive commission programs, MFC aims to attract more agents and expand its reach in the SME market, which is a crucial segment of the Philippine economy.

Furthermore, MFC will continue to enhance its operational efficiency by investing in new technology and improving its processes, which will ultimately lead to a better customer experience and a more streamlined loan application process.

MFC's prospects for 2023 look promising, with a clear strategy in place to maintain its strong financial performance while expanding its reach in the SME market. The Company's prudent management practices and commitment to responsible lending have proven to be a sound business model, and MFC is well-positioned to continue delivering value to its shareholders and customers in the years to come.

Discussion of Past Financial Performance

As of December 31, 2022

Results of Operation

As of December 31, 2022, Makati Finance Corporation (MFC) has achieved impressive financial results, with an 84% increase in net income compared to the previous year. This increase was mainly due to the valuation of its Real and Other Properties Owned and Acquired, which contributed to a 41% increase in other income.

Total comprehensive income for 2022 was P22.06 million, a 33% increase compared to P12.85 million in 2021.

Total Operating Expenses remained almost the same at P141.9 million in 2022, versus P141.3 million in 2021.

MFC's Interest Income in 2022 amounted to P158.98 million, with breakdowns of P22.9 million from Rx Cashline, P57.4 million from MFC Factors and Business Loans, and P65.4 million from Motor Vehicle (MC/Car/Leisure Bikes) Financing.

Earnings per Share increased to P0.07 from P0.04 in 2021.

Financial Condition and Capital Resources

The Company's total assets as of December 31, 2022, were P1,114.14 million, and total liabilities declined by 18% or P118.76 million, from P669.81 million in 2021 to P551.05 million in 2022. This decline was mainly due to net loan payments from excess cash of the Company.

Interest Income

The interest income this year ended at ₱158.98.72 million in 2022 from ₱174.72 million in 2021, 9% lower vs last year, mainly due to lower loan releases during the PANDEMIC.

Net Interest Income

Net interest income amounted to ₱125.85 million in 2022, lower versus ₱138.83 million in 2021. This is mainly due to lower loan releases during the pandemic.

Other Income

Other income (including gain on sale of repossessed assets) increased by ₱11.5 million, from ₱27.94 million in 2021 to ₱39.44 million in 2022, mainly due to the valuation of its Real and Other Properties Owned and Acquired in its latest appraisal report.

Income Before Income Tax

As of December 31, 2022, the company's Income before tax amounted to ₱23.4 million, a bit lower versus ₱25 million in 2021.

Funds Generation

We currently have a ₱350 million facility with Amalgamated Investment Bancorporation (AIB) and ₱350 million term loan financing with various financial institutions. The Company is in discussion with other financial institutions to secure credit loan facilities to finance MFC's growth potential in 2022.

Currently fund requirements are being met by loans, collections, acceptance of private placements under the 19 lenders rule.

As of December 31, 2021

Results of Operation

The Company released a total loans of Php 732 million in 2021, 23% lower or about P224 million versus P956 million in 2020, this is mainly due to the impact of COVID 19 pandemic as the Company became more stricter in credit evaluation especially on new accounts, while we continue to support in servicing our existing good customers. On the other hand, total collections in 2021 amounted to P981 million, a decrease of 11% or about P118 million versus Php 1.1 billion in 2020. The Company's income before tax amounted to Php 25 million, or about 42% higher versus Php 17.5 million in 2020, driven by increase in miscellaneous income. However, the net income of the Company amounted to Php 9.7 million only, or about 8% lower versus Php 10.8 million in 2020, mainly due to the impact of CREATE law, correcting prior years deferred tax assets in the amount of Php 9.54 million. Without the income tax correction, the Company's Net income for FY2021 should have been Php 19.24 million, or about 78% higher versus FY2020.

The total comprehensive income in 2021 ended at ₱12.85 million, higher by 33% versus ₱9.63 million in 2020.

Net Operating Expenses in 2021 ended at ₱136.69 million, higher versus ₱124.16 million in 2020. Interest income in 2021 amounted to ₱174.7 million; major breakdown of which is ₱22 million from Rx Cashline, ₱67.89 million from MFC Factors and Business Loans and ₱77.1 million from Motor Vehicle (MC/Car/Leisure Bikes) Financing.

As of December 31, 2021, Earnings per Share ended at ₱0.04 from ₱0.04 in 2020.

Financial Condition and Capital Resources

Total assets as of December 31, 2021 ended at ₱1,212.3 million, almost 8% lower versus ₱1,314.3 million in 2020. On the other hand, total liabilities also declined by ₱113.26 million, from ₱783.07 million in 2020 to ₱669.81 million in 2021 mainly due to net loan payments amounting to ₱121.69 million during the year.

Interest Income

The interest income this year ended at ₱174.72 million in 2021 from ₱164.1 million in 2020, 6% higher vs last year, mainly due to better collections on financial products that yields higher effective interest rates.

Net Interest Income

Net interest income amounted to ₱138.83 million in 2021, higher versus ₱121.53 million in 2020. This is mainly due to better collections on financial products that yields higher effective interest rates.

Other Income

Other income (including gain on sale of repossessed assets) increased by ₱2.64 million, from ₱20.91 million in 2020 to ₱22.85 million in 2021, mainly due to better collections on financial products that yields higher effective interest rates and collected late payment charges.

Income Before Income Tax

As of December 31, 2021, the company's Income before tax amounted to ₱25.00 million, higher versus ₱17.57 million in 2020, mainly due to better collections on financial products that yields higher effective interest rates.

Funds Generation

We currently have a ₱50 million facility with Amalgamated Investment Bancorporation (AIB) and ₱350 million term loan financing with various financial institutions. The Company is in discussion with other financial institutions to secure credit loan facilities to finance MFC's growth potential in 2022.

Currently fund requirements are being met by loans, collections, acceptance of private placements under the 19 lenders rule.

As of December 31, 2020

Results of Operation

The Company released a total loans of ₱956 million in 2020, 9% lower or about ₱100 million versus ₱1.05 billion in 2019. On the other hand, total collections amounted to ₱ 1.1 billion, an increase of 15% or about ₱142 million versus ₱962 million in 2019, which resulted to a net

income of ₱10.8 million, or about 50% lower versus ₱21.7 million in 2019, mainly due to the impact of COVID 19 pandemic

Total operating income (including gain on sale of repossessed assets and net of interest expense) ended at ₱141.74 million in 2020, 19% lower versus ₱175.7 million in 2019. The decline was mainly due to the impact of COVID 19 pandemic in which lockdowns were implemented by Government to minimize the spread of the virus in 2020, as well as the implementation of Bayanihan 1 and 2 which affect collections from consumer loans which yields higher effective interest rates. As a result, generated interest income amounted only to ₱164.1 million in 2020 from ₱173.3 million in 2019.

Net Operating Expenses in 2020 ended at ₱120.9 million, lower versus ₱133.3 million in 2019 as a result of the cost saving measures implemented by the Company.

Interest income in 2020 amounted to ₱164.1 million; major breakdown of which is ₱25.5 million from Rx Cashline, ₱55.4 million from MFC Factors and Business Loans and ₱75.5 million from Motor Vehicle (MC/Car/Leisure Bikes) Financing.

As of December 31, 2020, Earnings per Share ended at ₱0.04 from ₱0.09 in 2019.

Financial Condition and Capital Resources

Total assets as of December 31, 2020 ended at ₱1,314.4 million, almost same level versus ₱1,333.56 million in 2019. On the other hand, total liabilities also declined by ₱25.6 million, from ₱808.67 million in 2019 to ₱783.07 million in 2020 mainly due to net loan payments amounting to ₱22.92 million during the year.

Interest Income

The interest income this year ended at ₱164.1 million in 2020 from ₱173.3 million in 2019. This is mainly due to the impact of COVID 19 pandemic during the year, in which several lockdowns were implemented by Government to minimize the spread of the virus in 2020, as well as the implementation of Bayanihan 1 and 2 which affect collections from consumer loans which yields higher effective interest rates.

Net Interest Income

Net interest income amounted to ₱121.53 million in 2020, lower versus ₱147.36 million in 2019. This is mainly due to the impact of COVID 19 pandemic during the year.

Other Income

Other income (including gain on sale of repossessed assets) dropped by ₱5.13 million, from ₱28.34 million in 2019 to ₱23.21 million in 2020, mainly due to the impact of COVID 19 pandemic during the year.

Income Before Income Tax

As of December 31, 2020, the company's Income before tax amounted to ₱17.57 million, lower versus ₱34.41 million in 2019, mainly due to the impact of COVID 19 pandemic during the year.

Funds Generation

We currently have a ₱339 million facility with Amalgamated Investment Bancorporation (AIB) and ₱347 million term loan financing with various financial institutions. The Company is in discussion with other financial institutions to secure credit loan facilities to finance MFC's growth potential in 2021.

Currently fund requirements are being met by loans, collections, acceptance of private placements under the 19 lenders rule.

As of December 31, 2019

Results of Operation

The Company released a total loans of ₱1.05 billion in 2019, 40% higher or about ₱296 million versus ₱758 million in 2018. On the other hand, total collections amounted to P962 million, an increase of 36% or about P253 million versus P709 million in 2018, which resulted to a net income of P21.7 million, or about 137% higher versus P9.2 million in 2018 as reflected in its audited financial statements.

Total operating income (including gain on sale of repossessed assets and net of interest expense) ended at ₱175.7 million in 2019 from ₱135.3 million in 2018. The growth was mainly due to increased in collections which generated an interest income of ₱173.3 million in 2019 from ₱133.9 million in 2018. Total expenses in 2019 ended at ₱141.3 million, higher versus ₱117.4 million in 2018, mainly due to additional provisions for expected credit losses which includes the Company's preliminary assessment on the impact of novel strain of coronavirus (COVID-19).

Interest income in 2019 amounted to ₱173.3 million; major breakdown of which is ₱29.54 million from Rx Cashline, ₱57.29 million from MFC Factors and Business Loans and ₱78.06 million from Motor Vehicle (MC/Car) Financing.

As of December 31, 2019, Earnings Per Share ended at ₱0.09 from ₱0.04 in 2018.

Financial Condition and Capital Resources

Total assets as of December 31, 2019 ended at ₱1,333.56 million, higher versus ₱1,018.44 million in 2018 mainly due to increase in loans receivables by ₱281.6 million from ₱738.59 million in 2018 to ₱1,020.2 million in 2019. On the other hand, total liabilities also grew by ₱299.52 million, from ₱509.15 million in 2018 to ₱808.67 million in 2019 mainly due to net loan availments amounting to ₱244.57 million during the year.

Interest Income

The interest income this year ended at ₱173.3 million in 2019 from ₱133.9 million in 2018. This is mainly due to increase in loan releases and collections in 2019.

Net Interest Income

Net interest income amounted to ₱147.36 million in 2019, higher versus ₱112.44 million in 2018. This is mainly due to increase in loan releases and collections in 2019.

Other Income

Other income increased by ₱5.48 million, from ₱22.86 million in 2018 to ₱28.34 million in 2019, mainly due to gain on sale of repossessed assets amounting to ₱8.04 million in 2019.

Income Before Income Tax

As of December 31, 2019, the company's Income before share in net income of an associate and gain on sale of investment in an associate amounted to ₱34.41 million, higher versus ₱18.65 million in 2018, mainly due to increase in operating income from ₱135.3 million in 2018 to ₱175.7 million in 2019.

Funds Generation

We currently have a ₱385 million facility with Amalgamated Investment Bancorporation (AIB) and ₱324 million term loan financing with various financial institutions. The Company is in discussion with other financial institutions to secure credit loan facilities to finance MFC's growth potential in 2020.

Currently fund requirements are being met by loans, collections, acceptance of private placements under the 19 lenders rule.

As of December 31, 2018

Results of Operation

Net Income after Tax for the year ending December 31, 2018, as reflected in the audited financial statements ended at ₱9.2 million, though lower versus P54.4million a year ago mainly due to a onetime gain on sale of investment in an associate amounting to Php 102 million in 2017. However, the Company's Income after taking out the gain on sale of investment significantly improved from a loss of Php 50.65 million in 2017 to an income of Php 9.2 million in 2018, mainly driven by reduction in the Company's operating expenses from P223.25 million in 2017 to just Php 117.4 million in 2018.

Total operating income ended at ₱135.3 million in 2018 from ₱154.7 million in 2017. The decline was mainly due to lower generated interest income. Total expenses in 2018 ended at ₱117.4 million, lower versus ₱223.25 million in 2018, mainly due to decrease in loss on sale of repossessed motorcycle inventories by ₱21.17 million, decrease in provision for credit losses by ₱38.99 million due to efficient collection efforts of receivables in 2018, decrease in provision for impairment loss in inventory by ₱26.23 million.

Interest income in 2018 amounted to ₱133.93 million; major breakdown of which is ₱23.65 million from Rx, P43.29 million from MFC Factors and Business Loans and ₱61.64 million from MC Financing.

As of December 31, 2018, Earnings Per Share ended at ₱0.04 from ₱0.24 in 2017.

Financial Condition and Capital Resources

Total assets as of December 31, 2018 ended at ₱1,019.47 million, higher versus ₱970.79 million in 2017 mainly due to increase in loans receivables by ₱121.6 million. On the other hand, total liabilities also grew by ₱46.18 million, from ₱464 million in 2017 to ₱510 million in 2018 mainly due to net loan availments amounting to ₱37.4 million during the year.

Interest Income

The interest income this year ended at ₱133.93 million in 2018 from ₱157.66 million in 2017. This is mainly due to lower loans receivable at the beginning of 2018.

Net Interest Income

Net interest income amounted to ₱112.44 million in 2018 versus ₱124.75 million in 2017. This is mainly due to lower loans receivable at the beginning of 2018.

Other Income

Other income decreased by ₱7.09 million, from ₱29.95 million in 2017 to ₱22.86 million in 2018, mainly due to lower gain on foreclosure of assets from ₱10.53 million in 2017 to ₱4.32 million 2018.

Income Before Income Tax

As of December 31, 2018, the company's Income before share in net income of an associate and gain on sale of investment in an associate amounted to ₱18.65 million, higher versus a loss of ₱68.55 million in 2017, mainly due to reduction in operating expenses from P223.25 million in 2017 to just Php 117.4 million in 2018.

KEY PERFORMANCE INDICATORS:

Following are the top five (5) key performance indicators of the Company.

	2022	2021
SOLVENCY AND LIQUIDITY RATIOS		
Current ratio	126.69%	129.75%
Debt to equity ratio	49.46%	55.25%
Quick ratio	104.49%	109.61%
PROFITABILITY RATIOS		
Return on assets	1.60%	0.80%
Return on equity	3.17%	1.79%
Net profit margin	10.80%	5.82%
ASSET TO EQUITY RATIO	197.86%	223.47%
INTEREST RATE COVERAGE RATIO	2.12	1.70
OTHER RELEVANT RATIOS		
Ratio or percentage of total real estate investments to total assets	8.15%	5.21%
Total receivables to total assets	73.18%	71.19%
Total DOSRI receivables to net worth	2.31%	2.67%
Amount of receivables from a single corporation to total receivables:		
Amalgamated Investment Bancorporation	0.01%	0.01%
Motor Ace Philippines, Inc. (MAPI)	0.40%	0.47%
Honda Motor World, Inc. (HMWI)	0.18%	0.04%
HMW Lending Investors, Inc.	0.72%	0.91%

Computation for the Ratios:

- Current Ratio = Current Assets/Current Liabilities
- Debt to Equity Ratio = Total Liabilities/Total Equity
- Quick Ratio = Quick Assets/Current Liabilities
- Return on Assets = Net Income After Tax/Total Assets
- Return on Equity = Net Income After Tax/Total Equity
- Net Profit Margin = Net Income After Tax/Total Income
- Asset to Equity Ratio = Total Assets/Total Equity

TRENDS, EVENTS OR UNCERTAINTIES WITH MATERIAL IMPACT ON LIQUIDITY

There are no known trends, events or uncertainties that will have a material impact on the Company's liquidity.

EVENTS THAT WILL TRIGGER DIRECT OR CONTINGENT FINANCIAL OBLIGATION

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

MATERIAL OFF-BALANCE SHEET TRANSACTIONS, ARRANGEMENT OR OBLIGATION

There are no material off-balance sheet transactions, arrangement or obligation.

CAPITAL EXPENDITURES

The Company had started to implement in April 2009 the geographical expansion for the MC Financing line. This resulted to investment in buying new office equipments, furniture and vehicles as service unit for the CSR.

TRENDS, EVENTS OR UNCERTAINTIES WITH MATERIAL IMPACT ON SALES

There are no known trends, events or uncertainties with material impact on sales.

SEASONAL ASPECTS

There was no seasonal aspect that had material effect on the Company's financial condition or results of operation

Item 7. Financial Statements

The audited financial statements are herewith attached as "ANNEX A".

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There are none.

INDEPENDENT PUBLIC ACCOUNTANTS

The auditing firm of Isla Lipana & Co. is the incumbent external auditor of the Company for the calendar year 2022. The Company has complied with SRC Rule 68 (3)(b)(iv), regarding rotation of external auditors or engagement partners every five years. Ms. Ruth G. Blasco, as the signing Partner, of the Company. It is expected that Isla Lipana & Co. will be reappointed as the Company's external auditor for year 2023.

The representatives of the said firm are expected to be present at the shareholders' meeting, will have the opportunity to make a statement if they so desire, and are expected to be available to respond to appropriate questions.

There had been no disagreements with Isla Lipana & Co. with regard to accounting policies and financial disclosures of the Company.

Audit Committee is comprised of the following – Mr. Asterio L. Favis, Jr. as Chairman and Mr. Alan Michael R. Cruz and Mr. Max O. Borromeo as members.

INFORMATION ON EXTERNAL AUDITOR

There had been no disagreements with Isla Lipana & Co. with regard to accounting policies and financial disclosures of the Company. Ms. Ruth G. Blasco, the signing partner, are the newly appointed auditors of the Company for the Calendar Year ending December 31, 2022, and has not yet completed the five-year cap requirement of SEC.

For the annual statutory and regulatory engagements including out-of-pocket expenses, MFC has engaged Isla Lipana & Co. for a service fee of ₱357,280 for 2022 audit period. The Company has not engaged Isla Lipana & Co. for any tax-related service or any other professional services. The audit committee of MFC regularly meets to tackle whatever issues that may come out of the regular audit of the company's external auditor and reports them to the BOD. Recommendations by the audit committee are then deliberated during the Board meetings.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. Directors and Executive Officers of the Issuer

Directors and Executive Officers

The Directors elected who shall serve for a term of one (1) year or until their successors shall have been elected, and their business experience for the last five years:

Ms. Teresita B. Benitez, 87, *Filipino*, is the *Chairman Emeritus*. She has been a Director since 2001. She had previously worked for the Philippine Bank of Commerce as Assistant Personnel Manager and United Coconut Planters Bank as Assistant Corporate Secretary. She had also been a director at Asiatrust Bank and Amalgamated Development Corporation. At present she is the Treasurer and Director of Nationwide Health Systems and FLB Development Corporation and the President of MERG Realty and Development Corporation. Ms. Benitez obtained a Bachelor of Science degree in Commerce from the University of San Francisco.

Mr. Rene B. Benitez, 60, *Filipino*, is the Company's *Chairman* and has been a director since 1996. Prior to assuming his role as Chairman, Mr. Benitez has served in various board and senior executive capacities in various private and public corporations, domestically and overseas. He is also Chairman of Amalgamated Investment Bancorporation, and Vice Chairman of the Dearborn Motors Group of car dealerships. To help the start up ecosystem, he recently co-founded the Manila Angel Investors Network. Mr. Benitez graduated with a dual major in Business Economics and Organizational Studies from Pitzer College of the Claremont Colleges, and has a master's degree in International and Development Economics from Yale University in New Haven, CT.

Mr. Max O. Borromeo, 73, *Filipino*, is the Company's *Vice Chairman*. He has been a Director since 2000. Aside from being a Director of the Company, Mr. Borromeo is currently a Director in the following companies: Honda Motor World, Inc., HMW Lending Investors, Dearborn Motors Co., Inc, Astron Gestus, Inc., Visayas Auto Ventures, Inc., Cebu Maxi Management Corporation, Maxi Agricultural Corporation, Cebu Parkland, Inc., and Salud Borromeo Foundation, Inc. and Amalgamated Investment Bancorporation. He graduated with a Bachelor of Arts degree in Economics from the Ateneo de Manila University.

Mr. Joel S. Ferrer, 69, *Filipino*, is the Company's *Treasurer*. He has been a Director since 1998. Mr. Ferrer is currently the President of PARMAN Inc., a staffing company serving local and international clients. At the same time he also manages interests in real estate and agribusiness. Previous to this, he had worked for ERECSA, Inc. where he was the Executive Vice President. His other work experience includes being an investment executive at the Summa International Bank of Indonesia and a Lending Officer at the Bank of America. He obtained his Masters Degree in Business Management from the Asian Institute of Management and completed the Strategic Business Economics Program of the University of Asia and the Pacific.

Mr. Eric B. Benitez, 55, *Filipino*, has served as a Director since 2011. Mr. Benitez was formerly a Director in Credit Risk Management at Eurohypo AG (wholly-owned subsidiary of Commerzbank AG) in New York. Prior to Eurohypo, Mr. Benitez was a senior consultant within the Real Estate Business Advisory Services Group at the New York office of PricewaterhouseCoopers, LLP. He began his career in 1988 as an analyst in the trust department at Sanwa Bank (now part of The Bank of Tokyo-Mitsubishi UFJ) in San Francisco, CA. Previously, Mr. Benitez was formerly a Board Member of the Philippine Finance Association. He earned his BA in Applied Mathematics from the University of California, Berkeley and his MS in Real Estate from Columbia University in New York.

Mr. Maxcy Francisco Jose R. Borromeo, 48, *Filipino*, is the Company's President and Chief Operating Officer of Makati Finance Corporation. He joined the company in 2014 and was elected Director in 2016. Outside of Makati Finance Corporation, he is also the President of HMW Lending

Investors, Inc. and MAPI Lending Investors, Inc. He also serves as Director of Honda Motor World, Inc., Motor Ace Philippines, Inc., Astron Gestus, Inc., Cebu Maxi Management Corporation, Maxi Agricultural Corporation, Borromeo Brother's Estate, Inc. and Mizukawa Motors Corporation. He is also a member of the Board of Trustees of Salud Borromeo Foundation, Inc. He graduated with a Bachelor of Arts degree in Political Science from the Ateneo de Manila University. He obtained his Master's degree in Applied Finance with a focus on banking from the University of Wollongong, Australia.

Mr. Jose Daniel R. Borromeo, 51 Filipino, He was elected as Director last July 28, 2016. He is the President and General Manager of Honda Motor World, Inc., Motor Ace Philippines, Inc., and Dream Honda, Inc. He is also the Managing Director of Borromeo Brothers Estate, Inc., Margarita Agro Industrial Corp., Tolar Development Corp. and , MC Bros. Development Corp. He is the President of Astron Gestus, Inc., Sakura Autoworld Inc., Cebu Maxi Management Corp., and Maxi Agricultural Corporation. He's the Corporate Planning Officer of Dearborn Motors, Inc. He graduated in Business Management degree major in Marketing from Hampshire College, New Hampshire, USA and completed his MBA in the University of Wollongong, Wollongong, Australia.

Mr. Alan Michael R. Cruz, 60, Filipino, he was elected as Independent Director last July 27, 2017. He was the President and General Manager of Northpine Land, Inc. from June 2011 to December 2016. He was also the Real Estate Development Manager of San Miguel Properties, Inc. from March 2007 to June 2011. He also served as Vice President and Division Head of United Coconut Planters Bank (UCPB) from 2004-2007 and Vice President and OIC – Asset Management Division from 2000-2003. He graduated in 1985 from University of the Philippines with the degree of B.S. Architecture. He was also 10th placer in 1985 board examination.

Mr. Robert Charles “Bob” M. Lehmann, 67, Filipino, he was elected as Director last October 20, 2017. He is currently the President and CEO of Amalgamated Investment Bancorporation (AIB). Also, Mr. Lehmann is concurrently a Director of Philippine Eagle Foundation. He has served 24 years in the banking industry in various senior positions here and abroad. His last position being the Executive Vice President of Security Bank. Prior to that, he was with Standard Chartered Bank in the region for many years, after several Philippine Country Manager positions with American and U.K. banks. A graduate of Ateneo High School, he has an undergraduate degree in B.S. International Business and a Masters in Business Administration from the University of San Francisco.

Mr. Asterio L. Favis, Jr., 70, Filipino, he was elected as Director of Makati Finance Corporation. He is currently working as consultant of Amalgamated Investment Bancorporation (AIB) and Ateneo-BAP Institute of Banking. Mr. Favis had been in banking industry for about 30 years handling various senior positions. His last position being the Executive Vice President(EVP) of Sterling Bank of Asia from April 2007 to December 2013, as Head, Treasury Group for two years, one year as OIC of Consumer Lending Group and three years as EVP/Office of the President . He was EVP/Head, Treasury Division of Philippine National Bank from November 2002 to March 2007. He was also SVP/Head, Financial Markets Division in AB Capital & Investment Corporation from 1999 to 2002 and SVP/Head, Treasury Division in Asianbank Corporation from 1990 to 1999. Prior to that, he was with PCI Bank from 1983 to 1990 as AVP/Head, Foreign Exchange for three years, VP/Head, Domestic Money Market for three years and VP/Office of the President for one year. He graduated in 1976 from Ateneo de Manila University with the degree of B.S. Management Engineering (Cum Laude).

Mr. Cristino L. Panlilio, 70, Filipino, was elected as Director of Makati Finance Corporation. Mr. Panlilio started his career as a banker for 20 years handling various senior positions in Far East Bank and PCI Bank. He later ventured into mining, chocolate manufacturing, sugar, water and food industries. Currently, he is the President and CEO of Balibago Waterworks System, Inc. (BWSI), and Chairman and President of Conglow Properties, Inc. His first big step towards entrepreneurship was when he invested in Universal Food Corporation, a ketchup manufacturing company and served as its President in 1992 to 1997. In mid-1997, he received an offer to buy out BWSI, after studying the proposal, Mr. Panlilio, together with a group of investors, officially took over BWSI and became its

President and CEO in 1997 to 2010 and from 2013 to present. He also served as Managing Director of Pampanga Sugar Development Company, Inc. in 1994 to 2010. He also handled several positions in Government from August 2010 to May 2013, as Undersecretary of the Department of Trade and Industry and Managing Director of Board of Investments. He earned his AB Economics (Honor Student) & Master in Business Administration (A-grade average) degrees from the Ateneo de Manila University in 1973 and 1981, respectively. He completed his Advance Management Program from Wharton School of Finance, Philadelphia USA in 1984.

Mr. Roberto C. Benares, a 69-year-old Filipino, was elected as a member of the Board of Directors of Makati Finance Corporation on 25 October, 2022. He is currently an Independent Director of COL Financial Group, Inc. since 2021 and has been serving as the President and CEO of Bank of Commerce (Philippines) since August 1, 2013. Additionally, he also serves as a Director and chairs the Information Technology Steering Committee (ITSC) and is a member of the Board Risk Oversight Committee (BROC). During his tenure as President and CEO, he played a crucial role in strengthening the Bank by establishing its superior service culture, which led to the accomplishment of its recent milestones. Prior to this, Mr. Benares served as the Managing Director of Maybank ATR Kim Eng Capital Partners, Inc. He began his banking career as an Assistant Treasurer at Bancom Development Corp. and later held the position of Vice President of Account Management at United Coconut Planters Bank. He has also worked as a Managing Director at Asian Alliance, Executive Vice President at Insular Investment & Trust Corporation, and Vice President at Philamlife. Mr. Benares holds a Bachelor of Science degree in Mechanical Engineering from De La Salle University and a Master's Degree in Business Management from the Asian Institute of Management.

Independent Directors

Among the Directors, Messrs. Asterio L. Favis, Jr., and Alan Michael R. Cruz were elected as the two (2) Independent Directors of the Company at the 2021 Annual Stockholders' Meeting.

Senior Management

Mr. Marcos E. Larosa, CPA – *Chief Finance Officer*, 44, Filipino, was employed by the Company in July 1, 2014 as its new CFO. He was the Regional Finance Manager of Dole Asia Company Limited since November 2013 before joining Makati Finance Corporation. For 11 years he has worked with Matimco Incorporated, a local wood manufacturing and distribution company handling several managerial positions; as Finance Manager (2010-2013), Sales Support Manager (2004-2009), Budget Planning and Control Manager (2003) . He graduated with a Bachelor of Science degree in Accounting from the Polytechnic University of the Philippines in 1999.

Atty. Danilo Enrique O. Co, *Corporate Secretary and Legal Counsel*, 54, Filipino. Atty. Co has been serving the Corporation as its Corporate Secretary and Legal Counsel shortly after it went public in 2003. He is currently the Managing Partner of Co Ferrer Ang-Co & Gonzales Law Offices, a full-service Philippine law firm specializing in corporate law. He is also a Director, Corporate Secretary and/or Asst. Corporate Secretary of several other Philippine corporations, such as Art Provenance Philippines Inc., Amalgamated Investment Bancorporation, Anvaya Cove Beach and Nature Club, Cuervo Appraisers Inc., Dearborn Motors Co. Inc., Empowerment Through Education Inc., Health Blocks Inc., Kalayaan College Inc., Maroon Studios Inc., Sakura Autoworld Inc., Santos Knight Frank Inc., Sleep Well Land Development Corporation, Talent Scout Inc., The Studio of Secret 6 Inc., and Western Roadhouse Foods Inc. Atty. Co obtained his BS Business Administration (cum laude) and Law degrees from the University of the Philippines.

FAMILY RELATIONSHIP

Mr. Rene B. Benitez and Eric B. Benitez are sons of Ms. Teresita B. Benitez. Mr. Maxcy Francisco Jose R. Borromeo and Mr. Jose Jose Daniel R. Borromeo are sons of Mr. Max O. Borromeo.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of the Directors and Executive Officers was involved during the past five years up to in any bankruptcy proceedings up to April 12, 2018. Neither have they been convicted by final judgment in any criminal proceeding or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, not any action by any court or administrative body to have violated a securities or commodities law.

ITEM 10. Executive Compensation

The Company has an existing management contract with Cebu Maxi Management Corporation for advice and assistance in the MC Financing product assisted by Mr. Max O. Borromeo, Vice Chairman and with Pikeville Bancshares, Inc. for advice and assistance to be provided by Mr. Rene B. Benitez, Chairman. Each of the directors receives per diem amounting to ₱50,000 for every Board meeting they attend.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

SUMMARY COMPENSATION TABLE				
YEAR	NAME AND PRINCIPAL POSITION	SALARY/MANAGEMENT FEE	BONUS	OTHER COMPENSATION
2023 (Estimate)	Top 4 Executive Officers: Rene B. Benitez – Chairman Max Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Marcos E. Larosa – Chief Finance Officer	7,624,433	1,401,869	430,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	9,318,354	1,818,276	2,480,000
2022 (Actual)	Top 4 Executive Officers: Rene B. Benitez – Chairman Max Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Marcos E. Larosa – Chief Finance Officer	9,365,012	1,436,790	400,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	11,058,932	1,901,379	2,230,000
2021 (Actual)	Top 4 Executive Officers: Rene B. Benitez – Chairman Max Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Marcos E. Larosa – Chief Finance Officer	9,365,012	1,436,790	400,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	11,058,932	1,901,379	2,230,000
2020 (Actual)	Top 5 Executive Officers: Rene B. Benitez – Chairman Max Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Marcos E. Larosa – Chief Finance Officer Aldrin B. Pontanares – Operation Manager	8,554,321	2,065,984	400,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	10,248,241	2,909,595	2,190,000

IDENTITY OF SIGNIFICANT EMPLOYEES

There is no person who is not an executive officer who is expected to make a significant contribution to the business of the company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security ownership of record/beneficial owners of more than 5% Equity

Title of class	Name, address of record owner and relationship	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	Percent Held
Common	* Amalgamated Investment Bancorporation 11F Multinational Bancorporation, 6805 Ayala Avenue, Makati City	Record and beneficial owner	Filipino	117,282,360	43.5535%
Common	Motor Ace Philippines, Inc. MC Briones St. Hi-way Magukay, Mandaue City	Record and beneficial owner	Filipino	68,120,624	25.2970%

*Note: * Inclusive of uncertificated shares that were lodged to PCD Nominee.*

Security ownership of BOD and Officers with Direct Ownership

Common	Eric B. Benitez [REDACTED]	Beneficial owner	Filipino	7,509,958	2.7888%
Common	Rene B. Benitez [REDACTED]	Beneficial owner	Filipino	6,160,981	2.2879%
Common	Rene B. Benitez ITF Carmela Benitez [REDACTED]	Beneficial owner	Filipino	320,982	0.1187%
Common	Rene B. Benitez ITF Lorenzo Benitez [REDACTED]	Beneficial owner	Filipino	320,982	0.1187%
Common	Rene B. Benitez ITF Matias Benitez [REDACTED]	Beneficial owner	Filipino	308,017	0.1143%
Common	Joel S. Ferrer [REDACTED]	Beneficial owner	Filipino	2,712,670	1.0074%
Common	Maxcy Francisco Jose R. Borromeo [REDACTED]	Beneficial owner	Filipino	2,524	0.0000%
Common	Max O. Borromeo [REDACTED]	Beneficial owner	Filipino	45,716	0.0171%
Common	Cristino L. Panlilio [REDACTED]	Beneficial owner	Filipino	1	0.0000%
Common	Alan Michael R. Cruz [REDACTED]	Beneficial owner	Filipino	1	0.0000%
Common	Jose Daniel R. Borromeo [REDACTED]	Beneficial owner	Filipino	2,525	0.0000%
Common	Roberto C. Benares [REDACTED]	Beneficial owner	Filipino	1	0.0000%

Common	Robert Charles M. Lehmann [REDACTED] [REDACTED]	Beneficial owner	Filipino	1	0.0000%
Common	Asterio L. Favis, Jr [REDACTED] [REDACTED]	Beneficial owner	Filipino	1	0.0000%

Makati Finance Corporation complied with the minimum percentage requirements of listed securities held by the public of 10% of the listed company's issued and outstanding share. The Company will endeavor to increase its public float.

ITEM 12. Certain Relationships and Related Transactions

Mr. Rene B. Benitez and Eric B. Benitez are sons of Ms. Teresita B. Benitez. Mr. Maxcy Francisco Jose R. Borromeo and Mr. Jose Daniel R. Borromeo are sons of Mr. Max O. Borromeo.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS – NOTE 21 OF THE AUDITED FINANCIAL STATEMENTS

In the ordinary course of business, the Company enters into transactions with its stockholders and affiliates. Under the Company's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. Related party transactions are settled in cash.

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence and common control. For the details on the related party transactions, refer to Note 21 of the audited financial statements.

PART IV – CORPORATE GOVERNANCE

ITEM 13. Corporate Governance

Please refer to the I-ACGR herein attached as “ANNEX C”

COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

MFC shall set up an evaluation system that will determine and measure compliance with the Manual on Corporate Governance.

Measures undertaken by MFC for full compliance with the adopted leading practices on good corporate governance includes election of independent directors and creation of the Nomination Committee starting year 2003 and continued up to the present time. Each incumbent director of MFC underwent seminars on good corporate governance in year 2003 up to the present. To monitor compliance, the board of directors designated Mr. Marcos E. Larosa as Compliance Officer. The Company submitted to the SEC its Revised Anti-Money Laundering Manual as mandated by Republic Act 9160, as amended by Republic Act. No. 9194 on October 28, 2004. Also, The Company submitted the Audit Charter Manual. Lastly, the Company’s By-Laws shall be amended to incorporate provisions on independent directors. Deviations from the Company’s Manual on Corporate Governance are not applicable. With regards to plans on improving corporate governance of the Company, MFC is already adopting the Philippine Accounting Standards in the presentation of its financial statements.

PART V - EXHIBITS AND SCHEDULES

ITEM 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

The Company’s audited financial statements are hereby attached as “ANNEX A”.

(b) Reports on SEC Form 17-C


The reports on SEC Form 17-C filed during the last six months ended December 31, 2022 are hereby attached “ANNEX B”.

Quarterly Financial Reports ending March 31, 2022 were submitted to the SEC on May 20, 2022; quarterly ending June 30, 2022 on August 15, 2022 and for the quarter ending September 30, 2022 on November 14, 2022.

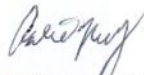
SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Makati on 17 APR 2023 ..

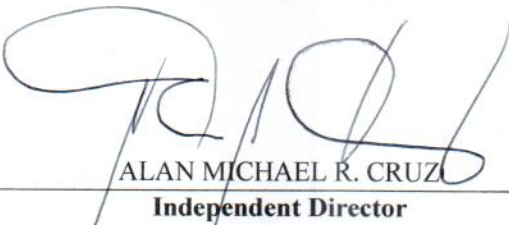
By:


RENE B. BENITEZ
Chairman of the Board

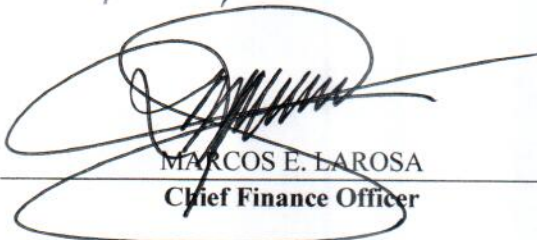

MAX O. BORROME0
Vice-Chairman


ASTERIO L. FAVIS, JR.
Independent Director


MAXCY FRANCISCO JOSE R. BORROME0
President


ALAN MICHAEL R. CRUZ
Independent Director


DANILO ENRIQUE O. CO
Corporate Secretary


MARCOS E. LAROSA
Chief Finance Officer

17 APR 2023

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2023 , affiant(s) exhibiting to me their _____, as follows:

<u>NAME</u>	<u>GOVT. I.D.</u>	<u>PLACE OF ISSUE</u>
RENE B. BENITEZ	TIN: [REDACTED]	
MAX O. BORROME0	TIN: [REDACTED]	
ASTERIO L. FAVIS, JR.	TIN: [REDACTED]	
ALAN MICHAEL R. CRUZ	TIN: [REDACTED]	
MAXCY FRANCISCO JOSE R. BORROME0	TIN: [REDACTED]	
MARCOS E. LAROSA	TIN: [REDACTED]	
DANILO ENRIQUE O. CO	TIN: [REDACTED]	

NOTARY PUBLIC

Doc No. 247
Page No. 51
Book No. XVI
Series of 2023


ATTY. RENE M. M. VILLA

Notary Public of Makati City
Appointment No. M-111
Until December 31, 2024
PTR No. MKT 9568544; 01-03-2023; Makati City
IBP Lifetime No. 013595; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VII-0024195; 11-15-2022
Ground Floor, Makati Terraces Condominium
3650 Davilla St., Brgy. Tejeros, Makati City 1204

MAKATI FINANCE CORP.

SUSTAINABILITY REPORT

YEAR 2022

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A. CONTEXTUAL INFORMATION

1.) COMPANY DETAILS	
Name of Organization	MAKATI FINANCE CORPORATION (MFIN) or “The Company”
Location of Headquarters	3 rd Floor Mazda Makati Building, 2301 Chino Roces Avenue, Brgy. Magallanes, Makati City
Location of Operations	MFIN’s operations are located in Metro Manila, and nearby provinces such as Rizal, Laguna, Cavite, Batangas, etc.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report *	This report covers the sustainability report of Makati Finance Corporation.
Business Model, including Primary Activities, Brands, Products and Services	The Corporation is a publicly listed Finance Company (with the Philippine Stock Exchange). Its Primary Purpose authorizes the Corporation to extend credit facilities to consumers and to industrial, commercial or agricultural enterprises, either by direct lending or by discounting or factoring commercial papers or accounts receivables, or by buying or selling contracts, leases, chattel mortgages, or other evidences of indebtedness, or by financial leasing of movable as well as immovable property. Products and Services include Business Loans, Doctors Loans, Factoring of Receivables, Car Loans, Personal Loans, Pension Loans and Motorcycle Financing.
Reporting Period	January to December 2022
Highest Ranking Person responsible for this report	Marcos E. Larosa, Chief Finance Officer

2.) MATERIALITY PROCESS

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
MFIN considered internal and external factors in identifying material topics. These include the Company’s overall mission and competitive strategy, and the concerns expressed directly by its stakeholders.

B. ECONOMIC

The Corporation is a publicly listed Finance Company (with the Philippine Stock Exchange). Its Primary Purpose authorizes the Corporation to extend credit facilities to consumers and to industrial, commercial or agricultural enterprises, either by direct lending or by discounting or factoring commercial papers or accounts receivables, or by buying or selling contracts, leases, chattel mortgages, or other evidences of indebtedness, or by financial leasing of movable as well as immovable property. Products and Services include Business Loans, Doctors Loans, Factoring of Receivables, Car Loans, Personal Loans, Pension Loans and Motorcycle Financing.

1.) ECONOMIC PERFORMANCE

a. Direct Economic Value Generated and Distributed

Disclosure	Amount (in millions)	Units
Direct Economic Value Generated (revenue)	158	Php
Direct Economic Value Distributed:		
a. Operating Costs	33	Php
b. Employee Wages and Benefits	60	Php
c. Payments to Suppliers	14	Php
d. Dividends given to stockholders and interest payments to loan providers	35	Php
e. Taxes Given to the Government	13	Php
f. Investment to community (e.g. donations, CSR)	-	Php

What is the impact and where does it incur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company contributes to the economy by extending credit facilities to consumers and to industrial, commercial or agricultural enterprises, either by direct lending or by discounting or factoring commercial papers or accounts receivables, or by buying or selling contracts, leases, chattel mortgages, or other evidences of indebtedness, or by financial leasing of movable as well as immovable property. Products and Services include Business Loans, Doctors Loans, Factoring of Receivables, Car Loans, Personal Loans, Pension Loans and Motorcycle Financing.	Customers, suppliers, employees, shareholders and business partners.	The Company shall continue to position itself as among the top players and the financing company of choice in the market we serve. MFIN capitalizes its 55 years of existence and its vast experience in prudent lending activities and shall continuously adapt and raise the quality of the services it provide to all its clients.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Due to the COVID 19 pandemic, the Company's operation was interrupted by Enhanced	Customers, suppliers, employees, shareholders and business partners.	In order to mitigate the risk, the company's strategies are:

<p>Community Quarantine or ECQ which was declared in mid-March 2020 and the imposition of Bayanihan 1 and Bayanihan 2 for FY 2020, providing extensions on payment terms of our customers.</p>		<ul style="list-style-type: none"> • support long time and good business loans and factoring clients by offering them hassle free renewals • continue to process motorcycle loans, both brand new and repossessed • offer loan restructuring to good clients • continue to generate new accounts with prudence <p>Safety protocols were also strictly observed in the workplace in order to protect our employees and clients.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>As the Government starts opening the economy, we see lending opportunities will increase as soon as SME's starts opening their businesses.</p> <p>The Company supported its good and long time clients during pandemic; as a result, we believed the gesture of the Company will develop loyalty among its customers.</p>	<p>Customers, suppliers, employees, shareholders and business partners.</p>	<p>Our aim is to assist our existing clients in overcoming the impact of the pandemic by closely working with them on their repayment, by providing alternatives to keep their account with us moving. MFIN believes that the success of our clients in overcoming this global pandemic will also be our organization's invaluable achievement which will catapult us into a new milestone amid this new normal in doing business.</p> <p>Also, the Company continued to support its employees by providing salaries during the lockdown period; as a result, we believed the gesture of the Company will develop loyalty among its personnel.</p>

2.) CLIMATE-RELATED RISKS AND OPPORTUNITES

<p><u>GOVERNANCE</u> Disclose the organization's governance around climate related risks and opportunities</p>	
<p>a. Describe the board's oversight of climate-related risks and opportunities</p>	<p>To be identified.</p>

b. Describe management’s role in assessing and managing climate-related risks and opportunities.	To be identified.
STRATEGY: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material	
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, long term	To be identified.
b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	To be identified.
c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	To be identified.

Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a. Describe the organization’s processes for identifying and assessing climate-related risks	To be identified.
b. Describe the organization’s processes for managing climate-related risks	To be identified.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management	To be identified.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	To be identified.
b. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	To be identified.

3.) PROCUREMENT PRACTICES

a. Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers*	100	%

*Local suppliers are those registered and are operating in the Philippines.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Corporation has a broad base of local suppliers and is not dependent on one or limited number of suppliers.	Local suppliers	MFIN's procurement practices ensure that while value for money is important, quality is equally necessary.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Unethical procurement practices may expose the Company to compromised business integrity and ethics.	Local suppliers	The Company ensures that we deal with utmost honesty and of high ethical standards with customers, suppliers, competitors, employees and other stakeholders in all matters.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes the opportunity to develop and improve its procurement practices.	Local suppliers	The Company ensures that we deal with utmost honesty and of high ethical standards with customers, suppliers, competitors, employees and other stakeholders in all matters.

4.) ANTI-CORRUPTION

a. Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anticorruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anticorruption training	100	%
Percentage of employees that have received anticorruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Directors, management and employees are informed that based on the Code of Business Conduct and Ethics of the Company during orientations/in house trainings.</p> <p>The customers are also informed during signing of loan documents.</p>	Employees, Management, Board of Directors	The Company sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes the business risks involved if no constant reminders, re – orientations are being done.	Employees, Management, Board of Directors	To ensure the mitigation of corruption within the organization, the management disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes the opportunity to develop and improve its anticorruption seminars/orientations	Employees, Management, Board of Directors	The Company establishes a suitable framework for whistle blowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation

b. Incidents on Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Directors, management and employees are informed that based on the Code of Business Conduct and Ethics of the Company during orientations/in house trainings.	Employees, Management, Board of Directors	The Company sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes the business risks that will affect the organization due to corruption.	Employees, Management, Board of Directors	To ensure the mitigation of corruption within the organization, the management disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes the opportunity to ensure that the organization remains without any incident of corruption.	Employees, Management, Board of Directors	The Company establishes a suitable framework for whistle blowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation

C. ENVIRONMENT

1. RESOURCE MANAGEMENT

a. Energy Consumption within the organization

Disclosure	Quantity /Year	Units
Energy Consumption Electricity	48,460	kwh
Energy Consumption Diesel	0	liters
Energy Consumption Gasoline	15,400	liters
Energy Consumption LPG	0	
Energy Consumption Renewable Sources	0	

c. Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	No Data yet	
Energy reduction (LPG)	No Data yet	
Energy reduction (diesel)	No Data yet	
Energy reduction (electricity)	No Data yet	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Energy consumed by MFIN primarily comes from electricity used in office. It also uses gasoline for its Company-owned vehicles and service motorcycles of our field personnel.	Employees and management	By continuously monitoring and keeping track the consumption of each vehicle and electricity consumption of our office.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The amount of energy consumption relates to climate-related risks as well as increase operating costs of the Company.	Employees and management	The Company uses GPS to ensure vehicles are used mainly for official business related purposes only to minimize fuel consumptions.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Corporation recognizes opportunities to minimize operating costs by strict monitoring of electric/fuel consumptions.	Employees and management	The Company uses GPS to ensure vehicles are used mainly for official business related purposes only to minimize fuel consumptions.

c. Water Consumption within the organization

Disclosure	Quantity	Units
Water Consumption	4589	Cubic meters
Water Withdrawal	Not measured	Cubic meters
Water Recycled and Reused	Not measured	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company manages the water consumption of its office.	Employees and management	The Company's Admin manages its water consumption by regular monitoring and tracking method.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes the risks in overconsumption of water, which may lead to climate-related risks.	Employees and management	The Company's Admin manages its water consumption by regular monitoring and tracking method.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There are opportunities in developing ways to conserve water.	Employees and management	The Company's Admin manages its water consumption by regular monitoring and tracking method.

d. Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
- Cement	0	NA
- Steel Bars	0	NA
- Aggregates	0	NA
Percentage of recycled input materials used to manufacture the organization's primary products and services	Not measured	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
n/a	n/a	n/a

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
n/a	n/a	n/a

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
n/a	n/a	n/a

e. Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	Ha
IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
n/a	n/a	n/a

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
n/a	n/a	n/a
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
n/a	n/a	n/a

2. ENVIRONMENTAL IMPACT MANAGEMENT

a. Air Emissions

GHG

Disclosure	Quantity*	Units
Direct (Scope 1) GHG Emissions	n/a	
Energy Indirect (Scope 2) GHG Emissions	n/a	
Emissions of ozone-depleting substances (ODS)	n/a	

*Figures represent an approximate amount of emissions based on local and international standards on GHG emissions.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
n/a	n/a	n/a
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
n/a	n/a	n/a
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
n/a	n/a	n/a

b. Air Pollutant

Disclosure	Quantity	Units
NO _x	Not measured	Kg
SO _x	Not measured	Kg
Persistent organic pollutants (POPs)	Not measured	Kg
Volatile organic compounds (VOCs)	Not measured	Kg
Hazardous air pollutants (HAPs)	Not measured	Kg
Particulate matter (PM)	Not measured	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
n/a	n/a	n/a
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
n/a	n/a	n/a
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
n/a	n/a	n/a

c. Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	Not measured	Kg
Reusable	Not measured	Kg
Recyclable	Not measured	Kg
Composted	Not measured	Kg
Incinerated	Not measured	Kg
Residuals/Landfilled	Not	Kg
	measured	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company is currently implementing a systematic process of collecting waste and its proper disposal observing the proper segregation of waste duly transporting the same to appropriate places suitable for its disposal.	Employees and management	The Company manages the proper segregation as well as proper disposal of its solid waste.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes the climate-related risks of mismanaging solid waste and failing to reduce the amount of such waste resulting from its operations.	Employees and management	The Company manages the proper segregation as well as proper disposal of its solid waste.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes the opportunities in improving its waste management system and reducing the total residual waste resulting from its operations.	Employees and management	The Company manages the proper segregation as well as proper disposal of its solid waste.

d. Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	Not measured	Kg
Total weight of hazardous waste transported	Not measured	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company is in the process of establishing measures to reduce and properly manage its hazardous waste, if any.	Employees and management	The Company is in the process of establishing measures to monitor and reduce the amount of hazardous waste generated from its operations, if any.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes the climate-related risks of mismanaging hazardous waste.	Employees and management	The Company is in the process of establishing measures to monitor and reduce the amount of hazardous waste generated from its operations, if any.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes the opportunities in improving its reducing the amount of hazardous waste generated from its operations, if any.	Employees and management	The Company is in the process of establishing measures to monitor and reduce the amount of hazardous waste generated from its operations, if any.

e. Effluents

Disclosure	Quantity	Units
Total volume of water discharges	Not measured	Cubic meters
Percent of wastewater recycled	Not measured	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company is in the process of establishing measures to reduce water discharges and to recycle wastewater in its operations.	Employees and management	The Company is in the process of establishing measures to monitor and reduce the amount of water discharges generated from its operations.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes the climate-related risks of damage due to untreated wastewater.	Employees and management	The Company is in the process of establishing measures to monitor and reduce the amount of water discharges generated from its operations.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes opportunities in improving its measures to reduce water discharges and to recycle wastewater in its operations.	Employees and management	The Company is in the process of establishing measures to monitor and reduce the amount of water discharges generated from its operations.

f. Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company is required to comply with environmental laws and regulations in the course of its business.	Management	To date, the Company is compliant with relevant environmental regulations. We ensure all recommendations/assessments during inspection are properly complied with.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Non-compliance with such laws may negatively affect the financial performance of the Company.	Management	To date, the Company is compliant with relevant environmental regulations. We ensure all recommendations/assessments during inspection are properly complied with.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company recognizes opportunities in entering environmental initiatives.	Management	To date, the Company is compliant with relevant environmental regulations. We ensure all recommendations/assessments during inspection are properly complied with.

D. SOCIAL

1. EMPLOYEE MANAGEMENT

a. Employee Hiring and Benefits

Employee Data

Disclosure	Quantity	Units
Total Number of Employees	156	
Female Employees	54	#
Male Employees	102	#
Attrition Rate	28%	rate
Ratio of lowest paid employee against minimum wage	No below minimum wage	ratio

Employee Benefits

Disclosure	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	34%	25%
PhilHealth	Y	9%	2%
Pag-ibig	Y	16%	16%
Parental leaves	Y	6%	3%
Vacation leaves	Y	100%	100%
Sick leaves	Y	91%	82%
Medical benefits (aside from PhilHealth)	Y	100%	100%
Housing assistance (aside from Pag-ibig)	N	N/A	N/A
Retirement fund (aside from SSS)	N	N/A	N/A
Further education support	N	N/A	N/A
Company stock options	N	N/A	N/A
Telecommuting	Y	100%	100%
Flexible-working Hours	y	55%	35%
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company had maintained its number of workforce despite the pandemic in order to address the needed manpower for its lending and collections services.	<p>The Company aims to keep its attrition rate low to minimize disruption in its operations and promote the development of its employees. However, due to the pandemic, several employees got scared and decided to resign in 2020 to return to their respective provinces.</p> <p>The Company ensures that employee benefits accorded by law are complied with.</p>
What are the Risk/s Identified?	Management Approach
High attrition rates may negatively impact productivity in the workforce.	The Company values its employees and strives to promote good working conditions and work culture.
What are the Opportunity/ies Identified?	Management Approach
The Company recognizes the opportunity to increase its engagement with its employees to identify issues and areas of improvement.	The Company implements measures to identify employee concerns and get feedback to improve working conditions.

b. Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	528	Hours
a. Female employees	160	Hours
b. Male employees	368	Hours
Average training hours provided to employees		
a. Female employees	16	Hours/employee
b. Male employees	16	Hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company encourages its employees to be competent in their skills so that they can grow professionally and support the overall goals of the organization. The Company provides trainings and opportunities to enhance their skills and knowledge. Experienced employees are hands on with new hires to guide them in their growth and professional journey in the organization.	The Company supports the development of its employees' skills and professional growth by providing training and seminars to all of its employees through HR training programs.

What are the Risk/s Identified?	Management Approach
The Company recognizes the business risks resulting from the stagnant development of its employees, which may affect its financial performance.	The Company supports the development of its employees' skills and professional growth by providing training and seminars to all of its employees through HR training programs
What are the Opportunity/ies Identified?	Management Approach
The Company recognizes opportunities for growth for its employees that will contribute to the overall success and financial performance of the Company.	The Company supports the development of its employees' skills and professional growth by providing training and seminars to all of its employees through HR training programs.

c. Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	N/A	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company encourages the participation of its employees in regular staff meetings, coordination meetings and consultations.	The Company assures the rights of employees to self-organization and collective bargaining. Moreover, the Corporation implements measures to identify and quickly resolve employee concerns.
What are the Risk/s Identified?	Management Approach
The Company recognizes the business risks in having low employee engagement to performance and productivity.	The Company implements measures to identify and quickly resolve employee issues and concerns.
What are the Opportunity/ies Identified?	Management Approach
The Corporation recognizes the opportunity to increase its engagement with its employees to identify issues and areas of improvement.	The Company implements measures to identify and quickly resolve employee issues and concerns.

d. Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	34	%
% of male workers in the workforce	66	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company provides equal opportunities to its employees and fosters diversity in its workforce.	The Company adopts non-discrimination policy in its hiring process and management of employees.
What are the Risk/s Identified?	Management Approach
The Company recognizes the risks in financial performance and productivity due to discrimination in the recruitment process and management of employees.	The Company adopts non-discrimination policy in its hiring process and management of employees.
What are the Opportunity/ies Identified?	Management Approach
The Company recognizes opportunities in having a diverse workforce and providing equal opportunities to sustain competitiveness and a policy of meritocracy.	The Company adopts non-discrimination policy in its hiring process and management of employees.

Workplace Conditions, Labor Standards, and Human Rights

c. Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	N/A	Man-hours
No. of work-related injuries	N/A	#
No. of work-related fatalities	N/A	#
No. of work-related ill-health	N/A	#
No. of safety drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company ensures that safety measures are always in place and employees employed are physically fit and able to perform their jobs, healthy and medically-assisted, if necessary.	The Company institutes an annual physical exam to monitor the health and safety of its employees. Newly hired employees have to pass medical exam prior to hiring. Health insurance is also provided upon regularization.

What are the Risk/s Identified?	Management Approach
The Company recognizes the business risks in failing to ensure its employees' health and safety.	The Company regularly assesses its health and safety measures and compliance with the related laws.

What are the Opportunity/ies Identified?	Management Approach
The Company recognizes opportunities to improve health and safety measures in its operations and overall productivity.	The Company regularly assesses its health and safety measures and compliance with the related laws.

f. Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in company policy
Forced labor	N	
Child labor	N	
Human Rights	Y	Sexual Harassment /Bullying & Violence

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company did not have any incidents relating to violations of labor laws and human rights in 2020.	The Company is compliant with all relevant laws.
What are the Risk/s Identified?	Management Approach
The Company recognizes that non-compliance with labor laws and violation of human rights may result in loss of productivity and low employee performance, and thus financially affect the operations.	The Company is compliant with all relevant laws.
What are the Opportunity/ies Identified?	Management Approach
The Company recognizes opportunities in increasing awareness of compliance with labor laws and the protection of human rights, and in improving its grievance mechanisms to allow for employees to report any incidents involving violations thereof.	The Company is compliant with all relevant laws, regulations and codes of best business practices.

2. SUPPLY CHAIN MANAGEMENT

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N/A	
Forced labor	N/A	
Child labor	N/A	
Human Rights	N/A	
Bribery and corruption	N/A	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The compliance of our suppliers with environmental and labor laws, human rights and anti-corruption laws affects the reputation of the Company.	The Company prioritizes suppliers that offer the best value for every cost incurred. Suppliers' selection involves selecting who provides reliability and quality through the products and services they offer.
What are the Risk/s Identified?	Management Approach
The Company recognizes the reputational and financial risks in associating with business that are not compliant to its policies.	The Company continuously reaches out to existing and new suppliers to ensure that the best value of services is derived from them.
What are the Opportunity/ies Identified?	Management Approach
The Company recognizes opportunities in establishing measures to ensure that its long-term business partners are like-minded in the goal to build sustainable communities through best business practices.	The Company continuously reaches out to existing and new suppliers to ensure that the best value of services is derived from them.

3. RELATIONSHIP WITH COMMUNITY

a. Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)	Collective or individual rights that have been identified that is a particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Development of sustainable communities	Metro Manila, Rizal, Cavite, Laguna, Batangas	N/A	N	Job creation; promoting local suppliers	The Company prefers local suppliers in the community where it operates.

*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

What are the Risk/s Identified?	Management Approach
The Company recognizes the business risks in failing to consider the well-being of the local community where it operates.	The Company prefers local suppliers in the community it operates.
What are the Opportunity/ies Identified?	Management Approach
The Company recognizes opportunities in supporting and creating a positive impact on local communities.	The Company prefers local suppliers in the community it operates.

4. CUSTOMER MANAGEMENT

a. Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N?)
Customer Satisfaction	To be determined	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customer satisfaction is a significant factor in determining whether the organization has achieved its goal of building sustainable communities.	To attain good customer satisfaction, the Company launched its social media accounts to offer easier venue to all our clients to communicate any issues/concerns they have regarding our services.
What are the Risk/s Identified?	Management Approach
Customer dissatisfaction may lead to a decrease in the Company's financial performance.	To attain good customer satisfaction, the Company launched its social media accounts to offer easier venue to all our clients to communicate any issues/concerns they have regarding our services.
What are the Opportunity/ies Identified?	Management Approach
The Company recognizes opportunities in increasing engagement with its customers to gather feedback.	To attain good customer satisfaction, the Company launched its social media accounts to offer easier venue to all our clients to communicate any issues/concerns they have regarding our services.

b. Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company ensures that our operations do not pose any health and safety risk to its customers.</p>	<p>Due to the COVID-19 pandemic, the Company implemented protocols to safeguard the health and safety of its customers, such as taking proactive steps to maintain a safe workplace and encourages the adoption of practices protecting the health of its employees, clients, and others. The Company's employees, clients, and others are constantly reminded to follow the minimum health standards and safety protocols as defined by the IATF. Also, to minimize contacts, the Company has maximized the use of online payment platforms.</p>
What are the Risk/s Identified?	Management Approach
<p>Due to the COVID-19 pandemic, health and safety has become a top priority for customers and employees; there is significant reputational and financial risk in failure to observe health and safety protocols.</p>	<p>Due to the COVID-19 pandemic, the Company implemented protocols to safeguard the health and safety of its customers, such as taking proactive steps to maintain a safe workplace and encourages the adoption of practices protecting the health of its employees, clients, and others. The Company's employees, clients, and others are constantly reminded to follow the minimum health and safety protocols as defined by the IATF. Also, to minimize contacts, the Company has maximized the use of online payment platforms.</p>
What are the Opportunity/ies Identified?	Management Approach
<p>The Company recognizes the positive impact in its reputation if we value health and safety protocols of our customers and employees.</p>	<p>Due to the COVID-19 pandemic, the Company implemented protocols to safeguard the health and safety of its customers, such as taking proactive steps to maintain a safe workplace and encourages the adoption of practices protecting the health of its employees, clients, and others. The Company's employees, clients, and others are constantly reminded to follow the minimum health standards and safety protocols as defined by the IATF. Also, to minimize contacts, the Company has maximized the use of online payment platforms.</p>

c. Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

*Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
The Company adopted the necessary measures to solicit feedback from customers with regards to our services.	The Company launched its social media accounts to offer easier venue to all our clients to communicate any issues/concerns they have regarding our services.
What are the Risk/s Identified?	Management Approach
The Company recognizes the reputational risk and financial consequences for unresolved customers’ complaints.	The Company launched its social media accounts to offer easier venue to all our clients to communicate any issues/concerns they have regarding our services.
What are the Opportunity/ies Identified?	Management Approach
The Company recognizes opportunities in improving its mechanisms to solicit feedback and handle complaints from customers on marketing.	The Company launched its social media accounts to offer easier venue to all our clients to communicate any issues/concerns they have regarding our services.

d. Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

*Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company ensures any information collected from customers is protected under the Company's Data Privacy Policy.	The Company, through its designated Data Privacy Officer ensure strict implementation of Data Privacy Policy of the Company.
What are the Risk/s Identified?	Management Approach
The Company recognizes the reputational risks and financial consequences of failing to maintain the privacy of its customers' data.	The Company, through its designated Data Privacy Officer ensure strict implementation of Data Privacy Policy of the Company.
What are the Opportunity/ies Identified?	Management Approach
The Company recognizes opportunities in adopting measures to secure and maintain the privacy of its customers' data.	The Company, through its designated Data Privacy Officer ensure strict implementation of Data Privacy Policy of the Company.

e. Data Privacy

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company did not have any data breach in 2020.	The Company, through its designated Data Privacy Officer ensure strict implementation of Data Privacy Policy of the Company.
What are the Risk/s Identified?	Management Approach
The Company recognizes that data leaks may lead to customer dissatisfaction and pose a reputational risk.	The Company, through its designated Data Privacy Officer ensure strict implementation of Data Privacy Policy of the Company.
What are the Opportunity/ies Identified?	Management Approach
The Company recognizes opportunities to update its cyber security and data protection to protect our customer's information.	The Company, through its designated Data Privacy Officer ensure strict implementation of Data Privacy Policy of the Company.

E. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

1. Product or Service Contribution to UN SDGs

Key Products and Services	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impacts
<p>Products and Services include Business Loans, Doctors Loans, Factoring of Receivables, Car Loans, Personal Loans, Pension Loans and Motorcycle Financing.</p>	<p>The Company contributes to the economy by extending credit facilities to consumers and to industrial, commercial or agricultural enterprises, either by direct lending or by discounting or factoring commercial papers or accounts receivables, or by buying or selling contracts, leases, chattel mortgages, or other evidences of indebtedness, or by financial leasing of movable as well as immovable property. Products and Services include Business Loans, Doctors Loans, Factoring of Receivables, Car Loans, Personal Loans, Pension Loans and Motorcycle Financing.</p>	<p>No material negative impacts identified.</p>	<p>The Company shall continue to position itself as among the top players and the financing company of choice in the market we serve. MFIN capitalizes its 55 years of existence and its vast experience in prudent lending activities and shall continuously adapt and raise the quality of the services it provide to all its clients.</p>

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

ANNEX A

Subject: Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph

Date: 18/04/2023, 3:53 PM

To: WPFUNDAN@MAKATIFINANCE.COM.PH

CC: MLAROSA@MAKATIFINANCE.COM.PH

Hi MAKATI FINANCE CORPORATION,

Valid files

- EAFS000473966ITRTY122022.pdf
- EAFS000473966AFSTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-3XS2STYX0679L97KLPM1W124X0CKCFC7CJ**

Submission Date/Time: **Apr 18, 2023 03:53 PM**

Company TIN: **000-473-966**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

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COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						2	8	7	8	8
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COMPANY NAME

M	A	K	A	T	I		F	I	N	A	N	C	E		C	O	R	P	O	R	A	T	I	O	N				

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

3	R	D		F	L	O	O	R		M	A	Z	D	A		M	A	K	A	T	I								
B	U	I	L	D	I	N	G	,		2	3	0	1		C	H	I	N	O		R	O	C	E	S				
A	V	E	N	U	E	,		B	A	R	A	N	G	A	Y		M	A	G	A	L	L	A	N	E	S	,		
M	A	K	A	T	I		C	I	T	Y																			

Form Type

A	A	F	S
---	---	---	---

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, if Applicable

FINANCING

COMPANY INFORMATION

Company's Email Address

mfin@makatifinance.com.ph

Company's Telephone Number/s

02-775-18132

Mobile Number

N/A

No. of Stockholders

111

Annual Meeting (Month/Day)

Last Thursday of July

Fiscal Year (Month/Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Marcos E. Larosa

Email Address

mlarosa@makatifinance.com.ph

Telephone Number/s

02-775-18132

Mobile Number

0917-530-9923

CONTACT PERSON'S ADDRESS

3rd floor Mazda Makati Building, 2301 Chino Roces Avenue, Barangay Magallanes, Makati City

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

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



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

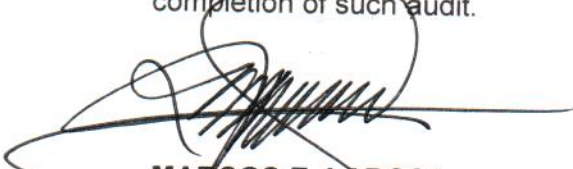
The management of **Makati Finance Corporation (the "Company")** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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


Isla Lipana & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



MARCOS E. LAROSA
 Chief Finance Officer



MAXCY FRANCISCO JOSE R. BORROMEO
 President




RENE B. BENITEZ
 Chairman of the Board

Signed this 14th day of April 2023

SWORN TO BEFORE ME
 THIS DAY OF 19 APR 2023
 AFFIANT EXHIBITED HIS/HER
 NU. _____ ISSUED ON _____
 AT _____

DOC. NO. 290
 PAGE NO. 59
 BOOK NO. XVI
 SERIES OF 2023



ATTY. RENZELA M. VILLA
 Notary Public of Makati City
 Appointment No. M-111
 Until December 31, 2024
 PTR No. MKT 9565544; 01-03-2023; Makati City
 IBP Lifetime No. 013595; 12-27-2013; I.C.
 Roll No. 37226
 MCLE Compliance No. VII-0024195; 11-15-2022
 Ground Floor, Makati Terraces Condominium
 3650 Davita St., Brgy. Tejerus, Makati City 1204



Independent Auditor's Report

To the Board of Directors and Shareholders of
Makati Finance Corporation
3rd Floor Mazda Makati Building
2301 Chino Roces Avenue
Barangay Magallanes, Makati City

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Makati Finance Corporation (the "Company") as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

What we have audited

The financial statements of the Company comprise:

- the statement of financial position as at December 31, 2022;
- the statement of total comprehensive income for the year ended December 31, 2022;
- the statement of changes in equity for the year ended December 31, 2022;
- the statement of cash flows for the year ended December 31, 2022; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph



Independent Auditor's Report
To the Board of Directors and Shareholders of
Makati Finance Corporation
Page 2

Other Matter

The financial statements of the Company as at December 31, 2021 and for the years ended December 31, 2021 and 2020 have been audited by another auditor, who expressed an unmodified opinion on those statements on April 8, 2022.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key Audit Matters

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



Independent Auditor's Report
To the Board of Directors and Shareholders of
Makati Finance Corporation
Page 3

The key audit matter identified in our audit pertains to the impairment losses on loans and other receivables.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment losses on loans and other receivables</p> <p>We focused on this account because of the significant judgments and estimation that management makes in ascertaining the provision for credit losses. As at December 31, 2022, the total allowance for impairment on loans and other receivables amounted to P140.51 million while the provision for credit losses recognized in profit or loss for the year then ended amounted to P18.84 million.</p> <p>Refer to Note 3 in the financial statements.</p>	<p>Our work over the impairment losses of loans and other receivables included:</p> <ul style="list-style-type: none">• assessment of the methodology applied by the Company in the development of its expected credit loss (ECL) model vis-à-vis the requirements of PFRS 9, <i>Financial Instruments</i>;• testing of data inputs and key assumptions in the ECL model such as the classification of credit exposures, age of the receivables, collection experience and existence of collateral, among others; and• recalculation of the ECL allowance using the model adopted by the Company, including consideration of relevant forward looking information applicable to the Company's receivable portfolio.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A are expected to be made available to us after the date of this auditor's report.

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

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



Independent Auditor's Report
To the Board of Directors and Shareholders of
Makati Finance Corporation
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



Independent Auditor's Report
To the Board of Directors and Shareholders of
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As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



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

Report on the Bureau of Internal Revenue (BIR) Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BIR Revenue Regulations Nos. 15-2010 and 34-2020 in Note 20 to the financial statements is presented for the purposes of filing with the BIR and is not a required part of the basic financial statements. Such information is the responsibility of management of the Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Ruth F. Blasco.

Isla Lipana & Co.

Ruth F. Blasco
Partner

CPA Cert No. [REDACTED]

P.T.R. No. [REDACTED], issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 112595-SEC, Category A; valid to audit 2020 to 2024 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024 financial statements

TIN [REDACTED]

BIR A.N. [REDACTED], issued on June 5, 2020; effective until June 4, 2023

BOA/PRC Reg. No. [REDACTED], effective until November 14, 2025

Makati City
April 14, 2023

Makati Finance Corporation

Statement of Financial Position
December 31, 2022
(With comparative figures as at December 31, 2021)
(All amounts in Philippine Peso)

	Notes	2022	2021
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	2	34,051,506	73,115,778
Loans and other receivables, net	3	476,372,353	573,816,404
Other assets, net	4	108,457,610	118,870,441
Total current assets		618,881,469	765,802,623
Non-current assets			
Loans and other receivables, net	3	338,928,285	297,979,914
Property and equipment, net	5	6,276,492	8,598,163
Investment properties	6	90,801,000	63,128,241
Right-of use asset, net	16	18,730,644	32,311,216
Deferred tax assets, net	13	40,530,674	44,481,308
Total non-current assets		495,267,095	446,498,842
Total assets		1,114,148,564	1,212,301,465
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Notes payable	9	419,496,400	522,654,225
Accounts payable		40,392,497	35,722,757
Accrued expenses	8	20,587,598	22,831,211
Lease liabilities	16	6,493,544	6,611,667
Income tax payable	13	1,529,041	2,380,651
Total current liabilities		488,499,080	590,200,511
Non-current liabilities			
Notes payable	9	42,052,330	42,052,331
Lease liabilities	16	15,019,195	29,644,749
Retirement benefit obligation, net	14	5,478,727	7,912,942
Total non-current liabilities		62,550,252	79,610,022
Total liabilities		551,049,332	669,810,533
Equity			
Capital stock	10	269,283,709	267,828,098
Additional paid-in capital		5,803,922	5,803,922
Retained earnings		277,759,900	262,818,124
Remeasurement gain on retirement benefit obligation	16	10,251,701	6,040,788
Total equity		563,099,232	542,490,932
Total liabilities and equity		1,114,148,564	1,212,301,465

(The notes on pages 1 to 37 are an integral part of these financial statements.)

Makati Finance Corporation

Statement of Total Comprehensive Income
For the year ended December 31, 2022
(With comparative figures for the years ended December 31, 2021 and 2020)
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
Interest income	2,3	158,979,539	174,717,502	164,100,975
Interest expense	9	(33,125,884)	(35,883,274)	(42,568,272)
		125,853,655	138,834,228	121,532,703
Other income				
Service charges	11	4,681,392	6,102,222	4,580,050
Miscellaneous	12	34,760,438	21,838,560	15,625,577
Total other income		39,441,830	27,940,782	20,205,627
Total operating income		165,295,485	166,775,010	141,738,330
Operating expenses				
Salaries and employee benefits		60,608,488	59,458,056	54,318,528
Provision for credit losses	3	18,840,356	16,318,563	14,649,739
Taxes and licenses		13,696,781	14,667,754	14,703,685
Occupancy costs		12,310,518	13,515,015	2,169,628
Depreciation and amortization	5	9,473,494	12,023,567	18,502,108
Travel and transportation		7,664,302	5,374,796	3,256,469
Management and professional fees		7,037,544	6,321,676	7,533,057
Commission		1,097,649	931,758	1,925,474
Provision for (reversal of) impairment loss of repossessed assets		377,146	927,711	(3,492,533)
Entertainment, amusement and recreation		375,368	260,209	302,238
Miscellaneous	12	10,407,838	11,979,309	10,298,341
Total operating expenses		141,889,484	141,778,414	124,166,734
Income before tax		23,406,001	24,996,596	17,571,596
Income tax expense	13	5,552,903	15,292,190	6,744,293
Net income		17,853,098	9,704,406	10,827,303
Other comprehensive income		4,210,913	3,144,085	(1,195,765)
Total comprehensive income for the year		22,064,011	12,848,491	9,631,538
Basic and diluted earnings per share	10	0.07	0.04	0.04

(The notes on pages 1 to 37 are an integral part of these financial statements.)

Makati Finance Corporation

Statement of Changes in Equity For the year ended December 31, 2022 (With comparative figures for the year ended December 31, 2021) (All amounts in Philippine Peso)

	Capital stock (Note 10)	Additional paid-in capital	Retained earnings	Remeasurement gain (loss) on retirement benefit obligation	Total equity
Balances at January 1, 2020	262,948,243	5,803,922	252,046,301	4,092,468	524,890,934
Transactions with owners					
Stock dividends	3,255,804	-	(3,255,804)	-	-
Cash dividends	-	-	(3,255,891)	-	(3,255,891)
Total transactions with owners	3,255,804	-	(6,511,695)	-	(3,255,891)
Comprehensive income					
Net income for the year	-	-	10,827,303	-	10,827,303
Other comprehensive loss	-	-	-	(1,195,765)	(1,195,765)
Total comprehensive income (loss)	-	-	10,827,303	(1,195,765)	9,631,538
Balances at January 1, 2021	226,204,047	5,803,922	256,361,909	2,896,703	531,266,581
Transactions with owners					
Stock dividends	1,624,051	-	(1,624,051)	-	-
Cash dividends	-	-	(1,624,140)	-	(1,624,140)
Total transactions with owners	1,624,051	-	(3,248,191)	-	(1,624,140)
Comprehensive income					
Net income for the year	-	-	9,704,406	-	9,704,406
Other comprehensive income	-	-	-	3,144,085	3,144,085
Total comprehensive income	-	-	9,704,406	3,144,085	12,848,491
Balances at December 31, 2021	267,828,098	5,803,922	262,818,124	6,040,788	542,490,932
Transactions with owners					
Stock dividends	1,455,611	-	(1,455,611)	-	-
Cash dividends	-	-	(1,455,711)	-	(1,455,711)
Total transactions with owners	1,455,611	-	(2,911,322)	-	(1,455,711)
Comprehensive income					
Net income for the year	-	-	17,853,098	-	17,853,098
Other comprehensive income	-	-	-	4,210,913	4,210,913
Total comprehensive income	-	-	17,853,098	4,210,913	22,064,011
Balances at December 31, 2022	269,283,709	5,803,922	277,759,900	10,251,701	563,099,232

(The notes on pages 1 to 37 are an integral part of these financial statements.)

Makati Finance Corporation

Statement of Cash Flows
For the year ended December 31, 2022
(With comparative figures for the year ended December 31, 2021 and 2020)
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		23,406,001	24,996,596	17,571,596
Adjustments for:				
Provision for credit losses on loans and other receivables	3	18,840,356	16,318,563	14,649,739
Depreciation and amortization	5,16	9,417,435	12,023,566	18,502,108
Fair value change in investment properties	6	(24,602,534)	(4,430,491)	-
Retirement benefits expense	14	3,180,335	3,527,986	2,894,024
Interest expense from lease liabilities	16	1,249,467	1,766,789	2,025,648
Provision for (reversal of) impairment loss of repossessed assets	4	377,146	927,711	(3,492,533)
Gain from sale of repossessed assets	4	(463,451)	(2,377,048)	(3,296,379)
Loss on sale of investment property		-	272,612	-
Provision for impairment loss of investment properties		-	-	915,951
Operating income before working capital changes		31,404,755	53,026,284	49,770,154
Decrease (increase) in:				
Loans and other receivables		37,655,324	110,970,271	11,216,730
Other assets		(67,361,622)	(99,412,877)	(50,249,505)
Increase (decrease) in:				
Accounts payable		4,669,740	16,510,663	(11,964,493)
Accrued expenses		(2,243,613)	(18,396,287)	9,829,968
Net cash flows provided by operating activities		4,124,584	62,698,054	8,602,854
Income taxes paid	13	(3,857,517)	(1,980,754)	(1,906,171)
Proceeds from sale of repossessed assets		77,887,488	77,353,188	48,830,590
Net cash from operating activities		78,154,555	138,070,488	55,527,273
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	5	(683,956)	(5,925,121)	(899,846)
Additions to software		(113,116)	(335,631)	(17,465)
Additions to investment properties	6	(3,070,225)	(2,230,309)	-
Net cash used in investing activities		(3,867,297)	(8,491,061)	(917,311)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of notes payable		219,516,745	144,434,268	206,074,736
Settlement of notes payable		(322,674,571)	(266,120,713)	(228,990,783)
Payment of lease liabilities	16	(8,737,993)	(7,941,968)	(16,375,478)
Cash dividends paid		(1,455,711)	(1,624,140)	(3,255,804)
Net cash from financing activities		(113,351,530)	(131,252,553)	(42,547,329)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS				
		(39,064,272)	(1,673,126)	12,062,633
Cash and cash equivalents				
January 1		73,115,778	74,788,904	62,726,271
December 31		34,051,506	73,115,778	74,788,904

(The notes on pages 1 to 37 are an integral part of these financial statements.)

Makati Finance Corporation

Notes to the Financial Statements

As at and for the year ended December 31, 2022

(With comparative figures and notes as at December 31, 2021 and for the years ended December 31, 2021 and 2020)

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Makati Finance Corporation (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 17, 1966. The Company is a domestic corporation engaged in the sale of various financial products and services, catering generally to the consumer market.

The Company is considered a public company under Rule 3.1 of Implementing Rules and Regulations of the Securities Regulation Code (SRC), which, among others, defines a public company as any corporation with a class of equity securities listed on an exchange, or with assets of at least P50 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities.

On March 11, 2022, the Board of Directors (BOD) and shareholders approved the offer of up to 19,560,000 shares from the Company’s unissued common shares through initial common public offering (IPO). The application for the IPO of the Company was approved by the SEC and the Philippine Stock Exchange (PSE) on December 9, 2002 and November 28, 2002, respectively. The Company was listed in the PSE under the Small and Medium Enterprise Board on January 6, 2003, with an offer price of P1.38 per share.

As at December 31, 2022, the Company’s closing price at the PSE amounts to P2.35 per share (2021 - P2.50 per share).

Amalgamated Investment Bancorporation (AIB) (the “Parent Company”) owns 42.89% of the Company as at December 31, 2022 and 2021.

The Company’s registered office address, which is also its principal place of business, is at 3rd Floor Mazda Makati Building, 2301 Chino Roces Avenue, Barangay Magallanes, Makati City.

The Company has 156 employees as at December 31, 2022 (2021 - 184).

Approval of the financial statements

These financial statements have been approved and authorized for issuance by the Company’s BOD on April 14, 2023.

Note 2 - Cash and cash equivalents

This account consists of:

	2022	2021
Cash on hand	650,871	811,958
Cash in banks	33,400,635	56,616,646
Cash equivalents	-	15,687,174
	34,051,506	73,115,778

Cash in banks earn interest at the prevailing bank deposit rates which range from 0.05% to 0.15% (2021 - 0.05% to 0.13%). In 2022, interest income on cash in banks amount to P31,283 (2021 - P50,003; 2020 - P52,686).

Cash equivalents include short-term placements with MAPI Lending investors, Inc. and HMW Lending Investors, Inc. at 10.5% and 8.5% interest rates, respectively, and with maturities ranging from 30 to 120 days. Cash equivalents as at December 31, 2021 fully matured in 2022.

Note 3 - Loans and other receivables, net

The account as at December 31 consist of:

	2022	2021
Consumer Services	1,031,311,381	1,081,544,549
Other receivables	266,927,819	319,050,230
	13,085,453	12,092,865
	1,311,324,653	1,412,687,644
Unearned interest discount	(355,513,027)	(411,237,406)
Allowance for expected credit loss (ECL)	(140,510,988)	(129,653,920)
	815,300,638	871,796,318

Loans and other receivables (gross of unearned interest income and allowance for credit losses) grouped according to product type are as follows:

	2022	2021
Motorcycle financing	436,806,686	455,131,617
Business loans	525,983,849	500,614,501
Rx cash line	179,098,116	184,527,827
Car loans	73,851,287	110,717,136
Receivables purchased	3,057,353	63,452,340
Corporate salary loans	5,467,779	7,693,502
	1,224,265,070	1,322,136,923
Personal loans	31,624,014	28,650,462
Pension loans	14,884,222	14,349,231
Leisure bike loans	14,588,482	13,778,336
Accrued interest receivable	5,918,804	11,248,012
Housing loans	6,958,608	10,431,815
Due from affiliates	554,143	101,007
Sales contract receivable	-	168,200
Miscellaneous receivables	12,531,310	11,823,658
	1,311,324,653	1,412,687,644

Miscellaneous receivables pertain to receivables from employees and other related and non-related parties.

Interest rates on loans and other receivables for the year ended December 31, 2022 range from 1.2% to 3.0% (2021 and 2020 - 1.2% to 2.6%) add-on rate per month plus gross receipts tax. For the year ended December 31, 2022, interest income earned on loans receivables amounts to P158.95 million (2021 - P174.67 million; 2020 - P164.04 million).

Certain motorcycle financing receivables amounting to P175.52 million (2021 - P275.66 million) were used as collateral on notes payable to banks (see Note 9).

The following table shows the breakdown of loans (gross of allowance for ECL) as to collateral as at December 31:

	2022	%	2021	%
Secured loans				
Chattel mortgage	383,569,862	40.13%	434,680,837	43.41%
Real estate mortgage	177,231,108	18.54%	176,122,611	17.59%
Other collaterals	31,272,185	3.27%	91,755,707	9.16%
Total secured	592,073,155	61.94%	702,559,155	70.16%
Unsecured	363,738,471	38.06%	298,891,083	29.84%
	955,811,626	100.00%	1,001,450,238	100.00%

Other collaterals pertain to deposits, assignment of receivables and salary.

Movements in allowance for ECL follow:

	December 31, 2022			
	Receivable from Customers			
	Consumer	Services	Others	Total
At January 1	109,621,244	15,566,961	4,465,715	129,653,920
Provision during the year	14,530,224	4,310,132	-	18,840,356
Write-off during the year	(7,983,288)	-	-	(7,983,288)
At December 31	116,168,180	19,877,093	4,465,715	140,510,988

	December 31, 2021			
	Receivable from Customers			
	Consumer	Services	Others	Total
At January 1	120,817,037	13,040,129	4,465,715	138,322,881
Provision during the year	13,791,731	2,526,832	-	16,318,563
Write-off during the year	(24,987,524)	-	-	(24,987,524)
At December 31	109,621,244	15,566,961	4,465,715	129,653,920

In determining the allowance for ECL on loans and other receivables, the Company groups its loans and other receivables on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Note 4 - Other assets, net

This account consists of:

	2022	2021
Repossessed assets, net	99,692,514	109,462,837
Prepaid expenses	3,569,794	5,543,471
Security deposits	4,733,792	3,373,292
Software costs	381,510	410,841
Financial asset at fair value through other comprehensive income (FVOCI)	80,000	80,000
	108,457,610	118,870,441

Repossessed assets pertain to motorcycle units that were repossessed from the Company's motorcycle financing business.

The movement in repossessed assets follow:

	2022	2021
Cost		
At January 1	150,809,469	126,539,947
Additions	68,111,860	99,326,662
Disposals	(77,424,037)	(74,976,140)
At December 31	141,497,292	150,890,469
Allowance for impairment losses		
At January 1	41,427,632	40,499,921
Allowance for impairment during the year	377,146	927,711
At December 31	41,804,778	41,427,632
Carrying amount	99,692,514	109,462,837

Included in the statement of total comprehensive income are the gain from sale of repossessed assets amounting to P463,451 in 2022 (2021 - P2.38 million). Proceeds from sale amounted to P77.89 million in 2022 (2021 - P77.35 million).

The movement in software costs follow:

	2022	2021
Cost		
At January	6,362,100	6,031,682
Additions	113,116	335,631
Reclassification	-	(5,212)
At December 31	6,475,216	6,362,101
Accumulated amortization		
At January 1	5,951,260	5,517,670
Amortization for the year	142,445	438,802
Reclassification	-	(5,212)
Accumulated amortization	6,093,706	5,951,260
Carrying amount	381,510	410,841

Note 5 - Property and equipment, net

The movements in the account for the years ended December 31 are summarized below:

	2022			
	Furniture, fixtures and equipment	Leasehold rights and improvements	Transportation equipment	Total
Cost				
At January 1	19,185,516	10,861,636	10,408,455	40,455,607
Additions	683,957	-	-	683,956
At December 31	19,869,473	10,861,636	10,408,455	41,139,563
Accumulated depreciation				
At January 1	17,925,575	7,693,733	6,238,136	31,857,444
Depreciation	875,954	676,959	1,452,714	3,005,627
At December 31	18,801,529	8,370,692	7,690,850	34,863,071
Carrying amount	1,067,944	2,490,944	2,717,605	6,276,493

	2021			
	Furniture, fixtures and equipment	Leasehold rights and improvements	Transportation equipment	Total
Cost				
At January 1	18,300,572	7,476,839	10,003,075	35,780,486
Additions	884,944	3,384,797	1,655,380	5,925,121
Retirement	-	-	(1,250,000)	(1,250,000)
At December 31	19,185,516	10,861,636	10,408,455	40,455,607
Accumulated depreciation				
At January 1	16,622,596	6,871,744	5,295,928	28,790,268
Depreciation	1,302,979	821,989	1,942,208	4,067,176
Retirement	-	-	(1,000,000)	(1,000,000)
At December 31	17,925,575	7,693,733	6,238,136	31,857,444
Carrying amount	1,259,941	3,167,903	4,170,319	8,598,163

As at December 31, 2022, the Company has fully depreciated property and equipment that are still in use with original cost amounting to P25.68 million (2021 - P23.33 million).

There are neither restrictions on title on the Company's property and equipment, nor was any of it pledged as security for liability. The Company has no contractual commitment for the acquisition of property and equipment.

Management believes that there are no indicators that the Company's property and equipment is impaired as at December 31, 2022 and 2021.

Note 6 - Investment properties, net

The movements in the account for the years ended December 31 are summarized below:

	2022	2021
Beginning of the year	63,128,241	61,240,053
Additions	3,070,225	2,230,309
Disposals	-	(4,772,612)
Fair value adjustment	24,602,534	4,430,491
	90,801,000	63,128,241

Investment properties consist of land and building amounting to P73,858,715 and P16,942,285, respectively (2021 - P46,012,956 and P17,115,285, respectively).

The Company presents its investment properties at fair value and changes on such are recognized in profit or loss. The fair value of the investment properties was determined by management and independent and professionally qualified appraiser on various dates in December 2022 and January 2023.

The fair value of the Company's investment properties was determined using the Market Approach, which is a comparative approach to value that considers sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, a property being valued (a subject property) is compared with sales of similar properties that have been transacted in the market.

Direct operating expenses with regard to investment properties pertain to local property taxes amounting to P76,043 in 2022 (2021 - P76,043).

Note 7 - Segment information

The Company's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with each segment representing a strategic business unit. The Company derives revenues from the following main operating business segments:

Rx Cashline Group

The Rx Cashline Group grants loans tailored to medical professionals.

Business loans

This group grants loans to finance business owners who wishes to expand its business or for the purpose of starting capital.

MFC Factors Group

The MFC Factors Group is responsible for the research of businesses that seek to factor their receivables for extra liquidity.

Motor Vehicles Financing Group

The MC Financing Group grants loans to motorcycle buyers.

Other segments

This segment includes pension loans, housing loans, personal loans and corporate salary loans.

The Company considers its Management Committee as the chief operating decision maker. Management conducts weekly Management Committee meetings to monitor the performance and conversion of each of the product lines handled. Strategies and recommendations are formulated while operating parameters and guidelines are developed and implemented in these weekly meetings. Product line performance is evaluated based on how it performs versus target and versus last year's actual figures. Another major consideration is on the analysis of risk and collectibility exposure contributed by each product line.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets and liabilities comprise all of the assets and liabilities, measured in a manner consistent with that shown in the statement of financial position.

The Company's assets producing revenues are located in the Philippines (i.e., one geographical location), therefore the geographical segment information is no longer presented.

The sales revenue generated from the Company's operating segments amounted to 10% or more of the total revenues.

Financial information about operating segments follows:

	2022				
	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables	179,098,116	529,041,202	531,165,259	72,020,076	1,311,324,653
Results of operation					
Revenue					
Interest income	22,946,252	57,393,493	65,433,531	13,206,263	158,979,539
Other income	2,269,873	28,025,287	5,587,068	3,559,602	39,441,830
Total	25,216,125	85,418,780	71,020,599	16,765,865	198,421,369
Expenses					
Interest expense	4,524,267	13,364,316	13,417,973	1,819,328	33,125,884
Provision for losses	3,667,710	9,576,412	1,663,782	4,309,598	19,217,502
Operating expenses	10,650,563	38,673,084	66,792,325	6,556,010	122,671,982
	18,842,540	61,613,812	81,874,080	12,684,936	175,015,368
Net operating income (loss)	6,373,585	23,804,968	(10,853,481)	4,080,929	23,406,001
Income tax expense (benefit)	1,773,788	6,503,111	(4,397,730)	1,673,733	5,552,902
Net Income (loss)	4,559,797	17,301,857	(6,455,751)	2,407,196	17,853,099
Statement of Financial Position					
Total Assets	103,295,406	510,795,835	459,248,231	40,809,092	1,114,148,564
Total Liabilities	62,264,341	253,960,063	212,168,236	22,656,692	551,049,332
Other segment information					
Capital expenditures	578,303	1,446,460	1,649,089	332,830	4,006,682
Depreciation and amortization	1,392,032	3,481,771	3,969,519	801,158	9,644,480
	2021				
	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables	185,423,999	589,836,996	589,220,105	74,010,892	1,438,491,992
Results of operation					
Revenue					
Interest income	21,997,658	67,892,983	77,056,532	7,770,329	174,717,502
Other income	3,218,580	9,933,740	13,651,501	1,136,913	27,940,734
	25,216,238	77,826,723	90,708,033	8,907,242	202,658,236
Expenses					
Interest expense	4,517,853	13,943,781	15,825,779	1,595,861	35,883,274
Provision for losses	2,171,377	6,701,681	7,606,210	767,006	17,246,274
Operating expenses	11,365,248	35,933,418	69,374,072	5,482,354	122,155,092
	18,054,478	56,578,880	92,806,061	7,845,221	175,284,640
Net operating income (loss)	7,161,760	21,247,843	(2,098,028)	1,062,021	27,373,596
Income tax expense (benefit)	2,928,996	8,825,971	2,869,541	667,682	15,292,190
Net Income (loss)	4,232,764	12,421,872	(4,967,569)	394,339	12,081,406
Statement of Financial Position					
Total Assets	117,365,439	509,938,385	542,360,807	42,636,834	1,212,301,465
Total Liabilities	76,719,670	291,696,693	275,183,329	26,210,841	669,810,533
Other segment information					
Capital expenditures	1,069,060	3,299,518	3,744,855	377,628	8,491,061
Depreciation and amortization	1,513,817	4,672,204	5,302,814	534,732	12,023,567

	2020				Total
	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	
Loans and other receivables	194,734,024	536,362,629	717,900,425	78,657,862	1,527,654,940
Results of operation					
Revenue					
Interest income	25,450,977	55,374,079	75,523,487	7,752,432	164,100,975
Other income	3,237,867	7,380,129	6,984,492	2,603,139	20,205,627
Total	28,688,844	62,754,208	82,507,979	10,355,571	184,306,602
Expenses					
Interest expense	6,697,000	14,570,765	19,872,746	1,427,761	42,568,272
Provision for losses	333,209	5,785,490	3,664,118	1,374,389	11,157,206
Operating expenses	11,586,741	25,352,543	70,504,270	5,565,974	113,009,528
Total	18,616,950	45,708,798	94,041,134	8,368,124	166,735,006
Net operating income (loss)	10,071,894	17,045,410	(11,533,155)	1,987,447	17,571,596
Income tax expense (benefit)	2,899,905	6,367,074	(3,018,367)	495,681	6,744,293
Net Income (loss)	7,171,989	10,678,336	(8,514,788)	1,491,766	10,827,303
Statement of Financial Position					
Total Assets	124,110,873	525,908,978	613,206,623	51,111,064	1,314,337,538
Total Liabilities	84,234,226	318,044,514	346,550,577	34,241,640	783,070,957
Other segment information					
Capital expenditures	114,705	315,938	422,870	46,333	899,846
Depreciation and amortization	1,990,160	7,514,280	8,187,778	809,890	18,502,108

Note 8 - Accrued expenses

This account consists of:

	2022	2021
Accrued rent	4,894,595	3,387,008
Accrued insurance payable	3,981,994	3,775,424
Accrued taxes	3,454,505	4,032,302
Accrued commissions and outside services	1,776,647	2,473,627
Accrued interest	1,283,054	1,498,494
Accrued administrative expenses	1,255,443	1,077,699
Accrued management and professional fees	737,677	883,514
Advances from customers	-	854,354
Others	3,203,683	4,848,789
	20,587,598	22,831,211

Others mainly include accrual on utilities and travel and transportation.

Note 9 - Notes payable

The account as at December 31 consists of:

	2022	2021
Notes payable to:		
Related parties	257,408,526	342,504,386
Banks	175,517,005	201,618,486
Individuals/corporate	28,623,199	20,583,684
	461,548,730	564,706,556

Interest rates on notes payable range from 5.50% to 8.75% in 2022 (2021 - 5% to 6%). Interest expenses on these notes payable amount to P31.47 million in 2022 (2021 - P34.12 million; 2020 - P40.54 million).

Notes payable to related parties and individuals/corporate are unsecured, with maturities up to one (1) year.

Notes payable to banks have a maturity of up to three (3) years. As at December 31, 2022 and 2021, the notes payable to banks are secured by certain motorcycle financing receivables. Under the agreements with the bank creditors, the notes payable are subject to Deed of Assignment on summary list of loans receivables (with 50% to 85% loanable value) on per availment basis.

The following assets were used to secure the notes payable to banks availed by the Company (Note 3):

	2022		2021	
	Carrying amount	Secured notes	Carrying amount	Secured notes
Motorcycle financing receivables	227,613,885	175,517,005	P353,705,896	P275,657,204

Note 10 - Equity

On July 28 2022, the BOD and stockholders approved the declaration of 0.54% stock dividends in the amount of P1.46 million to stockholders of record as at August 26, 2022 with distribution date not later than September 21, 2022. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P1.46 million.

On July 29, 2021, the BOD and stockholders approved the declaration of 0.61% stock dividends in the amount of P1.62 million to stockholders of record as at August 26, 2021 with distribution date not later than September 21, 2021. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P1.62 million.

On July 29, 2020, the BOD and stockholders approved the declaration of 1.24% stock dividends in the amount of P3.26 million to stockholders of records as of August 27, 2020 with distribution date not later than September 22, 2020. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P3.26 million

As at December 31, 2022, the Company has 269,283,709 common shares issued and outstanding which are owned by 111 shareholders.

The movements in the number of issued shares and capital stock follow:

	2022		2021		2020	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<i>Authorized - 300,000,000 shares; P1 par value</i>						
At January 1	267,828,098	267,828,098	266,204,047	266,204,047	262,948,243	262,948,243
Stock dividends	1,455,611	1,455,611	1,624,051	1,624,051	3,255,804	3,255,804
At December 31	269,283,709	269,283,709	267,828,098	267,828,098	266,204,047	266,204,047

Earnings per share

Earnings per share is calculated by dividing the net income by the weighted average number of outstanding common shares.

The information used in the computation of basic and diluted earnings per share for the years ended December 31 follow:

	2022	2021	2020
Net income for the year	17,853,098	9,704,406	10,827,303
Weighted average number of outstanding common shares	268,555,904	266,610,060	263,762,194
Basic and diluted earnings per share	0.07	0.04	0.04

Note 11 - Service charges

The account for the years ended December 31 consists of the following:

	2022	2021	2020
Processing fees	4,011,154	3,494,270	3,970,744
Late payment charges	661,681	2,592,064	607,312
Others	8,557	15,888	1,994
	4,681,392	6,102,222	4,580,050

Processing fees refer to charges that are deducted from the loan proceeds before they are disbursed to the borrower. This fee covers the cost of processing the loan application, including evaluating the borrower's creditworthiness, verifying their employment and income, and other administrative expenses.

Late payment charges, on the other hand, are fees that are assessed when a borrower fails to make a loan payment on time. These charges are designed to encourage timely payments and compensate the Company for the costs associated with processing and collecting late payments.

Note 12 - Miscellaneous

Miscellaneous income for the years ended December 31 consists of the following items:

	2022	2021	2020
Penalties	6,053,470	7,776,978	7,047,586
Fair value adjustment	24,602,534	4,430,491	-
Others	4,104,434	9,631,091	8,577,991
	34,760,438	21,838,560	15,625,577

Others mainly consist of gain on sale of motorcycle units.

Miscellaneous expenses for the years ended December 31 consist of the following items:

	2022	2021	2020
Communication	2,894,069	2,931,713	2,327,281
Stationaries and supplies	2,256,939	2,918,595	1,511,318
Others	5,256,830	6,129,001	6,459,742
	10,407,838	11,979,309	10,298,341

Other expenses include insurance, repairs and maintenance, training and development fees, meetings and conference fees, claims fees, advertising costs, donations and membership dues.

Note 13 - Income taxes

Current tax regulations provide that the regular corporate income tax rate applicable to the Company is 25%. The regulations also provide for minimum corporate income tax (MCIT) of 1% on modified gross income and allow net operating loss carry-over (NOLCO). The MCIT and NOLCO may be applied against the Company's income tax liability and taxable income, respectively, over a three-year period from the year of incurrence. Specifically, for taxable years 2021 and 2020, NOLCO can be carried forward for five years.

The following are the components of income tax expense for the years ended December 31:

	2022	2021	2020
Current	3,005,907	3,599,704	1,941,341
Deferred	2,546,996	11,692,486	4,802,952
	5,552,903	15,292,190	6,744,293

A reconciliation between the income tax expense at the statutory tax rate and income tax expense at effective tax rate follows:

	2022	2021	2020
Income before tax	23,406,001	24,996,641	17,571,596
Income tax benefit at statutory income tax rate (25%)	5,851,500	6,249,160	5,271,479
Adjustments for:			
Interest income subjected to final tax	(7,821)	(12,501)	(18,760)
Impact of PFRS 16	(290,776)	-	-
Effect of CREATE law	-	9,051,635	-
Non-deductible interest expense	-	3,896	7,738
Change in unrecognized DTA	-	-	1,483,836
Effective income tax expense	5,552,903	15,292,190	6,744,293

The components of the Company's deferred tax assets and liabilities as at December 31 are as follows:

	2022	2021
Deferred tax assets		
Allowance of repossessed assets write-down	35,069,198	10,356,908
Allowance for credit losses	10,451,194	32,354,931
Accrued expenses	1,685,388	1,685,388
Retirement expense	2,400,587	1,605,504
Impairment loss on investment properties	228,988	228,987
Past service costs	40,294	40,294
Others	1,216,006	1,216,006
	51,091,655	47,488,018
Deferred tax liabilities		
Remeasurement gain on defined benefit obligation	3,137,635	1,733,997
Fair value increase in investment properties	7,423,346	1,272,713
	10,560,981	3,006,710
	40,530,674	44,481,308

In addition, the current tax regulations provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expenses that can be claimed as a deduction against taxable income. Under the regulations, EAR expenses, allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1.00% of the gross revenue of an entity engaged in the sale of services. EAR expenses amounted to P0.37 million and P0.26 million 2022 and 2021, respectively.

Below are the movements in income tax payable:

	2022	2021
Balance, January 1	2,380,651	761,701
Provision for income tax - current	3,005,907	4,085,039
Income tax paid during the year	(3,857,517)	(1,980,754)
Effect of CREATE law	-	(485,335)
Balance, December 31	1,529,041	2,380,651

Movements in net deferred income tax (DIT) assets are summarized as follows:

	2022	2021
Beginning of the year	44,481,308	57,221,822
Amounts charged to profit or loss	(2,546,996)	(11,692,486)
Amounts charged to other comprehensive income	(1,403,638)	(1,048,028)
End of the year	40,530,674	44,481,308

Note 14 - Retirement benefits

The Company has a funded, defined benefit plan covering all of its officers and regular employees. The benefits are based on years of service and compensation on the last year of service.

The plan is non-contributory and of the defined benefit type which provides a retirement benefit equal to one hundred percent (100%) of the latest monthly salary for every year of credited service. Benefits are paid in lump sum upon retirement or separation in accordance with the terms of the plan. Normal retirement age is at age 60.

Net benefit cost is included in the Company's profit or loss under 'Salaries and employee benefits'

Details of the retirement benefit obligation recognized in the statement of financial position as at December 31 are as follows:

	2022	2021
Present value of benefit obligation	12,587,051	15,085,059
Fair value of plan assets	(7,108,324)	(7,172,117)
Retirement benefit obligation	5,478,727	7,912,942

Details of the retirement benefit expense recognized in profit or loss for the years ended December 31 are as follows:

	2022	2021
Current service cost	2,778,358	3,189,191
Net interest cost	401,977	338,795
	3,180,335	3,527,986

The movements in the present value of retirement benefit obligation are as follows:

	2022	2021
At beginning of year	15,085,059	15,768,727
Current service cost	2,778,358	3,189,191
Interest cost	766,321	622,865
Remeasurements		
Gain from changes in financial assumptions	(5,264,281)	(3,253,172)
Gain from experience adjustments	(778,406)	(1,237,083)
Gain from changes in demographic assumptions	-	(5,469)
At end of year	12,587,051	15,085,059

The movements in the fair value of plan assets are as follows:

	2022	2021
At beginning of year	7,172,116	7,191,657
Interest income	364,344	284,070
Benefits paid	(428,137)	(303,611)
At end of year	7,108,324	7,172,116

The fair values of plan assets by each class at the end of the reporting period follow:

	2022	2021
Cash and cash equivalents	3,793,982	3,358,918
Financial assets at fair value through profit or loss - fixed income	3,313,473	3,793,308
Accrued other receivables	869	19,891
	7,108,324	7,172,117

The principal assumptions used in determining the retirement benefit obligation as at December 31 are as follows:

	2022	2021
Discount rate	7.36%	5.08%
Future salary increases	5%	5%
Average remaining working life (in years)	24.7	25.6

Discount rate sensitivity

The following illustrates the sensitivity to a reasonably possible change in each key assumption, with all other variable held constant, of the Company's retirement benefit obligation. The sensitivity analysis is prepared assuming the fair value of asset does not vary during the period and the methods and assumptions are the same in prior years. A 100 bps increase, or decrease is used when reporting this risk internally to key management personnel and represents management's assessment of the reasonably possible change in discount rate and salary increase. The impact on the Company's retirement benefit obligation follows:

	Change in basis points	Impact on retirement benefit obligation	
		Increase in assumption	Decrease in assumption
December 31, 2022			
Discount rate	100 basis points	(1,662,537)	2,016,802
Salary growth rate	100 basis points	2,045,350	(1,711,189)
December 31, 2021			
Discount rate	100 basis points	(2,290,874)	2,836,751
Salary growth rate	100 basis points	2,809,381	(2,312,239)

There are no expected contributions to the plan for the year ending December 31, 2023.

The BOD has no specific matching strategy between plan assets and plan liabilities.

Note 15 - Related party transaction

In the ordinary course of business, the Company enters into transactions with its stockholders and affiliates. Under the Company's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. Related party transactions are settled in cash.

Category/Transaction	Ref	2022			2021			2020		
		Amount of Transaction	Outstanding Balances		Amount of Transaction	Outstanding Balances		Amount of Transactions	Outstanding Balances	
			Due from related parties	Due to related parties		Due from related parties	Due to related parties		Due from related parties	Due to related parties
<i>Parent Company</i>										
Miscellaneous receivables	A	-	80,514	-	-	80,514	-	-	80,514	-
Notes payable	B	-	-	191,100,000	-	-	267,600,000	-	-	338,600,000
Availments		16,000,000	-	-	-	-	-	24,500,000	-	-
Settlements		92,500,000	-	-	-	-	-	70,900,000	-	-
Interest expense		13,725,831	-	83,855	16,145,583	-	822,018	20,189,293	-	2,598,976
<i>Entities under common control</i>										
<i>Motor Ace Philippines, Inc.</i>										
Loans Receivable	A	-	2,952,145	-	-	-	-	-	-	-
Availments		4,595,808	-	-	-	-	-	-	-	-
Settlements		1,288,776	-	-	-	-	-	-	-	-
Miscellaneous receivables	A	-	342,254	-	-	307,804	-	-	240,184	-
Availments		77,350	-	-	189,543	-	-	174,490	-	-
Settlements		42,900	-	-	121,922	-	-	88,200	-	-
<i>Forward</i>										

Category/Transaction	Ref	2022			2021			2020		
		Amount of Transaction	Outstanding Balances		Amount of Transaction	Outstanding Balances		Amount of Transaction	Outstanding Balances	
			Due from related parties	Due to related parties		Due from related parties	Due to related parties			
Accounts payable	D	-	-	14,456,450	-	-	13,849,458	-	-	15,194,978
Availments		71,576,002	-	-	73,871,039	-	-	54,444,011	-	-
Settlements		70,969,009	-	-	75,216,559	-	-	51,426,833	-	-
<i>MAPI Lending Investors, Inc.</i>										
Miscellaneous receivables	A	-	2,229,436	-	1,877,428	-	-	-	2,725,083	-
Availments		1,157,245	-	-	745,819	-	-	343,204	-	-
Settlements		16,492,411	-	-	1,593,475	-	-	554,450	-	-
Accounts payable	D	-	-	78,640	-	-	75,372	-	-	75,372
Availments		3,268	-	-	29,722	-	-	23,191	-	-
Settlements		-	-	-	29,722	-	-	-	-	-
Short term placements	C	-	-	-	15,687,174	-	-	-	25,711,228	-
Availments		611,209	-	-	1,576,792	-	-	2,294,972	-	-
Settlements		16,298,384	-	-	11,600,846	-	-	154,129	-	-
Interest income		1,216,597	-	-	-	-	-	-	-	-
<i>HMW Lending Investors, Inc.</i>										
Loans Receivable	A	-	5,840,453	-	-	-	-	-	-	-
Availments		-	-	-	-	-	-	-	-	-
Settlements		2,725,970	-	-	-	-	-	-	-	-
<i>Honda Motor World, Inc.</i>										
Loans Receivable	A	-	1,269,809	-	-	-	-	-	-	-
Availments		-	-	-	-	-	-	-	-	-
Settlements		739,583	-	-	-	-	-	-	-	-
Miscellaneous receivables	A	-	170,673	-	132,598	-	-	-	106,017	-
Availments		64,325	-	-	109,036	-	-	125,228	-	-
Settlements		26,250	-	-	82,455	-	-	63,753	-	-
Accounts payable	D	-	-	2,923,459	-	-	1,864,681	-	-	1,839,777
Availments		26,019,931	-	-	23,949,667	-	-	16,571,009	-	-
Settlements		24,961,153	-	-	23,924,764	-	-	16,958,716	-	-
<i>Pikeville Bancshares</i>										
Professional fees		1,193,920	-	275,520	1,193,920	-	-	1,193,920	-	156,128
<i>MERG Realty Development Corp.</i>										
Miscellaneous receivables	A	-	18,057	-	18,057	-	-	-	18,057	-
Availments		-	-	-	-	-	-	-	-	-
Settlements		-	-	-	-	-	-	-	-	-

Forward

Category/Transaction	Ref	2022			2021			2020		
		Outstanding Balances			Outstanding Balances			Outstanding Balances		
		Amount of Transaction	Due from related parties	Due to related parties	Amount of Transaction	Due from related parties	Due to related parties	Amount of Transaction	Due from related parties	Due to related parties
Notes payable	B	-	-	32,819,218	-	-	31,334,008	-	-	29,916,009
Availments		1,485,210	-	-	1,417,998	-	-	1,357,368	-	-
Settlements		-	-	-	-	-	-	-	-	-
Interest expense		1,747,306	-	-	1,668,233	-	-	1,596,904	-	-
<i>Directors and other stockholders</i>										
Notes payable	B	-	-	14,985,086	-	-	-	-	-	34,919,791
Availments		4,565,890	-	-	4,687,646	-	-	13,417,368	-	-
Settlements		11,873,090	-	-	132,000	-	-	8,166,310	-	-
Interest expense		919,964	-	-	1,099,070	-	-	1,880,705	-	8,403
Professional and other management fees		-	-	2,466,407	-	-	-	3,333,611	-	-
TOTAL			12,903,341	259,188,635		388,318	338,258,880		28,881,083	423,309,434

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence and common control.

- A. This includes various receivables from the Parent Company and other related parties pertaining to availment of comprehensive insurance and other claims for reimbursement (Note 3).
- B. As at December 31, 2022 and 2021, notes payable and accrued interest payable arising from borrowings from stockholders amounted to P257.41 million and P342.50 million. Interest expense from these borrowings amounted to P31.47 million and P34.12 million in 2022 and 2021, respectively (Note 9).
- C. The Company had short-term placements amounting to P15.69 million in 2021 at 8.5% interest rate with maturities ranging from 30 to 120 days. Short-term placements as at December 31, 2021 fully matured in 2022. (see Note 2).
- D. Accounts payable represents billings for motorcycle units sold by the related parties that are financed by the Company.

Note 16 - Leases

The Company as Lessee

The Company leases various properties where its offices, branches and warehouses are located. The lease terms range from less than a year to 10 years which are renewable subject to certain terms and conditions. The terms of the leases also contain escalation clauses ranging from 5% to 10%.

At the end of the lease term or upon expiration of the renewal period, the ownership of the Company's buildings and improvements thereon shall be retained by the lessor. Under the terms of the lease, the Company cannot sell, assign or sublease, or otherwise dispose of the building and the improvements thereon, without the written consent of the lessor.

Total rent expense for short term leases included under 'Occupancy cost' account in the statement of total comprehensive income incurred in 2022 and 2021 amounts to P8.62 million and P11 million, respectively.

Security deposits arising from these lease agreements amount to P4.73 million and P3.37 million as at December 31, 2022 and 2021, respectively (Note 4).

The aggregate future minimum lease payments for the lease commitments are as follows:

	2022	2021
Less than one year	7,395,583	10,290,321
Between one and five years	17,345,473	32,791,150
	24,741,056	43,081,471

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022	2021
As at January 1	36,256,416	26,899,594
Additions	1,933,757	15,532,001
Lease modification	(9,188,908)	-
Interest expense	1,249,467	1,766,789
Payments	(8,737,993)	(7,941,968)
As at December 31	21,512,739	36,256,416

Right-of-use assets

	2022	2021
Balance at January 1	32,311,216	23,636,443
Additions	1,933,756	15,532,001
Lease modification	(9,102,520)	-
Depreciation of right-of-use assets	(6,411,808)	(6,857,228)
Balance at December 31	18,730,644	32,311,216

Note 17 - Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's evaluation of relevant facts, historical experience and other factors, including expectations of future events, that are believed to be reasonable as at reporting date. The resulting accounting estimates and judgments will, by definition, seldom equal the related actual results.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting estimates

Allowance for ECL of loans and other receivables (Note 3)

The Company applies the requirements of PFRS 9 approach in determining the recoverable amount of its loans and other receivables based on the ECL of the Company's portfolio. An evaluation of receivables designed to identify potential charges to the provision is performed on a continuous basis throughout the year. The carrying value of loans and other receivables at the end of each reporting period and the amount and timing of recorded provision could differ based on actual experience and changes in assumptions made.

The carrying balance of loans and other receivables as at December 31, 2022 amounts to P815,300,638 (2021 - P871,796,318), net of allowance for ECL of P140,510,988 (2021 - P129,653,920).

Estimated useful life of property and equipment (Note 5)

The useful life of each of the Company's property and equipment is estimated based on the period over which these assets are expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates. It is possible however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

The Company considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the estimated useful life of property and equipment.

The carrying value of the Company's property and equipment, net as at December 31, 2022 amounts to P6,276,492 (2021 - P8,598,163).

Valuation of investment properties held at fair value (Note 6)

The Company makes estimates in respect of the fair value of investment properties. The fair values of these properties are reviewed regularly by management with reference to external independent property valuations and market conditions existing as at reporting date, using generally accepted market practices. The assumptions underlying the estimated fair values are those relating to discount rates that reflect current market conditions and current or recent property investment prices. The investment property valuations have been prepared based on the information that is available.

Fair value of investment properties as at December 31, 2022 amount to P90,801,000 (2021 - P63,128,241).

Estimation of retirement benefit obligation (Note 14)

The determination of retirement benefit obligation is dependent on the selection of certain assumptions used by the Company in calculating such amounts. Those assumptions include the determination of discount rate and future salary increases, among others. Due to the long-term nature of the retirement plan, such judgments are subject to significant uncertainty. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are appropriate for the term of the liability of the plan.

While the Company believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and the related obligation. The possible effects of sensitivities surrounding the actuarial assumptions of the Company at the reporting date are disclosed in Note 14.

Determining the incremental borrowing rates (Note 16)

The Company's incremental borrowing rates applied to its lease liabilities arising from the lease contracts entered in 2022 was 6.86%. The rate was determined in reference to the prevailing bank lending rates that are reflective of the Company's own credit risk taking into consideration the nature of the leased asset and other terms and conditions of the lease contracts.

Critical accounting judgments

Impairment of property and equipment (Note 5)

The Company assesses impairment of property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Changes in those assessment and judgment could have a significant effect on the carrying value of property and equipment and the amount and timing of recorded provision for any period.

As at December 31, 2022 and 2021, management believes that there are no indications of impairment or changes in circumstances indicating that the carrying value of the Company's property and equipment may not be recoverable.

Impairment of investment properties (Note 6)

The Company assesses whether there are any indicators of impairment on its investment properties at the end of each reporting period. Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable.

As at December 31, 2022, the Company did not recognize any additional impairment loss on its investment properties in the absence of any indicators of impairment.

Recoverability of DIT assets (Note 13)

The Company reviews its DIT assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the DIT asset to be utilized. Significant management judgment is required to determine the amount of DIT assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Company will utilize all or part of its DIT assets. Any DIT asset will be re-measured if it might result to derecognition in cases where the expected tax law to be enacted will impose a possible risk on its realization.

Based on management's assessment, the amount of DIT assets recognized as at December 31, 2022 and 2021 is fully recoverable and realizable.

Determining the lease term (Note 16)

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

Note 18 - Financial risk and capital management

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk and credit risk. Risk management is carried out through policies approved by the Company's management to minimize potential adverse effects of these risks on the Company's financial performance.

18.1 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company acknowledges that in order to be able to meet liabilities promptly and without losses, it is essential to effectively manage liquidity risk. In general, liquidity management is a matter of balancing cash flows within forward rolling time bands, so that under normal conditions, the Company is comfortably placed to meet all its payment obligations as they fall due.

The amounts disclosed in the table below are the expected undiscounted cash flows of financial instruments, including future interest as applicable, which the Company uses to manage the inherent liquidity risk as at December 31, 2022 and 2021.

	2022		
	Up to one year	Over one year	Total
Financial assets			
Cash and cash equivalents	34,051,506	-	34,051,506
Loans and other receivables	476,372,353	338,928,285	815,300,638
Security deposits	4,733,792	-	4,733,792
Financial assets at FVOCI	80,000	-	80,000
Total financial assets	515,237,651	338,928,285	854,165,936
Financial liabilities			
Notes payable	419,496,400	42,052,330	461,548,730
Accounts payable	40,392,497	-	40,392,497
Accrued expenses*	17,133,091	-	17,133,091
Lease liabilities	6,493,544	15,019,195	21,512,739
Total financial liabilities	483,515,532	57,071,525	540,587,057
Total maturity gap	31,722,119	281,856,760	313,578,879

*Excluding government payables

	2021		
	Up to one year	Over one year	Total
Financial assets			
Cash and cash equivalents	73,115,778	-	73,115,778
Loans and other receivables, net	862,444,313	576,056,679	1,438,500,992
Security deposits	3,731,292	-	3,731,292
Financial assets at FVOCI	80,000	-	80,000
Total financial assets	939,371,383	576,056,679	1,515,428,062
Financial liabilities			
Notes payable	522,654,225	42,052,331	564,706,556
Accounts payable	35,722,757	-	35,722,757
Accrued expenses*	18,798,909	-	18,798,909
Lease liabilities	6,611,667	29,644,749	36,256,416
Total financial liabilities	583,787,558	71,697,080	655,484,638
Total maturity gap	355,583,825	504,359,599	859,943,424

*Excluding government payables

The Company expects to generate sufficient cash flows from its operating activities. In addition, the Parent Company is determined to provide financial support and other assistance to the Company to continue its business operations and meet its financial obligations at least for the next twelve (12) months, if the need arises.

18.2 Market risk

Market risk is the risk of changes in fair value of financial instruments from fluctuation in foreign exchange rates (foreign exchange risk) and market interest rates (fair value, cash flow interest rate risks and price risk).

Foreign exchange risk

The Company is not exposed to foreign exchange risk as it has no financial assets and liabilities denominated in a currency that is not the Company's functional currency.

Interest rate risk

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

The Company's exposure to interest rate risk pertains to its notes payable which are repriced periodically, based on the prevailing market interest rates (Note 10). The Company follows a prudent policy on managing its assets and liabilities to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

Price risk

The Company is not exposed to price risk as it does not have equity instruments and securities that are subject to price fluctuations.

18.3 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Significant changes in the economy, or financial condition of its counterparty, could result in losses that are different from those provided for at the reporting date. The Company manages credit risk by setting limits for individual borrowers, and groups of borrowers, and industry segments. The Company also monitors credit exposures, and continually assesses the creditworthiness of counterparties.

The maximum exposure to credit risk relates to the following financial assets as at December 31:

	2022	2021
Cash and cash equivalents	33,400,635	72,303,820
Loans and other receivables (gross of allowance for ECL)	955,811,626	1,001,450,238
Security deposits	4,733,792	3,373,492
	993,946,053	1,077,127,550

Cash and cash equivalents exclude cash on hand. To reduce the Company's credit risk, the Company only maintains cash in domestic universal banks with strong financial standing.

Credit applications go through a process of screening using the Company's credit standards to minimize risk. For certain loans receivables, the Company enters into collateral arrangements with counterparties to limit the duration of exposures. The Company's motorcycle financing business has the motorcycle itself as collateral in case the borrower defaults on its loan. Other receivables from customers are secured by real estate and other chattel properties.

The Company also focuses on markets and borrowers that have a relatively better capability to repay their loans. One example of this is the medical professional market where most doctors are able to pay because of their higher disposable income.

Security deposits are made in connection with the lease arrangements (Note 16) with certain lessors.

18.4 Fair value determination

The table below summarizes the carrying amount and fair value of financial assets and liabilities at December 31:

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	34,051,506	34,051,506	73,115,778	73,115,778
Loans and other receivables, net	815,300,638	815,300,638	871,796,318	871,796,318
Security deposits	4,733,792	4,733,792	3,731,292	3,731,292
Financial assets at FVOCI	80,000	80,000	80,000	80,000
	854,165,936	854,165,936	948,723,388	948,723,388
Financial liabilities				
Notes payable	461,548,730	461,548,730	564,706,556	564,706,556
Accounts payable	40,392,498	40,392,498	35,722,757	35,722,757
Accrued expenses	20,587,596	20,587,596	22,831,211	22,831,211
Lease liabilities	21,512,739	21,512,739	36,256,416	36,256,416
	544,041,563	544,041,563	659,516,940	659,516,940

The Company uses Market approach in determining the fair values of its investment properties which uses observable inputs such as prices, broker quotes and other relevant information generated by market transactions involving identical or comparable assets or group of assets. Appropriate adjustments are made to the valuations taking into consideration the specific circumstances of the properties. The fair values of the Company's investment properties as disclosed in Note 6 fall under Level 3 of the fair value hierarchy. The fair value is sensitive to the unobservable input of discount rate. Significant increase (decrease) in discount rate would result in a significantly lower (higher) fair value measurement.

The Company's financial assets at FVOCI are classified under Level 2 of the fair value hierarchy as at December 31, 2022 and 2021.

18.5 Capital management

The primary objectives of the Company's capital management policies and procedures are to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company considers its total equity as capital, excluding remeasurement gains on defined benefit liability. No changes were made in the objectives, policies or procedures in 2022.

Under R.A No. 8556, the Company is required to maintain the following capital requirements:

- (a) minimum paid-up capital of P10.00 million; and
- (b) additional capital requirements for each branch of P1.00 million for branches established in Metro Manila, P0.50 million for branches established in other classes of cities and P0.25 million for branches established in municipalities.

For the years ended December 31, 2022 and 2021, the Company is compliant with the minimum capital requirements.

The Company is also compliant with the minimum public float of 10% that is required by the PSE where the Company shares also are traded.

Note 19 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

19.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee and International Financial Reporting Interpretations Committee which have been approved by the Financial and Sustainability Reporting Standards Council (formerly known as the Financial Reporting Standards Council) and adopted by the SEC.

The financial statements have been prepared under the historical cost convention.

The preparation of these financial statements in conformity with PFRSs requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving estimates and judgments are disclosed in Note 17.

These financial statements are presented in Philippine Peso, which is the Company's functional currency. The Company has no transactions denominated in foreign currency as at and for the years ended December 31, 2022 and 2021.

19.2 Changes in accounting policies and disclosures

(a) Amendments to existing standards adopted by the Company

The Company has adopted the following amendments to existing standards effective January 1, 2022:

- Amendment to PAS 16, *'Property, Plant and Equipment'*

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling the items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset.

- Amendment to PAS 37, *'Provisions, Contingent Liabilities and Contingent Assets'*

The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

- Annual Improvements to PFRSs 2018-2020.

The following improvements were finalized in May 2020:

- i. PFRS 9, *'Financial Instruments'*, clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

- ii. PFRS 16, *Leases*, includes amendment to remove the illustration of payments from the lessor relating to leasehold improvements to remove any confusion about the treatment of lease incentives.

(b) *Amendments to existing standards not yet adopted by the Company*

The following amendments to existing standards are not mandatory for the December 31, 2022 reporting period and have not been early adopted by the Company.

- Amendments to PAS 1, *Presentation of Financial Statements*

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability.

In addition, PAS 1 requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendment to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is a 'material accounting policy information' and explain how to identify when accounting policy information is material. It further clarifies that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendments to PAS 12, *Income Taxes*

The amendments require entities to recognize DIT on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional DIT assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize DIT assets (to the extent that it is probable that they can be utilized) and DIT liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with (a) right-of-use assets and lease liabilities, and (b) decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

The adoption of the above amendments is not expected to have a material impact on the financial statements of the Company.

There are no other new standards, amendments to existing standard or interpretations effective subsequent to December 31, 2022 that are relevant or expected to have a material impact on the Company's financial statements.

19.3 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. A liability is current when it is: (a) expected to be settled in the normal operating cycle; (b) held primarily for trading; (c) due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. The Company classifies all other assets and liabilities as non-current. Deferred tax assets and liabilities are classified as non-current.

19.4 Cash and cash equivalents

Cash in bank include non-interest bearing deposit which is subject to insignificant risk of changes in value.

19.5 Other assets

Other assets mainly consist of repossessed assets and prepaid expenses.

Repossessed assets are stated at cost less impairment in value. Repossessed assets are recognized initially at fair value. In determining the recoverability of the repossessed assets, management considers whether those assets are damaged or if the selling prices have declined. Likewise, management also considers the estimated costs to be incurred to make the sale. Repossessed assets are derecognized upon sale and any resulting gain or loss is reflected in profit or loss.

Prepaid expenses are recognized in the event that payment has been made prior to the service being rendered to the Company and measured at nominal amounts. These are derecognized through amortization over a certain period of time.

Other assets are included in current assets, except when the related benefits are expected to be received longer than twelve (12) months after the reporting period, which are then classified as non-current assets.

19.6 Property and equipment, net

Property and equipment are recognized at cost upon initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the items. Following the initial recognition, all items of property and equipment are recorded at cost less accumulated depreciation and amortization and any provision for impairment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation on property and equipment is computed using the straight-line method to allocate its costs less their residual values over an estimated useful life of three years.

The expected useful lives of property and equipment are as follows:

Category	Number of years
Furniture, fixtures and equipment	2-5
Leasehold rights and improvements	10 years or the period of the lease, whichever is shorter
Transportation equipment	3-5

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and the related accumulated depreciation and amortization and any impairment loss are removed in the statement of financial position. Any gains or losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognized in profit or loss.

19.7 Investment properties

Investment properties primarily consist of foreclosed real estate properties. The initial cost of investment properties consists of any directly attributable costs of bringing the investment properties to their intended location and working condition, including any borrowing costs, as applicable

Investment properties are stated at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by management and independent valuation experts based on the "market approach". Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. In determining the carrying amount of investment property under the fair value model, the Company does not double-count assets or liabilities that are recognized as separate assets or liabilities.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Investment properties are derecognized when either it has been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in PFRS 15, '*Revenue from Contracts with Customers*'.

Transfers are made to (or from) investment property only when there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development.

19.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial instrument in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

19.8.1 Financial assets

(a) Classification of financial assets

The Company classifies its financial assets in the following measurement categories: at fair value through profit or loss (FVTPL), at fair value through other comprehensive income and at amortized cost. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

The Company's financial assets as at December 31, 2022 and 2021 include those that are measured at amortized cost.

Financial assets at amortized cost

These are the Company's assets that are held for collection of contractual cash flows, which represent solely payments of principal and interest, and are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/losses. Impairment losses are presented as a separate line item in the statement of total comprehensive income.

Financial assets are included in current assets, except for maturities greater than 12 months after the reporting date which are presented as non-current assets. Financial assets measured at amortized cost comprise cash in bank, loans and other receivables, and security deposits.

(b) Initial recognition and subsequent measurement

Regular-way purchases and sales of financial assets are recognized on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets not carried at FVTPL are initially recognized at fair value plus transaction costs.

Financial assets are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment, if any.

(c) Impairment of financial assets carried at amortized cost

The Company assesses the ECL associated with its loans and other receivables measured and classified at amortized cost at each reporting date. The measurement of ECL reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events and current conditions. The Company has identified no macroeconomic variable that can be considered to materially affect the historical loss rates given the nature of its loan portfolio.

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

Definition of default and determination of significant increase in credit risk

The Company defines loans and receivables as in default when the borrower delays on its contractual payments beyond the grace period allowed. The Company compares the probability of default occurring over its expected life as at the reporting date with the probability of default occurring over its expected life on the date of initial recognition to determine if there is a significant increase in credit risk. Since comparison is made between information at reporting date against initial recognition, the deterioration in credit risk may be triggered by qualitative factors such as confirmation of the existence of the borrower, or adverse trends or developments in the market that may affect the borrower or a significant weakness in collateral. Credit weakness may be manifested by unfavorable record or unsatisfactory characteristics affecting the loan portfolio that may lead to significant losses or may result in the collection of the outstanding loan amount to be highly improbable.

Staging assessment

For non-credit impaired financial assets:

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk since initial recognition. The Company recognized a 12-month ECL for Stage 1 financial assets.
- Stage 2 is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The Company recognized a lifetime ECL for Stage 2 financial assets.

For credit-impaired financial assets:

Financial assets are classified as Stage 3 when there is an objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial asset or a portfolio of financial assets. The ECL model requires a lifetime ECL for impaired financial assets.

Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit-impaired assets. These are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit adjusted effective interest rate. ECL is only recognized or released to the extent that there is a subsequent change in the ECL.

Measuring ECL

The ECL is measured on either a 12-month or a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- The PD represents the likelihood that the borrower will default (as per “Definition of default” above), either over the next 12 months (12M PD), or over the remaining life (lifetime PD) of the asset.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining life (lifetime EAD).
- LGD represents the Company’s expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default.

The ECL is determined by multiplying the PD, LGD and EAD together for each individual exposure or collective segment. This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, if relevant. These assumptions vary on each loan product.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs and how collateral values change, are monitored and reviewed regularly.

There have been no significant changes in estimation techniques or significant assumptions made in 2022 and 2021.

(d) Impairment of financial assets carried at amortized cost

Financial assets are derecognized when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

19.8.2 Financial liabilities

The Company's financial liabilities are limited to those classified at amortized cost. There are no financial liabilities at FVTPL (including financial liabilities held for trading and those that are designated at fair value).

The Company's financial liabilities at amortized cost comprise of accounts payable, notes payable, accrued expenses (except for accrued taxes) and lease liabilities.

Financial liabilities at amortized cost are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities that are not carried at FVTPL are initially measured at fair value less transaction costs and subsequently measured at amortized cost using the effective interest rate method. They are included in current liabilities, except for maturities greater than twelve (12) months after the reporting date, which are classified as non-current liabilities.

Financial liabilities are derecognized when the obligation is settled, discharged, cancelled or has expired.

19.9 Notes payable

Notes payable are recognized initially at transactions price (i.e. the present value of cash payable to the creditors, including transaction costs). Notes payable are subsequently measured at amortized cost using the effective interest rate method.

19.10 Accounts payable and accrued expenses

Accounts payable and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with suppliers, including amounts due to employees. It is necessary to estimate the amount or timing of accruals; however, the uncertainty is generally much less than as compared to provisions.

19.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

As at December 31, 2022 and 2021, there are no financial assets and liabilities that have been offset.

19.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfil an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price within the bid-ask spread that is most representative of fair value is used. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Non-financial assets

The fair value of a non-financial asset is measured based on its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

19.13 Impairment of non-financial assets

The Company assesses at each end of the reporting period whether there is an indication that its non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The estimated recoverable amount of an asset is the greater of the asset's fair value less costs to sell and value-in-use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less cost to sell, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is used. Non-financial assets that are impaired are reviewed for possible reversal of impairment at each reporting date.

19.14 Capital stock; Additional paid-in capital

Capital stock represents the par value of shares that have been issued. Capital stock is recognized as issued when the stock is fully paid and is measured at par value. Additional paid-in capital represents the amount in excess of par value.

19.15 Retained earnings

Retained earnings represent the cumulative results of operations, any prior period adjustments or effect of changes in accounting policies and other capital adjustments, net of any dividend declaration.

19.16 Dividend distribution

The Company pays cash dividend as its cash position permits and retains that portion of earnings needed for future development projects and other business requirements. Stock dividends may also be declared as decided upon by the BOD.

Cash dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved by the BOD.

19.17 Earnings per share (EPS)

Basic EPS is calculated by dividing net income for the year attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is computed in the same manner as basic EPS; however, the net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

19.18 Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

Interest income

Interest income is recognized in profit or loss for all interest-bearing financial instrument using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates cash flows considering the contractual terms of the financial instrument but does not consider future credit losses. The calculation includes fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

For credit-impaired financial assets, the effective interest rate is applied to the gross carrying amount less the allowance for expected credit loss.

Gain or loss on sale of repossessed assets

Gain or loss on sale of repossessed assets is recognized when the Company disposes of its repossessed assets. Gain or loss is computed as the difference between the proceeds of the disposed repossessed assets and its carrying amount.

Other income

Other income is recognized when earned at a point in time, when the related services have been rendered and the right to receive payment is established.

19.19 Cost and expense recognition

Expenses are decreases in economic benefits during the reporting period in the form of outflows or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when these are incurred, while interest expense is accrued in the appropriate reporting period.

Operating expenses consist of costs associated with the execution of day-to-day operations of the Company. These are generally recognized when the expense arises.

19.20 Employee benefits and retirement benefit obligation

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and recognized as expense as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement benefit obligation (asset)

Pension benefits are provided to employees through a defined benefit plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. Plan assets comprise assets held by the retirement benefit plan which will be used to pay or fund employee benefits.

The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the related pension liability.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the defined benefit plan. The amount of defined benefit asset recognized in the books is reduced by the amount of asset ceiling.

Remeasurement gains or losses are charged or credited to equity in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. There are no termination benefits paid by the Company as at December 31, 2022 and 2021.

Benefits falling due more than twelve (12) months after the reporting period are discounted to present value.

19.21 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

i. Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the implicit borrowing rate in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company, where possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ii. Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

iii. Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

iv. Short-term leases

Payments associated with short-term leases are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

19.22 Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

DIT

DIT is provided using the balance sheet liability method on all temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

DIT liabilities are recognized for all taxable temporary differences, except where the DIT liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

DIT assets are recognized for all deductible temporary differences, carry-forward benefits of unused tax credits from excess MCIT over regular CIT and unused NOLCO, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, and the carry-forward benefits of unused tax credits and unused tax losses can be utilized except:

- where the DIT asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, DIT assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of DIT assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the DIT asset to be utilized. Unrecognized DIT assets are reassessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the DIT asset to be recovered.

DIT assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

19.23 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

19.24 Contingencies

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

19.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who allocates resources to and assesses the performance of the operating segments of the Company. The Group has determined its President as its chief operating decision maker.

The Company's business is recognized and managed separately according to the nature of the products and services provided, with each segment reporting a strategic business unit that offers different products and serves different markets.

19.26 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprises and their key management personnel, directors, or their shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

19.27 Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. This did not impact the reported total assets, liabilities, equity and net income in the prior period.

19.28 Events after the end of reporting period

Post year-end events that provide additional information about the Company's position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Note 20 - Supplementary information required by the Bureau of Internal Revenue (BIR)

The following supplementary information is presented for the purposes of filing with the BIR and is not a required part of the basic financial statements.

20.1 Revenue Regulations (RR) No. 15-2010

(a) The Company registered as a percentage taxpayer.

The Company's other taxes and licenses for the year ended December 31, 2022 include the following:

	Amount
Gross receipts tax (GRT)	8,395,474
Documentary stamp taxes (DST)	1,271,521
License and permit fees	1,764,632
	<u>11,431,627</u>

The above are lodged under "Taxes and Licenses" account in the Company's statement of total comprehensive income. As at December 31, 2022, accrued GRT and DST amounted to P2,461,902 and P61,625, respectively.

(b) Withholding taxes

Withholding taxes incurred and accrued for the year ended December 31, 2022 are as follows:

	Amount
Creditable withholding taxes	11,847
Expanded withholding taxes	5,207,037
	<u>5,218,884</u>

No withholding taxes were paid to the BIR for the year ended December 31, 2022.

(c) Tax examinations/Tax cases

There are no tax cases nor litigation and/or prosecution in courts or bodies outside the BIR during the year ended December 31, 2022.

20.2 RR No. 34-2020

On December 18, 2020, BIR issued RR No. 34-2020, Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010, to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents by providing safe harbors and materiality thresholds. Section 2 of the RR provides the list of taxpayers that are required to file and submit the Related Party Transaction Form, together with the Annual Income Tax Return.

The Company is not covered by the requirements and procedures for related party transactions provided under this RR as it does not meet any criteria of taxpayers prescribed in Section 2 of the RR.



Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Makati Finance Corporation
3rd Floor Mazda Makati Building
2301 Chino Roces Avenue
Barangay Magallanes, Makati City

We have audited the financial statements of Makati Finance Corporation (the “Company”) as at and for the year ended December 31, 2022, on which we have rendered the attached report dated April 14, 2023. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration and the Map of the Group of Companies within which Makati Finance Corporation belongs as at December 31, 2022, as additional components required by Part I, Section 5 of the Revised SRC Rule 68, and Schedules A, B, C, D, E, F and G, as required by Part II of the Revised SRC Rule 68, is presented for the purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised SRC Rule 68.

Isla Lipana & Co.

Ruth F. Blasco

Partner

CPA Cert No. [REDACTED]

P.T.R. No. [REDACTED] issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 112595-SEC, Category A; valid to audit 2020 to 2024 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024 financial statements

TIN [REDACTED]

BIR A.N. [REDACTED] issued on June 5, 2020; effective until June 4, 2023

BOA/PRC Reg. No. [REDACTED] effective until November 14, 2025

Makati City
April 14, 2023

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph



Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Makati Finance Corporation
3rd Floor Mazda Makati Building
2301 Chino Roces Avenue
Barangay Magallanes, Makati City

We have audited in accordance with Philippine Standards on Auditing the financial statements of Makati Finance Corporation (the "Company") as at and for the year ended December 31, 2022, and have issued our report thereon dated April 14, 2023. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at and for the year ended December 31, 2022 and no material exceptions were noted.

Isla Lipana & Co.

Ruth F. Blasco

Partner

CPA Cert No. [REDACTED]

P.T.R. No. [REDACTED], issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 112595-SEC, Category A; valid to audit 2020 to 2024 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024 financial statements

TIN [REDACTED]

BIR A.N. [REDACTED], issued on June 5, 2020; effective until June 4, 2023

BOA/PRC Reg. No. [REDACTED], effective until November 14, 2025

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EXHIBIT I

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022**

Unappropriated Retained Earnings, available for dividends distribution - beginning as previously presented	P106,544,555
Add: Net income actually earned/realized during the year	
Net income during the period	17,853,098
Less: Dividends declared during the year	(2,911,322)
Fair value change in investment properties, net of tax	(18,451,901)
<hr/>	
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION	P 103,034,430

EXHIBIT II

SCHEDULE SHOWING FINANCIAL SOUNDNESS PURSUANT TO SRC RULE 68, AS AMENDED DECEMBER 31, 2022

	2022	2021
SOLVENCY AND LIQUIDITY RATIOS		
Current ratio	126.69%	129.75%
Debt to equity ratio	97.86%	55.25%
Quick ratio	104.49%	109.61%
Acid Test Ratio	104.49%	
PROFITABILITY RATIOS		
Return on assets	1.60%	0.80%
Return on equity	3.17%	1.79%
Net profit margin	10.80%	5.82%
ASSET TO EQUITY RATIO	197.86%	223.47%
INTEREST RATE COVERAGE RATIO	1.71	1.70

Computation for the Ratios:

- Current ratio = Current Assets/Current Liabilities
- Debt to Equity Ratio = Total Liabilities/Total Equity
- Quick Ratio = Quick Assets/Current Liabilities
- Return on Assets = Net Income After Tax/Total Assets
- Return on Equity = Net Income After Tax/Total Equity
- Net Profit Margin = Net Income After Tax/Total Income
- Asset to Equity Ratio = Total Assets/Total Equity
- Interest Rate Coverage Ratio = Earnings Before Interest and Taxes / Total Interest Expense

EXHIBIT III

**SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-F
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2022**

	2022	2021
Ratio or percentage of total real estate investments to total assets	8.15%	5.21%
Total receivables to total assets	73.18%	71.19%
Total DOSRI receivables to net worth	2.31%	2.67%
Amount of receivables from a single corporation to total receivables:		
Amalgamated Investment Bancorporation	0.01%	0.01%
Motor Ace Philippines, Inc. (MAPI)	0.40%	0.47%
Honda Motor World, Inc. (HMWI)	0.18%	0.04%
HMW Lending Investors, Inc.	0.72%	0.91%
MAPI Lending Investors, Inc.	0.27%	0.22%

Schedule D. Long Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long term debt" in related statement of financial position	Amount shown under caption "Long-Term Debt" in statement of financial position
Landbank / PN	₱126,618,883	₱84,566,553	₱42,052,330
SECURITY BANK/PN	54,999,603	54,999,603	—
BPI/PN	20,000,000	20,000,000	—

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
AIB	₱267,600,000	₱191,100,000
Directors and other stockholders	69,299,961	14,985,086

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by a person for which statement is filed	Nature of guarantee
NONE	₱—	₱—	₱—	₱—

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers(Direct & Indirect)	Others
COMMON	76,529,806	76,529,806	—	76,529,806	—	—
COMMON	68,120,624	68,120,624	—	68,120,624	—	—
COMMON	59,705,368	59,705,368	—	40,752,554	—	18,952,814
COMMON	10,016,387	10,016,387	—	—	—	10,016,387
COMMON	9,522,387	9,522,387	—	9,522,387	—	—
COMMON	8,910,117	8,910,117	—	—	8,910,117	—
COMMON	7,509,958	7,509,958	—	—	7,509,958	—
COMMON	6,740,206	6,740,206	—	—	—	6,740,206
COMMON	6,417,388	6,417,388	—	—	—	6,417,388
COMMON	6,160,981	6,160,981	—	—	6,160,981	—
COMMON	2,712,670	2,712,670	—	—	2,712,670	—
COMMON	1,025,376	1,025,376	—	—	—	1,025,376
COMMON	799,595	799,595	—	—	—	799,595
COMMON	544,422	544,422	—	—	—	544,422
COMMON	523,736	523,736	—	—	—	523,736
COMMON	465,300	465,300	—	465,300	—	—
COMMON	320,832	320,832	—	—	—	320,832
COMMON	320,832	320,832	—	—	—	320,832
COMMON	320,832	320,832	—	—	—	320,832
COMMON	320,832	320,832	—	—	—	320,832
COMMON	320,832	320,832	—	—	320,832	—
COMMON	320,832	320,832	—	—	320,832	—
COMMON	320,832	320,832	—	—	—	320,832
COMMON	308,017	308,017	—	—	308,017	—
COMMON	193,723	193,723	—	—	—	193,723
COMMON	112,577	112,577	—	—	37,525	75,052
COMMON	89,559	89,559	—	—	—	89,559
COMMON	36,399	36,399	—	—	—	36,399
COMMON	26,727	26,727	—	—	—	26,727

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers(Direct & Indirect)	Others
COMMON	26,727	26,727	—	—	—	26,727
COMMON	26,727	26,727	—	—	—	26,727
COMMON	26,727	26,727	—	—	—	26,727
COMMON	26,727	26,727	—	—	—	26,727
COMMON	26,727	26,727	—	—	—	26,727
COMMON	26,727	26,727	—	—	—	26,727
COMMON	26,727	26,727	—	—	—	26,727
COMMON	26,727	26,727	—	—	—	26,727
COMMON	26,727	26,727	—	—	—	26,727
COMMON	26,726	26,726	—	—	—	26,726
COMMON	25,310	25,310	—	—	8,437	16,873
COMMON	24,888	24,888	—	—	—	24,888
COMMON	21,644	21,644	—	—	—	21,644
COMMON	21,169	21,169	—	—	—	21,169
COMMON	20,453	20,453	—	—	—	20,453
COMMON	19,107	19,107	—	—	—	19,107
COMMON	18,547	18,547	—	—	—	18,547
COMMON	17,384	17,384	—	—	17,384	—
COMMON	10,618	10,618	—	—	—	10,618
COMMON	9,076	9,076	—	—	—	9,076
COMMON	7,740	7,740	—	—	—	7,740
COMMON	7,728	7,728	—	—	—	7,728
COMMON	7,702	7,702	—	—	—	7,702
COMMON	7,617	7,617	—	—	—	7,617
COMMON	5,943	5,943	—	—	—	5,943
COMMON	2,940	2,940	—	—	—	2,940
COMMON	2,525	2,525	—	—	—	2,525
COMMON	2,525	2,525	—	—	2,525	—
COMMON	2,525	2,525	—	—	—	2,525

Schedule G. Capital Stock

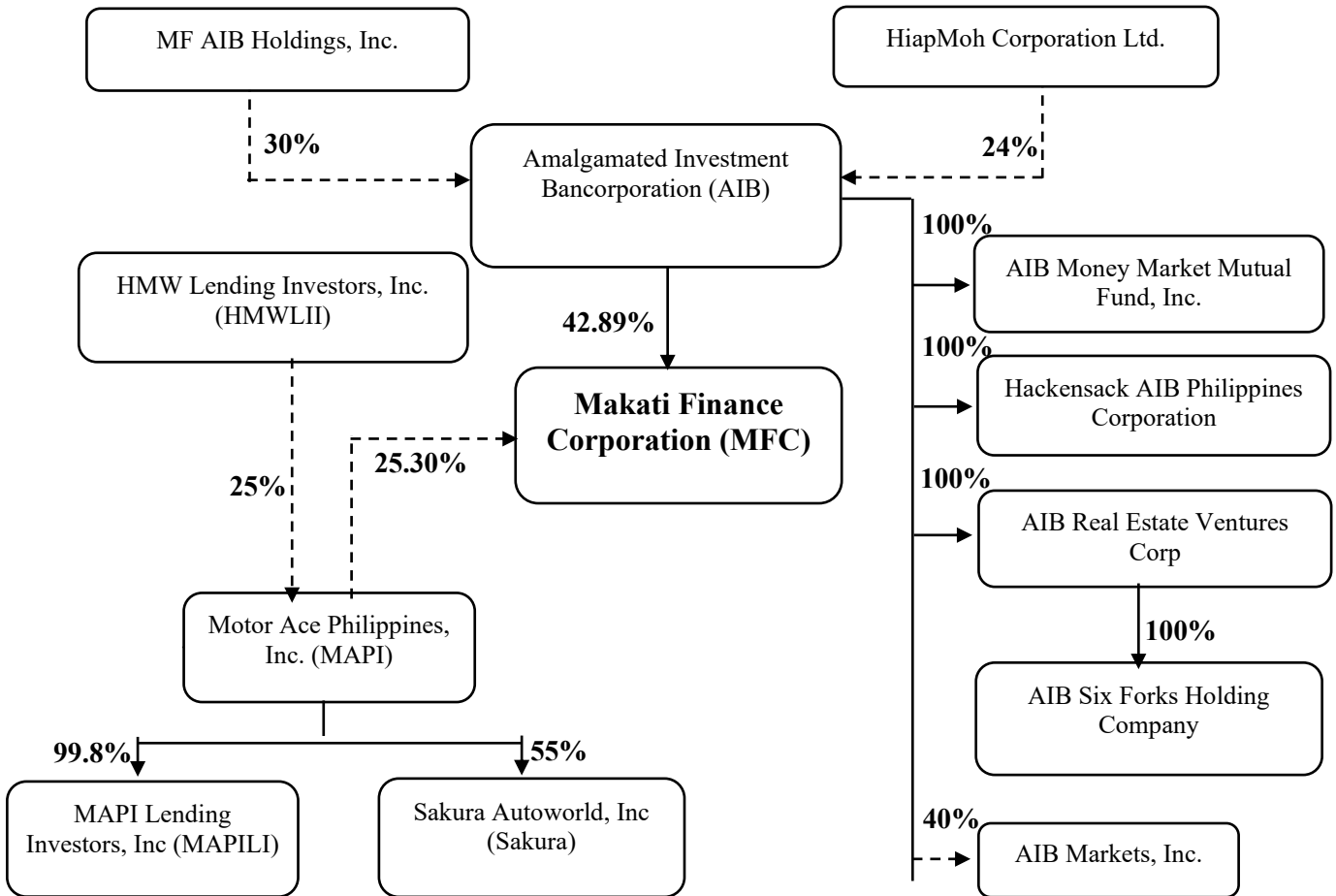
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers(Direct & Indirect)	Others
COMMON	2,525	2,525	—	—	—	2,525
COMMON	2,525	2,525	—	—	—	2,525
COMMON	2,525	2,525	—	—	—	2,525
COMMON	2,525	2,525	—	—	—	2,525
COMMON	2,525	2,525	—	—	2,525	—
COMMON	2,525	2,525	—	—	—	2,525
COMMON	2,525	2,525	—	—	—	2,525
COMMON	2,525	2,525	—	—	—	2,525
COMMON	2,525	2,525	—	—	—	2,525
COMMON	2,524	2,524	—	—	2,524	—
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	2,524	—
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	2,524	2,524	—	—	—	2,524
COMMON	1,613	1,613	—	—	—	1,613
COMMON	1,400	1,400	—	—	—	1,400
COMMON	1,203	1,203	—	—	—	1,203
COMMON	1047	1047	—	—	—	1047
COMMON	798	798	—	—	—	798
COMMON	542	542	—	—	—	542
COMMON	416	416	—	—	—	416

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers(Direct & Indirect)	Others
COMMON	286	286	—	—	—	286
COMMON	222	222	—	—	—	222
COMMON	114	114	—	—	—	114
COMMON	114	114	—	—	—	114
COMMON	114	114	—	—	—	114
COMMON	114	114	—	—	—	114
COMMON	73	73	—	—	—	73
COMMON	34	34	—	—	—	34
COMMON	34	34	—	—	—	34
COMMON	34	34	—	—	—	34
COMMON	34	34	—	—	—	34
COMMON	34	34	—	—	—	34
COMMON	17	17	—	—	—	17
COMMON	17	17	—	—	—	17
COMMON	17	17	—	—	—	17
COMMON	17	17	—	—	—	17
COMMON	14	14	—	—	—	14
COMMON	1	1	—	—	—	1
COMMON	1	1	—	—	1	—
COMMON	1	1	—	—	1	—
COMMON	1	1	—	—	1	—
COMMON	1	1	—	—	—	1
COMMON	1	1	—	—	—	1
COMMON	1	1	—	—	1	—
TOTAL	269,283,709	269,283,709	—	195,390,671	26,316,855	47,576,183

**EXHIBIT V
MAKATI FINANCE CORPORATION**

MAP OF THE GROUP OF COMPANIES WITHIN WHICH MAKATI FINANCE CORPORATION BELONGS AS AT DECEMBER 31, 2022



Legend:

- - - Associate
- Subsidiary

REPORTS ON SEC FORM 17-C

ANNEX B



MAKATI FINANCE
CORPORATION
MORE THAN JUST FINANCING

July 28, 2022

The Markets and Securities Regulation Department
SECURITIES AND EXCHANGE COMMISSION
SEC Building, Mandaluyong City

Attention: **Mr. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Dept.

The Disclosure Department
THE PHILIPPINE STOCK EXCHANGE, INC.
Philippine Stock Exchange Tower
5th Avenue cor. 28th Street
BGC, Taguig City

Attention: **Ms. Alexandra D. Tom Wong**
OIC, Disclosure Department

Gentlemen:

We are submitting herewith SEC 17- C to disclose some material items discussed on Makati Finance Corporation's Board of Director's Meeting. Held today, July 28, 2022 via online communication using Zoom application.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

Very truly yours,

Makati Finance Corporation
Registrant

By:

MARCOSE. LAROSA
Chief Finance Officer / CIO

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE (SRC)
AND SRC RULE 17(b)(3) THEREUNDER

1. **July 28, 2022**
(Date of earliest event reported)
2. SEC Identification Number: 28788
3. BIR Tax Identification No.: 000-473-966
4. **MAKATI FINANCE CORPORATION**
Exact name of registrant as specified in its charter
5. **MAKATI CITY, Philippines** 6. (SEC Use Only)
Province, country or other jurisdiction of incorporation Industry Classification Code:
7. **3F Mazda Makati Bldg., 2301 Chino Roces Ave. Brgy. Magallanes, Makati City 1231**
Address of principal office Postal Code
8. **(0632) 7751-8132**
Registrant's telephone number, including area code
9. **7823 Makati Avenue, Makati City**
Former name or former address, if changed since last report
10. Securities registered pursuant to SRC

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	267,828,098

11. Indicate the item numbers reported herein: **Item 9 – Other Matters**
 - I. **The Regular Meeting of the Board of Directors of MAKATI FINANCE CORPORATION (“MFIN”) was held on 28 July 2022. The following were approved by the Board of Directors:**
 - a. Minutes of the Regular Board Meeting held on **28 April 2022**.
 - b. Stock Dividends amounting to **0.5435056706%** of the outstanding capital stock equivalent to a maximum of **1,455,660.90** shares of stock, to be issued out of the un-issued capital stock to stockholders of record as of **25 August 2022** with a payment date not later than **21 September 2022**. Fractional shares of **49.90** shall be paid in cash. The actual stock dividends to be issued may be less than the above indicated shares of stock due to the resulting fractional shares, as of **25 August 2022**.

- c. Cash Dividends in the amount of **Php 1,455,660.90** or an equivalent of **Php 0.005435056706** per share (**0.5435056706%**) to stockholders of record as of **25 August 2022** with a payment date of **21 September 2022**. Both dividends shall be paid out of the audited net profits of the Corporation as of December 31, 2021.
- d. The Nomination Committee informed the Board that Henry Howard declined his nomination as Director of the Corporation. The committee recommended the nomination of Roberto Cecilio. O. Lim.
- e. The Next Board meeting was scheduled on **October 27, 2022 (Thursday) at 9:00 a.m.**

II. The Annual Stockholders' Meeting was held via remote communication. The following were approved by the Stockholders of the Corporation:

- a. Minutes of the Annual Stockholders' Meeting held on 29 July 2021.
- b. The 2021 Annual Report and 2021 Audited Financial Statements.
- c. Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the immediately previous Annual Shareholder's Meeting of 29 July 2021.
- d. Elections of Directors of the Corporation. The following were elected as Directors of the Corporation for a term of one (1) year or until their successors shall have been elected:

RENE B. BENITEZ
 MAX FRANCISCO JOSE O. BORROMELO
 MAXCY FRANCISCO JOSE R. BORROMELO
 JOEL S. FERRER
 ERIC B. BENITEZ
 JOSE DANIEL R. BORROMELO
 *ALAN MICHAEL R. CRUZ
 ROBERT CHARLES M. LEHMANN
 *ASTERIO L. FAVIS, JR.
 CRISTINO L. PANLILIO
 *ROBERTO CECILIO.O. LIM

Mr. Alan Michael R. Cruz, Mr. Asterio L. Favis, Jr. and Mr. Roberto Cecilio.O. Lim were elected as independent directors.

- e. Appointment of Isla Lipana & Co. - PricewaterhouseCoopers as the Corporation's External Auditor for the Year 2022.
- f. Stock Dividends amounting to **0.5435056706%** of the outstanding capital stock equivalent to a maximum of **1,455,660.90** shares of stock, to be issued out of the un-issued capital stock to stockholders of record as of **25 August 2022** with a payment date not later than **21 September 2022**. Fractional shares of **49.90** shall be paid in cash. The actual stock dividends to be issued may be less than the above indicated shares of stock due to the resulting fractional shares, as of **25 August 2022**.
- g. Cash Dividends in the amount of **Php1,455,660.90** or an equivalent of **Php 0.005435056706** per share (**0.5435056706%**) to stockholders of record as of **25 August 2022** with a payment date of **21 September 2022**. Both dividends shall be paid out of the audited net profits of the Corporation as of December 31, 2021.

III. The Organizational Meeting of the Board of Directors was held immediately after the Annual Stockholders Meeting.

The following officers and committee chairmen/members were elected.

a. OFFICERS:

- Mr. Rene B. Benitez – Chairman
- Mr. Max Francisco Jose O. Borrromeo – Vice Chairman
- Mr. Maxcy Francisco Jose R. Borrromeo - President
- Mr. Joel S. Ferrer - Treasurer
- Atty. Danilo Enrique O. Co - Corporate Secretary
- Mr. Marcos E. Larosa – Chief Finance Officer / Chief Information Officer/ Compliance Officer
- Mr. Vincent Ee – Board Adviser
- Mr. Servando B. Alvarez, Jr. - Assistant Treasurer

b. COMMITTEES:

Executive Committee	Compensation Committee
Mr. Max Francisco Jose O. Borrromeo, <i>Chairman</i> Mr. Rene B. Benitez Mr. Maxcy Francisco Jose R. Borrromeo Mr. Robert Charles M. Lehmann Mr. Cristino L. Panlilio	Mr. Joel S. Ferrer, <i>Chairman</i> Mr. Jose Daniel R. Borrromeo Mr. Alan Michael R. Cruz * Mr. Asterio L. Favis, Jr. * Mr. Cristino L. Panlilio
Nomination / Corporate Governance Committee	Audit / Related Party Transactions / Board Risk Oversight Committee
Mr. Alan Michael R. Cruz *, <i>Chairman</i> Mr. Rene B. Benitez Mr. Asterio L. Favis, Jr.*	Mr. Asterio L. Favis, Jr. *, <i>Chairman</i> Mr. Max Francisco Jose O. Borrromeo Mr. Alan Michael R. Cruz *

* Independent Directors

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Makati Finance Corporation
Registrant

By:



MARCOS E. LAROSA
CFO / Compliance Officer

Date: 28 July 2022



MAKATI FINANCE
CORPORATION
MORE THAN JUST FINANCING

October 25, 2022

via electronic mail

ictdsubmission@sec.gov.ph

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307

Attention: **Mr. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Dept.

The Disclosure Department
THE PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Attention: **Ms. Alexandra D. Tom Wong**
OIC, Disclosure Department

We are submitting herewith SEC 17-C to disclose some material items discussed on Makati Finance Corporation's Board of Director's Meeting held today, October 25, 2022 at Fairmont Makati.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

Very truly yours,

Makati Finance Corporation
Registrant

By:


MARCOS E. LAROSA
CFO / Compliance Officer

COVER SHEET

2 8 7 8 8

S.E.C. Registration Number

M A K A T I F I N A N C E C O R P O R A T I O N

(Company's Full Name)

3 R D F L O O R M A Z D A M A K A T I

B U I L D I N G 2 3 0 1 C H I N O R O C E S

B A R A N G A Y M A G A L L A N E S

A V E N U E M A K A T I C I T Y 1 2 3 1

(Business Address : No. Street/City/Province)

MARCOS E. LAROSA

Contact Person

(02) 7751-8132

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

2022

SEC Form 17-C

FORM TYPE

0 7

Month

Day

Annual Meeting

Every last
Thursday of July

Financing

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

111

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE (SRC)
AND SRC RULE 17(b)(3) THEREUNDER

1. **October 25, 2022**
(Date of earliest event reported)
2. SEC Identification Number: 28788
3. BIR Tax Identification No.: 000-473-966
4. **MAKATI FINANCE CORPORATION**
Exact name of registrant as specified in its charter
5. **Metro Manila, Philippines**
Province, country or other jurisdiction of
incorporation
6. (SEC Use Only)
Industry Classification Code:
7. **3F Mazda Makati, 2301 Chino Roces Ave. Brgy. Magallanes, Makati City** **1231**
Address of principal office Postal Code
8. **(632) 7751-8132**
Registrant's telephone number, including area code
9. **7823 Makati Avenue, Makati City**
Former name or former address, if changed since last report
10. Securities registered pursuant to SRC

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	269,283,709

11. Indicate the item numbers reported herein: **Item 9 – Other Matters**

The regular quarterly meeting of the Board of Directors of MAKATI FINANCE CORPORATION ("MFIN") was held on October 25, 2022, at which at least a majority of the members of the Board of Directors was present and acting throughout.

There were no material items discussed nor approved during MFIN's Board Meeting.

Board formally accepted the resignation of Mr. Roberto Cecilio O. Lim as a Director of the Corporation.

The Board elected Mr. Roberto C. Benares as Director, subject to his qualification, to serve the unexpired portion of the term of Mr. Lim.

The next Board meeting was later set on January 26, 2023 at 9 o'clock in the morning.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Makati Finance Corporation
Registrant

By:



MARCOS E. LAROSA
CFO/Compliance Officer / CIO

Date: 25 October 2022

**INTEGRATED ANNUAL CORPORATE GOVERNANCE
REPORT**

(I-ACGR) – 2021
Date Filed to SEC : May 30, 2022

ANNEX C



MAKATI FINANCE CORPORATION
MORE THAN JUST FINANCING

May 27, 2022

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307

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

The Disclosure Department

THE PHILIPPINE STOCK EXCHANGE, INC.

3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Attention: **Ms. Alexandra D. Tom Wong**
OIC, Disclosure Department

Gentlemen:

In compliance with the SEC Memorandum Circular No. 15 Series of 2017, please find attached Integrated Annual Corporate Governance Report (SEC Form I-ACGR) of Makati Finance Corporation covering for the year 2021.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

MAKATI FINANCE CORPORATION

Registrant

By:

A handwritten signature in black ink, appearing to read 'M. Larosa', is written over a horizontal line. The signature is enclosed within a large, loopy, hand-drawn oval shape.

MARCOS E. LAROSA

Chief Finance Officer/Compliance Officer/CIO



**SEC FORM – I-ACGR
INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

1. For the fiscal year ended **December 31, 2021**
2. SEC Identification Number **28788**
3. BIR Tax Identification No. **000-473-966-000**
4. Exact name of issuer as specified in its charter – **MAKATI FINANCE CORPORATION**
5. **Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **3/F Mazda Makati Building 2301 Chino Roces Ave., Brgy. Magallanes, Makati City**
Address of principal office
1231
Postal Code
8. **+632 77518132**
Issuer's telephone number, including area code
9. **7823 Makati Avenue, Poblacion Makati City 1210**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	Provide information or link/reference to a document containing information on the following: <ul style="list-style-type: none"> Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 https://edge.pse.com.ph/openDiscViewer.do?edge_no=9cfbc8cf2bcceebf0de8473cebbd6407 SEC FORM 17A - Annual Report 2021 https://www.makatifinance.ph/pdf/Sec%20Form%2017-A/SEC%20Form%2017-A%202021.pdf SEC FORM 20-IS - Definitive Information Statement 2021 https://www.makatifinance.ph/pdf/Sec%20Form%20IS/2021%20Amended%20Definitive%20Information%20Statement.pdf 	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfil their roles and responsibilities and respond to the needs of the organization.	COMPLIANT		
Recommendation 1.2			

1. Board is composed of a majority of non-executive directors.	COMPLIANT	Identify or provide link/reference to a document identifying the directors and the type of their directorships <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 20-IS - Definitive Information Statement 2021 • SEC FORM 17A -Annual Report 2021 • SEC FORM 17C –Current Report (Date of Disclosure: July 29, 2021) Disclosure on the Results of Organizational Meeting, 29 July 2021 https://www.makatifinance.ph/pdf/Sec%20Form%2017-C/Results%20of%20Organizational%20Meeting%202021%20(July%2029,%202021).pdf 	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors. <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	
2. Company has an orientation program for first time directors.	COMPLIANT	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered. <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	<ul style="list-style-type: none"> • SEC FORM 17-C Current Report 2021 (Date of Disclosure: 25, January 2022) Disclosure on the Certificates of Attendance for having attended Corporate Governance Webinar https://www.makatifinance.ph/pdf/Sec%20Form%2017-C/Certificate%20of%20Attendance%20on%20Webinar%20of%20Officers%20or%20Directors%20attended%20for%20year%20%202021.pdf 	

Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	Provide information on or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, par.1, p.1 Adopted by the Board of Directors on 09 July 2020 	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	COMPLIANT	Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity. <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, par. 1, p.1 Adopted by the Board of Directors on 09 July 2020 	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions. <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17A - Annual Report 2021 • SEC FORM 20-IS - Definitive Information Statement 2021 • SEC FORM 17-C Current Report 2021 (Date of Disclosure July 29, 2021) Disclosure on the appointment https://edge.pse.com.ph/openDiscViewer.do?edge_no=892a55c1d8d530115d542af6f1e997b9 	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT		Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered

		<ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • All materials to be discussed on the monthly board meetings have been emailed 5 days before the scheduled meeting. 	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions. <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17C –Current Report 2021 (Date of Disclosure: July 29, 2021) Disclosure on the appointment of Compliance Officer, 29 July 2021. https://edge.pse.com.ph/openDiscViewer.do?edge_no=892a55c1d8d530115d542af6f1e997b9 • SEC FORM 20-IS - Definitive Information Statement 2021 	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT		
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT		Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered <ul style="list-style-type: none"> • SEC FORM 17-C Current Report 2021 (Date of Disclosure December 31, 2021) Disclosure on the Certificates of Attendance for having attended Corporate Governance seminar, July 23, 2021 and November 19, 2021

		https://www.makatifinance.ph/pdf/Sec%20Form%2017-C/Certificate%20of%20Attendance%20on%20Webinar%20of%20Officers%20or%20Directors%20attended%20for%20year%20%202021.pdf	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting) <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 Minutes of the Meetings of the Corporation. 	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting) <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 Minutes of the Meetings of the Corporation 	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT	Indicate frequency of review of business objectives and strategy <ul style="list-style-type: none"> The Board of Directors reviews the business objectives and strategy during its quarterly and special Board meetings, based on the reports provided by management. 	
Supplement to Recommendation 2.2			

1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	<p>Indicate or provide link/reference to a document containing the company's vision, mission and core values.</p> <p>Indicate frequency of review of the vision, mission and core values.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • MFIN WEBSITE https://www.makatifinance.ph • SEC FORM 17A -Annual Report 2021 	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	<p>Provide information on or link/reference to a document containing information on the strategy execution process. CFA</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, par. 1.1, p.1, par. 3.1.1, p.10 par. 3.2.1, p. 11 Adopted by the Board of Directors on 09 July 2020 	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 20-IS - Definitive Information Statement 2021 • SEC FORM 17A - Annual Report 2021 	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, pars. 1.1, p.1 Adopted by the Board of Directors on 09 July 2020 	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	<ul style="list-style-type: none"> • Succession Planning 	
Recommendation 2.5			

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance. <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.			
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	COMPLIANT	Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company. <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations	

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	from shareholders. • SEC FORM Manual on Corporate Governance (MCG) Amended, par. 1.1, p.2, par 2.2, p.6, par. 2.2.1 (a), p. 6, par. 2.2.1 (b), p.6, par. 2.4.1, p.10, par. and 10.1.6, p.21 Adopted by the Board of Directors on 09 July 2020	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT	Provide proof if minority shareholders have a right to nominate candidates to the board • SEC FORM Manual on Corporate Governance (MCG) Amended, pars. 10.1.1 (a)(b), p.19 Adopted by the Board of Directors on 09 July 2020	
4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT	Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	COMPLIANT	• In discussing the shortlist of directors, as presented by the Nomination Committee, the Board passes upon the effectiveness of nomination and election process of directors	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT		
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies)	NON-COMPLIANT	Identify the professional search firm used or other external sources of candidates	Not applicable. The Corporation does not

when searching for candidates to the board of directors.			use professional search firms or other external sources of candidates.
Recommendation 2.7			
2. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, par 1.1, p.2 Adopted by the Board of Directors on 09 July 2020 	
3. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	Identify transactions that were approved pursuant to the policy.	
4. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT		
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those	COMPLIANT	Provide information on a materiality threshold for RPT disclosure and approval, if any. Provide information on RPT categories <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17A -Annual Report 2021 	

<p>that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>		<ul style="list-style-type: none"> • SEC FORM 20-IS - Definitive Information Statement 2021 	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>COMPLIANT</p>	<p>Provide information on voting system, if any.</p> <ul style="list-style-type: none"> • Non-related party shareholders are provided an opportunity to discuss, approve or disapprove the acts of the Directors and management, during the annual stockholders' meetings. 	
<p>Recommendation 2.8</p>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, par. 1.1, p.2 Adopted by the Board of Directors on 09 July 2020 <p>Identify the Management team appointed</p> <ul style="list-style-type: none"> • SEC FORM 17-C Current Report 2021 (Date of Disclosure July 29, 2021) 	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control</p>	<p>COMPLIANT</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended 	

functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).		Adopted by the Board of Directors on 09 July 2020 Provide information on the assessment process and indicate frequency of assessment of performance.	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel. <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • Succession Planning 	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, pars. 1.1, p.2 and par 4, p.13 Adopted by the Board of Directors on 09 July 2020 	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT		

3. Board approves the Internal Audit Charter.	COMPLIANT	Provide reference or link to the company's Internal Audit Charter	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT	<ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, par. 1.1, p.2 Adopted by the Board of Directors on 09 July 2020 	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	Provide link to the company's website where the Board Charter is disclosed.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT	<ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, par. 1.1, p.2 Adopted by the Board of Directors on 09 July 2020 	
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	Provide information on or link/reference to a document showing company's insider trading policy.	The Corporation

			<p>currently does not have an express insider trading policy.</p> <p>However, under the Corporation's New Manual on Corporate Governance, every director shall ensure that it conducts fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.</p>
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<p>Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</p>			
<p>Recommendation 3.1</p>			
<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on all the board committees established by the company.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17C –Current Report 2021 (Date of Disclosure: July 29, 2021) 	
<p>Recommendation 3.2</p>			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, par. 2.1, p.2 and par 2.1.1, p.3 Adopted by the Board of Directors on 09 July 2020 <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, par. 2.1.1, p.5 Adopted by the Board of Directors on 09 July 2020 • It is the Audit Committee's responsibility to recommend appointment and removal of an External Auditor. 	

<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, par.21, p.3 Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17-C Current Report 2021 (Date of Disclosure July 29, 2021) 	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p> <ul style="list-style-type: none"> • SEC FORM 17A - Annual Report 2021 • SEC FORM 20-IS - Definitive Information Statement 2021 	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p> <ul style="list-style-type: none"> • SEC FORM 17-C Current Report 2021 (Date of Disclosure July 29, 2021) Disclosed on the Result of the Annual Stockholders' Meeting and Organizational Meeting, 29 July 2021. 	
<p>Supplement to Recommendation 3.2</p>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>COMPLIANT</p>	<p>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17A - Annual Report 2021 Annex A 	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>COMPLIANT</p>	<p>Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.</p>	

		<ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17A - Annual Report 2021 Annex A 	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	NON-COMPLIANT	Indicate the number of Audit Committee meetings during the year and provide proof	twice a year
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	<p>Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17-C Current Report 2021 (Date of Disclosure July 29, 2021) Disclosed on the Result of the Annual Stockholders' Meeting and Organizational Meeting, 29 July 2021. • SEC FORM 20-IS - Definitive Information Statement 2021 	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	<p>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par.2.4, p.9 Adopted by the Board of Directors on 09 July 2020 <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par.2.4, p.9 Adopted by the Board of Directors on 09 July 2020 	

<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par.2.4, p.9 Adopted by the Board of Directors on 09 July 2020 	
<p>Recommendation 3.4</p>			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par.5 (r) Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17-C Current Report 2021 (Date of Disclosure July 29, 2021) Disclosed on the Result of the Annual Stockholders' Meeting and Organizational Meeting, 29 July 2021. <p>https://www.makatifinance.ph/pdf/Sec%20Form%2017-C/Results%20of%20Organizational%20Meeting%202021%20(July%2029,%202021).pdf</p>	
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par.5 (r) Adopted by the Board of Directors on 09 July 2020 	

		<ul style="list-style-type: none"> • SEC FORM 17-C Current Report 2021 (Date of Disclosure July 29, 2021) Disclosed on the Result of the Annual Stockholders' Meeting and Organizational Meeting, 29 July 2021. <p>https://www.makatifinance.ph/pdf/Sec%20Form%2017-C/Results%20of%20Organizational%20Meeting%202021%20(July%2029,%202021).pdf</p>	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the Chairman of the BROC</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par.5 (r) Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17A - Annual Report 2021 https://www.makatifinance.ph/pdf/Sec%20Form%2017-A/SEC%20Form%2017-A%202021.pdf 	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par.5 (r) Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17A - Annual Report 2021 https://www.makatifinance.ph/pdf/Sec%20Form%2017-A/SEC%20Form%2017-A%202021.pdf 	

Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	COMPLIANT	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions. <ul style="list-style-type: none"> The Audit Committee, as authorized under the Manual (Par. 2.1.1 (r)), performs the functions of the Related Party Transactions Committee. 	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship. <ul style="list-style-type: none"> The Audit Committee, which is authorized to act as the RPT Committee is composed of at least 3 non-executive directors, two of whom are independent, including the Chairman. 	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes. <ul style="list-style-type: none"> P.3, 2 of the Manual enumerates the Board Committees and their respective charters. 	
2. Committee Charters provide standards for evaluating the performance of the Committees.	NON-COMPLIANT		Committee Charters provide standards for evaluating the performance of the Committees but the

			Board conducts a regular periodic self-assessment of its performance including the performance of the Committees . (p.17, 6.1, Manual)
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Provide link to company's website where the Committee Charters are disclosed. <ul style="list-style-type: none"> Company Website https://www.makatifinance.ph 	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-	COMPLIANT	Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings. <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended 	

/videoconferencing conducted in accordance with the rules and regulations of the Commission.		<p>par.1.1, p.2 Adopted by the Board of Directors on 09 July 2020</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p> <ul style="list-style-type: none"> • Advisement Letter on the Attendance of Directors in Board Meetings, filed annually with the SEC 	
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	<p>In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations (SEC FORM Manual on Corporate Governance (MCG) Amended, par. 1.1, p.2)</p>	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par.1.1, p.2 Adopted by the Board of Directors on 09 July 2020 	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par.1.1, p.2 Adopted by the Board of Directors on 09 July 2020 <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.</p>	

Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed. <ul style="list-style-type: none"> The Manual requires that "A director should notify the Board before accepting a directorship in another company, which may conflict with or affect the performance of his duties as a Director of the Corporation." There has been no instance where a Director accepted another Board position from the time of the adoption of the current Manual on Corporate Governance 	
Principle 5: The board should endeavour to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	COMPLIANT	Provide information or link/reference to a document containing information on the number of independent directors in the board <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended par.5.2, p.15 Adopted by the Board of Directors on 09 July 2020 	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	Provide information or link/reference to a document containing information on the qualifications of the independent directors. <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended par.5.2, p.15 Adopted by the Board of Directors on 09 July 2020 	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to	COMPLIANT	Provide link/reference to a document containing information that directors are not constrained to vote independently. <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended 	

vote independently.		<p>Adopted by the Board of Directors on 09 July 2020</p> <ul style="list-style-type: none"> The discussion in the minutes of the meetings show that there are no such constraints. 	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	COMPLIANT	<p>Provide information or link/reference to a document showing the years IDs have served as such.</p> <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 SEC FORM 17C –Current Report 2021 (Date of Disclosure: July 29, 2021) Disclosure of Certification of Independent Director <p>https://www.makatifinance.ph/pdf/Others/Certification%20of%20Independent%20Director%202021.pdf</p>	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</p> <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended par.5.5, p.16 Adopted by the Board of Directors on 09 July 2020 	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	COMPLIANT	<p>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</p> <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 None of the Independent Directors has reached its ninth year in the Board seat. 	
Recommendation 5.4			
1. The positions of Chairman of the	COMPLIANT	Identify the company's Chairman of the Board and Chief Executive	

<p>Board and Chief Executive Officer are held by separate individuals.</p>		<p>Officer</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17C –Current Report 2021 (Date of Disclosure: July 20, 2021) Disclosure on the Results of the Annual Stockholders' Meeting and Organization Meeting, 29 July 2021 <ul style="list-style-type: none"> • <i>Rene B. Benitez nominated and elected as Chairman of the Board</i> • <i>Maxcy Francisco Jose R. Borromeo nominated and elected as President</i> 	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • Chairman of the Board and President are not related 	
<p>Recommendation 5.5</p>			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par.5.3, p.15 <p>Adopted by the Board of Directors on 09 July 2020</p> <p>Indicate if Chairman is independent.</p> <ul style="list-style-type: none"> • The Chairman is not an independent Director. The lead independent director is the most senior independent director. 	
<p>Recommendation 5.6</p>			
<p>1. Directors with material interest in a transaction affecting the</p>	<p>COMPLIANT</p>	<p>Provide proof of abstention, if this was the case</p>	

corporation abstain from taking part in the deliberations on the transaction.		<ul style="list-style-type: none"> There are no readily available documents on this point. 	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	COMPLIANT	<p>Provide proof and details of said meeting, if any.</p> <p>Provide information on the frequency and attendees of meetings.</p> <ul style="list-style-type: none"> The Audit Committee is Chaired by the lead independent director and all of its members are NED's. They meet with the external auditor and other heads at least once a year, to discussing audit, compliance and risk matters. 	
2. The meetings are chaired by the lead independent director.	COMPLIANT	<ul style="list-style-type: none"> The Chairman, Vice Chairman and Treasurer are likewise NED's who meet with the foregoing at least once per quarter. 	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.		<p>Provide name/s of company CEO for the past 2 years</p> <ul style="list-style-type: none"> Max O. Borromeo, 2016 Maxcy Francisco Jose R. Borromeo, 2018 	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	<p>Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees</p> <ul style="list-style-type: none"> There are no readily available documents on this point. 	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		
4. Each committee conducts a	COMPLIANT		

self-assessment of its performance.			
5. Every three years, the assessments are supported by an external facilitator.	NON-COMPLIANT	Identify the external facilitator and provide proof of use of an external facilitator.	Within 3 years from the adoption of its current Manual on Corporate Governance, the company plans to engaged the services of an external service provider.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	This system is currently being developed by the Board.
2. The system allows for a feedback mechanism from the shareholders.	NON-COMPLIANT		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of	NON-	Provide information on or link/reference to the company's Code of	The Manual

<p>Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.</p>	<p>COMPLIANT</p>	<p>Business Conduct and Ethics.</p>	<p>provides that The Board, at its discretion, may adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings.</p> <p>The Board shall consider the adoption of</p>
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			the Code of Business Conduct and Ethics in future meetings.
2. The Code is properly disseminated to the Board, senior management and employees.	NON-COMPLIANT	Provide information on or discuss how the company disseminated the Code to its Board senior management and employees.	The Board has not yet adopted a Code at this time.
3. The Code is disclosed and made available to the public through the company website.	NON-COMPLIANT	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.	The Board has not yet adopted a Code at this time.
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT	Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery <ul style="list-style-type: none"> • Makati Finance Corporation Code of Conduct 	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	NON-COMPLIANT	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	The Board has not yet adopted a Code at this time.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	NON-COMPLIANT	Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	The Board has not yet adopted a Code at this time.
Disclosure and Transparency			

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par.7.1, p.17 Adopted by the Board of Directors on 09 July 2020 	
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Supplement to Recommendations 8.1

<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>COMPLIANT</p>	<p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p> <ul style="list-style-type: none"> • SEC FORM 17A - Annual Report 2021 • SEC FORM 17Q – Quarterly Report 2021 https://www.makatifinance.ph/pdf/Sec%20Form%2017-Q/SEC%20Form%2017Q%20-%20%201st%20Qtr.%202021.pdf https://www.makatifinance.ph/pdf/Sec%20Form%2017-Q/SEC%20Form%2017Q%20-%20%202nd%20Qtr.%202021.pdf https://www.makatifinance.ph/pdf/Sec%20Form%2017-Q/SEC%20Form%2017Q%20-%20%203rd%20Qtr.%202021.pdf <p>Company Website https://www.makatifinance.ph</p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ul style="list-style-type: none"> • principal risks to minority shareholders associated with the 	

<p>the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>		<p>identity of the company's controlling shareholders;</p> <ul style="list-style-type: none"> • cross-holdings among company affiliates; and • any imbalances between the controlling shareholders' voting power and overall equity position in the company. <ul style="list-style-type: none"> • SEC FORM 17A - Annual Report 2021 https://www.makatifinance.ph/pdf/Sec%20Form%2017-A/SEC%20Form%2017-A%202021.pdf 	
Recommendation 8.2			
<p>3. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	COMPLIANT	<p>Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	
<p>4. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	COMPLIANT	<ul style="list-style-type: none"> • SEC FORM 23-A Disclosure on Initial Statement of Beneficial Ownership https://www.makatifinance.ph <p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p> <ul style="list-style-type: none"> • SEC FORM 23-B Disclosure on Statement of Beneficial Ownership https://www.makatifinance.ph/disclosure# 	
Supplement to Recommendation 8.2			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions)</p>	COMPLIANT	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Provide link or reference to the company's Conglomerate Map.</p>	

<p>and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>		<ul style="list-style-type: none"> • Company Website https://www.makatifinance.ph • SEC FORM 17A - Annual Report 2021 • SEC FORM 20-IS - Definitive Information Statement 2021 • PSE Form 17-12 List of Top 100 Stockholders 2021 <p>https://www.makatifinance.ph/pdf/Others/List%20of%20Top%20100%20Stockholders%20as%20of%2012.31.2021.pdf</p>	
Recommendation 8.3			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	COMPLIANT	<p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <ul style="list-style-type: none"> • Company Website https://www.makatifinance.ph • SEC FORM 17A - Annual Report 2021 • SEC FORM 20-IS - Definitive Information Statement 2021 	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	COMPLIANT	<p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <ul style="list-style-type: none"> • Company Website https://www.makatifinance.ph • SEC FORM 17A - Annual Report 2021 • SEC FORM 20-IS - Definitive Information Statement 2021 	
Recommendation 8.4			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the</p>	COMPLIANT	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended 	

level and mix of the same.		Adopted by the Board of Directors on 09 July 2020	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	COMPLIANT	Disclose or provide link/reference to the company policy and practice for determining executive remuneration <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	COMPLIANT	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO. <ul style="list-style-type: none"> • SEC FORM 17A - Annual Report 2021 • SEC FORM 20-IS - Definitive Information Statement 2021 	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	Disclose or provide reference/link to company's RPT policies <ul style="list-style-type: none"> • SEC FORM Revised Material Related Party Transactions Policy (09 July 2020) https://edge.pse.com.ph/openDiscViewer.do?edge_no=a9b2db17a1ebb92a0de8473cebbd6407 • SEC FORM Manual on Corporate Governance (MCG) Amended par.1.1, p.2 Adopted by the Board of Directors on 09 July 2020 <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p> <ul style="list-style-type: none"> • Any director with a conflict of interest abstained from discussion on that particular matter, except in certain cases, to simply describe the transaction. 	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs: <ol style="list-style-type: none"> 1. name of the related counterparty; 	

		<ol style="list-style-type: none"> 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions <ul style="list-style-type: none"> • SEC FORM 17A - Annual Report 2021 Full Disclosure in Notes to Financial Statements • SEC FORM 20-IS - Definitive Information Statement 2021 	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	<p>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	<p>Provide link or reference where this is disclosed</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	NON-COMPLIANT	<p>Identify independent party appointed to evaluate the fairness of the transaction price</p> <p>Disclose the rules and procedures for evaluating the fairness of the</p>	These transactions are subject

		transaction price, if any.	to approval by the Board which has enough numbers of Independent Directors, and with the recommendation of Executive Committee.
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	COMPLIANT	Provide link or reference where these are disclosed. <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Provide link to the company's website where the Manual on Corporate Governance is posted. <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	

2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT	<ul style="list-style-type: none"> Company Website https://www.makatifinance.ph 	
3. Company's MCG is posted on its company website.	COMPLIANT		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	Provide proof of submission. <ul style="list-style-type: none"> Company Website, under Corporate Governance https://www.makatifinance.ph/governance 	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information. <ul style="list-style-type: none"> SEC FORM 17A - Annual Report 2021 Company Website https://www.makatifinance.ph Advisement Letter on the Attendance of Directors in Board meetings held in 2021 https://www.makatifinance.ph/pdf/Sec%20Form%2017-C/Certificate%20of%20Attendance%20of%20Directors%20and%20Officers%202021.pdf SEC FORM 20-IS - Definitive Information Statement 2021 https://edge.pse.com.ph/openDiscViewer.do?edge_no=6d838f6e68821bfb5d542af6f1e997b9 	
a. Corporate Objectives	COMPLIANT		
b. Financial performance indicators	COMPLIANT		
c. Non-financial performance indicators	COMPLIANT		
d. Dividend Policy	COMPLIANT		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed	COMPLIANT		

companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT		
g. Total remuneration of each member of the board of directors	COMPLIANT		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	COMPLIANT		
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	COMPLIANT		
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	COMPLIANT		

5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT		
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor. <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, pars. (f), p.5 Adopted by the Board of Directors on 09 July 2020 	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor. <ul style="list-style-type: none"> • 100% of all shareholders present approved the appointment of the external auditor as recommended by the Audit Committee. 	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	

Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	COMPLIANT	Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years. <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ol style="list-style-type: none"> a. assessing the integrity and independence of external auditors; b. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and c. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	COMPLIANT	Provide link/reference to the company's Audit Committee Charter <ul style="list-style-type: none"> p. 3, (a)(c), Manual The section in the Manual is effectively the Audit Committee Charter. 	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended par. 2.1 Adopted by the Board of Directors on 09 July 2020 	

Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par. 2.1 Adopted by the Board of Directors on 09 July 2020 	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended par. 2.1 Adopted by the Board of Directors on 09 July 2020 	
Recommendation 9.3			
3. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	Disclose the nature of non-audit services performed by the external auditor, if any. <ul style="list-style-type: none"> • SEC FORM 17A - Annual Report 2021 	
4. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	Provide link or reference to guidelines or policies on non-audit services <ul style="list-style-type: none"> • The Company has not engaged any non-audit services with the external auditor 	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	NON-COMPLIANT	Provide information on audit and non-audit fees paid.	The Company has not engaged

			any non-audit services with the external auditor.
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> 1. Name of the audit engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm. <ul style="list-style-type: none"> • ROXAS CRUZ TAGLE AND CO. SEC Accreditation No. 0005-SEC April 13, 2021 (Group A) April 13, 2021, valid until April 13, 2026 • Mr. Jarred D. Pereña Signing Partner CPA License No. 0109297 SEC Accreditation No 1109297 (Group A) February 27, 2020, valid until February 27, 2023 • ROXAS CRUZ TAGLE AND CO. 2/F Multinational Bancorporation Centre 6805 Ayala Avenue Makati City 1226 Telephone No. +63 (2) 8844 2016 	

<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>NON-COMPLIANT</p>	<p>Provide information on the following:</p> <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC. 	<p>To the best of its knowledge, the Corporation is not aware that its external auditor agreed to be subject to the SOAR inspection program conducted by the SEC.</p>
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Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>NON-COMPLIANT</p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p>	<p>The Corporation currently does not adopt a policy on disclosure of non-financial information, including EESG issues.</p>
<p>2. Company adopts a globally recognized standard/framework in</p>	<p>NON-COMPLIANT</p>	<p>Provide link to Sustainability Report, if any. Disclose the standards used.</p>	<p>The Corporation currently</p>

reporting sustainability and non-financial issues.			does not adopt a policy on disclosure of non-financial information, including EESG issues.
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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	COMPLIANT	<p>Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.) Provide links, if any.</p> <ul style="list-style-type: none"> Company Website https://www.makatifinance.ph 	
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Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:	COMPLIANT	<p>Provide link to company website</p> <ul style="list-style-type: none"> SEC Form 17Q – 3rd Quarter 2021 under Company Disclosures – SEC Filings <p>https://www.makatifinance.ph/pdf/Sec%20Form%2017-Q/SEC%20Form%2017Q%20-%20%203rd%20Qtr.%202021.pdf</p>	
a. Financial statements/reports (latest quarterly)	COMPLIANT		
b. Materials provided in briefings to analysts and media	COMPLIANT	<ul style="list-style-type: none"> Company Website https://www.makatifinance.ph 	

c. Downloadable annual report	COMPLIANT	<ul style="list-style-type: none"> • SEC Form 17A Annual Report 2021 under Company Disclosures – SEC Filings https://www.makatifinance.ph/pdf/Sec%20Form%2017-A/SEC%20Form%2017-A%202021.pdf • Notice of ASM under Company Disclosures – SEC Filings https://www.makatifinance.ph/pdf/ASM/PSE%20Form%207-1%20Notice%20of%20Annual%20Stockholders'%20Meeting%20on%20July%2029,%202021.pdf 	
d. Notice of ASM and/or SSM	COMPLIANT		
e. Minutes of ASM and/or SSM	NON-COMPLIANT		In the process of establishing.
f. Company's Articles of Incorporation and By-Laws	COMPLIANT		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT	<ul style="list-style-type: none"> • Company Website https://www.makatifinance.ph 	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	<p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system</p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	<p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks 	

		<p>Indicate frequency of review of the enterprise risk management framework.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17A - Annual Report 2021 <i>Notes to Financial Statements</i> • SEC FORM 20-IS - Definitive Information Statement 2021 	
Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	COMPLIANT	<p>Provide information on or link/reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p>Indicate frequency of review.</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 17A - Annual Report 2021 <i>Notes to Financial Statements</i> • SEC FORM 20-IS - Definitive Information Statement 2021 	
Recommendation 12.2			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	COMPLIANT	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p> <ul style="list-style-type: none"> • In-house Internal Audit Group 	
Recommendation 12.3			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	COMPLIANT	<p>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</p>	

		<ul style="list-style-type: none"> • Mr. Asterio L. Favis, Jr. • SEC FORM 20-IS - Definitive Information Statement 2021 	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT		
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	<p>Identify qualified independent executive or senior management personnel, if applicable.</p> <ul style="list-style-type: none"> • In-house Internal Audit Group 	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	NON-COMPLIANT	Provide information on company's risk management function.	The Corporation currently does not require assistance of external technical support in risk management.
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk	NON-COMPLIANT	Identify source of external technical support, if any.	The Corporation

management when such competence is not available internally.			currently does not require assistance of external technical support in risk management.
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Recommendation 12.5

1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	NON-COMPLIANT	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	The Corporation does not have a Chief Risk Officer.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	NON-COMPLIANT		The Corporation does not have a Chief Risk Officer.

Additional Recommendation to Principle 12

1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	COMPLIANT	Provide link to CEO and CAE's attestation	
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Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed. <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, pars. 10.1, p.18 Adopted by the Board of Directors on 09 July 2020 	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	Provide link to company's website <ul style="list-style-type: none"> • Company Website https://www.makatifinance.ph 	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	<ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Adopted by the Board of Directors on 09 July 2020 	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Provide information on all classes of shares, including their voting rights if any. <ul style="list-style-type: none"> • Common Shares, with each share having the equivalent of one vote • SEC FORM Manual on Corporate Governance (MCG) Adopted by the Board of Directors on 09 July 2020 	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	Provide link to voting procedure. Indicate if voting is by poll or show of hands. <ul style="list-style-type: none"> • Definitive Information Statement (under Voting Procedures). • Unless required by law, or upon motion by any stockholder, voting need not be by ballot and will be done by show of hands and counted manually by the Corporate Secretary. 	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of	COMPLIANT	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any. <ul style="list-style-type: none"> • The company adopts the voting mechanism on cumulative voting on the election of Directors, as required under the law. 	

controlling shareholders.			
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)	<ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	Provide information or link/reference to the policies on treatment of minority shareholders	<ul style="list-style-type: none"> • The minority shareholders representing at least 15% of outstanding shares shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes. (p. 19, (e), Manual)
7. Company has a transparent and specific dividend policy.	COMPLIANT	Provide information on or link/reference to the company's dividend Policy.	<ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 <p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 • SEC FORM 20-IS - Definitive Information Statement 2021 • The Company declared dividends and were paid dividends within 60 days after declaration.

Recommendation 13.2			
<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	<p>COMPLIANT</p>	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p> <ul style="list-style-type: none"> • All materials for the Annual Stockholders' Meeting were sent out at least 28 days before the meeting. • Notice of Agenda of Annual Stockholders' Meeting Company Website https://www.makatifinance.ph <i>Under Company Disclosure</i> • SEC FORM 20-IS - Definitive Information Statement 2021 https://www.makatifinance.ph/pdf/Sec%20Form%20IS/2021%20Amended%20Definitive%20Information%20Statement.pdf 	
Supplemental to Recommendation 13.2			
<p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>		<p>Provide link or reference to the company's notice of Annual Shareholders' Meeting</p> <ul style="list-style-type: none"> • Company Website https://www.makatifinance.ph <p>Under Company Disclosures/Notice of Annual Stockholders' Meeting 2021</p>	
<p>2. The profiles of directors (i.e., age, academic qualifications,</p>	<p>COMPLIANT</p>	<ul style="list-style-type: none"> • Company Website https://www.makatifinance.ph 	

date of first appointment, experience, and directorships in other listed companies)		Under Company Disclosures/SEC Filings/Information Statement-SEC Form 20-IS/Definitive Information Statement 2021	
3. Auditors seeking appointment/re-appointment	COMPLIANT	<ul style="list-style-type: none"> Company Website https://www.makatifinance.ph <p>Under Company Disclosures/SEC Filings/Information Statement-SEC Form 20-IS/Definitive Information Statement 2021</p>	
4. Proxy documents	COMPLIANT	<ul style="list-style-type: none"> Company Website https://www.makatifinance.ph <p>Under Company Disclosures/SEC Filings/Information Statement-SEC Form 20-IS/Definitive Information Statement 2021</p>	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	<p>Provide link or reference to the rationale for the agenda items</p> <ul style="list-style-type: none"> Company Website https://www.makatifinance.ph <p>Under Company Disclosures/SEC Filings/Information Statement-SEC Form 20-IS/Definitive Information Statement 2021</p>	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	<p>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p> <ul style="list-style-type: none"> The foregoing are reflected in the minutes. 	
2. Minutes of the Annual and Special Shareholders' Meetings	COMPLIANT	Provide link to minutes of meeting in the company website.	

<p>were available on the company website within five business days from the end of the meeting.</p>		<p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any.</p> <ul style="list-style-type: none"> • The foregoing are reflected in the minutes. 	
Supplement to Recommendation 13.3			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	COMPLIANT	<p>Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting</p>	
Recommendation 13.4			
<p>1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>	COMPLIANT	<p>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes</p> <p>Under Par. 10.1.6 of the Manual, the Board provides the shareholders an option to avail of an alternative dispute mechanism, to be determined by the Board on a case-to-case basis.</p>	

<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to where it is found in the Manual on Corporate Governance</p> <ul style="list-style-type: none"> Par. 10.1.16 of the Manual states that the Board may make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. Such mechanism shall be determined by the Board on a case-to-case basis (p.21, 10.1.6, Manual 	
<p>Recommendation 13.5</p>			
<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>COMPLIANT</p>	<p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> Name of the person Telephone number Fax number E-mail address <ul style="list-style-type: none"> MARCOS E. LAROSA +63 (2) 7751 7132 mlarosa@makatifinance.com.ph 	
<p>2. IRO is present at every shareholder's meeting.</p>	<p>COMPLIANT</p>	<p>Indicate if the IRO was present during the ASM.</p> <ul style="list-style-type: none"> Yes, Marcos E. Larosa is concurrently the Compliance Officer of the Corporation 	

Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any. <ul style="list-style-type: none"> SEC FORM Manual on Corporate Governance (MCG) Amended Adopted by the Board of Directors on 09 July 2020 	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	COMPLIANT	Indicate the company's public float. <ul style="list-style-type: none"> 15.57% 	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT	Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM. A mechanism for employee participation shall be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance process. The Board should establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. (p. 23, 12, Manual) It is the company's policy to be open to any shareholder concern even if the same is communicated outside of the formal shareholders' meetings.	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	NON-COMPLIANT	Disclose the process and procedure for secure electronic voting in absentia, if any.	There is no practical system or technology available for this sole

purpose.

Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>COMPLIANT</p>	<p>Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.</p> <ul style="list-style-type: none"> The company has identified its stakeholders, including customers, employees, suppliers, shareholders, investors, creditors, the community the company operates in, society, the government, regulators, competitors, external auditors, and those similarly situated In formulating the company's strategic and operational decisions affecting its wealth, growth and sustainability, due consideration is given to those who have an interest in the company and are directly affected by its operations. (p.21, 10.1.7, Manual) 	
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Recommendation 14.2

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>COMPLIANT</p>	<p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p> <ul style="list-style-type: none"> Under Par. 10.1.17 of the Manual, in formulating the company's strategic and operational decisions affecting its wealth, growth and sustainability, due consideration is given to those who have an interest in the company and are directly affected by its operations, particularly its stakeholders. 	
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Recommendation 14.3

<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress</p>	<p>COMPLIANT</p>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p>	
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for the violation of their rights.		<p>Provide information on whistle blowing policy, practices and procedures for stakeholders</p> <ul style="list-style-type: none"> Under Par. 12.3 it is the policy of the company The Board shall establish a suitable framework for whistle blowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have a direct access to an independent member of the Board or a unit created to handle whistle blowing concerns. The Board should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement. (p. 12, 12.3, Manual 	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	COMPLIANT	<p>Provide information on the alternative dispute resolution system established by the company.</p> <ul style="list-style-type: none"> Under Par. 10.1.6 of the Manual, the Board provides the shareholders an option to avail of an alternative dispute mechanism, to be determined by the Board on a case-to-case basis. 	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT	<p>Disclose any requests for exemption by the company and the reason for the request.</p> <ul style="list-style-type: none"> No such exemption is sought. 	

2. Company respects intellectual property rights.	COMPLIANT	Provide specific instances, if any <ul style="list-style-type: none"> • The Company respects the law and rights of all stakeholders 	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation. <ul style="list-style-type: none"> • Company Website https://www.makatifinance.ph 	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	NON-COMPLIANT	Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any. <ul style="list-style-type: none"> • EMPLOYEE'S HANDBOOK 	

3. Company has policies and practices on training and development of its employees.	COMPLIANT	<p>Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.</p> <ul style="list-style-type: none"> • CREDIT AND COLLECTION TRAINING • CUSTOMER'S SERVICE TRAINING • GENERAL ORIENTATION TRAINING • LEADERSHIP TRAINING 	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	<p>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption</p> <ul style="list-style-type: none"> • SEC FORM Manual on Corporate Governance (MCG) Amended, par. 12.2, p.23 Adopted by the Board of Directors on 09 July 2020 • MAKATI FINANCE CORPORATION CODE OF CONDUCT 	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	<p>Identify how the board disseminated the policy and program to employees across the organization</p> <ul style="list-style-type: none"> • Through issuance of business memorandum 	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	<p>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.</p> <ul style="list-style-type: none"> • MAKATI FINANCE CORPORATION CODE OF CONDUCT <p>Include any finding of violations of the company policy.</p>	
Recommendation 15.3			



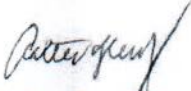





1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p> <ul style="list-style-type: none"> • Whistle Blowing Policy 	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	<ul style="list-style-type: none"> • Whistle Blowing Policy 	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	<p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing</p> <ul style="list-style-type: none"> • Whistle Blowing Policy 	
<p>Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p>			
<p>Recommendation 16.1</p>			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the	COMPLIANT	<p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p>	

advancement of the society where it operates.			
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	COMPLIANT	Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	
2. Company exerts effort to interact positively with the communities in which it operates	COMPLIANT	Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on 30 MAY 2022.

By:

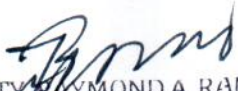
 _____ RENE B. BENITEZ Chairman of the Board	 _____ MAX O. BORROME0 Vice-Chairman
 _____ ASTERIO L. FAVIS JR. Independent Director	 _____ MAXCY FRANCISCO JOSE R. BORROME0 President
 _____ ALAN MICHAEL R. CRUZ Independent Director	 _____ CRISTINO L. PANLILIO Independent Director
 _____ MARCOS E. LAROSA CFO/Compliance Officer	 _____ DANILO ENRIQUE O. CO Corporate Secretary

SUBSCRIBED AND SWORN to before me this 30 MAY 2022 day of _____ 2022, affiant(s) exhibiting to me their _____, as follows:

NAME/NO.	GOVT.I.D.	PLACE OF ISSUE
RENE B. BENITEZ	██████████	
MAX O. BORROME0	██████████	
ASTERIO L. FAVIS JR.	██████████	
ALAN MICHAEL R. CRUZ	██████████	
CRISTINO L. PANLILIO	██████████	
MAXCY FRANCISCO JOSE R. BORROME0	██████████	
MARCOS E. LAROSA	██████████	
DANILO ENRIQUE O. CO	██████████	

NOTARY PUBLIC

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 Book No. 217
 Series of 2022


 ATTY. RAYMOND A. RAMOS
 COMMISSION NO. M-239
 NOTARY PUBLIC FOR MAKATI CITY
 UNTIL JUNE 30, 2022 PER B.M. NO. 3795
 11 KALAYAAN AVENUE EXTENSION,
 BARANGAY WEST REMBO, MAKATI CITY
 SC Roll No. 62179/04-26-2013
 TRP NO. 171365/01-03-2022/Pasig City
 PTR NO. MKT 8852502/01-03-2022/Makati City
 MLEB Compliance No. VI-0007878/4-06-2018