



FIRST METRO
INVESTMENT CORPORATION
Metrobank Group

**WE
MOVE
AS
ONE**

2020 ANNUAL REPORT



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

WE MOVE AS ONE

2020 was a challenging year and a largely unprecedented time for business and the global economy. And while companies, investors, and employees are experiencing a great deal of uncertainty, it is more important than ever to build, unite, and work together through times of adversity. By moving as One Team, First Metro was able to build a stronger and more resilient organization.

A solid testament to its adaptability and resilience, having survived many crises in the past 57 years, is the record number of deals that First Metro produced in 2020, fulfilling its mandate to be a prime mover in the domestic capital markets. To seize bigger opportunities in the "New Normal," First Metro is building a more agile, more focused, more integrated, and a more sustainable business in the years ahead.



“We are stronger today than we were yesterday because we are moving as ONE FIRST METRO.”

STRONGER TOGETHER

If “hindsight is 2020,” COVID-19 had truly left us blindsided.

First Metro has faced many crises and risen above many challenges in its 57-year history. 2020, however, has been a year like no other.

The 1997 Asian financial contagion and the 2008 global financial crisis have left us battle-hardened and stronger. But the solutions then were much simpler: address the systemic risks and revive the economy. In 2020, the beast that was COVID-19 came with two heads: a health crisis and a financial crisis. A virus outbreak turned into a global pandemic and led to an economic downturn that wiped out many countries’ hard-earned gains. Never have we seen governments forced to perform a delicate tightrope act, balancing people’s health and safety with the need to revive a flailing economy.

A Trying Time for the Economy

The Philippine economy, like many others around the world, suffered the same fate. After exhibiting 84 consecutive quarters of growth, it plunged into its first recession in nearly 30 years in the second quarter then ending the year with a -9.5% in GDP – its worst performance since the country started releasing growth data in 1947 after World War II.

A month before the World Health Organization declared a global pandemic,

the local economy was already grappling with the eruption of Taal volcano in January. This was followed later in the year by a series of strong typhoons (Quinta, Rolly, Ulysses) which caused severe damage to lives, property, and agriculture.

As the Philippines recorded the highest number of coronavirus infections and deaths in Southeast Asia after Indonesia, the government imposed the strictest restrictions on mobility. This dampened private consumption, reduced household spending by an estimated P2.2 billion a day, and caused the unemployment rate to hit a 15-year record high of 10.3%, equivalent to 4.5 million Filipinos without jobs.

Still, there was some glimmer of hope.

As in previous years, our hard working overseas Filipino workers (OFWs) and business process outsourcing (BPO) professionals again became the economy’s saving grace. Defying gloomy projections, OFWs managed to send home \$33.2 billion in 2020 despite mass layoffs worldwide, repatriations, and lockdowns. This was only 0.8% lower than the previous year. The BPO sector, meanwhile, generated \$26.3 billion in revenues, 7.1% higher than the previous year, as many benefited from the work from home setup and e-commerce activities.

“One year into this ‘New Normal’, we can say resoundingly that the entire First Metro organization has stepped up to meet the challenges of COVID-19 head-on.”

Domestic financial markets proved resilient in 2020. The Philippine Stock Exchange (PSE) saw the market’s daily average value turnover amounting to P7.35 billion as of end-2020. Local retail and institutional investors gained dominance in both debt and equity markets, accounting for two-thirds of the value traded in the stock market. While foreign funds dried up at the height of the pandemic, liquidity in the stock market has not deteriorated due to local investors.

To help shore up liquidity and stimulate economic activity, the Bangko Sentral ng Pilipinas (BSP) carried out aggressive monetary policy easing in 2020, slashing rates by a cumulative 200 basis points, cutting reserve requirements by 200 basis points, and employing unconventional actions such as buying bonds and advancing cash to the national government.

Moving as ONE FIRST METRO

Since the Philippines remains in the list of countries where COVID-19 cases are high, business as usual becomes highly impractical. However, given that First Metro belongs to an industry that is

essential to the economy, we remained open for business. In fact, we have undertaken equity and debt issuances as well as securities trading activities that enabled us to keep our market leadership and fulfill our mission as a prime mover in the market.

We have managed to do these by quickly responding and adapting to the rapidly evolving pandemic situation while making the health and safety of our employees, clients, and business partners as our paramount concern.

In response to the crisis, we quickly focused on our employees’ and clients’ most critical needs. We rapidly embraced remote work and later on adopted work rotation, as well as held market briefings and meetings virtually. We continued to observe flag ceremonies and morning prayers with all our employees, albeit on a virtual platform, to make the spirit of being ONE FIRST METRO stronger.

One year into this “New Normal” – observing social distancing and quarantine restrictions, wearing face masks and face shields, and holding meetings virtually – we can say

resoundingly that the entire First Metro organization has stepped up to meet the challenges of COVID-19 head-on.

As a demonstration of our strength, resilience, and persistence in the face of these trying times, First Metro managed to end 2020 with a positive bottom line, thanks to the revenue boost from the completion of 23 capital market deals. Our subsidiary, First Metro Securities Brokerage Corporation (FirstMetroSec), also recorded its strongest year in revenue growth as online investing surged due to the lockdown restrictions.

Looking for the Silver Lining

While the existence of COVID-19 vaccines presents a silver lining, it is not a silver bullet. It is realistic to say that we are not out of the woods yet and it might take another year or two for the global economy to recover given the time and resources needed for vaccinating the population and preventing the spread of new COVID-19 mutations.

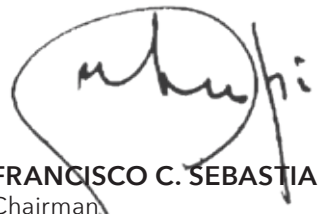
Meanwhile, the same challenges we normally face as a business are still there: from navigating market turbulence to retooling our workforce for a highly digital future. We will continue to strengthen our capability to spot and manage emerging risks as well as seek out fresh opportunities from digital banking, online investing, bond issuances, initial public offerings, and financial advisory.

We will relentlessly pursue our sole purpose as an institution: to be prime mover of capital in the Philippines, backed by the financial strength and solid reputation of the Metrobank Group.

Despite the challenges, we are confident that First Metro will continue to cope and even thrive in the coming years, particularly under the capable hands of our new president, Mr. Jose Patricio Dumlao, a crisis-tested investment banker. We also welcome another seasoned banker, Mr. Francisco Magsajo, Jr. to our Board of Directors, as well as thank Mr. Philip Soliven for his contributions as a director.

We are stronger today than we were yesterday because we are moving as ONE FIRST METRO.

On behalf of the Board, we offer our gratitude and thanks to all our clients, business partners, and staff for everything you did to get us to where we are today.



FRANCISCO C. SEBASTIAN
Chairman

“Moving as
ONE FIRST METRO,
I believe there is no limit
to what we can achieve.”



MOVING AS ONE

If 2019 gave the global economy a bumpy ride, 2020 brought it to a near standstill.

While a new decade typically offers fresh hope, the health crisis due to the coronavirus (COVID-19) outbreak in 2020 gave way to doom. Many countries, including the Philippines, imposed lockdown restrictions to contain the spread of the virus, and this caused economic downturns. Compounding the health and economic crises are nagging issues of racial injustice and inequity, geopolitical tensions, and the devastating effects of climate change.

Yet the biggest dragon we must slay is not COVID-19 nor the problems that persist. It is the sense of helplessness, fear, and pessimism in our midst, which is corrosive to hope.

In the first month of 2020, the Philippine economy had already suffered a heavy blow due to the eruption of Taal volcano, which damaged agriculture and displaced nearly half a million Filipinos. This came just weeks after Typhoon Ursula (international name: Phanfone) affected more than 3.2 million people.

I have faced many crises, including the assassination of former Senator Benigno

Aquino Jr. in 1983, the 1997 Asian financial crisis and the 2008 global financial crisis. 2020, however, was a year like no other.

The implementation of strict community quarantine measures caused abrupt and impactful business disruptions. The prolonged halt – among the longest lockdowns in the world – not only dented many companies' financial performance, but also prompted a swift re-evaluation of business strategies.

Responding Swiftly as One

My first immediate task as president of First Metro, however, was not to give way to acts of desperation. But it was to rally our entire organization and bring a sense of hope – that we can still make a difference by moving as ONE FIRST METRO.

We immediately convened an ad hoc committee that dealt with the lockdown situation so we can continue our business operations and let our clients know we are open for business. To do this effectively, we must first ensure the health and safety of our employees.

To make our business more resilient to disruptions, we accelerated our digitalization initiatives and created

“We should not waver in responding to the challenges brought about by the pandemic. We must continue to show the same passion and dedication for the work we do. Our clients and partners depend on us. Wherever the tide takes us, we must bring the ship to a safer harbor.”

a system of communication and collaboration within our organization and with our clients, regulators, and counterparties. We also quickly adopted solutions that enable employees to work remotely and seamlessly.

Adjusting to this new work environment, however, had its share of challenges. On the technical side, we had to deal with internet connection speed and limited bandwidth from our homes. We had to quickly adapt our marketing and selling efforts, including our subsidiaries, First Metro Asset Management, Inc. (FAMI) and First Metro Securities Brokerage Corporation (FirstMetroSec), to a more frequent yet strategic approach in client interfacing.

Documentation and due diligence proved even more difficult with the physical limitations of community quarantine. More importantly, investor strategies had also changed due to the uncertainties and volatilities in the market.

FirstMetroSec experienced a deluge in customer inquiries and requests, as interest in online investing dramatically increased during the lockdown. To cope with the demand, we made use of a customer service software that allowed us to manage the situation more efficiently.

Our customer engagements through seminars and briefings also had to pivot to digital platforms. We shifted our resources to the creation of more online content and webinars. We also launched FirstMetroSec’s podcast, Philippine Stock Market Weekly, which quickly became one of the most popular Filipino business podcasts on Spotify as a go-to source for timely economic and market insights. This gave us the opportunity to reach as many investors, traders, and business owners, including overseas Filipino workers grappling with the economic impact of the pandemic.

Surviving the Storm

It is in trying times like these that test our ability as an organization to stay true to

our mission: to serve as the prime mover in the Philippine capital markets by providing innovative financial solutions that enable our stakeholders to achieve economic prosperity and social well-being.

This mission drives who we are and everything we do, and guides our passion to empower our people and our clients and the lasting institutions they build. This pandemic has made me extremely proud of how our people have stepped up to make our business more resilient and adaptable.

In a most challenging year, First Metro managed to take a significant role in most Philippine debt capital markets issuances and completed 23 deals.

When the WHO declared COVID-19 a global pandemic, the Bangko Sentral ng Pilipinas (BSP) had to fire off a series of interest rate and reserve requirement cuts and deploy other monetary tools to save the economy from deteriorating. These monetary actions enabled the Group to book a consolidated total net interest income of P357 million, 149% higher than in 2019.

Thanks to the strong client relationships we have built over the years, our brokered fixed income securities volumes eclipsed 2019 levels by over 60%.

Our two subsidiaries also managed to turn the crisis into opportunity.

The First Metro Group ended 2020 with a positive bottom line, posting a consolidated net income of P364 million, just 9% lower than the previous year.

FirstMetroSec marked its strongest year to date in online revenue growth and new client onboardings with the increased shift to online investing platforms in 2020. Its cash reserves reached P3.74 billion as online commissions grew by a staggering 135% and new accounts onboarded by 19,000.

FAMI saw unprecedented investment subscriptions as it built an experienced sales team across channels and distribution centers, particularly in Cebu and Davao. Together with the decline in deposit rates and the opportunity to invest in undervalued securities, this augured well for the mutual fund business as investors sought higher investment returns. Despite the negative return in the equity market, FAMI was able to increase its assets under management by 20%.

In a year like no other, we relentlessly pursued our mission to move capital where it was most needed and this did not go unnoticed to some of the most important and influential publications and organizations in the country and in the region. First Metro reaped a string of

awards and recognitions: Best Investment Bank in the Philippines (*FinanceAsia*), Best M&A House in the Philippines (*Alpha Southeast Asia*), among *The Asset's* Top Sell-side Firms and Top Arrangers, and Best Fixed Income House (FMAP), to name a few.

Moving Forward Headstrong

The pandemic made us realize what we can be. The way we interact with clients and with one another is fundamentally shifting, and there is no going back to business as usual even when this pandemic is over. We believe we can be more resilient, faster, stronger, and more capable of transforming when faced with sweeping changes such as the one we are experiencing if we strengthen our digital capabilities.

FirstMetroSec's digital transformation has given us confidence to replicate its success in our fixed income business to attract more investors and deepen the local capital markets. While the fixed income markets have yet to fully embrace digitalization, future plans should include how we can make use of technology to better serve our customers.

However, digital is only an enabler. What is more vital is our people – our company's main asset and the key to the sustainability of our business. We must continue to engage our team so they remain proactive, energized, and excited to take quantum leaps with First Metro. We must

also build our leaders who will provide motivation and direction to their teams. These are critical if we are to march as one organization in the pursuit of a vision and our common goals.

This is why I am optimistic that 2021 will be a better year for the First Metro Group. We have started on the journey to become truly ONE FIRST METRO.

In step with our transformation initiative, our Board of Directors approved on November 24, 2020 the return of our quasi-banking license to the BSP. This new strategy is aligned with the dramatic changes in the overall business landscape, along with the evolving regulatory environment and the strategy of the Metrobank Group.

This will enable us to serve our clients better and contribute more effectively in the further development of the capital markets in the country. This also supports our plan to strengthen our core business of investment banking and further grow our brokering and distribution of capital markets issuances, both government and corporate.

We will forge greater synergy with our two subsidiaries as well as with the Metrobank Group while maintaining our technical excellence and innovative product development. We are also excited to embark on new initiatives in 2021 that would expand our product offering with

more bonds and other investment products, and enhance our account opening, as well as KYC process with the help of technological advances.

As investment bankers, it is in our DNA to quickly adapt to change and spot opportunities as they emerge. We should not waver in responding to the challenges brought about by the pandemic. We must continue to show the same passion and dedication for the work we do. Wherever the tide takes us, we must bring the ship to a safer harbor.

Moving as ONE FIRST METRO, I believe there is no limit to what we can achieve.



JOSE PATRICIO A. DUMLAO
President

MOVING TO ACHIEVE SUSTAINABLE GROWTH

Amid a very difficult business environment due to the COVID-19 global pandemic, First Metro managed to end 2020 with a positive bottom line, posting a consolidated net income of P364 million, albeit 9% lower than the previous year. It produced a consolidated total net interest income of P357 million, 149% higher than in 2019. As First Metro moves toward strengthening its core business of investment banking, it expects to pursue greater opportunities in the domestic capital markets and grow the company more sustainably.

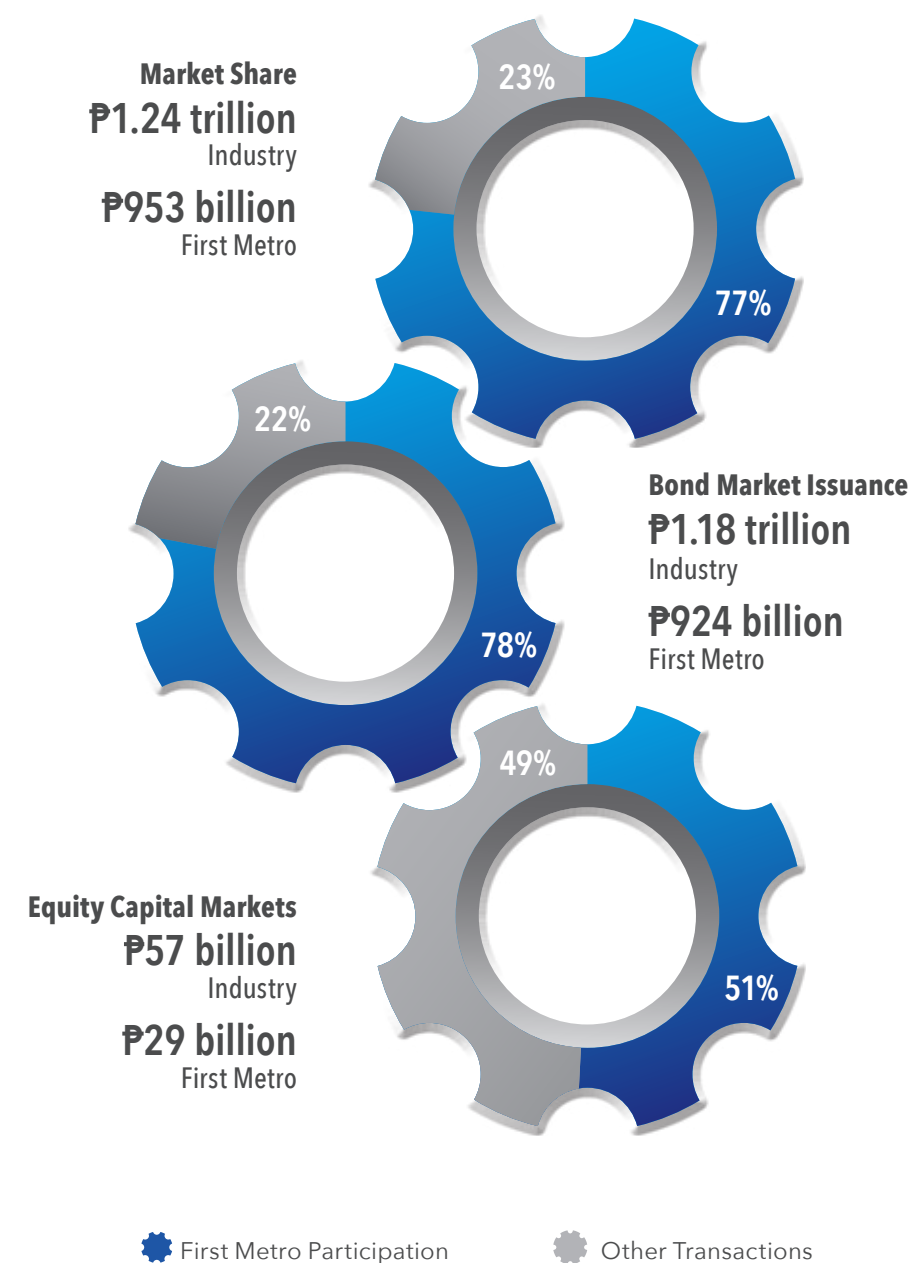
	Consolidated		Parent Company	
	2020	2019	2020	2019
Profitability				
Total Net Interest Income	356,537,736	143,030,395	165,019,963	(85,230,707)
Total Non-Interest Income	618,554,159	1,603,469,708	379,175,467	1,192,888,977
Total Operating Income	975,091,894	1,746,500,103	544,195,430	1,107,658,270
Pre-tax Income	464,608,572	657,530,045	422,437,948	580,566,875
Provision for Income Taxes	100,286,724	251,034,819	58,062,009	178,119,527
Net Income*	364,375,939	402,447,348	364,375,939	402,447,348
Selected Balance Sheet Data				
Liquid Assets**	10,850,455,723	14,108,533,445	2,040,764,754	5,429,903,333
Gross Loans and Receivables	2,274,481,130	1,744,971,385	511,681,326	1,094,540,875
Total Assets	33,703,138,749	35,635,298,440	19,478,847,709	26,798,125,092
Bills Payable	3,856,294,035	11,307,448,092	3,856,294,035	11,307,448,092
Total Equity	15,091,060,967	14,868,288,484	14,995,148,096	14,773,056,340
Selected Ratios				
Return on Equity	2.45%	2.72%	2.45%	2.72%
Return on Assets	1.05%	1.02%	1.57%	1.31%
Capital Adequacy Ratio	56.66%	45.60%	105.37%	51.57%
Earnings per Share	0.98	1.08	0.98	1.08
Book Value	40.26	39.66	40.26	39.66

* Attributable to Equity holders of the Parent Company

** Consists of Investment Securities at FVTPL and FVOCI

In Philippine pesos

2020 PHILIPPINE CAPITAL MARKETS



* Based on publicly available information

MOVING TO MAKE MILESTONES

In many respects, 2020 proved to be unprecedented but First Metro relentlessly pursued excellence in moving capital where it was most needed. This enabled us to turn a challenging year into a banner year by earning awards and recognitions from some of the most important and influential publications and organizations in the region and around the world.





Best Investment Bank and Best Broker in the Philippines, *FinanceAsia* Country Awards for Achievement 2020

Hong Kong-based publication *FinanceAsia*, in naming First Metro the Best Investment Bank in the Philippines, said: “The competition is always fierce, but this year it also took place against an unprecedented global backdrop, thanks to COVID-19. What stood out was the bank’s resilience and their ability to adapt to fast-changing conditions, not least in enabling most of their employees to successfully work from home.”

FinanceAsia also named First Metro Securities Brokerage Corporation (FirstMetroSec) the Best Broker in the Philippines. This was the third time in four years the First Metro subsidiary received the award. The publication recognized FirstMetroSec’s resilience in adapting through digital transformation and its ability to break barriers, including being the only stock broker to introduce retail treasury bonds online.

Best M&A House in the Philippines, *Alpha Southeast Asia*

Regional investment magazine *Alpha Southeast Asia* recognized First Metro for being the Best M&A House in the Philippines, as well as for its various deals: Best Local Currency Bond Deal of the Year for SM Investment Corporation’s P10 billion Fixed Rate Bonds; and Best Sovereign Bond Deal of the Year for the Bureau of the Treasury’s P516 billion Retail Treasury Bonds.

***The Asset’s* 2020 Asian Local Currency Bond Benchmark Review**

First Metro was among the top banks at *The Asset’s* 2020 Asian Local Currency Bond Benchmark Review. It ranked 3rd among the Top Sell-side Firms in the Secondary Market - Corporate Bonds, 4th among the Top Arrangers - Investors’ Choice for Primary Issues - Corporate Bonds, and 4th among the Top Arrangers - Investors’ Choice for Primary Issues - Government Bonds. In addition, First Metro’s senior officers also reaped individual awards, namely: vice president David Ignacio Estacio, 4th place in trading; assistant vice president Mary Grace Singson, highly commended in sales; and senior manager Bernice Joyce Nobleza, highly commended in trading.

Top 5 in the 2020 PDS Awards

For the tenth consecutive year, First Metro won the Top Corporate Securities Market Maker at the PDS Annual Awards. It also ranked 4th in the Top 5 Corporate Issue Managers/Arrangers and ranked 5th in the Top 5 Fixed Income Brokering Participants.

Leader for



First Metro is recognized by **Asiamoney** as one of the banks that have done the most to encourage women in the workplace across Asia's financial markets.

Women Employees as Percentage of Total Staff	54%
Percentage of Women in Senior Management	41%
Percentage of VPs that are Women	50%
Recent Graduate Hires that are Women	100%

Top 5 in Leader for Women in Asia, Asiamoney

Asiamoney's Leaders for Women Survey 2020 cited First Metro as one of the Top 5 Banks with a significant number of women in the workplace across Asia's financial markets. Women comprised 54% of the company's total employees, with 41% occupying senior management positions, and 50% of its vice presidents are women. First Metro's recent hires from the last graduating batch were all women.

Best Fixed Income House, 2020 FMAP Bankers and Brokers Poll

First Metro was named the #1 Best Fixed Income House at the 2020 Fund Managers Association of the Philippines (FMAP) Bankers and Brokers Poll. Three of its officers were also recognized as among the top salespersons and traders in the market: First Metro assistant vice president Mary Grace Singson (1st - Best Salesperson for Fixed Income), vice president David Ignacio Estacio (2nd - Best Local Trader for Fixed Income), and assistant vice president Percival Peña (2nd - Best Foreign Trader for Fixed Income).

Best Equity Deal and Best Project Finance Deal, IHAP Awards

The Investment House Association of the Philippines (IHAP) recognized First Metro for having the Best

Equity Deal (Small-Mid Cap) for Fruitas Holdings, Inc.'s P1 billion Initial Public Offering.

It also awarded the investment house the Best Project Finance Deal for Light Rail Manila Corporation's P24 billion Project Finance Loan Facility.

Best Online Broker, Best Online Trading Platform & Best Innovative Wealth Manager, International Finance

British financial publishing firm *International Finance*, awarded FirstMetroSec Best Online Broker and Best Online Trading Platform for the second consecutive year. The same publication also awarded First Metro Asset Management, Inc. Best Innovative Wealth Manager in 2020.

Milestone Initiatives in 2020

In addition to reaping awards and recognitions, FirstMetroSec also launched several pioneering initiatives in 2020 to continuously engage and serve the needs of its clients. These initiatives are the following:

Pulse of Asia Conference in Singapore:

It brought 12 Philippine corporates to this annual conference of institutional investors in Asia, hosted by DBS Vickers.

Philippine Stock Market Weekly:

It launched this weekly podcast, which *Esquire* magazine dubbed as one of the top 5 all-Filipino business podcasts on Spotify.

Customer Experience Enhancement:

To widen its reach and touchpoints among retail investors, FirstMetroSec launched a helpdesk portal, and made IPO participation more convenient by allowing them to pay their PSE Easy subscriptions using their buying power with FirstMetroSec. The First Metro subsidiary also added 7-11 convenience stores and Union Bank of the Philippines to its network of funding options.

2020 INVESTMENT BANKING DEALS




**Republic of the Philippines
(Bureau of the Treasury)**
PHP310,800,000,000

3-year
Retail Treasury Bonds
with Bond Exchange

Joint Issue Manager
Selling Agent

February 2020




**Megawide Construction
Corporation**
PHP5,000,000,000

Corporate Notes Facility

Co-arranger

February 2020




Philippine Savings Bank
PHP4,650,000,000

3-year
Fixed Rate Bonds

Selling Agent

February 2020




SM Prime Holdings, Inc.
PHP15,000,000,000

5- and 7-year
Fixed Rate Bonds

Joint Lead Underwriter
Joint Bookrunner
Selling Agent

March 2020



**Metropolitan Bank
& Trust Company**
PHP10,500,000,000

1.25-year
Fixed Rate Bonds

Joint Arranger
Selling Agent

June 2020




**Lotte Chilsung
Beverage Co. Ltd.**

Mandatory Tender Offer
for the Shares of Stock of
Pepsi-Cola Products Philippines, Inc.

Financial Advisor

June 2020



Altus Property Ventures, Inc.
100,000,000
Common Shares

Listing By Way of Introduction

Financial Advisor

June 2020




Aboitiz Power Corporation
PHP9,550,000,000

2- and 5-year
Fixed Rate Bonds

Joint Issue Manager
Joint Lead Underwriter

July 2020




**Metropolitan Bank
& Trust Company**
USD500,000,000

5.5-year
Senior Unsecured Fixed Rate Notes

Joint Global Coordinator
Joint Bookrunner

July 2020



Robinsons Land Corporation
PHP13,190,280,000

3- and 5-year
Fixed Rate Bonds

Joint Lead Underwriter
Joint Bookrunner

July 2020



**Republic of the Philippines
(Bureau of the Treasury)**
PHP516,300,000,000

5-year
Retail Treasury Bonds
with Bond Exchange

Joint Issue Manager
Selling Agent

August 2020



Ayala Land, Inc.
PHP6,250,000,000

5-year
Fixed Rate Bonds

Joint Lead Underwriter
Joint Bookrunner

September 2020



Puregold Price Club, Inc.
PHP12,000,000,000

7- and 10-year
Fixed Rate Corporate Notes

Co-underwriter

September 2020




SM Investments Corporation
PHP10,000,000,000

3.5-year
Fixed Rate Bonds

Joint Lead Underwriter
Joint Bookrunner

October 2020



**Converge Information and
Communications Technology
Solutions, Inc.**
PHP29,081,884,205

Initial Public Offering

Participating Underwriter

October 2020



Del Monte Philippines, Inc.
PHP6,478,460,000

3- and 5-year
Fixed Rate Bonds

Joint Issue Manager
Joint Lead Underwriter
Joint Bookrunner

October 2020



Aboitiz Equity Ventures, Inc.
PHP7,550,000,000

3- and 5-year
Fixed Rate Bonds

Joint Issue Manager
Joint Lead Underwriter
Joint Bookrunner

November 2020



Filinvest Land, Inc.
PHP8,100,000,000

3- and 5.5-year
Fixed Rate Bonds

Co-lead Underwriter

November 2020



**AC Energy Finance
International Limited**
USD300,000,000

Guaranteed Undated Notes

Domestic Lead Manager

November 2020




Vivant Corporation
PHP3,000,000,000

2- and 5-year
Fixed Rate Corporate Notes

Sole Arranger
Bookrunner

December 2020




**Toyota Financial Services
Philippines Corporation**
PHP4,000,000,000

18- and 24-month
Fixed Rate Notes

Sole Arranger

December 2020




**Republic of the Philippines
(Bureau of the Treasury)**
PHP6,560,000,000

1-year
Premyo Bonds

Joint Issue Manager
Selling Agent

December 2020



**Lotte Chilsung
Beverage Co. Ltd.**

Voluntary Delisting of
Pepsi-Cola Products Philippines, Inc.
from the Philippine Stock Exchange

Financial Advisor

December 2020

MOVING THE CAPITAL MARKETS

The COVID-19 global pandemic may have caused unprecedented disruption for many, but for the capital markets, it was a blessing in disguise.

As uncertainty over the pandemic surged, many corporates, sovereigns and financial institutions scampered for liquidity to sustain them through the economic lockdowns of 2020. This led to the busiest year for the global capital markets as market volatility reached levels that had not been seen since the global financial crisis of 2008.

For the first time, global debt capital markets breached the \$10 trillion mark from more than 25,000 offerings, the highest levels by both volume and value since records began in 1980. Initial public offerings (IPOs) boosted equity capital markets to top \$1 trillion, the highest since records began.

The Philippine capital markets also showed resilience in 2020. The benchmark Philippine Stock Exchange index (PSEi) closed at 7,139.71 despite an exodus of foreign investors. The equities market managed to outperform other bourses in the region and even became one of the top performers in the world as foreign net buying began to emerge by late 2020.

To cushion the blows of the pandemic, the Bangko Sentral ng Pilipinas (BSP) took aggressive measures by implementing a 200-basis-point reduction in policy rates, a 200-basis-point cut in the reserve requirement ratio for banks, and deployed other monetary tools such as loans to the national government and a bond buyback program. The 5-year Bloomberg Valuation (BVAL) benchmark closed in 2020 at 2.50% from 4.06% in December 2019.

Thanks to rising domestic liquidity and steady inflation, as well as banks' growing conservative stance and risk aversion that drove clients to tap other funding sources, the local debt capital market saw a banner year. Total new listings amounted to P1.2 trillion, up 47.5% from P630 billion in 2019.

The bond market also saw record tenders for auctions and an all-time low for 10-year Treasury bond yields. The government also issued 10.5- and 25-year ROPs totaling \$2.8 billion at record-low coupon rates – proof that the country's economic fundamentals were viewed favorably, which allowed economic managers ample room to maneuver.

Mirroring the robust performance of the capital markets, First Metro completed a number of major deals, with a commanding performance in deal structuring, execution and distribution. It also maintained a prime industry position, having led about 77% of the domestic capital markets transactions in 2020. Despite shifting to virtual platforms as a response to physical lockdown restrictions, First Metro continued to provide sound market guidance to clients.

These were some of the major investment banking deals the company completed in 2020:

From Brands to Bonds

True to its mission, First Metro helped bring another new name to the local capital markets with the bond issuance of Del Monte Philippines, Inc. (DMPI).

DMPI is one of the largest food and beverage companies in the Philippines with an integrated 26,000-hectare pineapple plantation in Bukidnon, one of the largest in the world. Its popular Del Monte brand is already a household name, known for its canned pineapple and mixed fruit, canned and tetra ready-to-drink juices, tomato and spaghetti sauces.

Despite having been in operation in the Philippines for 94 years, DMPI was tapping the Philippine debt capital markets for the first time. On October 30, 2020, the company listed its fixed rate bonds on the Philippine Dealing & Exchange Corporation and successfully raised P6.47 billion. The proceeds will be used to refinance and term out existing short-term loans.

The success of the bond offering reflects the investing public's confidence and optimism in DMPI's strong fundamentals and long-term prospects, as well as its capability to meet its financial obligations.

The issuance consisted of 3-year bonds with an interest rate of 3.4840% and 5-year bonds with an interest rate of 3.7563%. Amid a tough year, the issuance was 1.29x oversubscribed and was well-received by a good mix of retail and institutional investors that included insurance companies, retirement funds and asset management groups.

As one of the mandated joint issue managers, joint lead underwriters and joint bookrunners for the maiden bond issuance, First Metro promoted DMPI's relevance and contribution to the Philippines' economic recovery. While many local businesses have been affected by the COVID-19 pandemic, opportunities remain for companies such as DMPI which offer basic and essential goods.



Lockdown Success

The fixed rate bond issuance of Aboitiz Power Corporation (AboitizPower) would have been uneventful – it was already the last tranche of the company's P30 billion peso-denominated fixed rate retail bonds filed under the shelf-registration program of the Securities and Exchange Commission in 2017.

What made the issue “exciting” in some respects was the timing.

When First Metro received the mandate to serve as joint issue manager and joint lead underwriter for the issuance, the entire country had just been placed under community quarantine. This posed a challenge to First Metro's sales and marketing team as it had to shift to virtual platforms to convince investors about the bond issue.

Fortunately, the market sentiment turned to favor AboitizPower's bonds, as a series of BSP interest rate cuts flushed out liquidity into the system and drove up investor

demand for the debt papers. Lingering market uncertainty due to the pandemic, however, prompted First Metro to advise AboitizPower to shorten the bonds' tenor to 2 years instead of the originally planned 5-7 years.

As a result, the holding company for the Aboitiz Group's investments in power generation, distribution, and retail electricity services successfully raised a total of P9.55 billion worth of fixed rate retail bonds with tenors of 2 and 5 years in 2020. The 2-year bonds were priced at a coupon of 3.125%, the 5-year bonds at 3.935%. Proceeds were used to reimburse and fund succeeding equity infusions into AA Thermal, Inc. and to fund equity infusions into Therma Power, Inc. This is in line with the construction of the 2X668-megawatt supercritical coal-fired power plant in Mariveles, Bataan of GNPowr Dinginin Coal Plant Ltd. Co. (GNPD), a joint venture among AboitizPower, AC Energy and Power Partners Ltd. Co.

Opportune Time for Property

When monetary authorities fired off a succession of interest rate cuts to prop up the sagging domestic economy, several companies saw it as an opportunity to raise fresh funds for expansion and shore up their funding base. These include two of the country's largest property developers, Robinsons Land Corporation (RLC) and Ayala Land, Inc. (ALI).

First Metro served as one of the lead underwriters and bookrunners for the bond issuances of both property giants.

Gokongwei-led property developer RLC raised a total of P13.2 billion from the sale of 3-year and 5-year fixed rate bonds with coupon rates of 3.6830% and 3.8000% per annum, respectively. The bonds were oversubscribed from its initial issue size of P10 billion. Proceeds from the issuance would finance RLC's

capital expenditures until 2021, repay short-term loans maturing within the year, and support general corporate purposes.

Meanwhile, ALI raised a total of P6.25 billion from the fifth tranche of its P50 billion shelf-registered bond program that started in 2019. The 5-year fixed rate bonds were priced at a coupon rate of 3.862% per annum. Net proceeds of the bonds shall be used for refinancing ALI's various debt obligations.

Aside from receiving a PRS Aaa rating from the Philippine Rating Services Corporation (PhilRatings) – the highest credit rating on its long-term credit rating scale – both bond issues represented opportunistic buys. Amid the pandemic, investors can depend on strong names such as RLC and ALI which have withstood many crises and uncertainty.

Small but Pandemic Strong

The magnitude of the COVID-19 pandemic may have rattled the nerves of many capital market issuers but not this small real estate enterprise.

On June 26, 2020, Altus Property Ventures, Inc. (APVI) listed 100,000,000 common shares in the Small, Medium, and Emerging (SME) Board of the Philippine Stock Exchange (PSE) by way of introduction at a price of P10.10 per share for a market capitalization of P1 billion.

APVI is a local real estate company that currently owns and operates the North Wing of Robinsons Place Ilocos Mall in San Nicolas, Ilocos Norte. Prior to listing, the company was a wholly owned subsidiary

of Robinsons Land Corporation. In 2019, APVI applied for listing by way of introduction at the SME Board of the PSE via property dividends declared by Robinsons Land. First Metro acted as financial advisor for the transaction.

Unfazed by pandemic jitters, investors flocked to APVI shares, which closed at P18.50 (up 83%) on its first trading day. In accordance with the PSE rules for listing by way of introduction, the price ceiling of +50% was lifted on the listing date to give room for the market to determine the share price. The shares continued to be actively traded in the succeeding days, reaching an all-time high of P42.10.



MOVING TOGETHER TO MAKE A DIFFERENCE

The COVID-19 global pandemic highlighted the need to help the most vulnerable in our society. However, lockdown restrictions and social distancing measures in the country have led to unprecedented challenges for corporate social responsibility (CSR) champions.

As with all its other areas of business, First Metro took a flexible approach to meet its obligations as a good corporate citizen and continue helping local communities address societal challenges.

Continuing Commitment Towards Financial Literacy

Two months before the implementation of the nationwide Enhanced Community Quarantine, (ECQ) First Metro was able to hold its annual Economic and Capital Markets Briefing at the Grand Hyatt Hotel Manila.

However, the First Metro Group pivoted to a virtual format for all their market and investment briefings, and financial literacy seminars when the ECQ was enforced. The virtual events enabled the Group to continuously reach out to and serve its clients' and other stakeholders' need for high-level analyses and outlook on the Philippine and global economies, as well as insights into fixed income, equities, corporate debt markets, corporate issuances, and emerging growth industries.

With the theme "Turning Headwinds into Tailwinds," First Metro's first virtual Midyear Economic and Capital Markets Briefing drew about 1,200 participants from across the archipelago and abroad.

FirstMetroSec offered free live and on-demand webinars to continue supporting investors with knowledge, guidance, and information during the pandemic. People from all walks of life with access to a computer, smartphone, or other smart device, were treated to free online courses on topics ranging from stock market investing to more advanced technical courses. A total of 364 webinars were conducted, drawing 81,892 attendees and viewers.

In addition to these webinars, FirstMetroSec also hosted a monthly webinar called Philippine Stock Market Wrap-up, to keep investors, particularly overseas Filipinos, abreast of developments in the equities markets here and abroad, share information guidance on what to watch out for, and current house sectors and stock picks. The webinar videos were also made available in FirstMetroSec's official YouTube channel.

Aside from conducting financial literacy and financial wellness webinars, FAMI turned to other platforms to support First Metro's advocacy to raise awareness and

increase public participation in the Philippine capital markets.

In partnership with The Praxis Company, developer of the money management gameplay that goes by the same name, FAMI developed a branded board game that simulates real-life financial situations – e.g., getting a job or getting promoted, paying for hospital bills, managing debt, planning for major life choices (resignation, retirement, marriage, family, travel, buying a house), facing economic distress – to make lessons on managing finances and investing experiential. These personal finance lessons were also shared with students of the Pamantasan ng Lungsod ng Maynila in a webinar that FAMI conducted via Zoom.

Pandemic notwithstanding, FAMI continued to strengthen its financial literacy partnership with Grab Philippines, by holding a Facebook Live event at the Grab Headquarters. The event enabled Grab's partner-drivers to gain knowledge on ways to reach their financial and wealth goals through wise money management and investing in mutual funds.

Stepping Up Its Outreach

Against the unprecedented backdrop of a global pandemic, the Group sustained its commitment to help meet the needs of victims of natural calamities, disadvantaged children, and other sectors of society.

Assistance to victims of natural calamities:

Three devastating typhoons and the Taal volcanic eruption hit the country in 2020. These caused damage to millions of properties and brought insurmountable suffering to many Filipinos. In lieu of corporate gifts during the Christmas season, First Metro channeled the funds to Metrobank Foundation for the benefit of the fisherfolk in Camarines Sur and Sorsogon who lost their livelihood. FAMI and FirstMetroSec employees and clients also mounted donation drives for clothes, food, and basic necessities for the victims of these natural calamities.

COVID-19 assistance: The Group also mounted various initiatives to reach out to those directly affected by the pandemic. These include donating to Metrobank Foundation for the purchase of personal protective equipment (PPE) for the frontliners of Manila Doctors Hospital and one week's worth of food packs to the frontliners of Veterans Memorial Medical Center; extending financial assistance to employees stricken with the coronavirus,

and to contractual agency personnel subsisting on daily salaries.

Assistance to public school teachers and students:

One of the challenges the education sector faced during the pandemic was the lockdown restrictions that prevented face-to-face learning in the classroom. When the Department of Education enforced a shift to distance online learning, some public schools were caught unprepared. To help teachers and students cope with the new distance learning environment, First Metro supported the Kaya Natin Movement for Good Governance and Ethical Leadership's Bayanihan Para sa Distance Learning. First Metro also contributed to the Rotary Club of Makati's cash donation drive that seeks to provide additional tablets and smartphones for distance learning to children of low-income families.

Bigay Liwanag: First Metro's program to assist students with vision impairment benefited 66 students of Beata Elementary School in Pandacan, Manila who received prescription glasses before the community quarantine was implemented.

Bags of Blessing (BOB): This nationwide gift-giving tradition every Chinese New Year by the Metrobank Group enabled First Metro employee volunteers to participate in repacking food packages for selected beneficiaries.

ANCOP Global Walk: For 10 years now, First Metro has been participating in the annual ANCOP Global Walk (AGW), which has enabled the poorest of the poor to gain access to education through scholarships. Due to the community quarantine, AGW shifted to a virtual format called "Talk and Walk for Love Online Show." The event was organized by the Couples for Christ Global Mission Foundation, Inc., through its work with ANCOP (Answering the Cry of the Poor).

National Teachers' Month: First Metro continued to support the celebration by contributing to Metrobank Foundation's Bond Paper Donation Drive for the benefit of public school teachers.

As Filipinos continue to grapple with the effects of the global pandemic as well as its economic fallout and financial consequences, they can continue to count on First Metro, not just moving markets, but moving to make a difference as a good corporate citizen.

MOVING TO GO BEYOND COMPLIANCE

The COVID-19 global pandemic has not only upended lives, but has also given rise to a complex new reality. For corporate governance stewards, this means heightened pressures and demands from various stakeholder groups, as well as growing expectations for businesses to be more responsive to society’s needs, in addition to facing an uncertain future.

First Metro continues to soldier on with strict adherence to laws and regulations and initiatives that go beyond mere compliance.

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 follow. 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 the 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 the 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 2020, First Metro’s independent directors were Rufino Luis T. Manotok, Raphael Perpetuo M. Lotilla, and Francisco S. Magsajo, Jr. The company is compliant with the required number of independent directors, all of whom serve a term limit the Securities and Exchange Commission (SEC) and the Bangko Sentral ng Pilipinas (BSP) prescribed.

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 2020, the meeting was held on November 16, 2020.

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%
Mary Mylene A. Caparas	Executive	Metrobank	6 months	100	0.000027%
Jose Patricio A. Dumlao	Executive	Metrobank	6 months	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%
Francisco S. Magsajo, Jr.	Independent Director	Metrobank	6 months	100	0.000027%

Top 20 Stockholders as of December 31, 2020

	Name of Stockholders	No. of Common Shares Held	Ratio (%) to Total Amount Subscribed	Nationality	Voting Status
1	Metropolitan Bank & Trust Co.	369,736,960	99.27%	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 2020, all directors complied with the requirement to 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	12/12	100%	6/6	100%							1/1	100%		
Mary Mylene A. Caparas	8/8*	100%	4/4**	100%							0/0****	0%		
Jose Patricio A. Dumlao	8/8*	100%	4/4**	100%										
Martin Q. Dy Buncio	12/12	100%			9/9	100%			12/12	100%				
Ismael G. Cruz	12/12	100%			9/9	100%							16/16	100%
Joshua E. Naing	12/12	100%							11/12	92%				
Raphael Perpetuo M. Lotilla	12/12	100%			9/9	100%	5/5	100%	12/12	100%	1/1	100%	16/16	100%
Rufino Luis T. Manotok	12/12	100%			9/9	100%	5/5	100%	12/12	100%				
Francisco S. Magsajo, Jr.	8/8*	100%			5/5***	100%	3/3***	100%	7/7***	100%			10/10***	100%
Total Number of Meetings Held During the Year	12		6		9		5		12		1		16	

Legend: Present/Absent

* Appointed as Board of Director on June 1, 2020

** Appointed as ExCom member on June 1, 2020

*** Appointed as CGCom, AuditCom, ROC, and RPT member on June 1, 2020

**** Appointed as NomCom member on June 1, 2020

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.

Below are the directors duly nominated and unanimously appointed as members of their respective Board committees for the years 2020-2021.

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 the Board for confirmation.

Executive Committee	
Chairman	Francisco C. Sebastian
Vice Chairman	Mary Mylene A. Caparas
Member	Jose Patricio A. Dumlao
Advisers	Arthur V. Ty Carmelo Maria L. Bautista

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 Rufino Luis T. Manotok Francisco S. Magsajo, Jr.

The **Audit Committee** is responsible for overseeing 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 such as 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 company's CEO, CFO, and treasurer are not part of the Audit Committee.

Audit Committee	
Chairman	Francisco S. Magsajo, Jr.
Members	Raphael Perpetuo M. Lotilla Rufino Luis T. Manotok

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. Risk management policies include 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 2020, the ROC convened 12 times. It is composed of five directors, three of whom, including the chairman, are independent.

Risk Oversight Committee	
Chairman	Rufino Luis T. Manotok
Members	Martin Q. Dy Buncio Raphael Perpetuo M. Lotilla Joshua E. Naing Francisco S. Magsajo, Jr.
Resource Persons	Jose Patricio A. Dumlao 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	Francisco C. Sebastian
Members	Raphael Perpetuo M. Lotilla Mary Mylene A. Caparas

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
	Francisco S. Magsajo, Jr.
Resource Person	Head of Internal Audit Group or his representative

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 trainings and seminars for directors. First Metro may also provide its own internal training for directors or coordinate with Metrobank for the conduct of the internal training.

Due to the pandemic in 2020, directors and officers opted to attend webinars, online training sessions, and web-based information sharing offered by various accredited and reputable training providers.

Remuneration Policy

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

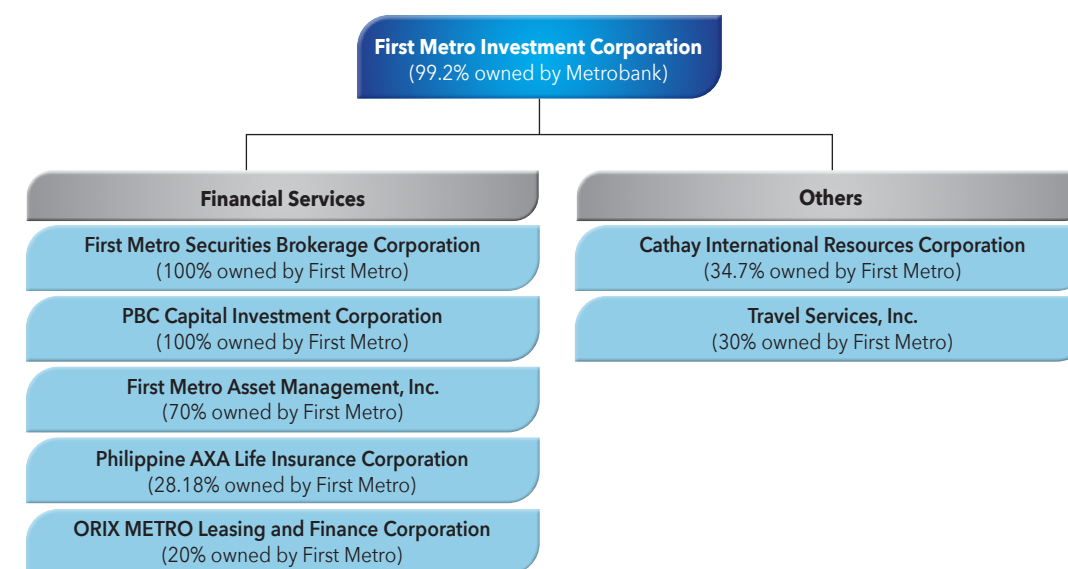
The latest Related Party Transactions (RPT) Policy was amended and approved by the Policies Committee on December 4, 2020 and confirmed by the Board of Directors on December 16, 2020. The RPT Committee reviews material RPTs and ensures that the terms are no less favorable to First Metro than to any non-related 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.

Directors, officers, and stockholders shall disclose to the Board whether they are directly, indirectly, or on behalf of other parties, have a financial interest in any transaction or matter affecting First Metro. Directors and officers with personal interest in the transaction shall abstain from the discussion, approval, confirmation and management of such transaction or matter affecting First Metro.

As defined in the RPT Policy, material RPTs are those that cross the threshold amount equivalent to 1% of the company's net worth. There were no material RPTs in 2020.



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.

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

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 Compliance System Manual (CSM) duly created and approved by the Board in December 2016 and regularly reviewed to conform to the latest regulations. The Board approved the latest annual review and amendments to First Metro's compliance system manual on December 16, 2020.

The 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 29, 2021 covering the calendar year 2020 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.

First Metro 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 November 6, 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, as amended by BSP Circular 1048, 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 mechanisms that are 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 Board approved the revised policy on December 16, 2020 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 16, 2020.

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 manuals, which are references 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, 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 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

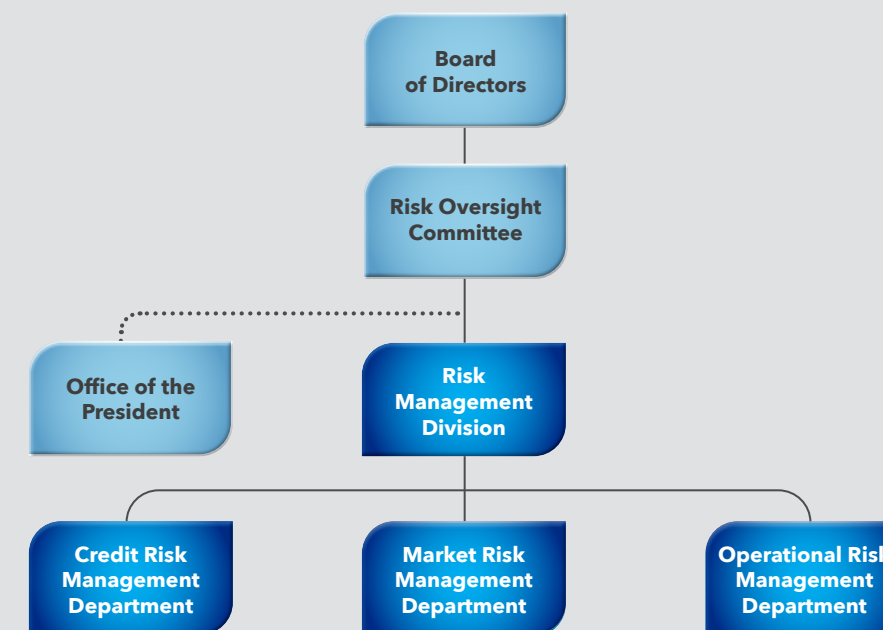
Risk Management Division and Control Units

These are composed of the Controllership Group, Internal Audit Group, Compliance Division, and Risk Management Division (RMD). The RMD and the control units, are 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 report 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 following 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 (BCM) Framework of the company.

Risk Appetite

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

This shows the risk appetite of the company, as can be seen in its 2020 Internal Capital Adequacy Assessment Process (ICAAP) document:

Risk Type	Current Limits
Credit & Credit Concentration	Transactional, ceilings to SBL and Real Estate exposures, counterparty limits, concentration risk limits
Market	Set of position and 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 exposures
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.</p> <p>To strengthen the company's monitoring system, it created additional stress scenarios in its analysis to comply with the requirements of the BSP.</p>
Interest Rate Risk in the Banking Book	<p>Interest rate risk is a company's exposure to adverse movements in interest rates. Interest rate risk in the banking book more specifically 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 primarily assesses interest rate risk exposure in the book by way of an Interest Rate Repricing Gap analysis and EaR. These tools are further supplemented by performing sensitivity analysis or earnings simulation over specified rate shocks.</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. The RMD performs daily market-risk analyses to ensure compliance with policies and procedures. 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 complies with external and internal ceilings approved by the Board.</p> <p>The RMD performs loan portfolio stress testing as part of the annual Group-wide stress testing exercise conducted by the parent bank.</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 life span.</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.	First Metro has an established compliance function and written compliance policy manual that defines the compliance system, its status, authorities, and independence. 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.
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 the 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.	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. 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.
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

Internal Audit function is established by the Board of Directors, and its responsibilities are defined by the Audit Committee as part of its oversight function. As allowed under Bangko Sentral ng Pilipinas regulations, First Metro's IA function is being rendered by its parent company, Metrobank, under the centralized setup. The Metrobank - Internal Audit Group, Audit Committee and Management take all the necessary measures to provide the appropriate resources and staffing that would enable Internal Audit to fully carry out its functions and achieve its objectives, while adhering to the principles required by the International Standards for the Professional Practice of Internal Auditing ("Standards") and Code of Ethics.

The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

The scope of work of the Internal Audit ensures that risks are appropriately identified and managed and interaction with the various governance groups occurs, as needed, through validation on whether significant financial, managerial, and operating information are accurate, reliable, and timely; operations and system functionalities are in compliance with company's code of conduct, policies, standards, procedures, and applicable laws and regulations; resources are acquired economically, used efficiently, and adequately protected; company's programs, plans, and objectives are achieved; quality and continuous improvement are fostered in the company's control process; and, significant operational risks and issues are addressed.

The Internal Audit maintains its independence and objectivity in performing and delivering audit works, as the Metrobank- IAG Head or Chief Audit Executive reports functionally to the Board of Directors through the Audit Committee and administratively to the Office of the President. All internal audit activities remain free of influence by any element in the company and internal auditors have no direct responsibility or involvement over any operating activities.

The year 2020 has been a challenging year for the business sector as the coronavirus pandemic and natural calamities called for aggressive, timely,

and unprecedented responses from the government by the imposition of stringent lockdown measures, which disrupted businesses, constrained mobility and caused the contraction of the economy. In the light of the challenging environment, Internal Audit refocused its business plan on emerging risks and optimized audit resources by providing more crucial and valuable analyses, recommendations and advice to assist the Management in dealing with the changing business landscape. Considering the need to continue assurance activities without disrupting critical operational areas at the time of crisis, the Internal Audit immediately transitioned from traditional onsite face-to-face audit to remote audit on areas and units by maximizing available resources and enhanced coordination with different units of the company.

The completion of the revised risk-based Internal Audit plan which includes fundamental audit activities and initiatives such as risk-based assurance activities and consulting and advisory services, among others, permitted the IAG Head to provide valuable overall evaluation on the adequacy and effectiveness of the company's risk management, internal control, and governance processes, especially during these trying times.

As the Internal Audit embraces the new norm, and to keep up with the increasing business challenges and growing array of risks, the Internal Audit team aims to be more agile, dynamic, and risk-responsive by refocusing its perspective and reshaping its approaches to ensure effective deliverance of its core mission. The Internal Audit will implement various strategies and transformational initiatives that include accelerated pivot to remote audit work and development of sustainable and optimized techniques; increased audit personnel's access to relevant systems, applications and data sources; intensified deployment of data analytics; strengthened advisory role in providing holistic assessment on processes and policies effectiveness; modernized learning approach in upgrading the skills of audit personnel; and enhanced audit risk assessment methodology considering strategic objectives and assessment of Management's level of awareness and risk ownership.

AUDIT COMMITTEE REPORT

2020 has been an extraordinary difficult year for the company and to its stakeholders as the emergence of the COVID-19 pandemic has caused severe impact and continuing challenges to the business. Nevertheless, the Audit Committee has continued its work and assisted the Board of Directors in fulfilling its statutory and fiduciary responsibilities, as well as in protecting the value and interests of shareholders. It has effectively performed its duties and responsibilities throughout the year, as defined in the Board-approved Committee Charter.

The Committee is composed of three (3) qualified non-executive members, who are all independent directors, duly appointed by the Board of Directors. All Committee members are with relevant background and experiences, and possess appropriate knowledge and skills necessary in carrying out their functions. The 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 2020, the Committee held four (4) regular meetings with internal and external auditors and also conducted private meetings with them, the Chief Risk Officer and the Chief Compliance Officer without the presence of Senior Management to set clear directions and guidance in carrying out certain mandates and directives, and discuss the identified critical and emerging risk areas, as well as the relevant governance and control issues of the company.

The Committee had completely performed its regular work program in 2020 despite the challenges and limitations brought by the pandemic, and achieved the following key activities:

Financial Reporting	<ul style="list-style-type: none"> Reviewed and discussed with management and external auditor the audited financial statements and related disclosures for the year ended December 31, 2020, and reported the same to the Board of Directors for approval. Ensured that the financial reporting process and disclosure requirements are in compliance with applicable accounting standards and regulations.
Internal Control and Risk Management	<ul style="list-style-type: none"> Performed a robust assessment of the company's risk profile, and evaluated the adequacy and effectiveness of the company's internal control policies and procedures, systems and processes through the audit assessment results derived from the focused testing performed on high priority risk units and areas such as on crisis management, business continuity, fraud and anti-money laundering, cybersecurity, capital and liquidity risk management, occupational health and safety, complaints handling, among others. Continued the proactive engagement and involvement of Management in monitoring timely resolution of audit observations and recommendations, effectively conveying the culture of risk ownership within the organization.
Regulatory Requirements	<ul style="list-style-type: none"> Monitored compliance of the company with new and existing laws and regulations promulgated by the Bangko Sentral ng Pilipinas and other regulatory government agencies. Performed the required annual review of its Charter to ensure that it is updated and aligned with new regulatory mandates, and the annual self-assessment to evaluate performances against the requirements of the Charter.

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
- Reviewed and approved the renewal of Service Level Agreement on centralized internal audit services to be rendered to First Metro and its subsidiaries by the Metrobank Internal Audit Group
- Approved the annual internal audit plan including subsequent revision; 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

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, the Audit Committee concludes that business risks are managed in accordance with the policies set by the Board of Directors and in compliance with relevant regulatory requirements.


Francisco S. Magsajo, Jr.
Chairman


Rufino Luis T. Manotok
Member


Raphael Perpetuo M. Lotilla
Member

BOARD OF DIRECTORS



Francisco C. Sebastian
Chairman



Mary Mylene A. Caparas
Vice Chairman



Ismael G. Cruz
Director



Joshua E. Naing
Director



Jose Patricio A. Dumlao
President & Director



Martin Q. Dy Buncio
Director



Raphael Perpetuo M. Lotilla
Independent Director



Rufino Luis T. Manotok
Independent Director



Francisco S. Magsajo, Jr.
Independent 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.

He joined Ayala Investment and Development Corporation in 1975 and was seconded in Hong Kong. He worked as an investment banker in Ayala International Finance Limited and Filinvest Finance (HK) Ltd. until 1984. He 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.

MARY MYLENE A. CAPARAS

Vice Chairman
56, Filipino

Ms. Caparas holds the position of executive vice president and head of Institutional Banking Sector at Metrobank.

She was a director of ORIX METRO, a Metrobank subsidiary, from 2015 to March 2020. Prior to joining Metrobank, she was the managing director, regional head of Client Delivery, Treasury & Trade Solutions of Citibank N.A, Hong Kong Branch, from May 2013 to March 2014. She also served as managing director, country head of Citi Transaction Services of Citibank N.A. Manila Branch from March 2011 to May 2013.

She held several positions at Deutsche Bank AG, Manila Branch, including as director, head of Corporate Banking Coverage and Global Transaction Banking, September 2006-March 2011; vice president, head of Corporate Banking Coverage, July 2003-August 2006; vice president, senior relationship manager, Large Local Corporates, June 2001-June 2003; vice president, senior relationship manager, Multinational Corporates Group, January 1998-May 2001; assistant vice president, relationship manager, Multinational Corporates Group, January 1996-December 1997.

She also worked at the following: Credit Lyonnais of Manila Offshore Banking Union, August-November 1995; Citytrust Banking Corporation, June 1990-June 1995; Union Bank of the Philippines, October 1986-June 1990; Philippine Commercial International Bank, January-July 1996; and Insular Bank of Asia and America, September 1984-December 1985.

Ms. Caparas holds a degree in Business Management, honors program, from the Ateneo de Manila University. She graduated Honorable Mention.

JOSE PATRICIO A. DUMLAO

President
58, Filipino

Mr. Dumlao is an experienced investment and commercial banker. Prior to joining First Metro, he was the country manager and head of Global Markets of BNP Paribas Manila Offshore Branch, where he worked for eight years. Under BNP Paribas Investment Philippines, Inc., he was the president and head of Fixed Income and Equity Sales from 2000 to 2011.

Mr. Dumlao was the president and head of Investment Banking in Paribas Asia Equity Philippines, Inc. from 1997 to 2000. He was head of Institutional Sales for the Philippines for Asia Equity UK Ltd. and also the chief operating officer and head of Equity Sales of Philippines Asia Equity Securities, Inc. from 1995 to 1997.

His investment banking career started in Anscor Capital and Investment Corporation in 1983 and then headed the Investment Banking Group of Corporate Investment Philippines, Inc. from 1990 to 1995.

He is a graduate of BS Management Engineering from the Ateneo de Manila University in 1983.

MARTIN Q. DY BUNCIO

Director
56, Filipino

Mr. Dy Buncio has served as a director since 1995 and brings with him over 25 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 the following: Proline Sports Center Inc.; HJ Marketing; Design Products Manufacturing; Proline II Mercantile; DYBCOM CORP.; Integra Development Corp.; and Banam Global Holdings Corp. where he is also a director.

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 Holdings Corp. and the Makati Commercial Estate Association, Inc.; a trustee of the Securities Investor Protection Fund, Inc.;

an independent director of Penta Capital Investment Corp.; the founder and president of IGC Securities, Inc.; and the 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
60, 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. For 11 years since 2002, he took the role of controller. He also held several directorship positions with 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.

Since 2013, he has been serving as the head of the Financial Control Sector of Metrobank. Concurrent to his position as senior executive vice president of the Bank, he is also 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.

RAPHAEL PERPETUO M. LOTILLA

Independent Director
62, 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 Asia-Pacific Pathways to Progress Foundation.

He 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 and 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 also 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.

RUFINO LUIS T. MANOTOK

Independent Director
70, 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 Mandaue 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.

FRANCISCO S. MAGSAJO, JR.

Independent Director
72, Filipino

Mr. Magsajo is currently a director of the Philippine Veterans Bank.

Since starting his career at Philippine National Bank, he has held various positions for 28 years and has accumulated over 48 years of professional experience. He also served as independent director of Metrobank Credit Card Corporation from March 2016 to December 2019; president & CEO, vice chairman, and director of the Philippine Export-Import Credit Corporation from January 1, 2008 to 2014; chairman of the Board and the Executive Committee of RCBC Savings Bank from March 2007 to December 2007; president & COO, member of the Board of Directors and the Executive Committee of Rizal Commercial Banking Corporation from February 1, 2004 to March 31, 2007; president & CEO, member of the Board of Directors and the Executive Committee of RCBC Savings Bank from February 1, 1999 to January 31, 2004; and a consultant of Allied Banking Corporation from September 1998 to January 1999.

Mr. Magsajo finished his BSC Economics degree from the Lyceum of the Philippines. He also completed the Advance Bank Management at Wharton Business School, University of Pennsylvania.

BOARD ADVISERS



TREASURER & CORPORATE SECRETARIES



SENIOR MANAGEMENT



Jose Patricio A. Dumlao



Gonzalo G. Ordoñez



Karen Liza M. Roa



Daniel D. Camacho



Nimfa B. Pastrana



Maricel L. Madrid



Peter Anthony D. Bautista



AnnaGraziela S. Banaad

Jose Patricio A. Dumlao
President
58, Filipino

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

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

- Former assistant vice president, Yield Management and Marketing Automation, Philippine Airlines
- Former manager, Vendor Marketing, Infini Travel Information, Inc., Tokyo
- Former management trainee, International Marketing, PAL Philippines and USA
- Strategic Business Economics Program, University of Asia and the Pacific
- BS Management, Ateneo de Manila University

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

- Adviser to the Board and Audit Committee, First Metro Securities Brokerage Corporation
- Treasurer, First Metro Asset Management, Inc.
- 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

Karen Liza M. Roa
President
First Metro Asset Management, Inc.
52, 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

Daniel D. Camacho
Executive Vice President
Head - Investment Banking Group
49, 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

Peter Anthony D. Bautista
First Vice President
Head - Sales & Distribution Group
48, Filipino

- Former team head, Relationship Management, BPI Bancassurance, Inc.
- Former corporate & institutional sales trader, BPI Capital Corporation
- Former corporate marketing manager, Ayala Life Assurance, Inc.
- BS Mathematics Major in Actuarial Science and Statistics, De La Salle University

AnnaGraziela S. Banaad
Vice President
Head - Treasury Group
49, Filipino

- Former deputy head, Treasury Group, Sterling Bank of Asia, Inc.
- Former fixed income and liquidity management head, Treasury Group, Sterling Bank of Asia, Inc.
- Former head, Domestic Markets, Sterling Bank of Asia, Inc.
- Former head, Treasury Marketing, Export and Industry Bank
- Former head, Balance Sheet, Liquidity and Reserves Management, Export and Industry Bank
- Former trader, Liquidity and Reserves and FX, Forwards and Swaps, Bank of Tokyo-Mitsubishi, Ltd. Manila
- Master's degree in Business Administration, Ateneo Graduate School of Business
- BS Business Economics, University of the Philippines

INVESTMENT BANKING GROUP



Daniel D. Camacho
EVP/Group Head



Ma. Teresa V. de Vera
FVP/Division Head, Coverage & Origination III



Abigail B. Magpayo
FVP/Division Head, Equity Capital Market and Corporate Finance & Advisory



John Wesley M. Peralta
VP/Division Head, Debt Capital Market



Luis Martin E. Villalon
VP/Division Head, Coverage & Origination I



Charles Ian Salvador
FVP/Division Head, International Desk

SALES & DISTRIBUTION GROUP



Peter Anthony D. Bautista
FVP/Group Head



Ina B. Pacheco
VP/Division Head, Retail Investors



Mary Grace O. Singson
AVP/Division Head, Institutional & Corporate Sales



Jose Ramon Z. Canillas, Jr.
AVP/Division Head, Sales Support

TREASURY GROUP



AnnaGraziela S. Banaad
VP/Group Head



David Ignacio C. Estacio
VP/Division Head, Local Markets



Renee June T. Uy
SM/Division Head, Asset &
Liability Management



Percival P. Peña
AVP/Division Head, Global Markets

CONTROLLERSHIP GROUP



Maricel L. Madrid
FVP/Group Head



Mauro B. Placente
VP/Deputy Group Head



Maria Avalen A. Dianco
SM/Division Head, Financial Reporting



Eric M. Salazar
VP/Division Head, Technology Management



Girly P. Dollaga
SM/Division Head, Financial Accounting

CORPORATE SERVICES & OPERATIONS GROUP



Nimfa B. Pastrana
FVP/Group Head and Division Head, Legal



Edgar F. Burgos
M/Division Head, Administration



Rodger Joaquin P. Clemente
SM/Division Head, Operations

OFFICE OF THE PRESIDENT



Cristina S. Ulang
FVP/Department Head, Research



Arnel Alexis A. Azores
AVP/Chief Information Security Officer and
Department Head, Information Security



Alexis K. Javelosa, Jr.
VP/Data Protection Officer and
Division Head, Compliance



Jamie James M. Javier
AVP/Chief Risk Officer and Division Head,
Risk Management



Anna Marie S. Tuprio
SM/Department Head, Corporate
Communications

LIVING UP TO OUR VISION

After 57 years in the business, First Metro Investment Corporation 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 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.

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. Its proven 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, has led First Metro to:

Move 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.

Deepen 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

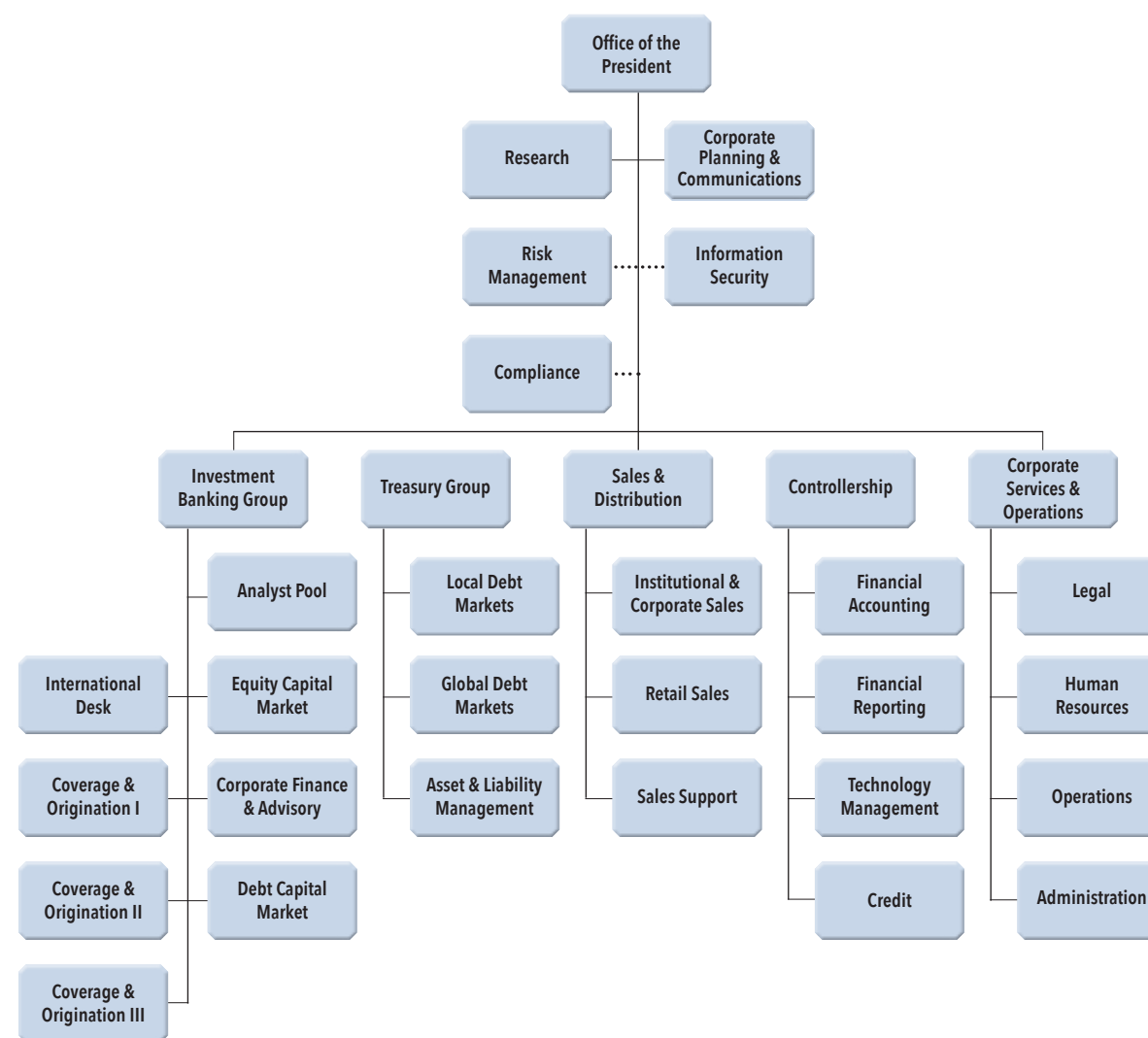
and non-bank institutions as investors; the fixed rate notes with tenors of 18 and 24 months (for Toyota Financial Services, ORIX METRO, and PSBank); and the first AMBIF (Asean+3 Multi-Currency Bond Issuance Framework) in the Philippines (for A&EON Credit), to name a few.

Widen the 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 24 issuances and a total of P3.11 trillion funds raised as of end-2020. First Metro also helped the BTr launch its first-ever Premyo Bonds.

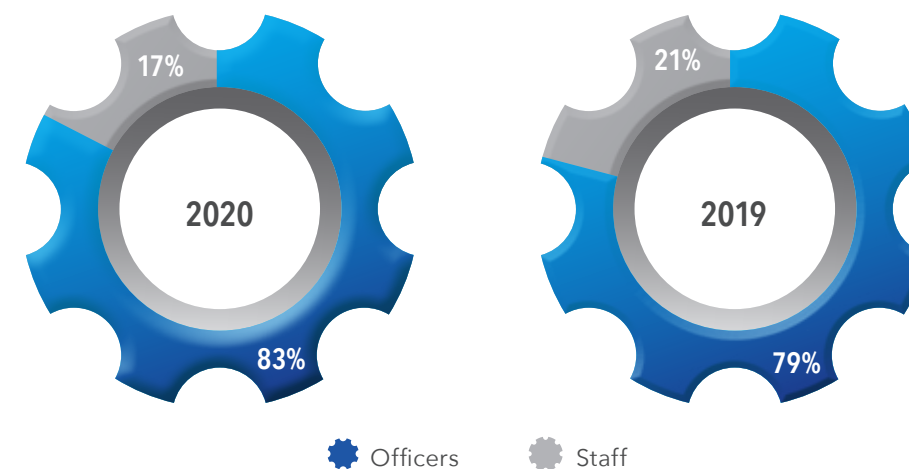
Address project finance needs. First Metro supports the country's infrastructure buildup program, particularly in power, transportation and airports, by raising much-needed capital and offering innovative project financing solutions to public-private partnerships, joint ventures, and private consortiums.

Bring new names. To further grow the capital markets, the company has also been introducing new names to the capital markets such as Wilcon Depot, Inc., Axelum Resources Corp., Fruitas Holdings, Inc., ORIX METRO Leasing and Finance Corporation, and most recently, Del Monte Philippines, Inc.

ORGANIZATIONAL STRUCTURE



Headcount			
	2020	2019	
Officers	109	113	Officers
Staff	23	30	Staff



Through its strategic business units, First Metro 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 piggy back 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.

It 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 assesses 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 is 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.

Its **Sales & Distribution Group (SDG)** is primarily responsible for offering to the investing public various products that First Metro had underwritten. As an active brokering participant, SDG makes available to its clients the wide range of tradable fixed income securities in the market.

Driving the success of its underwritten deals is the dynamic synergy between the IBG and SDG. First Metro's underwriting strength is complemented by its ability to distribute securities widely.

First Metro's **Treasury Group (TG)** is responsible for the 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 Government Securities Eligible Dealer (GSED) and one of the most active dealing participants in the industry, First Metro has been a consistent market maker of the BTr.

For most corporate issues, it provides counterparties and clients with active two-way quotes, delivering financial solutions that address their specific funding requirements. Its traders are consistently recognized as top dealers by prestigious publications and organizations.

FRANCHISE VALUE

 <ul style="list-style-type: none"> Best Investment Bank in the Philippines 2020 	 <ul style="list-style-type: none"> Top Bank Arrangers, Investors' Choice for Primary Issues in Asian Currency Bonds, Government Bonds, Philippines 2020, 2019, 2018 Top Sell-side Firms in Secondary Market, Corporate Bonds, Philippines 2020, 2019 Top Bank Arrangers, Investors' Choice for Primary Issues in Asian Currency Bonds, Corporate Bonds, Philippines 2019, 2018, 2016 Top Banks in Secondary Market, Government Bonds, Philippines 2019 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 	 <ul style="list-style-type: none"> Deal of the Year, Loans category for Asia Pacific: Monde Nissin's Acquisition of Quorn Foods Ltd. 2016 	 <ul style="list-style-type: none"> Best Equity Deal (Small-Mid Cap): Fruitas Holdings, Inc.'s P1 billion Initial Public Offering 2020 Best Project Finance Deal: Light Rail Manila Corporation's P24 billion Project Finance Loan Facility 2020 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: 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
 <ul style="list-style-type: none"> Best Corporate & Investment Bank 2019 	 <ul style="list-style-type: none"> Best M&A House 2020, 2019, 2018 Best Sovereign Bond Deal of the Year and Best Local Currency Bond Deal of the Year, Philippines: Republic of the Philippines P516.34 billion Retail Treasury Bonds 2020 Best Equity House 2019, 2018 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 	 <ul style="list-style-type: none"> Most Innovative Deal: Aeon Credit Service (Philippines), Inc.'s P1 billion Fixed Rate Corporate Notes 2017 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 	 <ul style="list-style-type: none"> Top Corporate Securities Market Maker 2020, 2019, 2018, 2017, 2016 Top 5 Corporate Issue Managers/Arrangers 2020, 2019, 2018 Top 5 Fixed Income Brokering Participants 2020, 2019, 2017, 2016 Top 5 Fixed Income Dealing Participants 2018, 2017, 2016
 <ul style="list-style-type: none"> Asia Pacific Infrastructure Deal of the Year: Light Rail Manila Corporation's P24 billion Project Loan Facility 2016 	 <ul style="list-style-type: none"> Best Domestic Bond House in the Philippines 2016 	 <ul style="list-style-type: none"> One of the Ten Best Performing Government Securities Eligible Dealers 2019, 2018 	 <ul style="list-style-type: none"> Best Fixed Income House 2020, 2019

Awards in the last five years

OTHER **ALLIED SERVICES**

Equities Brokering

First Metro Securities Brokerage Corporation (FirstMetroSec) is the stock brokerage company of the Metrobank Group. 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 BTr. 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 among First Metro, the Catholic Educational Association of the Philippines and the Marist Brothers Congregation Philippines, Inc., 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, Inc.
- First Metro Save & Learn Philippine Index Fund, Inc.
- First Metro Save & Learn F.O.C.C.U.S. Dynamic Fund, Inc.
- First Metro Asia Focus Equity 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).

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

First Metro is the investment banking arm of Metropolitan Bank & Trust Company (Metrobank), one of the country's largest universal banks with a market capitalization of P220.60 billion as of end-2020.

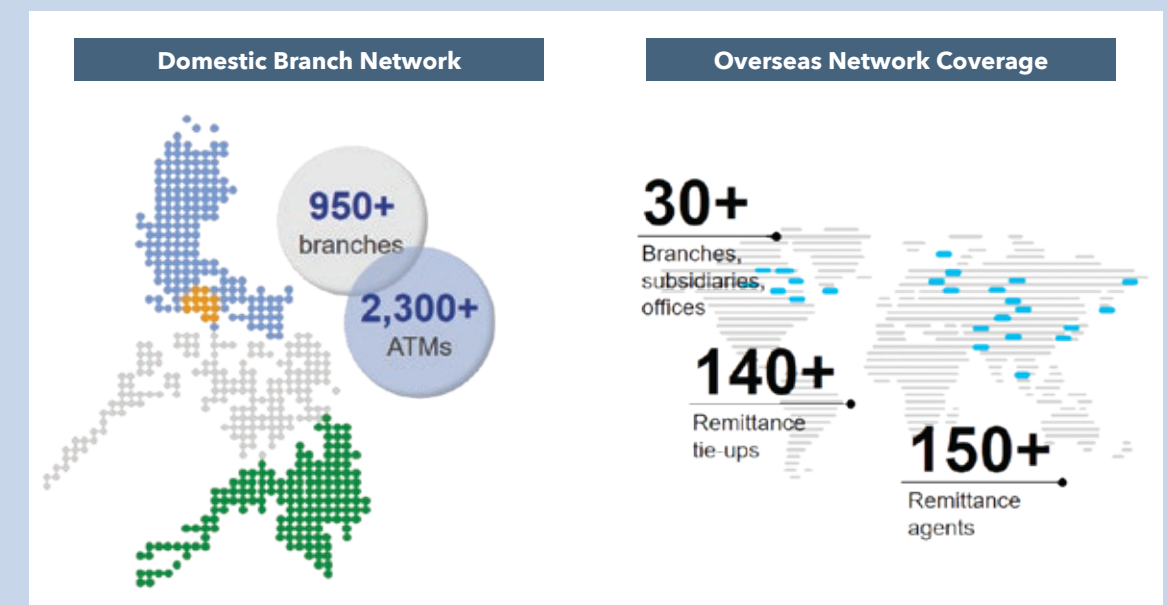
Established in 1962 to serve the Filipino-Chinese community, Metrobank is majority-owned by the Ty family whose major business interests include financial services, real estate development, infrastructure, and insurance. Its local and international subsidiaries include Metrobank Card Corporation, Toyota 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 58 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 2,322 ATMs nationwide and 956 domestic branches, making it one of the largest domestic branch networks in the industry.

In addition, Metrobank has a strong overseas presence, with 32 foreign branches, subsidiaries, and representative offices as of 2020. 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 2020, Metrobank has consolidated assets of P2.5 trillion and equity at P324.2 billion. The bank's total capital adequacy ratio stood at 20.15% and Common Equity Tier 1 ratio at 19.28% as of end-2020.



SUBSIDIARIES & AFFILIATES



Over the years, First Metro Securities Brokerage Corporation (FirstMetroSec), a subsidiary of First Metro Investment Corporation, has stayed ahead of the curve by distinguishing itself as a one-stop-online-shop for a multitude of investments such as stocks, mutual funds, among others.

Despite the pandemic crisis in 2020, FirstMetroSec maintained operational resilience and continued hitting the mark, recording its strongest year to date in online revenue growth. With people flocking to online investing amid lockdowns, FirstMetroSec reached a staggering 135% growth in online commissions and onboarded 19,000 new accounts, driving cash reserves up to P3.74 billion.

FirstMetroSec has been relentless in improving and expanding its core products and services. Powerful trading tools like conditional orders, which used to be available only in FirstMetroSec PRO, were added to FirstMetroSec GO, its mobile app. FirstMetroSec BETA was successfully launched as a preview for its new PRO-inspired standard web-based trading platform, set to take off in 2021. Its online ordering facility for treasury bond issuances including RTB24 and Premyo Bonds 2 was able to service more investors, even those who are abroad. Likewise, IPO subscriptions

can now be paid using FirstMetroSec buying power. A self-service help desk portal was also introduced, redesigning the way FirstMetroSec interacts with its clients.

FirstMetroSec did not stop there. It also stood firm in its pledge to foster financial and investment literacy among Filipinos through webinars and online events. By the end of 2020, 370 webinars and online events were held, reaching at least 82,000 live attendees and viewers. Additionally, its chart-topping podcast series entitled Philippine Stock Market Weekly has quickly become a go-to source of timely economic and market insights for investors, traders, and business owners.

FirstMetroSec's milestones did not go unnoticed as it nabbed several awards in 2020. It received the Best Online Trading Platform Award by United Kingdom-based financial publishing firm *International Finance*. It was also honored as the Best Broker in the Philippines for 2020 by *FinanceAsia*. These recognitions will fuel FirstMetroSec to continue delivering technical excellence and aggressive product development, exploring innovative ways to better serve the investing public in the Philippine markets.

FOR THE YEAR	2020 (unaudited)	2019 (audited)
Gross Revenues	317,483,868	260,269,280
Total Expenses	266,138,837	223,401,639
Net Income	51,345,031	36,867,641
AT YEAR END		
Total Assets	6,011,846,424	2,560,797,832
Total Liabilities	5,520,937,738	2,122,962,861
Total Shareholders' Equity	490,908,686	437,834,971

*In Philippine pesos

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



First Metro Asset Management, Inc. (FAMI) is an investment company adviser that manages investment companies or mutual funds. It 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 Congregation Philippines, Inc., FAMI manages nine mutual funds, including the country's first exchange-traded fund.

In 2020, its assets under management (AUM) rose to over P12 billion, with a client base exceeding over 22,000 unique accounts.

FAMI remained strong in 2020 despite the global pandemic. It continues to be selective during the high volatilities in the market to be able to deliver shareholder value when it matters most.



First Metro Philippine Equity Exchange-Traded Fund (FMETF), the first and only exchange-traded fund (ETF) in the country managed by First Metro Asset Management, Inc., aims to provide returns that reflect the performance of the Philippine equities market by investing in a basket of securities included in the Philippine Stock Exchange Index (PSEi).

FMETF tracks and replicates the performance of the PSEi, and has been successfully tracking the index with low tracking error since it was launched in October 2013.

Despite the impact of the pandemic on the economy in 2020, FMETF performed above the benchmark with -8.04% in 2020 versus the PSEi performance of -8.64%.

FOR THE YEAR	2020	2019
Gross Revenues	160,138,782	172,474,146
Total Expenses	156,846,870	159,524,365
Net Income	3,291,912	12,949,781
AT YEAR END		
Total Assets	366,822,991	339,985,733
Total Liabilities	42,421,295	21,967,910
Total Shareholders' Equity	324,401,697	318,017,823

*In Philippine pesos

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AXA Philippines, one of the largest and fastest growing insurance companies in the country, offers financial security to more than 1.5 million individuals through its group and individual life insurance. Wholly owned subsidiary Charter Ping An provides general insurance products. In 2020, AXA celebrated its 21st anniversary of doing business in the country. AXA offers a complete range of products for all its customers' protection and wealth accumulation needs, including life insurance, health plans, savings and investments, and income protection; and through its general insurance subsidiary: fire, motor/car, marine cargo, personal accident, bonds, casualty, and engineering insurance products.

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 22 branches nationwide with more than 1,700 agents. Financial advisers, executives, and agents for AXA and Charter Ping An are either licensed in life insurance, general insurance or both.

Amid a year full of challenges brought mainly by the COVID-19 pandemic, AXA stood firm to care for its employees and customers first. When the government set community quarantine restrictions and implemented a nationwide lockdown, the company immediately rolled out its work from home arrangement and mobilized its IT team for 24/7 support. As restrictions eased and returning to the office was allowed, it provided employees with the essential personal protective equipment, among others.

AXA consistently delivered with its products and services amid these difficulties. Keeping true to its corporate value of 'Customer First,' it enhanced its business models and adapted new ways of working, and explored new revenue sources in new distribution channels which led to accelerated growth on specific segments.

To help its clients deal with the global health crisis, AXA offered an enhanced version of its Global Health Access product which also covered pandemic diseases. It also gave free medical teleconsultations to existing health policyholders and non-customers to help them keep their health in check during the lockdown.

As the world transitioned to the so-called 'New Normal,' AXA leveraged on remote and virtual-based technology, utilized online communication and transactions to keep its business moving, and intensified its digital transformation. Among its digital initiatives was the AXA Virtual Assistant (AVA) so distributors could interact with customers via online transactions. Its various products were also made available in its e-commerce platforms, making the digital experience for customers and prospects more seamless with a 'phygital' approach.

This focus on online presence also led to AXA Protect which, through its partnership with Metrobank, gave potential clients free personal accident coverage. AXA also formed a strategic partnership with Cebu Pacific to make its most affordable health plan available via the carrier's website, helping make health a priority for "every Juan."

The mobile application Emma by AXA also became the go-to platform for customers for information about their policies. New functionalities included motor and hospitalization claims filing, topping up investments, and withdrawing funds. The app likewise carried AXA's Rescue Line which promoted its free access to emergency services which included ambulance, fire, police and roadside assistance.

AXA continued to fulfill its corporate social responsibility in 2020 with activities such as the installation of hand washing stations in several schools and organizations in partnership with the Philippine Red Cross, and the search for solutions to the nutrition needs of children with UNICEF. During its Corporate Responsibility (CR) Week, AXA found ways to conduct volunteer activities at home. In the aftermath of typhoons Rolly and Ulysses, it mobilized immediate relief assistance and fundraising initiatives.

While 2020 was a very turbulent year, AXA kept to its commitment to serve its customers and the community. It takes pride in its ability to protect as many Filipinos as it could and be a champion of hope for the days ahead.

FOR THE YEAR	2020	2019
Gross Premiums	7,096,941,668	7,716,967,732
Total Expenses	6,826,169,587	6,209,566,153
Net Income	270,772,101	1,507,401,579
AT YEAR END		
Total Assets	45,797,502,606	53,159,024,766
Total Liabilities	37,081,528,245	44,630,341,080
Stockholders' Equity	8,715,974,361	8,528,683,686

*In Philippine pesos



In the 43-year history of ORIX METRO Leasing and Finance Corporation, 2020 was the most challenging year due to the COVID-19 pandemic. Despite this, the company managed to end the year with a net income after tax of P219 million, equivalent to a Return on Average Equity (ROAE) of 2.5%. However, this was a decline of 80% compared with P1.09 billion in 2019.

Slower business and declining sentiment due to the pandemic saw the company's non-performing loan ratio increase to 8.72% in 2020 from 3.4% in 2019, with collections far exceeding the volume of new loan bookings. This prompted ORIX METRO to apply stringent credit approval procedures and raise its provisioning for possible credit losses to P1.429 billion in 2020 from P363 million in 2019.

Despite this challenging backdrop, ORIX METRO remained as one of the strongly capitalized leasing and financing companies in the country. Its total equity rose to P8.67 billion in 2020 from P8.52 billion a year ago while total group resources stood at P45.80 billion in 2020 from P53.16 billion in 2019.

FOR THE YEAR	2020 (September)	2019 (September)
Gross Revenues	7,096,941,668	7,716,967,732
Total Expenses	6,826,169,587	6,209,566,153
Income before tax	270,772,101	1,507,401,579
AT YEAR END		
Total Assets	45,797,502,606	53,159,024,766
Total Liabilities	37,081,528,245	44,630,341,080
Stockholders' Equity	8,715,974,361	8,528,683,686

*In Philippine pesos

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The disruptions brought about by COVID-19 also upended the business landscapes of ORIX METRO's traditional markets for mortgage loans and financial leases. The company had to adapt quickly, embrace the new realities and respond confidently with deliberate behavior and action plans. Its Full Service Operating Lease (FSOL) of vehicles offered by its subsidiary, ORIX Rental Corporation (ORC), remained attractive to multinationals and big local corporates. The company also reassigned more than 20 account officers of its countryside branches to focus full-time on this product.

In addition, ORIX METRO plans to convert a four-hectare vacant lot in its Calamba property owned by its other subsidiary, OMLF International Trading and Development Corporation (OITDC), into a dry warehouse. This will expand ORIX METRO's dry warehouse portfolio by 20,500 square meters from the present 27,218 square meters.

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CONTACT INFORMATION

Annual Stockholders' Meeting

April 30, 2021 (Friday), 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

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Annual Report in SEC Form 17-A

The financial statements included in this report, through the QR code, 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

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Corporate Communications Department

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Scan the QR code to view First Metro's
2020 Financial Statements



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