

TURNING **HEADWINDS**
INTO **TAILWINDS**





TURNING **HEADWINDS**
INTO **TAILWINDS**



VISION

First Metro will be the premier Philippine investment bank at the forefront of the capital markets and a respected name in the Asian region.

MISSION

As the prime mover in the Philippine capital markets, we provide innovative financial solutions that enable our stakeholders to achieve economic prosperity and social well-being.

VALUES

- Teamwork
- Respect
- Integrity
- Innovation
- Passion for Excellence

In a year marked with many uncertainties – from trade wars that relegated investors to the sidelines, to weaker industrial production that slowed global growth, to business disruptions from natural disasters and calamities – First Metro Investment Corporation continued to display resilience as a prime mover of capital in the Philippines. Banking on its experience of more than half a century, the investment bank relied on its expertise, strength, and synergy with its parent company.

Demonstrating agility in tailor-fitting solutions to clients' financing needs, strength and capability as a dependable partner of the government in nation-building, and finding opportunities for small investors to grow their wealth, First Metro is able to turn headwinds into tailwinds, propelling its growth now and into the future.



“The adversity we have faced only reshaped the way we do things, how we position our business, and how we stay ahead. Always, however, we have emerged stronger, more confident, and more resilient. And this confidence in our ability to turn trials into tailwinds is what will sustain us into the future.”

STAYING RESILIENT AMID THE HEADWINDS

Very few institutions stand the test of time. Strong headwinds – financial market turbulence, economic crises, geopolitical tensions, rising regulations, technological disruptions, among others – force us to rely on our strengths and discover what makes us endure.

In the past 56 years, First Metro has faced many challenges and difficulties in our external and domestic operating environment. 2019 was no different.

During the year, the global economy recorded its weakest growth since the 2008 global financial crisis – from 3.6% a year ago to 2.9%. Lingering concerns over the U.S.-China trade war weighed on the tiger economies of Singapore, Hong Kong, Taiwan, and South Korea that were heavily dependent on China’s economy.

While less hinged on China’s growth compared with its neighbors, the Philippines was not spared from the region-wide decline. The country’s full-year GDP growth slowed to 5.9% in 2019 versus 6.2% in 2018, with capital formation absent and government spending coming belatedly in the last quarter due to the budget impasse.

To stimulate the economy, consumer confidence and household spending, the Bangko Sentral ng Pilipinas (BSP) relaxed its monetary policies with a series of policy rate cuts.

There were some positive developments though.

Propping up spending were our hardworking overseas Filipino workers, who continued to defy dire predictions by sending home a record \$33.47 billion in remittances. Directly benefiting from consumer spending is the local tourism industry. In 2019, the country attracted an all-time high of 8.2 million international tourists, contributing \$9.31 billion in visitor receipts, 20.8% higher than in 2018.

Sustained economic growth dragged the country’s unemployment and underemployment rates to 14-year lows, and also caused a significant drop in poverty incidence from 2015 to 2018. This was a welcome development as it translates to millions of Filipinos joining the labor force and gaining spending power, further boosting the economy.

Propelled by tailwinds

The headwinds in 2019, however, already pale in comparison to the events that are unfolding in 2020.

In January, the sudden eruption of Taal volcano damaged local agriculture in Luzon to the tune of P3 billion. Barely a month later, the world woke up to the news of a new coronavirus outbreak in China, which immediately triggered a massive disruption to the world's largest supply chain and escalated into a global pandemic in a matter of weeks.

In all my years as an investment banker, I have never seen a perfect storm brewing in the global economy in the same proportion as the COVID-19 pandemic. I have witnessed a recession caused by a demand shock (9/11), a supply shock (oil price increases), or a financial shock (the 1997 Asian financial crisis and the fall of Lehman Brothers which triggered the global financial crisis in 2008). COVID-19 is not just a curveball; it is a '3-in-1' – all three shocks in a single package, which makes it more fearful and painful.

How can one look ahead when there is no certainty yet on how this pandemic will end and how long it will take for the global economy to recover?

If there is one certainty now, it is that this virus is a definite game changer. Just as it has forced people into self-isolation, caused shattered lives, disrupted markets, and exposed the vulnerabilities of governments and the world's health systems, it will also give rise to a rethinking of a borderless world.

In times like these, we at First Metro must go back to our sole purpose as an institution. In the past 56 years, we have managed to navigate the turbulence in fulfilling our mission as a prime mover of capital in the Philippines, backed by the financial strength and solid reputation of the Metrobank Group.

The adversity we have faced only reshaped the way we do things, how we position our business, and how we stay ahead. Always, however, we have emerged stronger, more confident, and more resilient. And this confidence in our ability to turn trials into tailwinds is what will sustain us into the future.

In good as well as in bad times, we must continue to help nurse our clients back to the path of recovery, gain capital, and pursue growth ambitions. We must stay the course, be faithful to our vision, and push on with even harder work and greater determination. We must fortify our risk management

capability and strengthen our governance practices so that we can gain greater confidence in financial advisory and help firms to get back on their feet. We must be nimble footed, too, to seek out opportunities that emerge out of every storm.

It has been said that adversity builds character. We can say that being a leading investment bank in a country like the Philippines, which had its share of boom and bust cycles, has built our character.

We are confident that we will one day begin the process of rebuilding and wake up to a brand-new day, COVID-free. When we do, we should look back at these trying times, learn from its profound insights, and emerge stronger as one organization, as one nation, and as one people.



Francisco C. Sebastian
Chairman

RIDING ON THE WINDS OF CHANGE

2019 was a bumpy ride for the capital markets, buffeted by both global and domestic headwinds.

The trade war between the United States and China continued to be a heavy drag, with the U.S. government staying firm on its resolve to keep jobs domestically and impose tariffs on Chinese goods. This was compounded by geopolitical issues such as the British exit (Brexit) from the European Union and the political unrest in Hong Kong. As a result, investors fled to safer havens.

In the local scene, the Bangko Sentral ng Pilipinas (BSP) continued to ease monetary policy to stimulate the economy after the higher inflation in 2018. However, setbacks caused by the delay in the national budget slowed the country's economic engine. It did not help that the last month of the year was marked with an exodus of foreign funds from the local bourse when existing water concession agreements were put under a cloud of doubt. The average GDP growth in 2019 fell below the government's target at 5.9%.

The mix of global headwinds and domestic woes applied a brake on listing and trading activities in the local bourse. Equity deals in the Philippine Stock Exchange (PSE) reached only P95.22 billion in 2019, less than half the amount of fresh capital raised in the previous year. The PSE was expecting around P200 billion worth of capital raising activities in the form

of initial public offerings (IPOs), private placements, follow-on offerings, and stock rights offerings. However, only four IPOs materialized in 2019, namely: leading coconut product exporter Axelum Resources Corp., leading multi-brand kiosk operator Fruitas Holdings, Inc., home improvement retailer AllHome Corp., and Kepwealth Property Phils., Inc. The barometer PSE index ended 2019 with a modest 4.7% gain to close at 7,815.26 points.

Trading on opportunities

In such a challenging operating environment, we at First Metro continued to rely on our ability to turn headwinds to tailwinds, built over more than half a century of navigating market turbulence.

The BSP's success in taming inflation in 2019 enabled First Metro to book consolidated gross trading gains of P722 million, a dramatic turnaround from year-ago's loss of P387 million. Of the figure, parent company First Metro posted P576 million, a whopping 423% jump from a P178 million loss the previous year. As interest rates came down, we were able to improve our net interest margin (NIM) to -0.1% from -2.3%, year-on-year.

We ended the year with a consolidated net income of P402 million, lower by 20% from P503 million in 2018, as we recognized P439 million in impairment loss on one of our equity investments. This translated to a return on equity (ROE) of 2.7% versus 3.5%,

"In this trying time, continued financial strength and flexibility is paramount to investors. The flawless execution of deals and our ability to mitigate risk and provide stability are our foremost priority."



previously, while return on assets stood at 1.0% from 1.1% a year ago.

In 2019, the BSP mandated all subsidiary banks or quasi-banks of universal and commercial banks to build up their Basel III liquidity coverage ratio (LCR) by holding high-quality and easily convertible assets to cover total net cash outflows for a 30-day period. In addition, the regulator also required these financial institutions to observe a net stable funding ratio (NSFR) by holding enough liquidity or reliable sources of funding to match their expected funding needs for a longer period of one year. The BSP imposed these minimum leverage standards to ensure that banks have enough money supply to meet expected and unexpected cash flows and collateral needs during their day-to-day operations.

First Metro continued to hold liquidity positions way above the BSP threshold, demonstrating its resilience to potential liquidity disruptions. In 2019, our consolidated LCR stood at 153.8% while our consolidated NSFR was at 122.5%.

During the year, our Investment Banking Group generated fee income of P387 million as our deal pipeline remained robust. This represented a 20% increase from the P322 million generated in 2018.

Our Financial Markets Group bucked another volatile year for both debt and equities but still managed to book P209 million in net income in 2019. Our share of net earnings from First Metro subsidiaries and affiliates amounted to P909 million, 18% higher than a year ago.

First Metro's total assets stood at P35.6 billion or an 18% decline from P43.2 billion in 2018, on account of the sale of investment securities at amortized cost. Capital funds decreased to P14.87 billion from P14.89 billion. Our consolidated capital adequacy ratio under

Basel III remained at a healthy 45.61%, way above the internationally prescribed 10%.

Creating possibilities

While others would be deterred by strong headwinds, First Metro managed to ride the tide and even turn some investment banking deals into milestones.

Among the notable deals we handled in 2019 were the P8 billion stock rights offering (SRO) of Metrobank thrift bank arm, Philippine Savings Bank; and the maiden bond issuances of Asia United Bank Corporation (P7 billion) and ORIX METRO Leasing and Finance Corporation (P4.16 billion). First Metro was able to tap the onshore debt market so banks can shift to bonds or commercial papers instead of long-term negotiable certificates of deposits after the BSP approved the guidelines to facilitate alternative sources of funding.

On August 20, 2019, the BSP issued Circular No. 1010, prohibiting issuing banks/quasi-banks (QBs), including their subsidiaries, affiliates, and the wholly or majority-owned or controlled entities, from holding or acting as market maker of the bank's/QB's listed/traded bonds or commercial papers. Being the investment banking arm of Metrobank, which usually taps the debt market to raise funds in huge amounts, First Metro took the initiative to appeal the BSP circular on behalf of the Investment House Association of the Philippines (IHAP). The banking regulator agreed to relax its policy through an amended circular on January 30, 2020, benefiting the investment banking community.

First Metro also helped bring new names to the local bourse by arranging the initial public offerings (IPOs) of leading integrated coconut product manufacturer and exporter Axelum Resources Corp., the first main board IPO in 2019, and food and beverage kiosk operator Fruitas Holdings, Inc. Both IPOs managed to

attract record participation from the local small investor market despite the prevailing market volatility during listing.

The company also managed the asset-for-share swap deal that involved GT Capital Holdings, Inc. and mass housing developer Property Company of Friends (Pro-Friends).

2019 also served as a watershed year for the National Government's sales of Retail Treasury Bonds (rTB). With First Metro's participation, the Bureau of the Treasury was able to raise P235.92 billion and almost P5 billion from rTB-22 and the Premyo Bonds, respectively.

Sustaining our momentum

Amid the uncertainty, our story continues to run on a theme of resilience. The global economy currently bears the brunt of probably its biggest "black swan" – the COVID-19 pandemic – that raises the threat of a global economic recession. As such, we are forced to temper our optimism that 2020 will be a better year for business.

However, we cannot help but look back at recent history and the lessons we have learned. As soon as it was declared that the SARS outbreak in 2003 was no longer a global threat, the stock market soared by 18% in a single day. We expect the markets to bounce back the same way, if not more, due to the increased interconnectedness of the global economy and better responsiveness, transparency, and vigilance among governments.

Another source of optimism is our capability to soldier on. Moving ahead, we will look to create momentum and capture tailwinds in 2020 and beyond by:

- Continuing to beef up our pipeline of deals, our core business, by constantly seeking opportunities in the market;
- Further improving our position in the

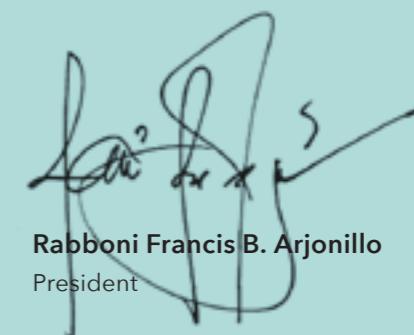
debt securities markets as we anticipate more accommodative monetary policy in the light of weakening economies;

- Forging better synergy between our distribution and investment banking groups, expanding existing and sunrise markets with products suited to the rising sophistication of investors;
- Growing our asset management business to expand its product offerings and repackaging our consumer fund products; and
- Further enabling First Metro Securities Brokerage Corporation to innovate and deliver cutting-edge technology to fortify its position as a one-stop-shop investment platform, catering to clients at every stage of life.

In this trying time, continued financial strength and flexibility is paramount to investors. The flawless execution of deals and our ability to mitigate risk and provide stability are our foremost priority.

The headwinds facing every industry today may be strong, but we rely on our experience, knowledge, and skills to turn them into tailwinds. And tailwinds have a way of swelling, increasing in strength and intensity, gaining force over time, and propelling us even farther.

Thank you for your continued trust and confidence in First Metro.



Rabboni Francis B. Arjonillo
President

MAKING THE NUMBERS COUNT AMID THE VOLATILITY

2019 was a year marked with bouts of volatility in the capital markets, which affected the global and domestic business environments. Amid the challenges in its operating environment, First Metro and its subsidiaries booked an operating income of P1.7 billion, higher by 52% year-on-year. This was boosted by hefty trading gains, which reversed to P722 million in 2019 from a consolidated gross trading loss of P387 million in 2018.

The Group posted a consolidated net income of P402 million during the period. First Metro and its subsidiaries remained steadfast in the pursuit of opportunities for its clients and achieving operational efficiency.

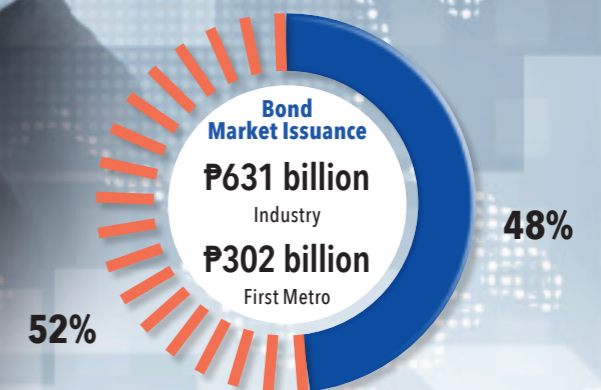
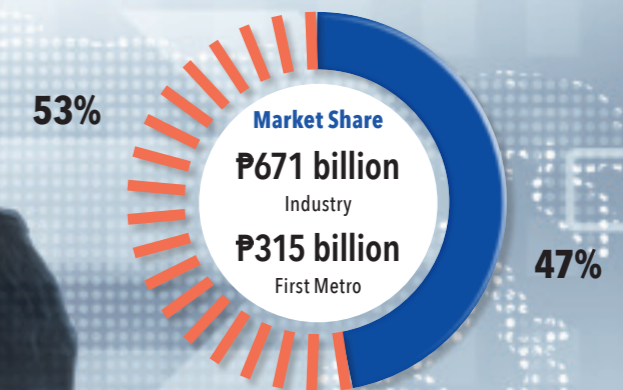
	Consolidated		Parent Company	
	2019	2018	2019	2018
Profitability				
Total Net Interest Income	143,030,395	353,839,294	(85,230,707)	171,313,197
Total Non-interest Income	1,603,469,708	797,954,200	1,192,888,977	693,249,773
Total Operating Income	1,746,500,103	1,151,793,494	1,107,658,270	864,562,970
Pre-tax Income	657,530,045	814,840,945	580,566,875	728,446,597
Provision for Income Taxes	251,034,819	311,929,934	178,119,527	225,413,332
Net Income*	402,447,348	503,033,265	402,447,348	503,033,265
Selected Balance Sheet Data				
Liquid Assets**	14,108,533,445	10,223,565,230	5,429,903,333	1,992,146,878
Gross Loans and Receivables	1,744,971,385	1,616,520,587	1,094,540,875	1,167,344,255
Total Assets	35,635,298,440	43,199,223,140	26,798,125,092	34,718,419,807
Bills Payable	11,307,448,092	16,222,302,558	11,307,448,092	16,222,302,558
Total Equity	14,868,288,484	14,893,868,192	14,773,056,340	14,802,683,926
Selected Ratios				
Return on Equity	2.72%	3.46%	2.72%	3.46%
Return on Assets	1.02%	1.07%	1.31%	1.35%
Capital Adequacy Ratio	45.60%	60.79%	51.57%	67.00%
Earnings per Share	1.08	1.35	1.08	1.35
Book Value	39.66	39.74	39.66	39.74

In Philippine pesos

* Attributable to Equity holders of the Parent Company

** Consists of Investment Securities at FVTPL and FVOCI

2019 PHILIPPINE CAPITAL MARKETS



■ First Metro Participation ■ Other Transactions

* Based on publicly available information

REAPING ACHIEVEMENTS AT EVERY TURN



The headwinds facing many industries may be strong, but First Metro continued to bank on its experience, in-depth knowledge, and expertise to turn them into tailwinds. The numerous awards and accolades that First Metro and its subsidiaries reaped in 2019 serve as solid testament.



First Metro wins Asiamoney's Best Corporate & Investment Bank and Alpha Southeast Asia's Best Equity House

First Metro received the Best Corporate & Investment Bank in the Philippines award from international financial publication *Asiamoney*, as well as the Best Equity House award from regional investment magazine *Alpha Southeast Asia*. First Metro was cited for its innovation in the capital markets and timely execution of deals, which were highlighted by *AEON Credit Service (Philippines), Inc.*'s P1 billion fixed rate corporate notes and PSBank's P8 billion stock rights offering (SRO) during the awards coverage period.

AEON Credit continues to win deal awards

The *AEON Credit* deal that was completed in 2018 continued to reap recognition. In addition to winning the Best Benchmark Bond Deal from *Alpha Southeast Asia* and earning a special citation at the 2019 PDS Annual Awards, it was also named the Most Innovative Deal at *The Asset Triple A Country Awards* and the Best Fixed Income Deal (Small-Mid Cap) at the IHAP (Investment House Association of the Philippines) Awards. Solely arranged by First Metro, the trailblazing transaction paved the way for the creation of a multi-currency bond framework in the Philippines. It also enabled issuers to tap investors and foreign currencies across ASEAN+3 countries and participate in intraregional bonds and notes issuances.

First Metro dominates FMAP Awards

First Metro won the Best Fixed Income House award (ranked third) at the 19th FMAP (Fund Managers Association of the Philippines) Awards. Several of its officers were also recognized, namely: First Metro vice president David Ignacio Estacio and senior manager Bernice Joyce Nobleza (Best Local Traders, 1st and 2nd, respectively); assistant vice president Percival Peña (Best Global Trader, 3rd); senior manager Mary Grace Singson and assistant manager Ignacio Pardo (Best Salesperson, 1st and 3rd, respectively). Established to foster solidarity among the different investment sectors, FMAP is the trade organization of Philippine fund managers.

First Metro tops The Asset Benchmark Research anew

First Metro was again recognized by *The Asset Benchmark Research (ABR)* of Hong Kong as the Philippines' top sell-side firm in the secondary market and among the top arrangers for primary issues for both corporate and government bonds. Based on ABR's Asian Local Currency Bond Benchmark Review 2019, which surveyed close to 400 institutional fixed income investors, First Metro ranked 1st among Top Sell-side Firms in the Secondary Market for Corporate Bonds and Top Sell-side Firms in the Secondary Market for Government Bonds. The investment bank was also ranked 2nd among the Top Arrangers -

Investors' Choice for Primary Issues - Government Bonds category, and 4th among the Top Arrangers - Investors' Choice for Primary Issues - Corporate Bonds category. The survey provides a detailed analysis on investors' buying behavior when selecting their counterparties, giving unprecedented access into the minds of investors.

First Metro ranks among top GSED market makers

First Metro emerged as the only investment bank in the top ten list of Government Securities Eligible Dealers (GSED) market makers in 2019. The commendation from the Bureau of the Treasury was a recognition of First Metro's support to capital markets development through its presence in the primary and secondary markets for government securities.

First Metro wins at PDS Awards

For the ninth consecutive year, First Metro won the Top Corporate Securities Market Maker at the 2020 PDS Annual Awards. It was also ranked among the Top 5 Fixed Income Brokering Participants (3rd) and Top 5 Corporate Issue Managers/Arrangers (5th). The PDS Awards recognizes members of the investment community and market stakeholders that exhibit outstanding performance, leadership, innovation, and contributions to the robustness of the domestic capital markets from January to December 2019.

rTB-22 bags deal award from Alpha Southeast Asia

At its 13th Annual Deal & Solution Awards 2019, regional investment magazine *Alpha Southeast Asia* declared the Bureau of the Treasury's P235.92 billion issuance of Retail Treasury Bonds Tranche 22 as the Best Local Currency Sovereign Bond & Best Retail Bond Offering in Southeast Asia. First Metro was one of the joint issue managers and selling agents of the issuance.

FAMI offers a short-term investment option

First Metro Asset Management, Inc. (FAMI) launched its newest mutual fund, the First Metro Save & Learn Money Market Fund (SALMMF), giving investors an opportunity to earn more from a short-term investment. SALMMF is invested in government securities, time deposits, short-term deposit agreements, and other securities with a tenor of less than one year.

FAMI, MCN launch mutual fund for cooperatives

FAMI partnered with the Model Cooperative Network (MCN) to launch a mutual fund specially developed for cooperatives. The new mutual fund, the First Metro Save & Learn F.O.C.C.U.S. (SALFOCCUS) Dynamic Fund, aims to provide cooperative members satisfactory returns on their investments through active fund management. MCN is a national federation of cooperatives with savings and credit operations, accredited by Finance Organizations

Achieving Certified Credit Union Standard (FOCCUS). It monitors and reviews the operations of cooperatives to ensure that they observe and adhere to International Prudential Standards, giving members assurance that their cooperatives can safeguard and grow their money. For now the SALFOCCUS Dynamic Fund is offered to members of cooperatives under MCN only, but it will also be made available even to non-MCN members in the future.

FAMI mutual funds and FMETF among top-performing asset classes

FAMI bagged top awards for the outstanding performance of the First Metro Save & Learn Mutual Funds and the First Metro Philippine Equity Exchange-Traded Fund (FMETF) at the Philippine Investment Funds Association (PIFA) Annual Awards 2019. PIFA is the trade organization of mutual fund companies in the country. The Save & Learn Balanced Fund (SALBF) moved up in the 10-year return category, from 2nd a year ago to 1st place. The fund also placed 3rd in the 1-year return category. For the third consecutive year, the Save & Learn Fixed Income Fund (SALFIF) ranked 1st in the 10-year return category. The Save & Learn Equity Fund (SALEF) was once again awarded 2nd place for the 10-year return category. The first and only exchange-traded fund in the country, the FMETF won top awards in the index fund category: 2nd place in the 5-year return and 3rd place in both the 3-year and 1-year return categories. The FMETF is a listed stock mirroring the performance of the Philippine Stock Exchange index (PSEi).



FirstMetroSec GO hits the market

First Metro Securities Brokerage Corporation (FirstMetroSec) launched the latest version of its mobile trading platform, FirstMetroSec GO. The new trading app now resembles the interface of its online trading platform FirstMetroSec PRO. Some of the updated features include: biometric login; a consolidated portfolio, allowing clients to view their investments in both stocks and mutual funds; clickable PSE and stock news and disclosures; comprehensive stock information, including company profile and research reports; and up to five watchlists with options to display the normal bid/ask, projected prices, consensus ratings, dividend yield, and market cap.



FirstMetroSec GO also lets clients read up-to-date Trader's Playbook, a research report exclusively developed by FirstMetroSec.

FirstMetroSec wins broker awards

For the second consecutive year, FirstMetroSec was awarded by the UK publishing firm, *International Finance*, as Best Online Broker and Best Online Trading Platform. The company also received recognitions from *Global Business Outlook*, another London-based online magazine, as the Best Online Trading Platform, Best Online Broker, and Most Innovative Brokerage House in 2019.

2019 INVESTMENT BANKING DEALS




Philippine Savings Bank
PHP8,000,000,000

Stock Rights Offering

Sole Issue Manager
 Bookrunner
 Lead Underwriter

January 2019




**Sureste Properties, Inc. and
 Bloomberry Hotels and Resorts, Inc.**
PHP40,000,000,000

10-year
 Syndicated Term Loan Facility

Co-Arranger

February 2019



**Republic of the Philippines
 (Bureau of the Treasury)**
PHP235,916,435,000

5-year
 Retail Treasury Bonds

Joint Issue Manager
 Selling Agent

March 2019



Ayala Land, Inc.
PHP8,000,000,000

7-year
 Fixed Rate Bonds

Joint Lead Underwriter
 Joint Bookrunner

May 2019




SM Prime Holdings, Inc.
PHP10,000,000,000

3-year
 Fixed Rate Bonds

Joint Lead Underwriter
 Joint Bookrunner

May 2019



Aboitiz Equity Ventures
PHP5,000,000,000

5- and 10-year
 Fixed Rate Bonds

Joint Issue Manager
 Joint Lead Underwriter
 Joint Bookrunner

June 2019



Petron Corporation
PHP20,000,000,000

Perpetual Preferred Shares

Co-Lead Underwriter

June 2019



Sumifru Singapore Pte. Ltd.
USD204,000,000

2-year
 Term Loan Facility

Arranger

July 2019




GT Capital Holdings, Inc.
PHP20,000,000,000

Pro-Friends' Redemption of
 Preferred Shares held by GTCAP
 via an Asset-for-Share Swap

Financial Advisor

October 2019



Axelum Resources Corp.
PHP4,000,000,000

Initial Public Offering

Issue Manager
 Bookrunner
 Joint Lead Underwriter

October 2019



**Metropolitan Bank
 & Trust Company**

Merger of Metropolitan Bank
 & Trust Company and
 Metrobank Card Corporation

Financial Advisor

October 2019



Aboitiz Power Corporation
PHP7,250,000,000

7-year
 Fixed Rate Bonds

Joint Issue Manager
 Joint Lead Underwriter

October 2019



Asia United Bank Corporation
PHP7,000,000,000

3-year
 Fixed Rate Bonds

Joint Lead Arranger
 Selling Agent

November 2019



**ORIX METRO Leasing
 and Finance Corporation**
PHP4,160,000,000

2-year
 Fixed Rate Bonds

Financial Advisor
 Selling Agent

November 2019



Fruitas Holdings, Inc.
PHP1,011,360,000

Initial Public Offering

Joint Issue Manager
 Joint Bookrunner
 Joint Lead Underwriter

November 2019



Ayala Corporation
PHP15,000,000,000

Preferred Shares

Joint Lead Underwriter

November 2019




**Republic of the Philippines
 (Bureau of the Treasury)**
PHP4,961,000,000

1-year
 Premyo Bonds

Joint Issue Manager
 Selling Agent

December 2019



**AC Energy Finance
 International Limited**
USD400,000,000

Guaranteed Undated Notes

Domestic Lead Manager

December 2019

BRAVING THE HEADWINDS, ADJUSTING OUR SAILS



2019 was a year monetary policy played a key role in keeping the global economy afloat.

Throughout the year, financial markets faced headwinds from various parts of the world – from conflicting signals about the United States-China trade war, fears that China’s economic slowdown will spill over to its neighboring countries, the impending British exit (Brexit) from the European Union, to the geopolitical tension in the Middle East, and the pro-democracy unrest in Hong Kong, to name a few.

In response to global headwinds, central banks eased monetary policy to spur economic growth. Cuts in key policy rates by at least 25 basis points were seen in over 30 countries, including the U.S. that slashed its federal funds rate in end-October 2019.

The Bangko Sentral ng Pilipinas (BSP) took aggressive measures, implementing a 75-basis point reduction in policy rates from 4.75% to 4%, and a 400-basis point cut in the reserve requirement ratio for banks, from 18% to 14%. In spite of these, the country’s GDP missed the full-year growth target of at least 6%, closing at 5.9%. Inflation was kept at bay, within the government’s target of 2-4%. The 5-year Bloomberg Valuation (BVAL) benchmark followed the movement of policy rates, dropping 300 basis points from 7.03% at the beginning of 2019 to 4.06% by year end.

In November, the Monetary Board cut the reserve requirement on bank bond issuances by half, from 6% to 3%. The BSP also simplified the process for the issuance of bonds by universal and commercial banks as well as quasi-banks.

These actions sparked frenzied activity in the debt capital markets, with total new listings amounting to P630 billion, up 70% from P370 billion in 2018. By end-2019, the total level of tradable corporate debt instruments amounted to P1.27 trillion.

The Philippine Stock Exchange index (PSEi) moved sideways throughout 2019, but managed to close the year with a modest gain of 4.7%, at 7,815.26 points. In spite of aggressive monetary easing, the market experienced an exodus of foreign funds. This dragged down the PSEi as foreign funds accounted for 55% of total trades for the year. The exodus was heavily attributed to a four-month delay in the approval of the national budget, MSCI rebalancing that shifted funds from emerging markets to China A-shares, and heightened regulatory concerns after major water concessionaires were heavily scrutinized by the government toward the end of the year.

Given tight market conditions for Philippine stocks, total public offerings in 2019 amounted to only P40 billion – less than half the amount of fresh capital raised in the previous year. However, in spite of adverse market conditions, total IPOs more than doubled to P20 billion in 2019 from P8.5 billion, year-on-year. Four companies braved the market versus only one the previous year.

For investment banks here and abroad, 2019 was another year marked with volatility, uncertainty, complexity, and ambiguity. Armed with a track record of 56 years in riding the cycles of boom and bust, First Metro continued to carve a name as a prime mover in the Philippine capital markets, turning headwinds to tailwinds.

In 2019, First Metro’s Investment Banking Group posted a healthy 22% increase in fee income, year-on-year. Even with market uncertainty at the start of the year, particularly a carryover of negative sentiment over inflationary jitters from 2018, First Metro continued to provide sound market guidance to clients, and managed to pull off a number of landmark deals.

Outlook for 2020

The global economy is facing what could be its strongest headwind from the COVID-19 pandemic, sparking fears of a worldwide recession on top of the unaccounted toll on people, down to the household level. Many countries have started to take extraordinary fiscal actions to boost their health systems and protect affected companies and workers. Central banks are taking historically bold action through monetary policy at levels and speeds not seen in over a decade.

While the Philippines is not insulated from this massive disruption to global economies – consumption and investments alike – First Metro will continue to seek opportunities and innovative financial solutions for our clients. The company is committed to servicing clients’ needs with long-term planning and a relationship-centric strategy. We will continue to play a key role in public and private sector collaborations that seek to promote national interests and spur economic growth.

After all, knowing best to adjust its sails when confronted with strong headwinds has been the defining character of First Metro in the past 56 years.

Axelum's P4 billion IPO: Spreading the wealth to small investors

In a year fraught with market volatility and uncertainty, one Philippine company with a long track record of growth managed to break out of the mold.

Misamis Oriental-based Axelum Resources Corp. (stock symbol: AXLM), one of the leading manufacturers and exporters of coconut products in the country, made its IPO debut on October 7, 2019— becoming the first main board IPO for the year. The last company to go public at the local bourse under the main board was in June 2018.



Axelum plant in Medina, Misamis Oriental

Acting as sole issue manager, sole bookrunner, and joint lead underwriter of the IPO, First Metro had to embark on several one-on-one discussions with institutional investors and roadshows to raise awareness on the Axelum brand. While the issuer has built a 30-year track record for supplying its coconut products to known global brands such as Vita Coco, The Hershey Co., Kellogg's, Quaker, Nestlé, Unilever, Ferrero, to name a few, not too many investors know that it has been exporting to major markets such as the U.S., Canada, Australia, New Zealand, Eastern Europe, Europe, Middle East, Japan, and parts of Asia.

Another challenge was the timing of the listing: Axelum's IPO came just a few days before home furnishing retailer AllHome Corp.'s, the largest Philippine IPO since 2016. Both issues succumbed

to market selloff caused by the U.S.-China trade war, recession jitters in the U.S., the political unrest in Hong Kong, among others.

Amid these headwinds, Axelum scored two major milestones with its IPO. It was one of the fastest executed transactions at 14 weeks – from regulatory filing to listing date. The IPO also holds one of the highest records for local small investor (LSI) participation.

The IPO raised P4 billion for Axelum and enabled it to grow its market capitalization to around P20 billion. With the proceeds, the company will be able to pay debt and increase capital expenditure requirements, as well as strengthen its presence in North America, particularly in the West Coast and Canada, and gain market share in South America.

Fruitas IPO: Bringing a well-loved brand to the market

On November 29, 2019, Fruitas Holdings, Inc. (stock symbol: FRUIT) became the first food and beverage kiosk operator to brave the stock market, selling 533.66 million primary common shares to the public at P1.68 per share.

Founded in 2002 by a then 28-year-old entrepreneur, Fruitas now has over 1,000 stores across the country and more than 20 brands in its portfolio, making it the country's most diversified food and kiosk operator. Its brands are household names such as Fruitas Fresh from Babot's Farm, Buko Loco, Juice Avenue, Buko ni Fruitas, Johnn Lemon, and Black Pearl. It also operates food parks such as Uno Cinquenta on Maginhawa St. and Le Village The Lifestyle Park on E. Rodriguez Sr. Ave., both situated in Quezon City.

Two years prior to the IPO, Fruitas already engaged First Metro as joint issue manager, joint lead underwriter, and joint bookrunner for the deal. This lead time allowed for extensive preparations that enabled its IPO application to get the green light from the Securities and Exchange Commission (SEC) in record time.

Despite the ample planning, the issuer and First Metro had to brave even stronger headwinds as the listing period approached. Before the IPO, more than P1 billion in foreign portfolio flows exited the equities market after the MSCI rebalancing that removed two more Philippine firms from its Emerging Markets index. As this took effect on November 26, just three days before the Fruitas IPO, it amplified the generally negative sentiment towards the Philippine market that was already dragging the performance of the three most recent IPO issues that came ahead of Fruitas.



This market bearishness, however, was not unfamiliar to First Metro. Relying on the strength of our distribution networks that include First Metro Securities Brokerage Corporation (FirstMetroSec) and First Metro Asset Management, Inc. (FAMI), the IPO drew demand from a seemingly uninterested market. The listing also coincided with the launch of the PSE Electronic Allocation System (PSE EASy), the mobile platform of the Philippine Stock Exchange (PSE) for IPO subscription for local small investors (LSIs). Previously, only investors based in Metro Manila had access to LSI kiosks. The shift to an online platform enabled investors from over 60 provinces and close to 20 countries to subscribe to IPOs.

As a result, small investors quickly took up the full 10% allocated to LSIs while institutional investors placed their bets on Fruitas' strong fundamentals. This resulted in an oversubscription of 2.7x for the IPO, and raised P1.01 billion for the company. Upon listing, Fruitas grew its market capitalization to P3.58 billion.

Barely a month after the IPO, Fruitas unveiled plans to use part of the IPO proceeds to acquire two food firms in 2020, in addition to expanding its store network, introducing new concepts, repaying debt, and expanding its commissary and food park business.

GT Capital and Pro-Friends' asset-for-share swap: Dealing with complexity

New road networks and other planned infrastructure projects have been luring property developers to southern Metro Manila, jacking up property prices in recent years. As the price spike no longer makes it viable to embark on low-cost housing projects in Cavite, GT Capital Holdings, Inc. and partner Property Company of Friends (Pro-Friends) mutually decided to enter into an asset-for-share swap deal. Under the transaction, GT Capital divested its 51% stake in the venture in exchange for the P20 billion worth (approximately 702 hectares) of Pro-Friends' property holdings in Lancaster New City in Cavite, its biggest property project.

First Metro acted as exclusive financial advisor to GT Capital. In order to execute the asset-for-share swap transaction, the size of which has not been seen in the local M&A market in more than a decade, First Metro had to deal with a lot of complexities. This ranged from valuing Pro-Friends' vast land portfolio and engaging

and coordinating with third-party professional consultants (e.g., legal counsel, accountants, property assessors), to studying the accounting, legal, regulatory and tax implications relevant to the valuation and structure of the deal. First Metro was against the clock to complete the transaction since property prices in Cavite were steadily rising, with major road networks such as the Manila-Cavite Expressway link to North Luzon Expressway, SLEX-Daang Hari Road, Muntinlupa-Cavite Expressway, and the Cavite-Laguna Expressway breaking ground.

All in all, it took almost a year for the deal's terms and conditions to be negotiated and finalized. While acting as financial advisor to GT Capital, First Metro also had to perform a tight balancing act: taking into consideration the areas of expertise of both parties in low-cost housing and higher-end developments, and how the property's growth potential will benefit both companies' long-term objectives.

AUB's P7 billion maiden bond issue: Setting several 'firsts'

While it is one of a handful of new entrants in the local banking community in 1997 that survived the Asian financial crisis, Asia United Bank Corporation (AUB) has always adopted a conservative stance when it comes to tapping the capital markets. In fact, its only forays were its IPO and long-term negotiable certificates of deposits (LTNCD) issues in 2013 and its Tier 2 issuance in 2015.

On November 7, 2019, the Ng Family-controlled universal bank made its maiden bond issuance on the Philippine Dealing & Exchange Corporation (PDEX), raising P7 billion – the first tranche of its P30 billion bond program. Despite the market skittishness, AUB's issuance was warmly received by investors and was 2.33x oversubscribed, raising more than twice its originally planned P3 billion offer at the tightest end of the spread range.

The maiden listing marked a number of "firsts". It was AUB's first bank bond issuance since BSP Circular No. 1010 took effect in August 2018. The circular simplified the process for universal and commercial banks as well as quasi-banks looking to raise funds through bonds. AUB was also able to take advantage of the reduction in the reserve requirement rate for bonds by the BSP, which took effect barely two weeks before its bond issue.

The deal's most significant milestone, however, is being the first issue made available to clients through an electronic system. Investors had the option to fill out and sign an Application to Purchase through an electronic device. This enabled the bond issue to attract a diversified investor base, with qualified institutional investors accounting for over 42% of the P7 billion raised while the balance came from the selling agents' proprietary accounts and AUB's retail clients.

As joint lead arranger, First Metro played a key role in all major activities in the transaction, including structuring the terms and conditions, assisting in the finalization of all offering documents and documentation, crafting and implementing the marketing and selling strategy, taking the lead in securing regulatory approvals, and managing all key activities of the issuance.



PSBank's P8 billion SRO: Making size matter

Philippine Savings Bank (PSBank), the thrift banking arm of Metropolitan Bank & Trust Company (Metrobank), has been actively tapping the debt markets in recent years in a bid to continuously enhance its capital adequacy and financial strength.

2019, however, proved to be a banner year as PSBank was able to raise P8 billion through a stock rights offering (SRO) of 142.86 million common shares priced at P56 apiece. The transaction was the only SRO from a savings bank in 2019 and its biggest to date.

First Metro acted as sole issue manager, bookrunner, and lead underwriter to the SRO, which was completed in three months, from announcement to listing. This made it one of the fastest equity capital raisings completed via public offer. The offer was taken up entirely by the Bank's existing shareholders, with extensive support seen across the shareholder base, Metrobank's Trust Banking Group served as the stock transfer agent.

The transaction was a stock rights offering of 142.86 million common shares, representing approximately 37.29% of the total outstanding shares of PSBank post-offer.

Prior to the SRO, PSBank issued P10 billion worth of medium-term notes (MTNs) and raised P5.08 billion through the issuance of LTNCDs as part of its capital raising program to expand its consumer banking business. First Metro, which acted as sole arranger for the MTNs and selling agent for the LTNCDs, demonstrated its vast distribution capability and its intimate understanding of the domestic capital markets, both of which proved crucial to the success of these fundraising exercises.



ORIX METRO's P4 billion maiden bond offering: Banking on strong synergy

Joining the bullish bond bandwagon in 2019, ORIX METRO Leasing and Finance Corporation raised P4.16 billion via the issuance of fixed rate bonds. ORIX METRO was the first quasi-bank to issue bonds under BSP Circular 1010. The offer, the first tranche under its P10 billion bond program, has a tenor of two years and a coupon rate of 4.55% per annum.

The maiden bond offering was met with strong demand, as it was oversubscribed by more than two times from the initially announced offer size of P2 billion. The offer period was set for October 24 to November 6, 2019 but was cut short as it was already oversubscribed on the first day of the offer period. The issue was also closed at the midpoint of the spread range.

ORIX METRO debuted on November 15, 2019, just two weeks after the reduction in the reserve requirement rate for bonds, which also covers quasi-banks. The BSP has been pushing banks to make efficient use of their balance sheet, offering quasi-banks like ORIX METRO an alternative source of funding. ORIX METRO will use the bond proceeds to refinance its borrowings as well as widen its investor base.

First Metro acted as financial advisor to the issuer and, together with parent firm Metrobank, served as selling agent. The overwhelming reception to the landmark transaction was a testament to the investing public's trust and confidence in ORIX METRO's financial strength and ability to meet financial obligations. The issuer received an Aa Plus Issuer credit rating from PhilRatings Corp.

Another factor that led to the success of the deal is the Metrobank Group's vast network, strong distribution capabilities and solid client support. Metrobank and First Metro worked hand-in-hand in identifying the right market/ investors – a key component in the maiden offering.

ORIX METRO is one of the leading and most profitable leasing and finance companies in the Philippines. It has over 100 branches situated in strategic locations around the country and has been in the industry for over 40 years.



Bureau of the Treasury's rTB-22: Widening access to investors

The Bureau of the Treasury (BTr) relied on its trusty retail treasury bonds (rTBs) once again to meet its financing obligations in 2019.

In March 2019, the Treasury issued P236 billion worth of five-year rTBs, its 22nd tranche and the second largest issuance until February 2020. The issue rode on a wave of positive investor sentiment during the quarter, and was oversubscribed by 7.9x from the minimum issue size of P30 billion.

Prior to rTB-22, the Treasury's largest issuance amounted to P255 billion which was raised in 2017.

For the first time, the rTBs were made available to investors online through the electronic facilities of state-run lenders Development Bank of the Philippines (DBP) and Land Bank of the Philippines (LANDBANK), which served as joint lead issue managers. Roadshows in key Asian cities such as Tokyo, Singapore, and Hong Kong by the Treasury also drew strong interest from overseas Filipino workers.

As one of the joint issue managers, First Metro was heavily involved in determining the yield and tenor sweet spot of investors, as well as in the execution process, and in promoting the issue through the 11 roadshows held in various cities all over the country. The rTBs, maturing on March 12, 2024, were made available in minimum denominations of P5,000.

BTr's Premyo Bonds: Expanding the investor base

They say every sequel needs to be bigger and better. In the case of the Treasury's series of rTBs, the Premyo Bonds proved to be a blockbuster.

In December 2019, the Treasury issued the country's first "Premyo Bonds" (prize bonds) as an innovative financial instrument that offers investors the chance to win cash prizes of up to P1 million and non-cash rewards such as condominium units during its quarterly draws on top of the regular interest made by their investment. Since it's guaranteed by the National Government, investments in the Premyo Bonds are practically risk free.

The first Premyo Bonds issued had a one-year tenor and a 3% interest. It was offered to retail investors for a minimum of P500, with one electronic raffle ticket for every P500 investment increment.

Similar to rTBs, the government pays quarterly interest to bondholders, who can redeem the principal amount upon maturity. Unlike rTBs, however, the

Premyo Bonds are not tradable and are only offered to individuals, trust entities, employee retirement funds, provident funds, cooperatives, and associations. Institutional investors are not eligible to invest.

With an initial target offer of P3 billion, the BTr upsize its volume to accommodate the surge of orders, as the issuance encouraged more Filipinos to get into the habit of investing. After the three-week offer period, which ran from November 25 to December 13, 2019, the BTr successfully raised P4.96 billion, 65% higher than its initial target.

Inspired by the success of its rTB-22 issue, the Treasury also made the Premyo Bonds accessible to online buyers through DBP and LANDBANK. First Metro was the only non-government issue manager and selling agent to offer individual investors the option to purchase the Premyo Bonds online via its subsidiary, FirstMetroSec. Aside from being one of the joint issue managers, First Metro also joined other selling agents, including parent firm Metrobank, that offered Premyo Bonds over-the-counter.



MAKING LASTING IMPACT IN A CHANGING WORLD

Market uncertainty or not, First Metro continues to fulfill its corporate social responsibility (CSR) and inspire more individuals and other corporate entities to look beyond their bottom lines and create ripples of change.

Empowering through financial literacy

With the theme “Back to the Future,” First Metro held seven economic and capital markets briefings across Manila, Cebu, and Davao in 2019, drawing a total of 1,356 participants. Speakers shared high-level analyses and outlook on the Philippine and global economies, as well as insight into the fixed income and equities, markets, corporate issuances, and emerging growth industries.

Magnifying our impact in helping more Filipinos gain economic empowerment are our two subsidiaries,

First Metro Asset Management, Inc. (FAMI) and First Metro Securities Brokerage Corporation (FirstMetroSec).

FAMI conducted a total of 51 financial literacy and financial wellness seminars. It was able to reach out to more than 3,000 individuals, mostly members of cooperatives, Grab partner drivers, teachers, as well as school administrators and staff. Through these seminars held in Manila, Clark in Pampanga, and Binangonan in Rizal, participants learned how to make sound financial and investment decisions.

FirstMetroSec, meanwhile, mounted some 139 seminars revolving around investment literacy topics, from Basic Education for Stock Trading (BEST) to Stock Market 101 to investment options for OFWs. These crash courses in financial and investment education attracted 14,538 participants around the Philippines, overseas, and online via a web series, most of them students, young professionals, government agencies, and private and non-profit firms. Set at the grassroots level, these seminars instilled vigilance in investment through legitimate channels, and offered a glimpse of the stock market – from account opening to actual trading.

Reaching out to students and educators

We also sustained our long-running commitment to academic institutions in providing quality education and meeting the needs of disadvantaged children.

We continued to reach out to students with vision impairment through our *Bigay Liwanag* program which benefited over 300 students in 2019. Eye examinations were given by Ms. Ederlinda Marquez of Marquez Optical to students from Dr. Benigno Aldana Elementary School, Legarda Elementary School, and Eriberto Elementary School. Since 2008, we have already served 27 schools and over 3,000 beneficiaries within the metro. We also donated copies of the book, *Ang Maliit na Palda ni Isay*, a story about wisdom and practicality, to these schools.

We celebrated National Teachers’ Month with an appreciation event for 25 teachers of Eriberto Elementary School. Highlights of the celebration included our fundraising activity to buy tokens and care packages for educators, and a financial literacy seminar to help them become money smart.

In February 2019, we participated in the 7th Founder’s Run aimed to raise funds for the athletic scholarship program of the senior high school division of Manila Tytana Colleges. Together with employees from our parent firm, and other companies within the Metrobank Group, 25 First Metro employees participated in the run for a cause.

First Metro employees also joined the ANCOP Global Walk at the Quirino Grandstand in Manila in November 2019. This was meant to help the poorest of the poor through scholarships from elementary to college.

Our education outreach for 2019 culminated with *Tamang Paghahanda Para sa Laro ng Buhay: Financial Literacy with a Twist* held at the Don Bosco Technical Institute in Tarlac. The program honored high school scholars and their families. Financial literacy activities were conducted using board games, a curated talk, and a film showing. FirstMetroSec handed out *Ipon Cans* to the student participants and their families to help them in their financial journeys.

Caring for the community

First Metro employee volunteers continued to actively participate in Bags of Blessing (BOB), the Metrobank Group’s nationwide gift-giving tradition every Chinese New Year. They distributed food packages for three consecutive days in selected communities in Manila, Quezon City, and Marikina City.

Christmas also came early for 400 Aeta families in October with *Kapit Bisig Para sa Mga Kapatid* held in Floridablanca, Pampanga. The First Metro Controllership & Planning Group organized the outreach program filled with games, grocery item distribution, and hearty meals shared with the community beneficiaries.

No one gets left behind, even in old age. This held true for FirstMetroSec as it kickstarted its 25th anniversary with “2019 Reach First,” held at the Haven for the Elderly in Tanay, Rizal in October 2019. FirstMetroSec employees spent a day with over 80 elders, most of whom were abandoned or left behind due to their families’ financial difficulties.

We also made beautiful memories with seniors at the shelter with tree-planting, feeding, and gift-giving activities, along with easy-to-understand presentations on financial wellness. The elderly beneficiaries also received bags of medicines, towels and toiletries, while the volunteers’ heart for service were recognized with saving and investing lessons plus *Ipon Cans* as tokens.

First Metro believes that by giving and sharing a part of ourselves, we enrich and expand our own lives, whether as individuals or as part of a bigger community. In a constantly changing world, sustained efforts in financial well-being, education, and poverty alleviation make a big difference.

MAKING GOOD GOVERNANCE A WAY OF LIFE

First Metro firmly believes that good corporate governance is essential to create trust and engagement between the company and its stakeholders, and this contributes to the long-term success of the business.

COMPLIANCE

Manual on Corporate Governance and Amendments

To guide its directors, management, officers, and staff in the performance of their respective duties and responsibilities to all stakeholders and in the development and achievement of the company's corporate goals, First Metro has a regularly updated Manual on Corporate Governance that contains the latest regulatory issuances and best industry practices.

The Manual, last revised in June 2018, includes amendments to the Manual of Regulations for Non-bank Financial Institutions introduced under BSP Circular No. 970 (Enhanced Guidelines for BSP-supervised Financial Institutions). Significant changes, among others, involve the inclusion of the qualification of officers which is aligned with the parent bank and addresses the requirements of the circular.

Board of Directors

Adherence to good corporate governance starts at the top. First Metro's Board of Directors sets the tone for the rest of the organization to comply. It determines the company's strategic goals and draws the roadmap towards achieving them, while always mindful of First Metro's vision, mission, and values.

The Board is committed to upholding the highest principles of good corporate governance. It is guided by the principles of fairness or equity, accountability, and transparency, not only in promoting the interest of stockholders but also that of its other stakeholders. The members of the Board shall exhibit honesty and integrity, diligence and dedication, efficiency and effectiveness, loyalty and fidelity, adherence to sound business practices and the rule of law, as well as fairness and equity to all.

They are accountable to shareholders for maximizing shareholder value and also to the investing public for safeguarding investments and maintaining trust. It is the Board's responsibility to foster First Metro's long-term success and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it exercises in the best interest of the company, the shareholders, and other stakeholders. The Board discharges its duties, functions, and responsibilities under the provisions of the relevant regulatory agency rules and regulations. It is also tasked to approve and oversee the implementation of First Metro's strategic objectives, risk strategy, corporate governance, and corporate values.

The Board exercises control over First Metro's corporate powers, the conduct of the company's business, and all of its properties. The directors are charged with the duty to exercise sound and objective judgment for the best interest of the company.

Board Composition

The Board is composed of nine directors (three of whom are independent) elected by voting stockholders during the annual stockholders' meeting. Candidates are screened and nominated based on their qualifications, extensive experience, and expertise. As a good corporate citizen, First Metro ensures its compliance with all relevant regulations relative to the election of directors and that they remain fit and proper for the duration of their term as members of the Board.

Role of the Chairman

The chairman of the Board of Directors provides active leadership by ensuring that the Board and its various committees function effectively, including maintaining a relationship of trust among members.

Role of Independent Directors

While all directors have equal responsibility, independent directors play a significant role as they safeguard the interest of all minority stockholders. They ensure that strategies and key policies formulated by management are fully reviewed, examined, and disclosed. Independent directors also provide independent judgment and insight into matters where views may diverge.

In 2019, First Metro's independent directors were Rufino Luis T. Manotok, Raphael Perpetuo M. Lotilla, and Philip G. Soliven. The company is compliant with the required number of independent directors and each serves a term limit prescribed by the Securities and Exchange Commission (SEC) and the Bangko Sentral ng Pilipinas (BSP).

The three independent directors do not participate in the company's day-to-day affairs and do not engage in any business dealings or other relationships with the Metrobank Group. As such, they are capable of exercising independent judgment and acting in the best interest of the company, its shareholders, and other stakeholders.

Independent and non-executive directors meet once a year with the external auditor and heads of Internal Audit, Compliance, and Risk without any senior executive present. In 2019, the meeting was held on December 10, 2019.

Name of Directors	Type of Directorship	Principal Stockholder Represented if Nominee	Years Served as Director	Direct and Indirect Shares Held	Percentage of Shares Held to Total Outstanding Shares of the QB
Francisco C. Sebastian	Executive	Metrobank	23	110	0.000030%
Arthur Ty	Executive	Metrobank	8	100	0.000027%
Rabboni Francis B. Arjonillo	Executive	Metrobank	5	100	0.000027%
Martin Q. Dy Buncio	Non-Executive	Metrobank	25	1,100	0.000295%
Ismael G. Cruz	Non-Executive	Metrobank	12	100	0.000027%
Joshua E. Naing	Non-Executive	Metrobank	5	100	0.000027%
Raphael Perpetuo M. Lotilla	Independent Director	Metrobank	6	100	0.000027%
Rufino Luis T. Manotok	Independent Director	Metrobank	6	100	0.000027%
Philip G. Soliven	Independent Director	Metrobank	2	100	0.000027%

Top 20 Stockholders as of December 31, 2019

	Name of Stockholder	No. of Common Shares Held	Ratio (%) to Total Amount Subscribed	Nationality	Voting Status
1	Metropolitan Bank & Trust Co.	369,736,960	99.24%	Filipino	Yes
2	Jose G. Cuaycong	85,320	0.023%	Filipino	Yes
3	Apolinario O. Per	60,800	0.016%	Filipino	Yes
4	Juan G. Yu and/or Grace C. Yu	57,350	0.015%	Filipino	Yes
5	Lea Lee Dudan	49,500	0.013%	Filipino	Yes
6	John Peter C. Yu and/or Juan G. Yu	38,800	0.010%	Filipino	Yes
7	Asilo de San Vicente de Paul	38,080	0.010%	Filipino	Yes
8	Juan Yu and/or John Philip Yu	33,480	0.009%	Filipino	Yes
9	A. P. ITF Madrigal	32,640	0.009%	Filipino	Yes
10	Pura Lim Aco	30,920	0.008%	Filipino	Yes
11	Esperanza M. Calingo	30,780	0.008%	Filipino	Yes
12	Trinidad Ramirez	26,120	0.007%	Filipino	Yes
13	Antonio J. Montinola	24,760	0.007%	Filipino	Yes
14	Inter-Islands Insurance Agency	24,720	0.007%	Filipino	Yes
15	Archbishop Jose Ma. Cuenco Foundation	24,400	0.007%	Filipino	Yes
16	Jose Rodriguez, Jr.	21,200	0.006%	Filipino	Yes
17	Ma. Encarnacion Suarez	21,120	0.006%	Filipino	Yes
18	Trusteeship, Inc.	20,000	0.005%	Filipino	Yes
19	Maria Lourdes Tuason	19,240	0.005%	Filipino	Yes
20	Judy T. King	17,330	0.005%	Filipino	Yes

Board Meetings

The Board of Directors meets every month, with additional meetings convened as needed. During the reporting period, the Board met 12 times to take up significant matters. In 2019, all directors complied with the requirement that they attend at least 50% of Board meetings, as prescribed by the SEC and the BSP.

Attendance in Board and Committee Meetings

Name of Directors	Board		Executive Committee		Corporate Governance and Compensation Committee		Audit Committee		Risk Oversight Committee		Nominations Committee		Related Party Transactions Committee	
	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%
Francisco C. Sebastian	13/0	100%	8/0	100%							1/0	100%		
Arthur Ty	13/0	100%	8/0	100%							1/0	100%		
Rabboni Francis B. Arjonillo	13/0	100%	8/0	100%										
Martin Q. Dy Buncio	13/0	100%			7/0	100%			8/0	100%				
Ismael G. Cruz	13/0	100%			7/0	100%							9/1	90%
Joshua E. Naing	13/0	100%							6/2	80%				
Raphael Perpetuo M. Lotilla	12/1	92%			7/0	100%	6/0	100%	7/1	90%	1/0	100%	10/0	100%
Rufino Luis T. Manotok	13/0	100%			7/0	100%	6/0	100%	7/1	90%				
Philip G. Soliven	10/3	77%			7/0	100%	6/0	100%	7/1	90%			10/0	100%

Legend : Present/Absent

Board Committees

Board-level committees aid the Board in complying with the principles of good corporate governance and in the performance of its corporate functions and responsibilities. Each committee has its own charter detailing its purpose, membership requirements, meetings, and duties and responsibilities. The memberships of these committees are distributed to ensure that they are balanced and effective.

The **Executive Committee** approves investment banking proposals within defined limits and performs other functions delegated to it. All matters passed and acted upon by the Executive Committee are reported to and confirmed by the Board.

Executive Committee	
Chairman	Francisco C. Sebastian
Vice Chairman	Arthur Ty
Member	Rabboni Francis B. Arjonillo
Advisers	Carmelo Maria L. Bautista Mary Mylene A. Caparas

The Corporate Governance and Compensation

Committee assists the Board in fulfilling its statutory and fiduciary responsibilities, enhancing shareholder value and protecting shareholders through effective oversight and observance of corporate governance practices and principles, among others. It is tasked with establishing a formal and transparent procedure in determining the remuneration of directors and officers, consistent with First Metro's culture, strategy, business environment, and industry practice. The committee is composed of five directors; three of whom, including the chairman, are independent. It convenes once every two months or as often as necessary.

Corporate Governance and Compensation Committee	
Chairman	Raphael Perpetuo M. Lotilla
Members	Martin Q. Dy Buncio Ismael G. Cruz Philip G. Soliven Rufino Luis T. Manotok

The **Audit Committee** oversees the senior management in establishing and maintaining an adequate, effective, and efficient internal control environment. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It is composed of three independent directors and meets at least once every quarter. Pursuant to BSP Circular No. 749, the CEO, CFO, and treasurer are not part of the Audit Committee.

Audit Committee	
Chairman	Rufino Luis T. Manotok
Members	Raphael Perpetuo M. Lotilla Philip G. Soliven

The **Risk Oversight Committee (ROC)** assists the Board in overseeing the formulation and maintenance of written policies and procedures on the management of risk throughout the company. The risk management policy includes a comprehensive risk management approach, detailed structure of limits, risk guidelines, and parameters used to govern risk-taking, the clear delineation of lines of responsibility for managing risks, an adequate system for measuring and monitoring risks and effective internal controls, and a comprehensive risk reporting process. In 2019, the ROC convened eight times. It is composed of five directors, three of whom, including the chairman, are independent.

Risk Oversight Committee	
Chairman	Philip G. Soliven
Members	Martin Q. Dy Buncio Rufino Luis T. Manotok Raphael Perpetuo M. Lotilla Joshua E. Naing
Resource Persons	Rabboni Francis B. Arjonillo Happy Mar S. Lomigo

The **Nominations Committee** reviews and evaluates the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board. This is to aid stockholders in selecting qualified persons as directors and determine if officers comply with the "fit and proper rule." In addition, it is tasked to review and recommend membership in committees to the Board.

Nominations Committee	
Chairman	Arthur Ty
Members	Francisco C. Sebastian Raphael Perpetuo M. Lotilla

The **Related Party Transactions Committee** assists the Board in ensuring that transactions with related parties (including internal Group transactions) are reviewed to assess risks, are subject to appropriate restrictions to ensure that such are conducted at arm's length terms and that corporate or business resources of the company are neither misappropriated nor misapplied.

Related Party Transactions Committee	
Chairman	Raphael Perpetuo M. Lotilla
Members	Ismael G. Cruz Philip G. Soliven
Resource Person	Representative of Internal Audit Group

Performance Assessment Program

Directors conduct an annual self-assessment of the performance of the Board as a whole, of themselves as individual members, and as members of the Board committees. The Board has an internal self-rating system and procedures to determine compliance with the Manual vis-à-vis good corporate governance principles and practices. Results of the assessment are submitted to the Corporate Governance and Compensation Committee and are considered in making recommendations on the directors nominated to the Board and for appointment to the Board committees for the ensuing year.

Orientation and Education Program

All first-time directors must have attended a special seminar on corporate governance for the Board of Directors, conducted by accredited training providers. In addition, First Metro requires continuing education for directors. To ensure that the Board is equipped to provide effective governance and oversight, First Metro shall liaise with external training providers for appropriate and relevant training and seminar for directors. First Metro may also provide its own internal training for directors or coordinate with Metrobank for the conduct of the internal training.

In 2019, First Metro co-hosted with Metrobank the Corporate Governance Training on Anti-Money Laundering, Corporate Governance, and Data Privacy, which was attended by the directors, senior officers, and representatives of the First Metro Group, GT Capital Holdings, and Metrobank Group.

Remuneration Policy for the Board

As outlined in the standard remuneration policy, the directors receive competitive compensation based on their attendance and participation in Board and committee meetings. Bonuses are also given to each director annually.

Accountability and Audit

The Board recognizes its responsibility to ensure that First Metro's financial reports are accurate and reliable. The Audit Committee assists the Board in overseeing the financial reporting process and the quality of financial statements so that these present a fair and accurate view of the company's performance.

First Metro's financial statements comply with Philippine financial reporting standards and Philippine accounting standards prescribed by the Philippine Accounting Standards Board, in line with international accounting standards.

The Audit Committee maintains a professional relationship with auditors, both internal and external.

An independent internal audit function was set up to provide the Board, through the Audit Committee, with reasonable assurance that key organizational and procedural controls are in place, effective, appropriate, and met. The Internal Audit Group evaluates First Metro's governance, risk management, and compliance systems—encompassing governance structure, operations, information systems, financial and reportorial integrity, safeguarding of assets, and compliance with laws, rules and regulations, and Code of Conduct. As allowed under BSP regulations, First Metro has outsourced its internal audit function to its parent company, Metrobank.

SGV & Co., an independent external auditor appointed by the Board, audits its financial reporting process and evaluates the fairness of its financial statements. The audit complies with Philippine standards on auditing. SGV does not perform non-audit work for First Metro that may undermine its independence and objectivity in auditing First Metro's financial statements.

Disclosure and Transparency

The Board is transparent and fair in the conduct of the annual stockholders' meeting. Stockholders are notified and encouraged to personally attend the meeting. The Board also promotes the rights of stockholders and protects the interests of minority stockholders. Copies of the SEC 20-IS, which contain corporate disclosures and latest audited financial statements, are disseminated to all stockholders ahead of the annual meeting to give them sufficient time to review.

First Metro makes timely disclosures of all material information, such as earnings results, the acquisition or disposal of significant assets, amendments to its charter, related party transactions or changes in ownership, corporate strategy, and other information that may have a direct or indirect impact on the decision-making of its stockholders. In addition, periodic reports are also submitted to the BSP and the SEC.

Policies and Procedures on Related Party Transactions

The latest Related Party Transactions (RPT) Policy was amended and approved by the Policies Committee on December 3, 2019 and confirmed by the Board of Directors on December 10, 2019. The RPT Committee reviews material RPTs and ensures that the terms are no less favorable to First Metro than to any non-related party under the same or similar circumstances.

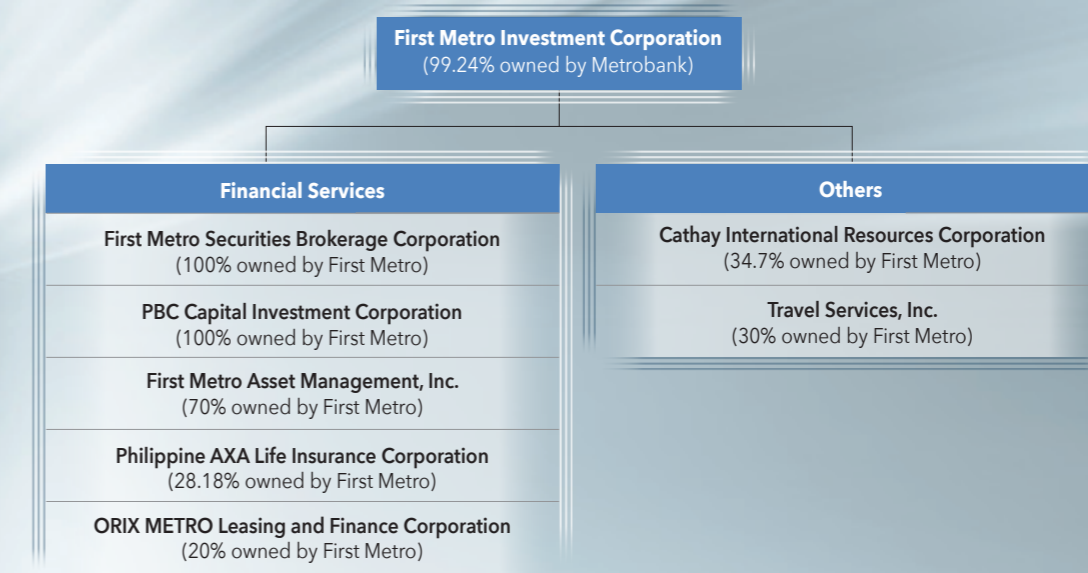
First Metro recognizes that engaging in RPTs have economic benefits to individual entities and to the entire First Metro and Metrobank Group. As such, RPTs are generally allowed, provided these are done on an arm's length basis, transactions are regularly monitored,

appropriate steps are taken to control or mitigate the risks, and transactions are done in accordance with the RPT policy guidelines.

Transactions with related parties are reviewed by the RPT Committee, a Board-level committee composed of independent directors, depending on the materiality threshold set by First Metro.

As defined in the RPT Policy, material RPTs are those that cross the threshold amount indicated in the RPT Policy Manual. For 2019, the material RPTs are the following:

- (1) USD cross currency swap loan with Metrobank;
- (2) Metrobank fixed rate bonds;
- (3) PSBank bond program;
- (4) Financial advisory to Metrobank/Metrobank Card;
- (5) First Metro's disposal of hold-to-collect portfolios to Metrobank;
- (6) Renewal of credit line accommodation to Metrobank Group;
- (7) Metrobank long-term negotiable certificate of deposit;
- (8) Federal Land corporate notes issuance;
- (9) Metro Pacific Hospital Holdings, Inc.;
- (10) ORIX METRO Leasing and Finance Corporation bond issue;
- (11) PBC Capital loan;
- (12) First Metro Securities Brokerage Corporation as placement agent for Axelum Resources Corp.;
- (13) Financial advisory to GT Capital Holdings, Inc.



Senior Management Committee

The Senior Management Committee is composed of qualified members selected based on their competence in their respective areas or responsibility and the value they can add to the company. They go through an interview by the chairman and the president who evaluate their appropriateness for the role, considering the individual's coherence with the company's strategic directions. Members of the Corporate Governance Committee recommend to the Board of Directors the succession plan for members of the Senior Management Committee. Similar to the Board, the fit and proper standards are strictly applied in the appointment of senior management officers.

Performance Management Program

First Metro identifies performance management as a priority in order to institute a culture of high performance and to improve the level of productivity

and work satisfaction among its employees. The performance management system utilizes objective methods to evaluate individual performance against standards and targets and includes a platform that allows feedback on the rating.

The senior management is evaluated during the term-end review (January to December of the applicable calendar year). The results of the evaluation are reported to the Office of the President and are considered in making recommendations for promotions.

Remuneration Policy for Senior Officers

The Senior Management Committee members receive a remuneration package based on their professional background, experience and qualifications, as well as on industry standards. The remuneration package is commensurate to the position, level of responsibility, and nature of the job of each individual with reference

to the company's current salary scale, and Metrobank's Compensation Policy. The package of all senior officers, from assistant vice president and above, is determined by the president or the chairman in coordination with the Office of the Assistant to the Group Chairman of the parent company.

Succession Management Program

First Metro ensures highly qualified replacements for officers who currently hold positions essential to the company's success in the event these officers are separated from office. Under the First Metro Succession Management Program (SMP), incumbent unit heads are to prepare the identified deputy/successor to assume the position before their separation or retirement date. The officers-in-charge in cases of prolonged or permanent absences of key officers or employees are also identified through the SMP, and any change in the company's organizational structure is immediately addressed. The implementation of the SMP will ensure the preservation, continuity, and resiliency of First Metro's operations, considering an adequate transition among incumbents and the availability of external talents.

Retirement Policy

Retirement from First Metro is mandatory for employees reaching the age of 55 or completing a period of continuous service of 30 years, whichever comes first. Employees may retire earlier than the compulsory retirement date, provided they have completed a period of continuous service of not less than ten years. Employees availing of optional retirement are entitled to and are paid an amount equivalent to the applicable vesting percentage of their final salary multiplied by the number of years of credited service.

Dividend Policy

First Metro's dividend policy is an integral component of its capital management policy rather than a stand-alone process. Its fundamental and overriding principle is sustainability.

Dividends are declared and paid out of unrestricted retained earnings of the company at such intervals as the Board may determine and in accordance with the provisions of law and the regulations of the BSP and the SEC. The payment of dividends in the future will depend on the company's earnings, cash flow, financial condition, regulatory requirements for capital, and other factors. The Board may, at any time, modify First Metro's dividend payout ratio depending on the results of operations and future projects and plans of the company.

Cash dividends are subject to approval by at least a majority of the Board of Directors. Cash and stock dividends are subject to regulatory requirements of the BSP and the SEC.

Compliance System

First Metro adopted a compliance system that describes the specific roles of each unit, from the Board of Directors down to the last unit in the organization, including responsibilities in complying with applicable laws, rules, and regulations.

The compliance system is embodied in the updated compliance system manual duly approved by the Board in December 2016 and regularly reviewed to conform with the latest regulations. The latest amendments to First Metro's compliance system manual was made pursuant to BSP Circular No. 972 which was approved by the Policies Committee on November 14, 2018 and confirmed by the Senior Management Committee on November 22, 2018.

The Compliance System Manual (CSM) forms an integral part of the risk governance framework, designed to specifically identify and mitigate risk that may affect the franchise value of First Metro. It establishes a robust culture of compliance, anticipates, reinforces, and strengthens its compliance with existing laws, rules and regulations in contributing to the maintenance of a sound and stable quasi-bank.

The chief compliance officer is mandated to oversee and monitor the implementation of the compliance system. He reports to the Board through the Corporate Governance and Compensation Committee. He is free to report to the Board, without fear of retaliation or disfavor from any of the affected parties, any discovered breaches of laws, rules, and standards.

The thrust of the compliance function is to build the right culture and promote the ethical conduct of business. It was instituted to disseminate and create awareness of the relevant laws, rules, regulations, and circulars, as well as global standards and principles of good governance. It is independent from the business activities of the company.

First Metro submitted a Certification on Compliance with the Manual on Corporate Governance on January 30, 2020 covering the calendar year 2019 to the SEC.

Anti-Money Laundering Compliance

First Metro firmly supports the government's policy to combat money laundering and prevent terrorist financing by promoting the highest ethical and professional standards. This ensures that the company

shall not be used as a money laundering site or conduit for the proceeds of unlawful activities.

The company adopted its own Money Laundering and Terrorist Financing Prevention Program (MLPP), approved by the Board. The program applies to First Metro, its existing/future branches, including subsidiaries.

First Metro regularly reviews and updates its program to incorporate changes in anti-money laundering (AML) policies and procedures, latest trends in money laundering and terrorist financing typologies, and latest pertinent regulatory issuances. In 2018, the company embarked on initiatives to comply with BSP Circular No. 1022, which amended the Manual of Regulations for Banks/Manual of Regulations for Non-bank Financial Institutions and Circular No. 980 dated 06 November 2017.

To strictly ensure company-wide awareness and understanding of AML laws, rules, and regulations, all company personnel, including officers and directors, are required to attend the annual AML training programs.

The AML unit is supported by the AML Automated Compliance System, which captures information required for covered transactions reporting and facilitates the detection of money laundering activities and suspicious transactions for reporting to the Anti-Money Laundering Council.

First Metro is committed to continually prioritize programs for prevention of financial crimes and for the company's compliance with AML laws, rules, and regulations.

First Metro has its Anti-Money Laundering Compliance Committee (AMLCC), a management-level committee, which, along with the Compliance Division, oversees the company's compliance with R.A. No. 9160 or the Anti-Money Laundering Act, its Revised Implementing Rules and Regulations, its amendments and future updates, as well as BSP regulations, including internal policies and procedures. The AMLCC meets at least every two months or as necessary and reports to the Board through the Corporate Governance and Compensation Committee.

Consumer Protection Practices

The Board shall be primarily responsible for approving and overseeing the implementation of First Metro's consumer protection policies, as well as the mechanism to ensure compliance with these policies. Senior Management is responsible for the implementation of these policies.

First Metro developed its own Consumer Protection Risk Management System (CPRMS), which identifies, measures, controls and monitors consumer protection risks inherent to both the company and its financial customers. The CPRMS serves as the foundation for ensuring First Metro's adherence to consumer protection standards, and conduct and compliance with consumer protection laws, rules, and regulations. As required by BSP Circular No. 857, First Metro's consumer protection policies and procedures are embedded in the policies and procedures manuals of the strategic business units, the Information Security Department, and the Human Resources Division, among others.

The Internal Audit reviews First Metro's adherence to consumer protection internal policies and procedures, and compliance with existing laws, rules and regulations. It establishes and implements a well-designed Consumer Protection Audit Program to assess adequacy and effectiveness of policies and standards for meeting consumer protection objectives.

The Human Resources Division, as the designated independent unit that handles customer concerns, ensures that customers have access to adequate complaints handling and redress mechanism that is accessible, independent, fair, timely, and efficient. It has clear policies and procedures for handling customer complaints that are contained in the First Metro Customer Complaints Handling Manual. It submits a monthly report to the Senior Management Committee on complaints received for the preceding month.

Chinese Walls, Confidentiality, and Confidential Information

First Metro has adopted its own policies and procedures regarding "Chinese walls"—a system of managing conflict of interest and preventing insider trading by the company and its personnel. The policy was approved by the Board on March 15, 2016 to comply with the requirements of the SEC and the BSP, and prevent the disclosure of confidential information and incidents of insider trading. These policies are intended to restrict the internal flow of confidential information, specifically material, non-public information, between certain units in First Metro or with companies within the First Metro Group performing different and possibly conflicting positions. They are designed to restrict the internal distribution and flow of confidential information only to authorized employees.

In compliance with the SEC mandate, First Metro yearly files its Annual Report on the Chinese Wall Rule. First Metro submitted the report on March 15, 2019.



RISK MANAGEMENT

Enterprise-wide Responsibility

Risk management is a responsibility that rests on everyone in the company, and it begins at the top. The Board draws up the Risk Oversight Committee Charter and cascades its principles to the Risk Oversight Committee (ROC) and the various units. The company has three lines of defense in mitigating risk: (1) the operating business unit; (2) risk management and compliance; and (3) audit.

A key risk management goal of First Metro is institutionalizing, fostering, and strengthening a culture of risk awareness within the company, including its affiliates and subsidiaries. To this end, it constantly updates its risk management manual, a ready reference in identifying, recognizing, measuring, monitoring, and reporting risks.

First Metro continues to pursue an enterprise-wide risk management (ERM) system, which began in 2007. Proactive, vigilant, and integrative, the system focuses on risk management for the entire company.

The ERM emphasizes policy, methodology, and infrastructure. Policy involves business strategy, definition of risk tolerance, authorities, and disclosures. Methodology covers the measurement of risk in achieving risk-based pricing and risk-adjusted returns. Infrastructure involves the hiring, training and development of people, as well as the organization, operations, and technology to support the framework.

The company's risk management framework is anchored on a top-down approach starting with the Board and supported by various Board- and management-level committees. The ROC is at the forefront of cultivating a risk culture that has made, not just First Metro, but the entire Metrobank Group one of the strongest in the industry. The risk appetite is set for institutional risk-related activities. The risk policies and all related processes are clearly formulated, established and disseminated in the company. Its policy manuals are updated periodically by the concerned units and subsequently reviewed and approved by the Policies Committee, Senior Management Committee, and the Board.

The ERM framework is guided by the following functional structure:

Board of Directors

- Establishes risk management strategies and is ultimately accountable for risks within the company;
- Understands major risks faced by the company and approves broad risk tolerance levels/limits and other recommendations of the ROC; and

- Leads in disseminating risk philosophy and control culture throughout the company.

Risk Oversight Committee (ROC)

The ROC is composed of five Board members and a resource representative from the parent bank, who possess a wide range of expertise, as well as adequate knowledge of the company's risk exposures, in order to develop strategies for preventing losses and minimizing the impact of losses, as well as maximizing returns.

The ROC Charter defines the duties and responsibilities of ROC members and their reporting functions to the Board, including the membership composition and regularity of meetings. The ROC:

- oversees the risk management framework;
- oversees adherence to risk appetite;
- oversees the risk management function;
- approves and recommends for confirmation by the Board of Directors corporate policies and guidelines for risk management and reporting;
- reviews and recommends a system of risk limits for approval/confirmation by the Board;
- monitors the timely and accurate reporting of risks by the strategic business units/risk-taking units and/or the strategic support units;
- evaluates the magnitude, direction and distribution of risks across the company and its subsidiaries/affiliates;
- analyzes and confirms that the risk infrastructure satisfies corporate policies and is consistent with current technology and techniques;
- promotes the continuous development of risk programs and infrastructure;
- ensures that business units provide for ongoing review and validation of the adequacy and soundness of policies and procedures;
- creates and promotes a risk culture that requires and encourages the highest standards of ethical behavior among all personnel;
- promotes the professional development and training of staff engaged in both risk management and control activities and risk-taking activities;
- works closely with the Corporate Governance and Compensation Committee in evaluating the incentives created by the remuneration system;
- engages in any other activity or responsibility that may be delegated by the Board of Directors.

Risk Management Division and Control Units

These are composed of the Controllership & Planning Group, Internal Audit Group, Compliance Division, and Risk Management Division (RMD). The RMD, together with the control units, is tasked to:

- perform the daily mark-to-market valuation and

- value-at-risk calculations for all of the company's risk positions using independent data sources;
- ensure compliance with internal limits and reports limit excesses to appropriate business unit heads and the ROC; and
- oversee that proper accounting, operations, legal, and technology systems are in place to support risk-taking activities at all times.

The chart below shows the organizational structure of First Metro's Risk Management. The RMD functionally reports to the Risk Oversight Committee, and administratively reports to the Office of the President. It is made up of three departments: Credit Risk Management Department (CRD), Market Risk Management Department (MRD), and Operational Risk Management Department (ORD).

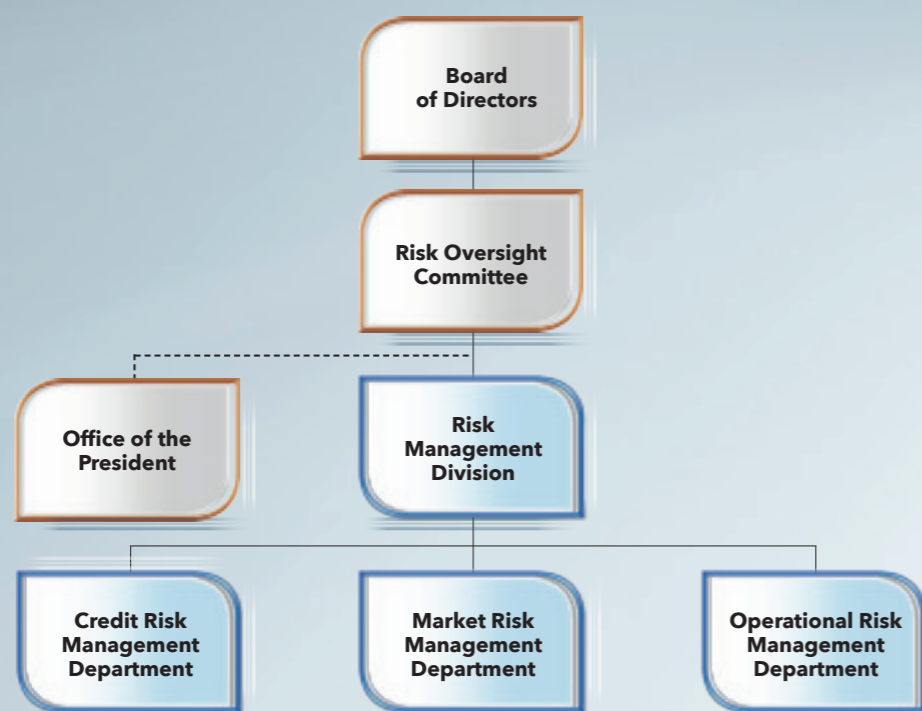
The CRD looks after counterparty and sovereign/issuer risk in the enterprise. The CRD utilizes credit risk tools to manage concentration risk exposures including stress testing analysis. The CRD monitors compliance to internal and external ceilings. The CRD also conducts credit quality and post-process review to complement the Credit Division in effectively monitoring the credit portfolio. The MRD oversees the risk due to adverse movement of market risk factors such as equity prices, foreign exchange,

interest rates, as well as risk to earnings and capital arising from inability to meet financial commitments when they fall due, in a timely manner, without incurring unacceptable losses. The MRD also employs market risk tools to manage both the trading and banking books of the company. Market risk tools include Value-at-Risk (VaR), Maximum Cumulative Outflow (MCO), Earnings-at-Risk (EaR) and Profit and Loss Alerts.

The ORD assists management in meeting its responsibility to understand and manage operational risk exposures and ensure the development and consistent implementation of operational risk policies, processes, and procedures throughout the company. The operational risk tools used by the ORD include: Risk Control Self-Assessment (RCSA), Incident Reporting, Key Risk Indicators (KRI) Monitoring, Risk Event Database (RED), and Contingent Liability Monitoring. The ORD also spearheads the Business Continuity Management Framework of the company.

Risk Appetite

First Metro's risk appetite is defined by a set of qualitative and quantitative standards and measures in order to maintain robust capital and liquidity position. These risk measures allow for risk exposure monitoring both for normal and stress scenarios.



The following shows the risk appetite of the company as can be seen in its 2019 Internal Capital Adequacy Assessment Process (ICAAP) document:

Risk Type	Current Limits
Credit	Transactional, ceilings to SBL & Real Estate exposures, counterparty limits, concentration risk limits
Market	Set of position & portfolio limits
Interest Rate Risk in the Banking Book	EaR limits
Liquidity	MCO limits
Operational	Thresholds for various KRI
Reputational	Thresholds for financial loss that may arise from negative publicity, customer complaints/account closures and regulatory intervention
Compliance/ Anti-Money Laundering	KRI threshold for Regulatory Compliance
Related Party Transaction	Materiality thresholds, limits for individual and aggregate exposure
Legal	KRI threshold for Contingent Legal Liability
Strategic	VaR, EaR, Stop Loss Limits, etc.
Underwriting	Transactional

Managing Various Types of Risk

The risk issues that affect First Metro are the following:

Risk Type	Description	Action Taken by First Metro
Liquidity Risk	<p>This is the potential risk of being unable to make a timely payment on any of First Metro's financial obligations to customers or counterparties.</p> <p>Liquidity can be affected by the inability to access long- or short-term deposit substitutes and repurchase markets, or draw from credit facilities, whether due to factors specific to First Metro or to general market conditions.</p> <p>The timing of difficult-to-predict events and contingencies can also make cash requirements and liquidity tight.</p>	<p>First Metro has a monitoring system in place to support liquidity risk management policies. The system includes MCO analysis, identification of large funds providers, and development of core investors. To strengthen the company's monitoring system, it created additional stressful scenarios in its analysis to comply with the requirements of the BSP.</p>
Interest Rate Risk in the Banking Book	<p>Interest rate risk in the banking book refers to the current or prospective risk to the company's capital and earnings arising from adverse movements in interest rates that affect its banking book positions.</p>	<p>First Metro's management of its interest rate risk in the banking book (IRRBB) begins with an assessment of its interest rate risk exposures through the Interest Rate Repricing Gap report and EaR on a monthly basis. The results are benchmarked against Board-approved limits, which are updated at least annually to keep them relevant to existing market conditions and to the company's business plans. They, together with sensitivity analysis or earnings simulation over specified rate shocks, are reported to the Senior Management Committee for its guidance and action, as well as the ROC/ the Board for oversight.</p>

Risk Type	Description	Action Taken by First Metro
		<p>First Metro also uses the Delta Economic Value of Equity (EVE) as another measure of IRRBB. This provides the company a long-term view of the impact of interest rate movements, which are not captured by EaR. The impact on the company's EVE of the following scenarios are evaluated:</p> <p>a) BIS Scenarios (Rate Shifts: Steepening, Flattening, Short Rates Up & Down, Parallel Up & Down)</p> <p>b) Local Scenarios (Rate Shifts: +100 bps, Subprime Crisis, Asian Crisis, Erap Impeachment, +50bps, -50bps)</p> <p>For EaR and Delta EVE, assets and liabilities are slotted in time buckets according to either their repricing profiles or behavioral assumptions, such as its corresponding term to next repricing date, interest payment date, or maturity date, whichever comes first or is available. For items with neither interest payment date nor maturity date like mutual funds and equity shares, they are slotted in the longest tenor.</p> <p>In 2019, First Metro entered into and used cross currency swap (i.e., dollar receive floating and peso pay fixed) to hedge its dollar floating borrowing with a bank from interest rate and foreign currency risks. First Metro applied the requirements for cash flow hedge to account for these transactions. The hedges have been assessed as perfectly effective as the critical terms of the cross currency swap matched those of the hedged bank borrowing. On July 25, 2019, the company's borrowing with a bank designated as hedged item amounted to US\$20 million (or P1,025 million), with floating interest rates based on three-month LIBOR plus 0.90% spread.</p> <p>As of December 31, 2019, the negative fair value of the cross currency swap designated as hedging instrument amounted to P19.8 million is presented in "Other Liabilities". The notional amount of the peso pay fixed leg and the dollar receive floating leg of the swap amounted to P1,023 million and US\$20 million, respectively. The net interest expense on this derivative instrument amounted to P15 million.</p>

Risk Type	Description	Action Taken by First Metro
Market Risk	<p>This is the risk to earnings or capital arising from adverse movements in factors that affect the market value of instruments, products, and transactions in the company's overall portfolio, both on- and off-balance sheet. Market risk arises from market-making, dealing, and position-taking in interest rate, foreign exchange and equity.</p>	<p>The company has an existing framework to measure market risk.</p> <p>The RMD performs daily market-risk analyses to ensure compliance with policies and procedures.</p> <p>Guiding daily monitoring activities are Board-approved limit structures that are based on annual targets.</p>
Credit Risk	<p>This refers to the risk to earnings or capital arising from an obligor's, customer's, or counterparty's failure to perform or to meet the terms of any contract with First Metro, subjecting the company to a financial loss. It also includes sovereign risk for some foreign-owned counterparties, where applicable.</p> <p>Credit risk arises from lending activities, committed underwritings and investments in bonds and equities.</p>	<p>To assess the creditworthiness of counterparties, First Metro evaluates their background, management or ownership, industry and competitors, financials, the mechanics of the deal, and any credit enhancements.</p> <p>Counterparties are rated based on a Basel II compliant, 10-point internal credit rating patterned after the Metrobank model.</p> <p>Management of concentration risk includes compliance with external and internal ceilings approved by the Board as well as stress testing analysis.</p> <p>The RMD also regularly undertakes and reports credit monitoring of risk areas to the ROC covering the exposures of First Metro and its subsidiaries.</p>
Operational Risk	<p>This refers to the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events but excludes strategic and reputational risk.</p> <p>Operational risk management entails resolute vigilance and continuous enhancement.</p> <p>An effectively managed operational risk improves the quality and stability of earnings, enhancing one's competitive position in the industry.</p>	<p>The Operational Risk Management (ORM) Framework embodies First Metro's resolve to effectively manage operational risk via a staged approach. Clear-cut principles and guidelines are stipulated in the ORM manual.</p> <p>The company implemented a structured five-year information systems strategic plan approved by the Board that is in sync with its strategic business direction.</p> <p>It also adopted proactive risk management practices for effective oversight, due diligence, and management of risks arising from outsourcing, covering the run-up to entering into such an agreement, as well as its lifespan.</p> <p>Metrobank's Internal Audit Group reviews First Metro's operational risk management processes and provides independent assurance of their adequacy and effectiveness.</p>

Risk Type	Description	Action Taken by First Metro
Compliance Risk	These are risks arising from violations or nonconformity with laws, rules and regulations, circulars, and prescribed practices or ethical standards that may expose First Metro to fines, penalties, and even assumption of control by regulatory authorities in case of capital inadequacy.	<p>First Metro has an established compliance function and written compliance policy manual that defines the compliance system, its status, authorities, and independence.</p> <p>The chief compliance officer leads in identifying, assessing, and reporting compliance issues to ensure that the company complies with the laws, rules, regulations, and standards set forth by the different regulatory bodies.</p>
Legal Risk	This refers to breaches of relevant laws and regulatory requirements, unenforceability of contracts, lawsuits, or adverse judgment that may lead to potential losses and disruption or that may result in financial and reputational risk.	<p>First Metro's Legal Division advises the management and business units on legal constitution of enforceable commitments during negotiations; and relevant and governing laws and jurisdiction for transactions ; development and documentation of the terms and conditions for transactions.</p> <p>The Legal Division ensures that contracting entities have the legal capacity or are duly empowered to contract with First Metro.</p> <p>It also establishes procedures for safeguarding original documentation and reviews these documents for compliance completeness and enforceability under respective legal jurisdictions.</p>
Reputational Risk	Reputational risk is defined as any event that may prejudice public perception of First Metro's name, brand, or corporate identity, such that if not addressed immediately or managed properly, may trigger extensive negative news coverage and public scrutiny, long-term public relations damage, breach of trust and outright impact on stakeholders' interest.	<p>First Metro has put in place a Crisis Communication Plan that has a step-by-step guide to managing communications in response to a crisis situation brought about primarily by reputational risk events.</p> <p>The plan provides policies and procedures for the coordination of communication within First Metro, between the company and its subsidiaries/affiliates, its clients and counterparties, outside agencies, stakeholders, and the general public.</p>
Related Party Transaction Risk	Related party transaction risk is defined as a risk arising from dealings with related parties, regardless of whether or not a price is charged, which may result in a conflict of interest or abusive transaction.	A Related Party Transaction Policy Manual contains the guidelines for determining whether related party transactions are conducted at arm's length basis and that corporate or business resources of the company are not misappropriated or misapplied.
Strategic Risk	Strategic risk is the exposure to losses resulting from a business decision that turns out to be defective or inappropriate. Strategic risk may also be defined as current and prospective impact of strategic initiatives made by management arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes.	<p>First Metro uses the following methods of strategic risk management:</p> <ul style="list-style-type: none"> • business planning • financial planning • variance monitoring of approved budget • plans implementation • market analysis • readjustment of plans

INTERNAL AUDIT

The 2019 risk-based audit plan, approved by the Audit Committee (AuditCom) before the start of the year, was developed through a detailed and comprehensive evaluation of First Metro's strategy, attendant risks, and significant regulatory requirements, as well as other factors which may affect its delivery. The plan is revisited quarterly and changes, if any, are approved by the AuditCom. The audit plan developed by the outsourced internal audit covers all critical business areas, control activities, regulatory requirements, and emerging risks, which enables the Internal Audit Activity (IAA) to render an overall assessment on the adequacy and effectiveness of the company's governance, risk management, and internal control processes. The completion of the audit plan complemented the oversight function of the Board of Directors (BOD), the AuditCom and the Senior Management, supported management initiatives, and encouraged system and process improvements.

The audit objectives are well-defined. These were effectively communicated to and supported by the organization as manifested by requests for consultations and advice from the Metrobank Internal Audit Group (IAG), service provider, particularly on ensuring the appropriateness of risk mitigation measures, staying diligent in regulatory compliance, and improving operational efficiency.

The IAG ensures that its methodologies and approaches are in conformity with the International Standards for the Professional Practice of Internal Auditing and regulations, including advancements with the changing business environment. To adapt with and meet the demands for assurance and consulting services, audit skills and knowledge are continuously developed and elevated through formal training and validation, especially on technical and specialized topics (e.g., financial markets, anti-money laundering, risk management, information technology, related party transactions, financial consumer protection), that have become more relevant in recent years.

A collaborative relationship is well-established and effectively observed with other control and monitoring functions of the company, such as the Controllership & Planning Group, the Compliance Division, and the Risk Management Division, to achieve greater depth and coverage in assessing risks and to ensure that internal audit functions are effectively designed and performed. In 2020, this will extend to other monitoring and support functions to optimize and expand the use of available systems and work products.

The outsourced internal audit function continues to be strategically positioned as it directly reports to the First Metro Board of Directors through the AuditCom and is provided with unrestricted access (i.e., functions, records/documents, properties, and personnel) to ensure objectivity, fairness, and independence. The IAA will continue to uphold the highest level of integrity and promote unwavering diligence across the organization to concretely affirm its commitment to the stakeholders in ensuring the reliability and integrity of financial and operational information, the safeguarding of assets, and compliance with laws, rules, regulations, and internal policies of the First Metro Group.

AUDIT COMMITTEE REPORT

Throughout the year, the Audit Committee provided full support and assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities, enhancing shareholders' value, and protecting its interest through effective implementation of its primary responsibilities stated in the Board-approved Audit Committee Charter, which cover overseeing of internal and external audit functions, including those provided to the subsidiaries and associates; ensuring transparency and proper reporting with emphasis on the reports' integrity, timeliness, and compliance with standards; monitoring compliance with company policies and applicable laws, governing rules and regulations, and code of conduct; and evaluating adequacy, effectiveness, and efficiency of internal control framework.

The Committee is composed of three qualified non-executive members, who are all independent directors appointed by the Board of Directors. These directors also hold membership positions in other Board-level Committees through which they are apprised of significant developments and are able to provide advice on risk taking and management activities. In 2019, the Committee held six regular meetings with internal and external auditors and also conducted private meetings with them without the presence of Senior Management to set clear directions and guidance in carrying out certain mandates and directives.

Highlights of the Committee's activities are as follows:

Financial Reporting	<ul style="list-style-type: none"> Reviewed and reported to the Board of Directors the interim and annual financial statements and disclosures; valuation techniques; major estimates and assumptions used; significant adjustments, material errors and fraud; and action plans of the Management on reported observations. Coordinated with the controller and with both internal and external auditors in ensuring the company's compliance with new financial reporting and accounting standards, tax, legal, and regulatory requirements; and proper treatment of unusual and complex transactions where significant judgment was exercised.
Internal Control and Risk Management	<ul style="list-style-type: none"> Evaluated adequacy and effectiveness of the company's internal control and risk management systems, processes, and procedures through IA reports on assurance activities, which cover review of controls of pertinent areas of operations such as investment banking and financial market operations, information systems, and IT governance, among others. Assessed and monitored management's degree of responsiveness to audit observations and recommendations on process improvements and control enhancements. Engaged and liaised proactively with the Board in overseeing effective implementation of internal control and risk management functions, and conveying culture of honesty and integrity throughout the organization.
Regulatory Requirements	<ul style="list-style-type: none"> Monitored compliance by the company with new and existing laws, regulations, and promulgated policies of the Bangko Sentral ng Pilipinas and other regulatory agencies, including but not limited to money laundering and terrorist financing, financial consumer protection, related party transactions, information security, and business continuity management. Reviewed and evaluated the effectiveness of the regulatory compliance framework and governance policies and practices of the company to ensure that these are consistently applied and observed throughout the institution.

Oversight of the External and Internal Audit Function

- Ensured the external and internal auditors' objectivity and independence.
- Approved the reappointment of the external auditor, terms of audit engagement and audit fees; evaluated audit scope, plan, and performance.
- Reviewed and approved the management representation letter provided in connection with the audit of the financial statements.
- Approved the annual internal audit plan; regularly received reports, discussed significant matters, including status of resolving control issues or observations, and implementation of recommendations to improve internal controls; and monitored progress and completion of audit plan.
- Reviewed audit results including the Bangko Sentral ng Pilipinas report of examination.
- Reviewed and approved all non-audit services of the external auditor to ensure no conflict or threat to independence.

Based on the Committee's accomplishments, representation letter from the company management, unqualified opinion from the external auditor on the financial statements, and the Internal Audit's overall satisfactory assessment on the general adequacy and effectiveness of the company's internal control, risk management, and governance processes, we conclude that business risks are managed in accordance with the policies set by the Board of Directors and in compliance with relevant regulatory requirements.


Rufino Luis T. Manotok
Chairman


Raphael Perpetuo M. Lotilla
Member


Philip G. Soliven
Member



Philip G. Soliven
Independent Director

Ismael G. Cruz
Director

Rufino Luis T. Manotok
Independent Director

Francisco C. Sebastian
Chairman

Rabboni Francis B. Arjonillo
President & Director

Arthur Ty
Vice Chairman

Martin Q. Dy Buncio
Director

Raphael Perpetuo M. Lotilla
Independent Director

Joshua E. Naing
Director

Francisco C. Sebastian

Chairman
66, Filipino

Mr. Sebastian is concurrently the vice chairman of Metropolitan Bank & Trust Company and GT Capital Holdings, Inc.

He joined the Metrobank Group in 1997 as president of First Metro, a position he held for 13 years until 2011 when he became chairman.

Mr. Sebastian joined Ayala Investment and Development Corporation in 1975 and was seconded in Hong Kong where he worked as an investment banker in Ayala International Finance Limited and then Filinvest Finance (HK) Ltd. until 1984. He then started his own corporate and financial advisory firm based in Hong Kong, Integrated Financial Services Ltd., which he managed for 20 years until he returned to the Philippines to join the Metrobank Group in 1997.

Mr. Sebastian graduated Magna Cum Laude with an AB degree in Economics Honors from the Ateneo de Manila University in 1975.

Arthur Ty

Vice Chairman
53, Filipino

Mr. Ty currently serves as the chairman of Metropolitan Bank & Trust Company, vice chairman of PSBank, chairman of Metropolitan Bank (China) Ltd., and chairman of GT Capital Holdings, Inc.

He graduated from the University of California, Los Angeles with a degree in BS Economics and obtained his master's degree in Business Administration from Columbia University.

Rabboni Francis B. Arjonillo

President & Director
61, Filipino

Mr. Arjonillo was appointed president and director of First Metro on January 1, 2016. He is concurrently the chairman of First Metro Securities Brokerage Corporation. He has more than three decades of extensive international and local banking experience.

He spent 18 years in Citibank with most recent roles as consumer bank treasurer in Australia and country treasurer in Vietnam where he was the founding chairman of the Vietnam Bond Market Forum, the precursor of the Vietnam Bond Market Association. Prior to joining First Metro, he was the head of Treasury and Investment Banking Sector of Land Bank of the Philippines. Right before that, he was the chief risk officer of China Bank. He started his banking career in Bank of the Philippine Islands as a management trainee and had a brief stint with UCPB.

Mr. Arjonillo is an active member of various business, professional, and non-government organizations. Currently, he is the president of the Investment House Association of the Philippines and the chairman of Couples for Christ Global Foundation. He once served as the president and director of the Money Market Association of the Philippines and vice president of the ACI Financial Markets Association, where he also acted as organizing committee chairman of its 18th

Asia Pacific Foreign Exchange Congress. He was also appointed as treasurer of the Rotary Club Makati Premier District.

He was an assistant professorial lecturer at De La Salle University, teaching courses in Economics and Finance for nine years. He regularly conducts lectures in the Bankers Association of the Philippines' Treasury Certification Program. He is also a fellow of the Institute of Corporate Directors.

Mr. Arjonillo holds an AB Economics degree from De La Salle University and a master's degree in Business Management from the Asian Institute of Management.

Martin Q. Dy Buncio

Director
56, Filipino

Mr. Dy Buncio has served as a Director since 1995 and brings with him over 24 years of experience in interdisciplinary management.

Currently, he is the chairman of the Board of Pro-Oil Corp. and Pro-Auto Parts. He is also the president of Proline Sports Center, Inc.; HJ Marketing, Design Products Manufacturing; Proline II Mercantile; DYBCOM CORP.; and Integra Development Corp. He likewise serves as president/director of Banam Global Holdings Corp.

He holds a Bachelor of Arts degree from De La Salle University.

Ismael G. Cruz

Director
75, Filipino

Mr. Cruz has over 30 years of experience in investment banking in the Philippines and in the other parts of Asia. He spent 17 years of his career in Hong Kong where he became chief executive of three regional merchant banking organizations: Ayala International Finance Ltd., Filinvest Finance (HK) Ltd., and Elders Finance Group of Australia. He served as governor of the Philippine Stock Exchange and the Makati Stock Exchange for several years. He was also governor of the Subdivision and Housing Developers Association.

Currently, he is the president of the Philippine Association of Securities Brokers and Dealers, Inc.; governor of the Market Governance Board of the Philippine Dealing System, Inc. and the Makati Commercial Estate Association, Inc.; trustee of the Securities Investor Protection Fund, Inc.; independent director of Penta Capital Investment Corp.; founder and president of IGC Securities, Inc.; and chairman and president of Carmen Homes, Inc. Mr. Cruz is also a member of the Capital Markets Council of the Philippines.

He holds a BS Economics degree and completed academic requirements for a Master in Business Management degree from the Ateneo de Manila University. In 1981, he was named one of the Ten Outstanding Young Men of the Philippines in the field of International Finance.

Joshua E. Naing

Director
59, Filipino

Mr. Naing is a seasoned banker with over 30 years of experience. He started his career with the Bangko Sentral ng Pilipinas until he joined the Metrobank Group in 1989 as OIC. For 11 years since 2002, he served as controller. He also held several directorship positions in the following companies: Global Business Power Corporation; Cebu Energy Development Corporation; Metrobank Technology, Inc.; Data Serve, Inc.; Philippine AXA Life Insurance Corporation; Multi Currency FX Corporation; Toyota Manila Bay; Metro Remittance (Spain), S.A.; Metro Remittance (Italia), S.p.A.; MBTC Remittance GmbH (Vienna); Metro Remittance Center, Inc. (USA); and MB Remittance Center (Hawaii), Ltd.

From 2013 to the present he has been the head of the Financial Control Sector of Metrobank. Concurrent to his position as senior executive vice president of the Bank, he also serves as director of Manila Medical Services, Inc. since April 2018 and Metro Remittance (Hong Kong) Limited since 2009.

Mr. Naing earned his BSC Accountancy degree from the Polytechnic University of the Philippines.

Rufino Luis T. Manotok

Independent Director
69, Filipino

Mr. Manotok held several key positions at Ayala Corporation: senior managing director, chief financial officer, chief information officer, and head of Strategic Planning Group. He was also a member of the Senior Management Committee of the Ayala Group of Companies. He also served as the chairman and president of Ayala Automotive Holdings Corp., Honda Cars Makati, Inc., Isuzu Automotive Dealership, Inc., Isuzu Iloilo Corporation, and Prime Initiatives, Inc.; president and treasurer of Mandaua Primeland, Inc.; president of Honda Cars Cebu, Inc.; chairman of Ayala Aviation Corporation; and director of Globe Telecom, BPI Family Bank, Ayala Systems Technology, Inc., AC International Finance Ltd., and AYC Holdings Limited.

Mr. Manotok finished his AB Economics degree from the Ateneo de Manila University and obtained his master's degree in Business Management from the Asian Institute of Management. He also completed the Advance Management Program at Harvard Business School.

Raphael Perpetuo M. Lotilla

Independent Director
61, Filipino

Mr. Lotilla remains active in policy studies. He currently serves as a trustee of the Philippine Institute for Development Studies, and chairs the Board of the Center for the Advancement of Trade Integration and Facilitation and of the Asia-Pacific Pathways to Progress Foundation.

Mr. Lotilla is an independent director of several private companies and foundations, and sits as a member of the Advisory Board of the Ateneo de Manila University Professional Schools.

He was Secretary of Energy of the Philippines from 2005 to 2007, having previously served as Deputy Director-General of the National Economic and Development Authority, and president and CEO of the government-owned Power Sector Assets and Liabilities Management Corp.

He previously served as Regional Programme director of the Partnerships in Environmental Management for the Seas of East Asia, a regional project funded by the Global Environment Facility and implemented by the United Nations Development Programme.

Mr. Lotilla was a professor of Law at the University of the Philippines where he obtained his law, psychology, and history undergraduate degrees. He received his Master of Laws from the University of Michigan.

Philip G. Soliven

Independent Director
59, Filipino

Mr. Soliven now holds the position of chairman emeritus and senior advisor, after serving as president and country representative for the past 18 years, of Cargill Philippines, Inc., the main operating company and the parent company of Cargill's various businesses in the Philippines. He continues to represent Cargill on the board of C-Joy Poultry Meats, Inc., a Cargill-Jollibee Foods joint venture. He previously served as the commercial director for various Food Ingredients and Bio-Industrial (FIBI) businesses and the president of Philippine Bio-Industries, Inc., a Cargill joint venture.

Mr. Soliven joined Cargill in 1995 as a Singapore-based manager in the Financial Markets Trading Group, then Cargill's proprietary financial trading business. He managed the group's investment portfolio for the Philippines and subsequently moved to the Philippines where he assumed the country lead role concurrent with his responsibilities as Asia Pacific Regional Treasurer.

He began his professional career with the First National Bank of Boston, working in the Manila, Philippines branch as a foreign exchange trader. In 1984, he moved to the Bank of Boston's corporate headquarters in Boston, Massachusetts to assume a role within corporate banking. In 1985, he was assigned to Hong Kong as manager of the bank's corporate banking business. During his six years in Hong Kong, he occupied a number of positions across Corporate Loan Recovery, Treasury Sales-Foreign Exchange, Debt Trading and Trade Services. In 1991, he relocated to Singapore as vice president for corporate banking. His responsibilities included covering corporate banking clients in Singapore, Indonesia, and Thailand.

Mr. Soliven is currently a director of the American Chamber of Commerce of the Philippines, and is also chairman of its Agribusiness committee. In addition, he serves as a director at the Rotary Club of Makati, as well as a member of the U.S. ASEAN Business Council, Makati Business Club, and Management Association of the Philippines.

Mr. Soliven holds a degree in Business Management from the Ateneo de Manila University.



Mayo Jose B. Ongsingco
Adviser



Fernand Antonio A. Tansingco
Adviser



Florencio T. Mallare
Adviser



Nimfa B. Pastrana
Assistant Corporate Secretary



Alesandra Ty
Treasurer & Corporate Secretary



Nicholas James T. Dy Buncio
Assistant Corporate Secretary



Gonzalo G. Ordoñez
President, First Metro Securities Brokerage Corporation
56, Filipino

- Former assistant vice president, Yield Management and Marketing Automation, Philippine Airlines
- Former manager, Vendor Marketing, Infiniti Travel Information, Inc., Tokyo
- Former management trainee, International Marketing, Philippines and U.S.A.
- Former market analyst, Integrated Computer Systems, Inc.
- Strategic Business Economics Program, University of Asia and the Pacific
- BS Management, Ateneo de Manila University



Karen Liza M. Roa
President, First Metro Asset Management, Inc.
50, Filipino

- Former president & CEO, Philam Asset Management, Inc.
- Former product director, SunGard Solutions
- Former head, Trust Banking Group, Philam Savings Bank
- Former head, Operations - Citibank's Global Asset Management
- Former management trainee, Chase Manhattan Bank, New York
- Lecturer, University of the Philippines and Ateneo de Manila University
- Master's degree in Business Administration, Fordham University
- BS Legal Management, Ateneo de Manila University



Rabboni Francis B. Arjonillo
President
60, Filipino

- Chairman, First Metro Securities Brokerage Corporation
- Former head, Treasury and Investment Banking Sector, Land Bank of the Philippines
- Former consumer bank treasurer, Citibank Australia
- Former country treasurer and FICC (Fixed Income, Currencies and Commodities) head, Citibank Vietnam
- Founding chairman, Vietnam Bond Market Forum, precursor of the Vietnam Bond Market Association
- Former chief risk officer, China Bank
- Former president and director, Money Market Association of the Philippines
- Former vice president, ACI Financial Markets Association
- Former assistant professorial lecturer, De La Salle University
- Master's degree in Business Management, Asian Institute of Management
- AB Economics, De La Salle University



Daniel D. Camacho
Executive Vice President
Head - Investment Banking Group
48, Filipino

- Former executive director, Acquisition & Strategic Finance Asia, Natixis (Hong Kong)
- Former executive director, Leveraged & Acquisition Finance Asia and Telecom & Media Finance, WestLB AG (Hong Kong)
- Former director for Media and Communications Finance, GE Capital (Hong Kong)
- Former vice president for Structured Capital Markets, Leveraged Finance Asia, TMT Finance Asia, and Structured Finance, ABN AMRO (Hong Kong/Manila)
- Master's degree in Management, Northwestern University - J.L. Kellogg Graduate School of Management
- BS Management of Financial Institutions and BA Economics (Cum Laude), De La Salle University



Nimfa B. Pastrana
First Vice President
Head - Corporate Services & Operations Group
57, Filipino

- Assistant corporate secretary, First Metro Investment Corporation
- Head, Legal Division, First Metro Investment Corporation
- Corporate secretary, First Metro Securities Brokerage Corporation
- Corporate secretary, First Metro Asset Management, Inc.
- Corporate secretary, Save & Learn Mutual Funds
- Bachelor of Laws, San Beda College
- AB Philosophy, University of the Philippines



Maricel L. Madrid
First Vice President
Controller and Head - Controllership & Planning Group
39, Filipino

- Former controller, East West Banking Corporation
- Former member of the board and audit committee of the then Green Bank, Inc.
- Held various key management positions in companies within the East West Bank Group
- Former external auditor, Punongbayan & Araullo
- Former accounting head of one of the retail companies of SM Group
- Certified Public Accountant
- BS Accountancy (Cum Laude), University of Santo Tomas



Jose Patricio A. Dumlaog*
Executive Vice President
58, Filipino

- Former country manager and head of Global Markets, BNP Paribas Manila Offshore Branch
- Former president and head of Fixed Income and Equity Sales, BNP Paribas Investment Philippines, Inc.
- Former president and head of Investment Banking, Paribas Asia Equity Philippines, Inc.
- Former chief operating officer and head of Equity Sales, Philippines Asia Equity Securities, Inc.
- Former head of Institutional Sales for the Philippines, Asia Equity UK Ltd.
- Former head of Investment Banking, Corporate Investment Philippines, Inc.
- Former investment banking officer, Anscor Capital and Investment Corporation
- BS Management Engineering, Ateneo de Manila University

*Joined First Metro in January 2020



Luis Martin E. Villalon - VP/Deputy Head, Equity Capital Market
Charles Ian Salvador - FVP/Division Head, International Desk
Melissa T. Dimayuga - VP/Division Head, Coverage & Origination II
John Wesley M. Peralta - VP/Division Head, Debt Capital Market
Daniel D. Camacho - EVP/Group Head, Investment Banking
María Teresa V. de Vera - FVP/Division Head, Coverage & Origination III
Abigail B. Magpayo - FVP/Division Head, Equity Capital Market and Corporate Finance & Advisory



AnnaGraziela Antonia S. Banaad - VP/Division Head, Debt & Equity Securities Trading
Peter Anthony D. Bautista - FVP/Division Head, Sales & Distribution
Mary Grace O. Singson - SM/Department Head, Institutional Sales
Ina B. Pacheco - VP/Department Head, Retail Investors
Percival C. Peña - AVP/Department Head, Global Debt Markets
Renee June T. Uy - SM/Officer-in-Charge, Asset & Liability Management and Department Head, Fund Management
David Ignacio C. Estacio - VP/Department Head, Local Debt Markets



Eric M. Salazar - VP/Division Head, Technology Management
Anna Marie S. Tuprio - SM/Department Head, Corporate Communications
Maricel L. Madrid - FVP/Controller and Group Head, Controllership & Planning
Jamie James M. Javier - AVP/Chief Risk Officer and Division Head, Risk Management
María Avalen A. Dianco - SM/Division Head, Financial Reporting
Girly P. Dollaga - SM/Division Head, Financial Accounting
Mauro B. Placente - VP/Deputy Controller



Arnel Alexis A. Azores - AVP/Chief Information Security Officer and Department Head, Information Security
Cristina S. Ulang - VP/Department Head, Research
Nimfa B. Pastrana - FVP/Group Head, Corporate Services & Operations and Division Head, Legal
Rodger Joaquin P. Clemente - SM/Division Head, Operations
Edgar F. Burgos - M/Division Head, Administration
Ma. Eleanor T. Raz - AVP/Division Head, Credit
Alexis K. Javelosa, Jr. - AVP/Data Protection Officer and Division Head, Compliance

PROPELLING GROWTH, SEIZING OPPORTUNITIES

Fifty-six years in the business have placed First Metro Investment Corporation in an enviable position as a prime mover of capital as well as a catalyst for economic growth in the Philippines.

As the investment banking arm of the Metrobank Group, First Metro has built a solid track record in origination, structuring, execution, and distribution. It offers a complete suite of products and services: debt and equity underwriting, loan syndication, project finance, financial advisory, government securities and corporate debt trading, equity brokering, asset management, and research.

It continues to live up to its vision: to be the leading investment banking institution and prime mover in the development of the Philippine capital markets. As a staunch partner of the public and private sectors, First Metro helps mobilize capital to fuel and sustain their growth and ultimately spur the country's economic development.

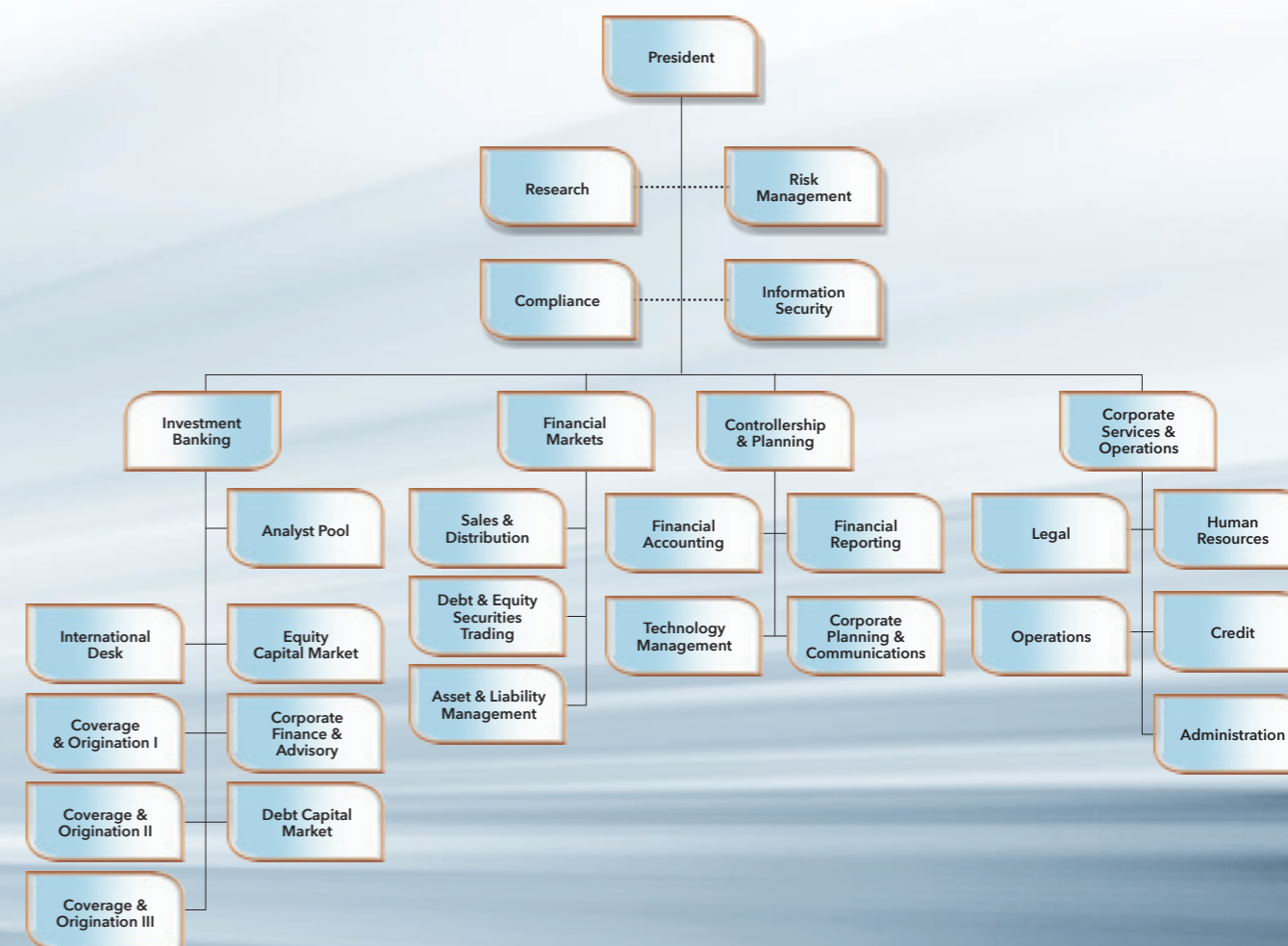
The investment bank has earned a solid reputation for its creativity, innovation, and timely execution. It has proven its ability to create value and opportunities as well as provide solutions that are pioneering, game changing and responsive to the needs of both issuers and investors.

- **Moving Capital.** First Metro has perennially dominated the domestic fixed income market, accounting for the lion's share of capital markets transactions and helping pillars of the industry address their funding requirements through bond issuances.
- **Deepening the Market.** True to its mission to deepen the capital markets, the company has developed innovative products such as the first exchange-traded fund (ETF) in the

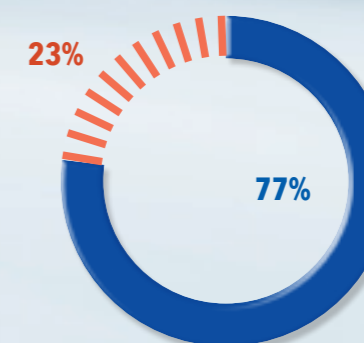
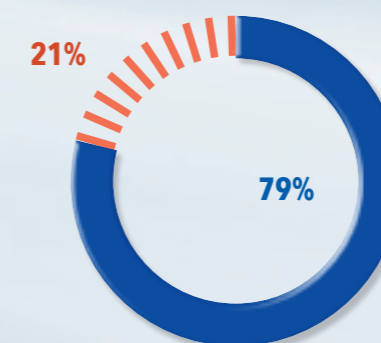
country, the First Metro Philippine Equity Exchange-Traded Fund; project notes involving an SPV and non-bank institutions as investors; the month fixed rate notes with tenors of 18 and 24 months (for Toyota Financial Services, ORIX METRO, and PSBank); and the first AMBIF (ASEAN+3 Multi-currency Bond Issuance Framework) in the Philippines (for A&EON Credit), to name a few.

- **Widening Investor Base.** To entice more Filipinos to become investors and promote investment literacy, First Metro pioneered the issuance of financial market instruments such as the Retail Treasury Bonds (rTBs), Multi-currency Bonds, and On-shore Dollar Bonds that help boost the National Government's fiscal position in addition to encouraging small investors and savings mobilization. Since the Bureau of the Treasury (BTr) launched its first rTB issuance in 2001, there have been 22 issuances and a total of P2.5 trillion funds raised as of end-2019. First Metro also helped the BTr launch its first-ever Premyo Bonds.
- **Addressing Project Financing Needs.** First Metro supports the country's infrastructure buildup program, particularly in power, transportation and airports, by raising much-needed capital and offering innovative project financing solutions to public-private partnerships, joint ventures, and private consortiums.
- **Bringing New Names.** To further grow the capital markets, the company has also been introducing new names to the capital markets such as Wilcon Depot, Axelum Resources Corp., Fruitas Holdings, Inc., and ORIX METRO.

ORGANIZATIONAL STRUCTURE



Headcount			
	2019	2018	
Officers	113	Officers	121
Staff	30	Staff	36



FRANCHISE VALUE

Through its strategic business units, the company is able to address the rapidly evolving needs of its growing clientele:

The Investment Banking Group (IBG) offers debt and equity underwriting; arranging, and syndicating large and long-term funding requirements; financial advisory; project finance; and structured financial solutions.

First Metro is a widely recognized leader in **debt and equity underwriting**, helping government institutions and the Philippines' top corporations and conglomerates with their debt capital market issuances and providing debt-financing solutions to pursue their capital and business expansion, refinancing, strategic acquisitions or buyouts, and complex project financing.

IBG also provides a wide range of advisory services covering mergers and acquisitions, capital and corporate restructuring, asset valuation, rendering fairness opinions, and fundraising.

In capital and corporate restructuring, it offers strategic advice on maximizing financing options so First Metro clients can pursue their growth ambitions. Mid-tier corporations can seize business opportunities through capital restructuring and piggyback on the country's growth trajectory.

First Metro's **mergers and acquisitions (M&A)** advisory services cover advice on all aspects of acquisitions, disposals, private equity transactions, and finance raising, including deal execution and origination, the preparation of business plans and financial projections, as well as structuring, negotiating, and executing M&A, joint venture, and strategic divestiture transactions.

The company also dispenses advice on **fundraising**, debt and equity, whether through a public or private offering, and selecting the activity's optimal structure.

In **asset valuation**, it considers the financial reporting and tax consequences of transactions and other major corporate initiatives, including giving advice to effectively address valuation issues.

Being a Philippine Stock Exchange-accredited financial advisor, First Metro also renders **fairness opinions** that are used by publicly listed companies for listing by way of introduction, debt to equity conversions, share-for-share/asset swaps, and tender offers.

Under the IBG is First Metro's **International Desk**, created in 2017 to help First Metro achieve its regional aspirations by expanding its market coverage in foreign territories, especially in Japan, China, Taiwan, and South Korea where Metrobank has a strong branch presence. Through the International Desk, First Metro will be able to serve the financing and financial advisory needs of Philippine companies expanding abroad, as well as of foreign firms exploring mergers and acquisitions, expansions, or partnership opportunities in the Philippines.

First Metro's **Financial Markets Group (FMG)** is responsible for the **distribution and trading** of financial instruments such as peso- and dollar-denominated government securities and corporate papers, as well as **managing the liquidity requirements of the company**.

As a quasi-bank licensed institution, First Metro accesses public funds through the issuance of promissory notes. It is also a BTr-authorized Government Securities Eligible Dealer (GSED) and one of the most active dealing and brokering participants in the industry.

First Metro's underwriting strength is complemented by its ability to distribute securities widely, thanks to the dynamic synergy between the IBG and the FMG.

FMG is also engaged in the trading of fixed income instruments, such as government securities and corporate bonds. As a market maker for most corporate issues, it provides counterparties and clients with active two-way quotes, delivering financial solutions that address their specific funding requirements. It also trades equities for its proprietary portfolio and has a solid track record for its dealing and trading activities. Its brokers are consistently recognized as top salespersons by prestigious publications and organizations.

ASIAMONEY

- Best Corporate & Investment Bank 2019



- Best Equity House 2019, 2018
- Best M&A House 2018, 2017
- Best Investment Bank 2017
- Best Benchmark Bond Deal: AEON Credit Service (Philippines), Inc.'s P1 billion Fixed Rate Corporate Notes 2018
- Best Project Finance Deal of the Year in Southeast Asia: Light Rail Manila Corporation's P24 billion Project Loan Facility 2016

PDS Group

Philippine Dealing System Holdings Corp. & Subsidiaries

- Top Corporate Securities Market Maker 2019, 2018, 2017, 2016, 2015
- Top 5 Corporate Issue Managers/Arrangers 2019, 2018, 2015
- Top 5 Fixed Income Brokering Participants 2019, 2017, 2016, 2015
- Top 5 Fixed Income Dealing Participants 2018, 2017, 2016, 2015



- Best Investment Bank in the Philippines 2015



- Best Domestic Bond House in the Philippines 2016



- Top Bank Arrangers, Investors' Choice for Primary Issues in Asian Currency Bonds, Corporate Bonds, Philippines 2019, 2018, 2016, 2015
- Top Bank Arrangers, Investors' Choice for Primary Issues in Asian Currency Bonds, Government Bonds, Philippines 2019, 2018, 2015
- Top Banks in Secondary Market, Government Bonds, Philippines 2019, 2015
- Top Sell-side Firms in Secondary Market, Corporate Bonds, Philippines 2019, 2015
- Top Banks in Government Bonds, Philippines 2018, 2017, 2016
- Top Banks in Corporate Bonds, Philippines 2018, 2016
- Top Investment Houses in Asian Local Currency Bonds, Philippines 2017



- One of the Ten Best Performing Government Securities Eligible Dealers 2019, 2018, 2015



- Best Investment Bank in the Philippines 2016



- Best Fixed Income House 2019



- Best Fixed Income Deal (Small-Mid Cap): AEON Credit Service (Philippines), Inc.'s P1 billion CGIF-Guaranteed Fixed Rate Corporate Notes (An AMBIF Issuance) 2019
- Deal of the Year: Bureau of the Treasury's P255 billion Retail Treasury Bonds 2018
- Best Advisory House 2017
- Deal of the Year and Best Advisory Deal of the Year: GT Capital Holdings, Inc.'s P22.06 billion Sale of 56% Equity Stake in Global Business Power and P29.89 billion Acquisition of 15.5% Stake in Metro Pacific Investments Corporation 2017

The Banker

- Deal of the Year, Loans category for Asia Pacific: Monde Nissin's Acquisition of Quorn Foods Ltd. 2016



- Best Domestic Bond House 2015
- Best M&A House 2015
- Most Innovative Deal: AEON Credit Service (Philippines), Inc.'s P1 billion Fixed Rate Corporate Notes 2019
- Best IPO, Philippines: Wilcon Depot, Inc.'s P7.04 billion Initial Public Offering 2017
- Best Power Deal, Philippines: San Buenaventura Power Ltd. Co.'s P42.15 billion Project Finance Loan Facility 2016
- Most Innovative Deal: Therma Visayas, Inc.'s P31.97 billion Project Loan Facility 2016
- Deal of the Year, Philippines: Bureau of the Treasury's P264.04 billion Domestic Liability Management Exercise (Bond Exchange) 2015
- Best Power Deal, Philippines: Pagbilao Energy Corporation's P33.31 billion Project Finance Facility 2015



- Asia Pacific Infrastructure Deal of the Year: Light Rail Manila Corporation's P24 billion Project Loan Facility 2016
- Asia Pacific Power Deal of the Year: San Buenaventura Power Ltd. Co.'s P42.15 billion Project Finance Loan Facility 2015

* Awards in the last five years

OTHER **ALLIED** SERVICES

BACKED BY THE **STRENGTH** OF **METROBANK**

Equities Brokering

First Metro Securities Brokerage Corporation (FirstMetroSec) is the stock brokerage company of Metrobank. It offers customers the widest variety of investment options, along with advanced tools and research, through its industry-leading platforms and mobile apps. On top of trading stocks listed in the Philippine Stock Exchange, FirstMetroSec provides its customers with online access to funds of the six biggest mutual fund providers in the Philippines, and recently Retail Treasury Bonds and Premyo Bonds of the Bureau of the Treasury. It is committed to bring financial and investment education to Filipinos wherever they may be and fulfill its mission to help them succeed financially.

Fund Management

First Metro Asset Management, Inc. (FAMI) is engaged in the mutual funds business. It promotes savings mobilization and advocates investment literacy among Filipinos. A partnership between First Metro, the Catholic Educational Association of the Philippines, and the Marist Brothers Foundation, FAMI is an investment company adviser licensed by the Securities and Exchange Commission to manage and distribute the First Metro Save & Learn Mutual Funds. These are the products offered by FAMI:

- First Metro Save & Learn Equity Fund, Inc.
- First Metro Save & Learn Fixed Income Fund, Inc.
- First Metro Save & Learn Balanced Fund, Inc.
- First Metro Save & Learn Money Market Fund, Inc.
- First Metro Save & Learn Dollar Bond Fund, Inc.
- First Metro Consumer Fund on MSCI Philippines IMI, Inc.
- First Metro Save & Learn Philippine Index Fund, Inc.
- First Metro Save & Learn F.O.C.C.U.S. Dynamic Fund, Inc.

Exchange-Traded Fund

First Metro Philippine Equity Exchange-Traded Fund, Inc. (FMETF) is a domestic corporation engaged primarily in investing, reinvesting, trading in, and issuing and redeeming its shares of stock in creation units in exchange for a basket of securities representing an index.

Registered with the SEC on January 15, 2013, FMETF is the first company to offer exchange-traded funds in the Philippines. The fund aims to provide returns which would reflect the performance of the Philippine equities market by investing in a basket of securities which are included in the Philippine Stock Exchange index (PSEi).

First Metro is the subsidiary of Metropolitan Bank & Trust Company (Metrobank), one of the country's largest universal banks with a market capitalization of P298.18 billion as of end-2019.

Established in 1962 to serve the Chinese-Filipino community, Metrobank is majority-owned by the Ty family, whose major business interests include financial services, real estate development, infrastructure, and insurance. Its local and international subsidiaries include Metrobank Card Corporation, Toyota Motors Philippines Corporation (a partnership with Japan's largest automotive manufacturer), and Philippine AXA Life Insurance Corporation (with global giant AXA Group).

With a solid track record that spans 57 years, Metrobank has grown to become the premier universal bank in the Philippines, offering a full range of banking and other financial products and services, including corporate, commercial and consumer banking, as well as credit cards, remittances, leasing, investment banking, and trust banking. Its consolidated network covers more than 2,300 ATMs nationwide and over 950 domestic, making it one of the largest domestic branch networks in the industry.

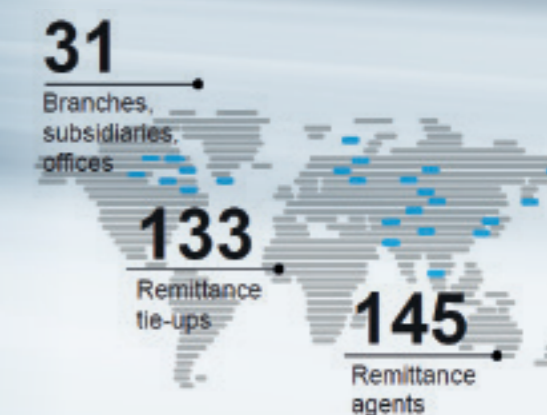
In addition, Metrobank has a strong overseas presence, with 31 foreign branches, subsidiaries, and representative offices as of 2019. Its international expansion started in the late 1990s when it opened branches and offices in London, Taichung, Tokyo, and Seoul. It was the first Philippine bank granted a banking license by the Japan Ministry of Finance, and the first Philippine bank in South Korea and China.

As of December 2019, Metrobank has consolidated assets of P2.5 trillion and equity at P309.6 billion. The Bank's total capital adequacy ratio stood at 17.49% and Common Equity Tier 1 ratio at 16.19% as of end-2019.

Domestic Branch Network



Overseas Network Coverage





First Metro Securities Brokerage Corporation (FirstMetroSec) is a subsidiary of First Metro Investment Corporation. Established in 1994, FirstMetroSec continues to reinvent itself to become a one-stop-online-shop for investments through the introduction of innovative products and services, and new technology.

2019 proved to be another pivotal year for the company with the release of its newest mobile app, FirstMetroSec GO, which is packed with advanced new tools and enhanced security. The company also introduced another cutting-edge feature – conditional orders – which allows investors to automatically execute strategies like “stop loss” and “buy-on-breakout.” Likewise, FirstMetroSec became the first non-government institution to offer Philippine treasury bonds online with the sale of Premyo Bonds and Retail Treasury Bonds 23.

FOR THE YEAR	2019	2018
Gross Revenues	260,269,280	295,266,415
Total Expenses	229,595,300	268,692,672
Net Income	30,673,980	26,573,743
AT YEAR END		
Total Assets	2,556,529,663	2,026,136,009
Total Liabilities	2,107,747,460	1,606,236,203
Total Shareholders' Equity	448,782,203	419,899,806

*In Philippine pesos

Contact Details:
Gonzalo G. Ordoñez (President)
18th Floor, PSBank Center
777 Paseo de Roxas cor. Sedeño St.
Salcedo Village, Makati City
Tel: (02) 8859 0600
www.frstmetrosec.com.ph

The company's efforts did not go unnoticed as FirstMetroSec went on to win several awards in 2019. FirstMetroSec was awarded back-to-back Best Online Broker and Best Online Trading Platform by United Kingdom-based financial publishing firm *International Finance*. It was also named Philippines' Best Online Trading Platform, Best Online Broker, and Most Innovative Brokerage House by another UK-based financial publishing firm, *Global Business Outlook*.

FirstMetroSec stepped up its advocacy in financial literacy by increasing its digital presence in various social media platforms to reach, educate and provide information to more Filipinos. The company has over 49,000 Facebook followers and 3,700 YouTube subscribers. It has also conducted over 440 financial and investment literacy seminars participated in by over 25,000 individuals.



First Metro Asset Management, Inc. (FAMI) engages in the mutual fund business, promotes savings mobilization, and advocates investment literacy among Filipinos.

A partnership among First Metro Investment Corporation, the Catholic Educational Association of the Philippines, and the Marist Brothers Foundation, FAMI manages nine mutual funds, with more products in the pipeline.

In 2019, FAMI had P10.3 billion in assets under management, with a client base exceeding over 27,000 accounts.

Driving the growth of FAMI's funds in 2019 was the launch of the Save & Learn Money Market Fund, which aims to provide steady growth of income and liquidity through short-term debt instruments and investment in peso-denominated deposits and money market instruments. Another development was the continuous offering of the First Metro Philippine Equity Exchange-Traded Fund (FMETF), the pioneering ETF in the Philippines today.



First Metro Philippine Equity Exchange-Traded Fund (FMETF) aims to provide returns which would reflect the performance of the Philippine equities market by investing in a basket of securities included in the Philippine Stock Exchange Index (PSEi).

Amid the highly volatile environment in 2019, the FMETF posted a year-on-year return of -5.61% in 2019 versus the PSEi performance of 4.68%.

FOR THE YEAR	2019	2018
Gross Revenues	182,878,256	161,930,822
Total Expenses	167,610,031	160,400,804
Net Income	15,268,225	1,530,018
AT YEAR END		
Total Assets	338,940,200	325,698,310
Total Liabilities	21,967,910	16,264,982
Total Shareholders' Equity	316,972,290	309,433,328

*In Philippine pesos

Contact Details:
Karen Liza M. Roa (President)
18th Floor, PSBank Center
777 Paseo de Roxas cor. Sedeño St.
Salcedo Village, Makati City
Tel: (02) 8891 2860 to 65
www.fami.com.ph

Contact Details:
Eduardo S. Mendiola (President)
18th Floor, PSBank Center
777 Paseo de Roxas cor. Sedeño St.
Salcedo Village, Makati City
Tel: (02) 8891 2860 to 65
www.firstmetroetf.com.ph



AXA Philippines is one of the largest and fastest growing insurance companies in the country. It offers financial security to more than 1.5 million individuals through its group and individual life insurance, as well as general insurance products through its wholly owned subsidiary, Charter Ping An. In 2019, AXA celebrated its 20th anniversary in the country.

AXA offers a complete range of products for all its customers' insurance and financial protection needs, including savings and investments, health plans, income protection, and health coverage; and through its general insurance subsidiary: fire, motor car, marine cargo, personal accident, bonds, casualty, and engineering insurance products.

AXA Philippines closed 2019 with P2.5 billion in consolidated net income from both its life and general insurance businesses. It inaugurated its Makati and Binondo Service Centers to cater to both life and non-life customers more efficiently. Today, AXA has more than 7,000 financial advisers in more than 40 branches, and 1,000 financial executives in over 900 Metrobank and PSBank branches nationwide. Charter Ping An has 24 branches nationwide and more than 2,000 agents.

The insurer continued to further grow its robust product portfolio by adding Health Start, an affordable health plan that offers financial protection against the top three critical illnesses and some of their minor forms. AXA also improved the features of existing products including adding domestic trip coverage to Smart Traveller, its travel insurance product.

AXA continued its strategic partnership with the National Basketball Association (NBA) Philippines and sealed a new one with the University Athletic Association of the Philippines (UAAP), aiming to reach more Filipinos and instill a sense of self-belief in them through their passion for sports.

In 2019, AXA also embarked on a global brand campaign that saw tennis icon Serena Williams espousing the insurer's new tagline 'Know You Can,' which highlights triumph against odds and the importance of self-belief among Filipinos. Billboards and video ads bearing the message 'Know You Can' permeated traditional as well as online spaces nationwide.

AXA reinforced its commitment to its customers to be there for them at every step of their life journey with the launch of Rescue Line, granting free access to 24/7 emergency services such as roadside, ambulance, fire, and police assistance even without wi-fi connection. Rescue Line services may be obtained by downloading the new Emma by AXA app through Google Play or App Store. Aside from the Rescue Line feature, the Emma by AXA app also lets customers view their complete policy information, monitor their account value and fund performance, view their payment history, and get in touch with their agent quickly.

As part of its continuing efforts to give back to the community, AXA held its annual Corporate Responsibility Week in 2019 with employee volunteers making Liter of Light solar lamps for women in Mindoro who do not have access to light. In addition, solar lamp-making also enabled some of the women beneficiaries to augment their income. A blood donation drive, safety drills training, family day activities, and financial literacy sessions for high school students were also held in Cebu and Davao.

FOR THE YEAR	2019	2018
Gross Premiums	26,541,347,883	29,708,433,098
Total Expenses	8,240,643,150	7,379,381,460
Net Income	3,388,641,553	2,735,228,253
AT YEAR END		
Total Assets	132,278,559,403	116,340,744,146
Total Liabilities	119,268,555,898	106,819,301,795
Stockholders' Equity	13,010,003,505	9,521,442,351

*In Philippine pesos

Contact Details:
Rahul Hora (President & CEO)
34th Floor, GT Tower International
6813 Ayala Ave. cor. H.V. dela Costa St.
Makati City
Tel: (02) 8885 0101
www.axa.com.ph



Amid the rising cost of funds and lower volume of business in 2019, ORIX METRO Leasing and Finance Corporation (ORIX METRO) registered a net income after tax of P1.09 billion. This is equivalent to a return on average equity of 13.13%.

Owned by Metrobank (40%), ORIX Corporation of Japan (40%), and First Metro (20%), ORIX METRO's total group resources grew to P53.16 billion in 2019 from P51.75 billion in 2018. Total new bookings in 2019 amounted to P29.45 billion. Its stockholders' equity increased to P8.53 billion in 2019 from P8.10 billion in 2018.

While the company's cost of funds increased by 53%, ORIX METRO was able to stem its income drop by only 16%. The company attributed this to its efforts to manage operating and overhead expenses as it implemented

cost control measures such as managing the headcount necessary to support its operations.

ORIX METRO ramped up the operations of its subsidiaries, in particular ORIX Rental Corporation (ORC), with its total fleet under full service operating lease (FSOL) and fleet management now composed of 8,104 cars, pick-ups, vans and light trucks.

The company ended 2019 with 112 branches nationwide. It will continue to aggressively market its FSOL product, particularly the truck maintenance lease, which has the potential to meet unique market demands that will unlock new business opportunities for ORIX METRO. The company is also making headway with its automation efforts to improve internal processes and provide faster delivery of products and services to clients.

FOR THE YEAR	2019 (September)	2018 (September)
Gross Revenues	7,716,967,732	6,649,891,924
Total Expenses	6,209,566,153	4,803,090,268
Income before tax	1,507,401,579	1,846,801,656
AT YEAR END		
Total Assets	53,159,024,766	51,747,532,337
Total Liabilities	44,630,341,080	43,649,669,697
Stockholders' Equity	8,528,683,686	8,097,862,640

*In Philippine pesos

Contact Details:
Constancio B. Tan (President)
21st Floor, GT Tower International
6813 Ayala Ave. cor. H.V. dela Costa St.
Makati City
Tel: (02) 8825 8888
www.orix.com.ph

Annual Stockholders' Meeting

June 1, 2020 (Monday), 2:00 p.m.
via Zoom Video Conferencing

Shareholder Services

For inquiries regarding dividend payments, change of address, and account status, please contact:

The Controller

First Metro Investment Corporation
Ground Floor, Skyland Plaza Condominium
2302 Sen. Gil Puyat Ave. cor. Tindalo St.
1203 Makati City
Tel. No. (02) 8858 7900
Fax No. (02) 8840 3706

Annual Report in SEC Form 17-A

The financial statements included in this report follow the information contained in the SEC Form 17-A as required by and submitted to the Securities and Exchange Commission. Copies of this report may be obtained free of charge from:

The Controller

First Metro Investment Corporation
Ground Floor, Skyland Plaza Condominium
2302 Sen. Gil Puyat Ave. cor. Tindalo St.
1203 Makati City

Corporate Communications Department

First Metro Investment Corporation
45th Floor, GT Tower International
6813 Ayala Ave. cor. H.V. dela Costa St.
1227 Makati City

Tel. No. (02) 8858 7900
Fax No. (02) 8840 3706
Email: corpcom@firstmetro.com.ph



45th Floor, GT Tower International
6813 Ayala Ave. cor. H.V. dela Costa St.
1227 Makati City, Philippines

Ground Floor, Skyland Plaza Condominium
2302 Sen. Gil Puyat Ave. cor. Tindalo St.
1203 Makati City, Philippines

Tel. No. (63 2) 8858 7900
Fax No. (63 2) 8840 3706

www.firstmetro.com.ph

