Rekindling Hope

2021 Annual Report

METROBANK FOUNDATION, INC.
(A NONSTOCK, NOT-FOR-PROFIT CORPORATION) AND SUBSIDIARY
AUDITED FINANCIAL STATEMENTS

METROBANK FOUNDATION, INC.
(A NONSTOCK, NOT-FOR-PROFIT CORPORATION) AND SUBSIDIARY

AUDITED FINANCIAL STATEMENTS

- Independent Auditor's Report
- Statements of Financial Position
- Statements of Income
- Statements of Comprehensive Income
- Statements of Changes in Fund Balance
- Statements of Cash Flows
- Notes to Financial Statements

Metrobank Foundation, Inc.
(A Nonstock, Not-For-Profit Corporation)
and Subsidiaries

Financial Statements
December 31, 2021 and 2020

and

Independent Auditors' Report

SGV
Building a better working world

A member firm of Ernst & Young Global Limited

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Metrobank Foundation, Inc.

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Metrobank Foundation, Inc. (a nonstock, not-for-profit corporation) and its subsidiaries (the Group) and the parent company financial statements of Metrobank Foundation, Inc., which comprise the consolidated and parent company statements of financial position as at December 31, 2021 and 2020, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in fund balance and consolidated and parent company statements of cash flows for the years then ended, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2021 and 2020, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated and parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated and Parent Company Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements

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

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
Tax Identification No. 216-950-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 108795-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-107-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8853467, January 3, 2022, Makati City

April 08, 2022

METROBANK FOUNDATION, INC.
(A Nonstock, Not-for-Profit Corporation)
AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION

	Consolidated		Parent Company	
	Company As of December 31			
	2021	2020	**2021**	2020
ASSETS				
Current Assets				
Cash and Cash Equivalents (Notes 6 and 24)	**₱312,119,571**	₱311,988,027	**₱63,609,416**	₱49,704,828
Short-term Investments (Notes 7 and 24)	**4,655,845**	4,637,297	**–**	–
Financial Assets at Fair Value through Profit or Loss (FVTPL) (Notes 8 and 24)	**–**	481,453	**–**	481,453
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) - current (Notes 8 and 24)	**1,530,183,123**	1,307,706,382	**1,530,183,123**	1,307,706,382
Receivables (Note 9)	**489,502,870**	454,372,103	**1,438,755**	1,350,031
Inventories (Note 10)	**149,558,542**	159,343,045	**–**	–
Other Current Assets (Note 13)	**20,744,336**	42,215,266	**727,651**	764,887
Total current assets	**2,506,764,287**	2,280,743,573	**1,595,958,944**	1,360,007,581
Noncurrent Assets				
Receivables (Note 9)	**109,167**	257,500	**109,167**	257,500
Financial Assets at FVOCI - noncurrent (Notes 8 and 24)	**75,206,950**	147,590,718	**75,206,950**	147,590,718
Investment in a Subsidiary (Note 11)	**–**	–	**70,837,349**	70,837,349
Property and Equipment (Notes 12 and 26)	**2,182,636,394**	2,247,006,127	**2,514,400**	2,566,966
Deferred Tax Assets (Note 21)	**121,278,381**	112,108,902	**–**	–
Other Noncurrent Assets (Note 13)	**63,999,400**	111,279,032	**2,273,431**	2,353,784
Total noncurrent assets	**2,443,230,292**	2,618,242,279	**150,941,297**	223,606,317
	₱4,949,994,579	₱4,898,985,852	**₱1,746,900,242**	₱1,583,613,898
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Expenses (Note 14)	**₱568,407,663**	₱540,477,244	**₱20,207,215**	₱56,326,457
Loans Payable (Note 15)	**152,827,202**	460,519,510	**–**	–
Income Tax Payable (Note 21)	**20,956,337**	81,220	**4,819**	41,873
Total current liabilities	**742,191,202**	1,001,077,974	**20,212,034**	56,368,330
Noncurrent Liabilities				
Loans Payable – net of current portion (Note 15)	**156,747,491**	297,779,821	**–**	–
Retirement Liability (Note 17)	**255,027,053**	225,717,968	**1,966,840**	1,141,494
	411,774,544	523,497,789	**1,966,840**	1,141,494
	1,153,965,746	1,524,575,763	**22,178,874**	57,509,824
FUND BALANCE				
Fund Balance Attributable to the Parent Company				
Fund balance (Note 16)	**2,444,599,103**	2,287,021,770	**1,267,524,081**	1,235,598,266
Net unrealized gain on financial assets at FVOCI (Note 8)	**460,960,712**	295,488,209	**460,960,712**	295,488,209
Remeasurement losses on retirement plan (Note 17)	**(10,792,614)**	(14,517,568)	**(3,763,425)**	(4,982,401)
Other equity item (Note 16)	**(9,786,337)**	(9,786,337)	**–**	–
	2,884,980,864	2,558,206,074	**1,724,721,368**	1,526,104,074
Non-controlling interest (Note 11)	**911,047,969**	816,204,015	**–**	–
	3,796,028,833	3,374,410,089	**1,724,721,368**	1,526,104,074
	₱4,949,994,579	₱4,898,985,852	**₱1,746,900,242**	₱1,583,613,898

See accompanying Notes to Financial Statements.

METROBANK FOUNDATION, INC.
(A Nonstock, Not-for-Profit Corporation)
AND SUBSIDIARIES
STATEMENTS OF INCOME

	Consolidated		Parent Company	
	Years Ended December 31			
	2021	2020	**2021**	2020
REVENUE FROM CUSTOMERS (Note 18)	**₱2,758,002,408**	₱2,133,155,089	**₱–**	₱–
DONATIONS (Notes 18 and 24)	**47,242,899**	201,135,418	**45,300,625**	155,241,900
OTHER INCOME (Note 18)				
Dividend	**101,519,924**	25,379,981	**101,519,924**	25,379,981
Rent	**51,549,641**	45,140,505	**–**	–
Interest	**5,889,271**	8,110,164	**5,885,052**	6,380,701
Gain on financial assets - net	**513,052**	9,778,726	**513,052**	9,778,726
Miscellaneous	**7,408,593**	1,381,695	**76,802**	(94,474)
	2,972,125,788	2,424,081,578	**153,295,455**	196,686,834
COSTS AND EXPENSES				
Costs of sales and services (Note 19)	**1,720,215,172**	1,572,191,861	**–**	–
Provision for (reversal of) credit and impairment losses (Notes 8, 9 and 13)	**85,331,884**	113,638,043	**(11,846)**	70,020
Projects				
Excellence awards	**19,737,619**	7,408,571	**19,737,619**	7,408,571
Arts	**16,126,536**	7,891,983	**16,126,536**	7,891,983
Education	**14,431,718**	12,363,473	**14,431,718**	12,363,473
COVID-19 related (Note 20)	**–**	194,409,609	**–**	194,409,609
Donations	**43,211,553**	19,251,686	**43,211,553**	19,251,686
Interest expense (Note 15)	**23,297,465**	32,017,342	–	–
Other operating expenses (Note 19)	**703,661,429**	580,170,725	**26,658,492**	27,844,444
	2,626,013,376	2,539,343,293	**120,154,072**	269,239,786
INCOME (LOSS) BEFORE INCOME TAX	**346,112,412**	(115,261,715)	**33,141,383**	(72,552,952)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)	**95,545,694**	(14,430,870)	**1,215,568**	1,905,535
NET INCOME (LOSS)	**₱250,566,718**	(₱100,830,845)	**₱31,925,815**	(₱74,458,487)
ATTRIBUTABLE TO:				
Parent Company	**₱157,577,333**	(₱89,594,522)		
Non-controlling interest	**92,989,385**	(11,236,323)		
	₱250,566,718	(₱100,830,845)		

See accompanying Notes to Financial Statements.

METROBANK FOUNDATION, INC.
(A Nonstock, Not-for-Profit Corporation)
AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME

	Consolidated		Parent Company	
	Years Ended December 31			
	2021	2020	**2021**	2020
Net Income (Loss)	**₱250,566,718**	(₱100,830,845)	**₱31,925,815**	(₱74,458,487)
Other Comprehensive Income (Loss) for the Year, Net of Tax				
Items that may be reclassified to profit or loss:				
Change in net unrealized gain (loss) on debt securities at FVOCI (Note 8)	**(3,304,371)**	1,354,733	**(3,304,371)**	1,354,733
Items that may not be reclassified to profit or loss				
Change in net remeasurement gains (loss) on retirement plan (Note 17)	**5,579,523**	(5,676,367)	**1,218,976**	(1,206,576)
Change in net unrealized gains (loss) on equity securities at FVOCI (Note 8)	**168,776,874**	(301,162,163)	**168,776,874**	(301,162,163)
Total Comprehensive Gain (Loss) for the Year	**₱421,618,744**	(₱406,314,642)	**₱198,617,294**	(₱375,472,493)
Attributable to:				
Parent Company	**₱326,774,790**	(₱393,177,288)		
Non-controlling interest	**94,843,954**	(13,137,354)		
	₱421,618,744	(₱406,314,642)		

See accompanying Notes to Financial Statements.

METROBANK FOUNDATION, INC.
(A Nonstock, Not-for-Profit Corporation)
AND SUBSIDIARIES
STATEMENTS OF CHANGES IN FUND BALANCE

	Consolidated							Parent Company			
	Fund Balance Attributable to the Parent Company										
	Fund Balance	Net Unrealized Gain on Financial assets at FVOCI (Note 8)	Remeasurement Losses on Retirement Plan (Note 17)	Other Equity Item	Total	Non-Controlling Interest	Total Fund Balance	Fund Balance	Net Unrealized Gain on Financial assets at FVOCI (Note 8)	Remeasurement Losses on Retirement Plan (Note 17)	Total Fund Balance
Balance at January 1, 2021	**₱2,287,021,770**	**₱295,488,209**	**(₱14,517,568)**	**(₱9,786,337)**	**₱2,558,206,074**	**₱816,204,015**	**₱3,374,410,089**	**₱1,235,598,266**	**₱295,488,209**	**(₱4,982,401)**	**₱1,526,104,074**
Net income	**157,577,333**	–	–	–	**157,577,333**	**92,989,385**	**250,566,718**	**31,925,815**	**–**	**–**	**31,925,815**
Other comprehensive loss	–	**165,472,503**	**3,724,954**	–	**169,197,457**	**1,854,569**	**171,052,026**	**–**	**165,472,503**	**1,218,976**	**166,691,479**
Total comprehensive loss for the year	**157,577,333**	**165,472,503**	**3,724,954**	–	**326,774,790**	**94,843,954**	**421,618,744**	**31,925,815**	**165,472,503**	**1,218,976**	**198,617,294**
Balance at December 31, 2021	**₱2,444,599,103**	**₱460,960,712**	**(₱10,792,614)**	**(₱9,786,337)**	**₱2,884,980,864**	**₱911,047,969**	**₱3,796,028,833**	**₱1,267,524,081**	**₱460,960,712**	**(₱3,763,425)**	**₱1,724,721,368**
Balance at January 1, 2020	₱2,376,616,292	₱595,295,639	(₱10,742,232)	(₱9,786,337)	₱2,951,383,362	₱829,341,369	₱3,780,724,731	₱1,310,056,753	₱595,295,639	(₱3,775,825)	₱1,901,576,567
Net loss	(89,594,522)	–	–	–	(89,594,522)	(11,236,323)	(100,830,845)	(74,458,487)	–	–	(74,458,487)
Other comprehensive loss	–	(299,807,430)	(3,775,336)	–	(303,582,766)	(1,901,031)	(305,483,797)	–	(299,807,430)	(1,206,576)	(301,014,006)
Total comprehensive loss for the year	(89,594,522)	(299,807,430)	(3,775,336)	–	(393,177,288)	(13,137,354)	(406,314,642)	(74,458,487)	(299,807,430)	(1,206,576)	(375,472,493)
Balance at December 31, 2020	₱2,287,021,770	₱295,488,209	(₱14,517,568)	(₱9,786,337)	₱2,558,206,074	₱816,204,015	₱3,374,410,089	₱1,235,598,266	₱295,488,209	(₱4,982,401)	₱1,526,104,074

See accompanying Notes to Financial Statements.

METROBANK FOUNDATION, INC.
(A Nonstock, Not-for-Profit Corporation)
AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS

	Consolidated		Parent Company	
	Company Years Ended December 31			
	2021	2020	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	**₱346,112,412**	(₱115,261,715)	**₱33,141,383**	(₱72,552,952)
Adjustments for:				
Depreciation and amortization (Notes 12 and 13)	**263,663,297**	250,512,084	**1,809,563**	1,944,540
Dividend income (Notes 8, 18 and 24)	**(101,519,924)**	(25,379,981)	**(101,519,924)**	(25,379,981)
Provision for (reversal of) credit and impairment losses (Notes 8, 9 and 13)	**85,331,884**	113,498,003	**(11,846)**	70,020
Retirement expense (Note 17)	**39,032,891**	27,577,147	**2,044,322**	2,266,536
Interest expense (Note 15)	**23,655,960**	32,017,342	**–**	–
Interest income (Notes 6, 7, 8 and 24)	**(5,889,271)**	(8,110,164)	**(5,885,052)**	(6,380,701)
Loss on disposal of asset (Note 12)	**1,531,164**	–	**–**	–
Realized gain on debt financial assets at FVOCI (Note 8)	**(481,932)**	(9,769,393)	**(481,932)**	(9,769,393)
Unrealized foreign exchange loss - net	**170,262**	3,036,919	**(107,922)**	94,474
Unrealized loss on financial asset at FVTPL	**–**	2,452	**–**	2,452
Operating income (loss) before working capital changes	**651,606,743**	268,262,734	**(71,011,408)**	(109,705,005)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Short-term investments	**(18,548)**	20,587,282	**–**	–
Receivables	**(120,304,377)**	(219,942,529)	**57,703**	(434,274)
Inventories	**9,784,503**	30,425,367	**–**	–
Other assets	**66,926,178**	8,616,489	**37,236**	85,669
Increase in:				
Accounts payable and accrued expenses	**26,425,293**	16,878,304	**(36,119,242)**	47,284,643
Net cash generated from (used in) operations	**634,419,792**	124,827,647	**(107,035,711)**	(62,768,967)
Interest received	**5,891,177**	9,501,402	**5,886,958**	7,771,939
Interest paid (Note 14)	**(23,499,386)**	(32,987,561)	**–**	–
Income taxes paid	**(86,635,788)**	(60,874,022)	**(1,252,622)**	(1,863,662)
Net cash provided by (used in) operating activities	**530,175,795**	40,467,466	**(102,401,375)**	(56,860,690)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment (Notes 12 and 26)	**(195,567,184)**	(197,021,872)	**(1,498,170)**	(1,703,607)
Financial assets at FVOCI (Note 8)	**(47,547,106)**	(105,962,500)	**(47,547,106)**	(106,032,520)
Computer software (Note 13)	**(3,433,160)**	(15,645,576)	**(178,474)**	(197,255)
Proceeds from sale of financial assets at FVOCI (Note 8)	**63,396,722**	114,273,263	**63,420,414**	114,273,263
Proceeds from maturities of:				
Financial assets at FVTPL	**481,453**	150,000	**481,453**	150,000
Dividends received	**101,519,924**	25,379,981	**101,519,924**	25,379,981
Net cash provided by (used in) investing activities	**(81,149,351)**	(178,826,704)	**116,198,041**	31,869,862
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loan (Notes 15 and 26)	**–**	300,000,000	**–**	–
Settlement of loans payable (Notes 15 and 26)	**(448,724,638)**	(49,235,786)	**–**	–
Net cash provided by (used in) financing activities	**(448,724,638)**	250,764,214	**–**	–
EFFECT OF FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	**(170,262)**	(3,036,919)	**107,922**	(94,474)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**131,544**	109,368,057	**13,904,588**	(25,085,302)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 6 and 26)	**311,988,027**	202,619,970	**49,704,828**	74,790,130
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6 and 26)	**₱312,119,571**	₱311,988,027	**₱63,609,416**	₱49,704,828

See accompanying Notes to Financial Statements.

METROBANK FOUNDATION, INC.
(A Nonstock, Not-for-Profit Corporation)
AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

1. **General Information**

Metrobank Foundation, Inc. (the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on January 8, 1979 as a nonstock, not-for-profit corporation. The Parent Company's primary purpose is to promote, develop, support, assist, undertake, finance, provide, establish, manage, operate and/or maintain programs, plans, projects or enterprises for charitable, scientific, educational or cultural aims. Its principal place of business is at 4th Floor, Metrobank Plaza, Sen. Gil J. Puyat Avenue, Makati City.

The Parent Company is registered with the Bureau of Internal Revenue (BIR) as a donee institution in accordance with the provisions of Revenue Regulations (RR) No. 13-98 dated January 1, 1999, duly accredited by the Philippine Council for NGO Certification (PCNC). The certificate of accreditation by the PCNC is valid until June 27, 2023, unless revoked for violation of RR No. 13-98, or upon withdrawal of such accreditation by the PCNC.

On July 22, 2013, the BIR issued Revenue Memorandum Order (RMO) No. 20-2013, which provides that the tax exemption rulings or certificates issued to corporations or associations listed under Section 30 of the National Internal Revenue Code (NIRC), as amended, prior to June 30, 2012 shall be valid until December 31, 2014. Tax exemption rulings or certifications issued after June 30, 2012 shall continue to be valid for a period of three (3) years from date of issuance, unless sooner revoked or cancelled. Corporations or associations with certificates issued prior to June 30, 2012 shall file their respective Application for Tax Exemption/Revalidation with the Revenue District Office (RDO) where they are registered. On December 23, 2013, the Parent Company filed its Application for Tax Exemption/Revalidation with the BIR.

On October 17, 2019, the BIR issued a Certificate of Tax Exemption No. 0627-2020, valid until October 17, 2022, wherein the Parent Company is exempt from income tax on its "Gifts and donations" receipts only. The Parent Company is still liable for BIR taxes as follows:

- Income tax on all its income/receipts/revenue not expressly exempted and stated in the Certificate of Exemption;

- Value Added Tax or percentage tax if it engaged in the sale of goods and services in the course of the business pursuit, including transactions incidental thereto, its revenue derived shall be subject to 12% VAT, in case gross receipts from sale exceeds ₱3 Million, or 3% percentage tax, if gross receipts do not exceed ₱3 Million; and

- withholding taxes.

As a non-stock, not-for-profit corporation intended for social welfare purposes, the Parent Company's income is exempt from payment of income taxes as set forth in Section 30(e) of the NIRC as amended by Executive Order 273. Income of whatever kind and character of the Parent Company from any of its properties, real or personal, or from any of its activities conducted for profit regardless of the disposition made of such income, shall be subjected to tax imposed under the NIRC.

Subsidiaries
The Manila Medical Services, Inc. (MMSI) was incorporated in the Philippines and is involved in the operation, management and maintenance of hospital and laboratories and is 58%-owned by the Parent Company as of December 31, 2021 and 2020 (Note 11).

MDH Clinic Management Services Inc. (MDH Clinic), a wholly-owned subsidiary of MMSI, was registered with the SEC on September 6, 2019 and started its commercial operations on August 1, 2020 with the primary business to establish, operate, manage, own and maintain health clinics in corporate offices, manufacturing facilities, other covered workplaces and establishments whether for profit or not including government and any of its political subdivisions and government- owned and controlled corporations.

MMSI and MDH Clinic are collectively referred to herein as 'the Subsidiaries'. The Parent Company is the ultimate parent company.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI) that have been measured at fair value and inventories that are valued at the lower of cost and net realizable value (NRV). The financial statements are presented in Philippine peso (₱), the functional currency of the Parent Company and its subsidiaries (the Group). All amounts are rounded to the nearest peso unless otherwise indicated.

Statement of Compliance
The financial statements of the Group and of the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Presentation of Financial Statements
Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties. Income and expenses are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Basis of Consolidation
The consolidated financial statements, which include the financial statements of the Parent Company and the Subsidiaries, are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

All significant intra-group balances, transactions, and income and expenses resulting from intra-group transactions are eliminated in full in the consolidation.

A subsidiary is fully consolidated from the date on which control is transferred to the Parent Company. Control is achieved where the Parent Company is exposed, or has rights, to variable

returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary ceases when control is transferred out of the Parent Company. The results of subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the Parent Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company: (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary; (b) derecognizes the carrying amount of any non-controlling interest; (c) derecognizes the related other comprehensive income (OCI) recorded in equity and recycles the same to statement of income or retained earnings; (d) recognizes the fair value of the consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in statement of income; and (g) reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or surplus, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-Controlling Interest

Non-controlling interest represents the portion of profit and loss and the net assets not held by the Parent Company and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the Parent Company's fund balance. Any losses applicable to the non- controlling interests in excess of the non-controlling interests are allocated against the interests of the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Acquisitions of non-controlling interests are accounted for as equity transactions.

Changes in Accounting Policies

Except for these new and amended standards which were adopted as of January 1, 2021, the accounting policies adopted are consistent with those of previous financial year.

The adoption of the following amendments did not have an impact on the financial statements:

- Amendments to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Significant Accounting Policies

Current versus noncurrent classification

The Group presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Deferred tax assets are classified as noncurrent assets. All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax liabilities are classified as noncurrent liabilities. All other liabilities are classified as noncurrent.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure to fair value regardless of where the input is categorized within the fair value hierarchy.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The valuation techniques used aim to minimize the use of market inputs and rely as little as possible on entity-specific inputs and may include reference to other instruments that are judged to be substantially the same.

Financial Instruments - Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of recognition

Financial instruments are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date - the date on which the Group commits to purchase or sell the asset.

Initial recognition of financial instruments

All financial instruments are initially measured at fair value. Except for financial assets and financial liabilities carried at FVTPL, the initial measurement of financial instruments includes transaction costs.

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVTPL. Financial liabilities are classified as either financial liabilities at FVTPL or

financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Group may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

In order for a financial asset to be classified and measured at FVOCI or amortized cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets or financial liabilities at FVTPL
Financial assets or financial liabilities at FVTPL include financial instruments held for trading and financial instruments designated as at FVTPL. Financial assets at FVTPL are recorded in the statement of financial position at fair value and are classified as 'Financial assets at FVTPL'. Changes in fair value relating to financial assets or financial liabilities at FVTPL are recognized in 'Gain on financial assets – net'. Interest earned or incurred is recorded in 'Interest income' or 'Interest expense' respectively, while dividend income is recorded in 'Dividend income' when the right to receive payment has been established.

Financial assets at FVTPL of the Parent Company represent investment in Unit Investment Trust Fund (UITF) as of December 31, 2020 and is nil as of December 31,2021. The Group has no financial liabilities measured at FVTPL as of December 31, 2021 and 2020.

Financial assets at FVOCI
Financial assets at FVOCI include debt and equity securities. After initial measurement, financial assets at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of debt and equity securities are excluded, net of tax as applicable, from the reported earnings and are included in the statement of comprehensive income as 'Change in net unrealized gain (loss) on debt securities at FVOCI' and 'Change in net unrealized gain (loss) on equity securities at FVOCI', respectively.

Debt securities at FVOCI are those that meet both of the following conditions:

(i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

The effective yield component of debt securities at FVOCI, as well as the impact of restatement on foreign currency-denominated debt securities at FVOCI, is reported in the statement of income.

Interest earned on holding debt securities at FVOCI are reported as 'Interest income' using the effective interest rate (EIR) method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the statement of comprehensive income is

recognized under 'Gain/loss on financial assets - net' in the statement of income. The expected credit losses (ECL) arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Provision for credit and impairment losses' in the statement of income.

Equity securities designated at FVOCI are those that the Group made an irrevocable election to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the statement of income as 'Dividend income' when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the statement of comprehensive income is reclassified to 'Fund balance' or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Financial assets at amortized cost
Financial assets at amortized cost are debt financial assets that meet both of the following conditions:
(i) these are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and
(ii) the contractual terms give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

This accounting policy relates to the statement of financial position captions 'Cash and Cash Equivalents' (except for cash on hand), 'Short-term Investments', 'Financial Assets at Amortized Cost', 'Receivables', 'Cash Collateral Deposits', and 'Refundable Deposits'.

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placements and are subject to insignificant risk of changes in value. Short-term investments are investments with original maturities of more than three (3) months from the date of placements but less than one year. Receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. This account includes receivables from Health Maintenance Organizations (HMO), individuals, corporations and accrued interest receivable.

After initial measurement, financial assets at amortized cost are subsequently measured at amortized cost using the EIR method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of income. Gains and losses are recognized in statement of income when these investments are derecognized or impaired, as well as through the amortization process. The ECL are recognized in the statement of income under 'Provision for (reversal of) credit and impairment losses'. The effects of revaluation on foreign currency- denominated investments are recognized in the statement of income under 'Miscellaneous'.

Other financial liabilities
Issued financial instruments or their components, which are not designated at FVTPL, are classified as liabilities under 'Accounts payable and accrued expenses' and other appropriate financial liability accounts, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual

amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities not qualified as and not designated at FVTPL, are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset, the extent of the Group's continuing involvement is the lower of (i) the amount of the asset and (ii) the maximum amount of the consideration received that the Group could be required to repay ('the guarantee amount'). When the Group's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in case of a written put option to an asset that is measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price. When the Group's continuing involvement takes the form of a cash-settled option or similar provision on the transferred asset, the extent of the Group's continuing involvement is measured in the same way as that which results from non-cash settled options.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of Financial Assets
The Group records ECL for all receivables and other debt financial assets not classified as FVTPL, together with loan commitments and financial guarantee contracts.

ECL represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk (SICR) since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a SICR since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt securities at FVOCI and at amortized cost, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt security is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Debt securities at FVOCI of the Group comprise solely of government debt securities that are considered to be low credit risk investments. Hence, the Group recognizes loss allowance on these securities based on 12-month ECL at each reporting date.

The Group applies a simplified approach using loss rate approach in calculating ECLs for trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognizes loss allowance on these receivables based on lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. An instrument is considered to be no longer in default (i.e. restored) if there is sufficient evidence to support that full collection is probable and payments are received for at least six months. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has assessed that it is acting as principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Revenues within the scope of PFRS 15

Sale of merchandise
Revenue is recognized from customers at the point of sale.

Room accommodation and other services
Revenue from room accommodation and other services are recognized when services are rendered.

Other income
Income from processing fee of medical records and other income of various departments are recognized when services are rendered or at the point of sale.

Revenues outside the scope of PFRS 15

Interest
For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as 'Financial assets at amortized cost' and 'Financial assets at FVOCI', interest income is recorded at the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

Once the recorded value of a financial asset or group of similar financial assets carried at amortized cost has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR applied to the new carrying amount.

Donations
These are recognized as revenue upon receipt of payments.

Income from special projects, representing the excess of project revenues over expenses
These are recognized upon project completion and revenues and expenses pass through a special fund account. Any excess balance of the account upon project completion is considered as project income which is included in 'Miscellaneous' account in the statement of income.

Dividend
Dividend income is recognized when the Group's right to receive payment is established.

Rental income
Rental income arising on leased properties is accounted for on a straight-line basis over the lease term.

Gain on financial assets
This includes gain on disposal of financial assets at FVTPL and debt securities classified under FVOCI.

Expense Recognition
Expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. These expenses that may arise in the ordinary course of business include the operating expenses of the Group. Expenses are recognized as incurred.

Investment in a Subsidiary
Subsidiaries pertain to all entities over which the Parent Company has control. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contra arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and

- the Parent Company's voting rights and potential voting rights.

The Parent Company's investment in a subsidiary is carried at cost, less any impairment in value. Under the cost method, the Parent Company recognizes income from the investment only to the extent that the investor receives distributions from accumulated profits of the subsidiaries arising after the date of acquisition. Distributions received in excess of such profits are regarded as a return of investment and are recognized as a reduction in the cost of the investment.

Inventories
Inventories of medicines and supplies are valued at the lower of cost or NRV. Cost is determined primarily using the weighted average cost method.

NRV is the estimated selling price of medicines and supplies in the ordinary course of business less estimated costs necessary to make the sale.

Property and Equipment
Property and equipment are carried at cost, net of accumulated depreciation and amortization and impairment loss, if any. The initial cost of property and equipment consists of its purchase price, including taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against operations in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is calculated on the straight-line method over the estimated useful life of the depreciable assets. Leasehold improvements are amortized over the shorter of the terms of the covering leases and the estimated useful lives of the improvements.

The estimated useful lives of the property and equipment follow:

Building	50 years
Building improvement	5 to 10 years
Hospital furnishings and equipment	5 to 10 years
Furniture and equipment	3 to 10 years
Medical equipment	3 to 10 years
Furniture, fixtures and equipment Office furniture and equipment	3 to 10 years
Transportation equipment	3 to 10 years
Others	

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. Changes to the estimated useful lives are recorded prospectively from the date of the change.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

Advanced payments made for the construction is recognized as 'Advances to contractors' until applied and reclassified to property and equipment.

Computer Software
Software costs are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortized over three to five years on a straight-line basis. Costs associated with maintaining the computer software programs are recognized as expense when incurred.

Software costs are carried at cost less accumulated amortization.

Impairment of Non-financial Assets
An assessment is made at each reporting date as to whether there is any indication of impairment of an asset, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use (VIU) or its fair value less cost to sell (FVLCTS).

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against income in the year in which it arises.

At each statement of financial position date, the Group assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's FVLCTS and its VIU and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to operations in the year in which it arises.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Fund Balance
Fund Balance consists of members' contributions, cumulative excess of income over expenses, and other comprehensive income.

Cumulative excess of income over expenses
Cumulative excess of income over expenses represents the cumulative balance of the Foundation's results of operations.

Other comprehensive income
Other comprehensive income comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income of the Foundation pertains to cumulative unrealized fair value gain on investment in quoted shares of Metropolitan Bank & Trust Co. (Metrobank), cumulative unrealized gain on and cumulative gain on investments in debt securities and remeasurement gains (losses) on retirement plan.

Equity reserves
Equity reserves represent any difference between acquisition cost and the adjusted carrying value of the non-controlling interest at acquisition date.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as Lessee
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

The Group applies the short-term lease recognition exemption to its short-term lease (i.e., lease term of 12 months or less from the commencement date and do not contain a purchase option) of parking space and to its low-value assets. Lease payments on short-term leases and low value assets are recognized as expense on a straight-line basis over the lease term.

Group as Lessor
Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an income in the statement of comprehensive income on a straight-line basis over the lease term.

Retirement Costs
The Group has a noncontributory defined benefit retirement plan.

The retirement cost of the Group is determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current year.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Retirement expense is presented under 'Costs and other expenses' in the statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Payments to the defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Foreign Currency Translation

Foreign currency-denominated monetary assets and liabilities are translated in Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate prevailing at end of year and foreign currency-denominated income and expenses, at weighted average rate for the year. Foreign exchange differences arising from revaluation and translation of foreign currency-denominated assets and liabilities are credited to or charged against operations in the year in which the rates change.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense'.

Contingent Liabilities and Contingent Assets

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

Income Taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

Deferred taxes

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

a. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
b. In respect of taxable temporary differences associated with investments in subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized except:

a. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

b. In respect of deductible temporary differences associated with investments in subsidiary, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.
c. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Current tax and deferred tax relating to items recognized directly in OCI are also recognized directly in OCI and not in the statement of income.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set-off current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

Events After the Statement of Financial Position Date

Post year-end events that provide additional information about the Group's position at the statement of financial position date (adjusting event) are reflected in the financial statements.
Post year-end events that are not adjusting events are disclosed when material to the financial statements.

Standards Issued but not yet Effective

The list below consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt the following standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards to have an impact on its financial statements.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3*, Reference to the Conceptual Framework*
- Amendments to PAS 16*, Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37*, Onerous Contracts – Costs of Fulfilling a Contract*
- Annual Improvements *to PFRSs* 2018-2020 Cycle
    - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
    - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
    - Amendments to PFRS 16, *Lease Incentives*
    - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*

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

Effective beginning on or after January 1, 2024

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the critical key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estimates

a) Credit losses of receivables

The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for receivables. The provision matrix specifies provision rates depending on the number of days that a receivable is past due. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rates by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on receivables is sensitive to changes in assumptions about forecasted economic conditions.

As of December 31, 2021 and 2020, allowance for credit losses on receivables amounted to ₱258.0 million and ₱185.0 million, respectively, for the Group and nil for the Parent Company. As of December 31, 2021 and 2020, the carrying value of receivables amounted to ₱489.6 million and ₱454.6 million, respectively, for the Group and ₱1.5 million and ₱1.6 million, respectively, for the Parent Company (see Note 9).

b) *Estimation of NRV of inventories*
The Group reviews its inventory to assess NRV annually. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in reserves for inventory write-down would increase recorded operating expenses and decrease current assets. As of December 31, 2021 and 2020, carrying value of inventories amounted to ₱149.6 million and ₱159.3 million, respectively, for the Group and nil for the Parent Company (see Note 10).

c) *Borrowing cost*
Borrowing costs that are directly attributable to the acquisition, development, improvement and construction of fixed assets (including costs incurred in connection with rehabilitation works) that necessarily takes a substantial period of time to get ready for its intended use are recorded as property, plant and equipment, as applicable. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowing associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

The capitalization of those borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all activities necessary in preparing the related assets for their intended use are complete.

Borrowing costs include interest charges and other related financing charges incurred in connection with the borrowing of funds. Premiums and/or discounts on long-term debt are included in the 'Loans payable' account in the statement of financial position and are amortized using the EIR method.

e) *Present value of defined benefit obligation (DBO)*
The cost of defined benefit pension plan as well as the present value of the defined benefit obligation are determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexities included in the valuation and the long-term nature of these plans, defined benefit obligations are highly sensitive to changes in these assumptions.

The discount rates used were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the statement of financial position date.

The mortality rate is based on publicly available mortality tables in the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates in the Philippines.

As of December 31, 2021 and 2020, the present value of defined benefit obligation amounted to ₱401.3 million and ₱389.6 million, respectively, for the Group and ₱16.6 million and ₱16.2 million, respectively, for the Parent Company (see Note 17).

4. Financial Risk Management Objectives and Policies

Introduction

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group evaluates and assesses the credit worthiness of counterparties.

Maximum exposure to credit risk

As of December 31, 2021 and 2020, the carrying values of the Group's financial assets (except for the trade receivables as disclosed in the table below) as reflected in the statements of financial position and related notes already represent the financial assets' maximum exposure to credit risk before and after taking into account collateral held or other credit enhancements.

The table below shows the gross maximum exposure to credit risk of the Subsidiaries, net of allowance for credit losses, after considering the effects of collaterals and other credit risk mitigation techniques:

	Carrying Value	Fair Value of Collateral or Credit Enhancement	Maximum Exposure	Financial Effect of Collateral or Credit Enhancement
2021				
Receivables				
Health Maintenance Organization (HMO)/Philippine Health Insurance Corporation (Philhealth)/Corporations	**₱427,010,583**	**₱5,687,341**	**₱421,323,242**	**₱5,687,341**
Individuals	**61,557,563**	**–**	**61,557,563**	**–**
Total credit risk exposure	**₱488,568,146**	**₱5,687,341**	**₱482,880,805**	**₱5,687,341**
2020				
Receivables				
Health Maintenance Organization (HMO)/Philippine Health Insurance Corporation (Philhealth)/Corporations	₱381,882,742	₱3,887,300	₱377,995,442	₱3,887,300
Individuals	71,701,064	–	71,701,064	–
Total credit risk exposure	₱453,583,806	₱3,887,300	₱449,696,506	₱3,887,300

Collateral or credit enhancement

The Subsidiaries' collateral on receivables pertains to guaranties from a recognized bank as performance security for the HMO and corporate guarantors' compliance with their obligations.

The Subsidiaries may demand payment from the bank upon the HMO and corporate guarantors' default on their performance obligations.

The Parent Company does not hold collateral as security or other credit enhancements to its financial assets.

Concentration of risks of financial assets with credit risk exposure
Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence. The Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. In order to avoid excessive concentrations of risk, identified concentrations of credit risks are controlled and managed accordingly.

The table below shows the industry sector analysis of the Group's and the Parent Company's financial assets before taking into account any collateral held or other credit enhancements.

	Consolidated		
	Financial Intermediaries	**Service and Others**	**Total**
2021			
Cash in banks and cash equivalents	**₱310,171,784**	**₱–**	**₱310,171,784**
Short-term investments	**4,655,845**	**–**	**4,655,845**
Receivables			
HMO/PhilHealth/Corporations	**–**	**554,300,170**	**554,300,170**
Individuals	**–**	**192,254,812**	**192,254,812**
Accrued interest receivable	**–**	**1,043,891**	**1,043,891**
Financial assets at FVOCI			
Government treasury bills	**–**	**38,247,106**	**38,247,106**
Government debt securities	**–**	**133,388,338**	**133,388,338**
Corporate debt securities	**20,089,687**	**–**	**20,089,687**
Other noncurrent assets			
Refundable deposits	**–**	**3,879,974**	**3,879,974**
	334,917,316	**923,114,291**	**1,258,031,607**
Less allowance for credit losses	**–**	**(257,986,836)**	**(257,986,836)**
	₱334,917,316	**₱665,127,455**	**₱1,000,044,771**
2020			
Cash in banks and cash equivalents	₱301,600,982	₱–	₱301,600,982
Short-term investments	4,637,297	–	4,637,297
Receivables			
HMO/PhilHealth	–	462,527,572	462,527,572
Individuals/corporations	–	176,046,388	176,046,388
Accrued interest receivable	–	1,045,797	1,045,797
Financial assets at FVOCI			
Government treasury bills	–	61,259,947	61,259,947
Government debt securities	–	120,784,576	120,784,576
Corporate debt securities	28,364,509	–	28,364,509
Other noncurrent assets			
Cash collateral deposit	8,012,444	–	8,012,444
Refundable deposits	–	4,706,327	4,706,327
	342,615,232	826,370,607	1,168,985,839
Less allowance for credit losses	–	(184,990,154)	(184,990,154)
	₱342,615,232	₱641,380,453	₱983,995,685

	Parent Company		
	Financial Intermediaries	Service and Others	Total
2021			
Cash in bank and cash equivalents	**₱63,609,416**	**₱ –**	**₱63,609,416**
Receivables			
Individuals	**–**	**504,031**	**504,031**
Accrued interest receivable	**–**	**1,043,891**	**1,043,891**
Financial assets at FVOCI			
Government treasury bills	**–**	**38,247,106**	**38,247,106**
Government debt securities	**–**	**133,388,338**	**133,388,338**
Corporate debt securities	**20,089,687**	**–**	**20,089,687**
	₱83,699,103	**₱173,183,366**	**₱256,882,469**
2020			
Cash in bank and cash equivalents	₱49,689,828	₱ –	₱ 49,689,828
Receivables			
Individuals	–	561,734	561,734
Accrued interest receivable	–	1,045,797	1,045,797
Financial assets at FVOCI			
Government treasury bills	–	61,259,947	61,259,947
Government debt securities	–	120,784,576	120,784,576
Corporate debt securities	28,364,509	–	28,364,509
	₱78,054,337	₱183,652,054	₱261,706,391

Credit quality per class of financial assets

The table below shows the credit quality by class of financial assets of the Consolidated Company as of December 31, 2021 and 2020:

	High grade	Standard grade	Past due	Total	Allowance for credit losses	Net Amount
2021						
Cash in banks and cash equivalent	**₱310,171,784**	**₱ –**	**₱ –**	**₱310,171,784**	**₱ –**	**₱310,171,784**
Short-term investments	**4,655,845**	–	–	**4,655,845**	–	**4,655,845**
Receivables						
HMO/PhilHealth/Corporations	–	**182,419,544**	**371,880,626**	**554,300,170**	**127,289,587**	**427,010,583**
Individuals	–	**117,597,100**	**74,657,712**	**192,254,812**	**130,697,249**	**61,557,563**
Accrued interest receivable	**1,043,891**	–	–	**1,043,891**	–	**1,043,891**
Financial assets at FVOCI						
Government treasury bills	**38,247,106**	–	–	**38,247,106**	–	**38,247,106**
Government debt securities	**133,388,338**	–	–	**133,388,338**	–	**133,388,338**
Corporate debt securities	**20,089,687**	–	–	**20,089,687**	–	**20,089,687**
Other noncurrent assets*	**3,879,974**	–	–	**3,879,974**	–	**3,879,974**
	₱511,476,625	**₱300,016,644**	**₱446,538,338**	**₱1,258,031,607**	**₱257,986,836**	**₱1,000,044,771**
2020						
Cash in banks and cash equivalents	₱301,600,982	₱ –	₱ –	₱301,600,982	₱ –	₱301,600,982
Short-term investments	4,637,297	–	–	4,637,297	–	4,637,297
Receivables						
HMO/PhilHealth/Corporations	–	208,823,042	253,704,530	462,527,572	80,644,830	381,882,742
Individuals	–	117,824,454	58,221,934	176,046,388	104,345,324	71,701,064
Accrued interest receivable	1,045,797	–	–	1,045,797	–	1,045,797
Financial assets at FVOCI						
Government treasury bills	61,259,947	–	–	61,259,947	–	61,259,947
Government debt securities	120,784,576	–	–	120,784,576	–	120,784,576
Corporate debt securities	28,364,509	–	–	28,364,509	–	28,364,509
Other noncurrent assets*	8,012,444	4,706,327	–	12,718,771	–	12,718,771
	₱525,705,552	₱331,353,823	₱311,926,464	₱1,168,985,839	₱184,990,154	₱983,995,685

**Consists of cash collateral and refundable deposits*

For the Parent Company, all financial assets, except advances which is standard grade, are high grade.

The following shows the description of risk grade by the Group:

- High grade - These are financial assets which have a high probability of collection.
- Standard grade - These are financial assets where collections are probable due to the reputation and the financial ability of the counterparty to pay.
- Past due - These are receivables and financial assets at FVOCI for which contractual interest or principal payments are past due. These also includes impaired financial assets for which the Group determine that it is probable that it will be unable to collect all principal and interest due on the contractual terms and agreements.

The table below shows the aging analysis of past due but not impaired financial assets of MMSI:

	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
2021					
Receivables					
HMO/Philheath/Corporations	**₱–**	**₱–**	**₱114,087,271**	**₱257,793,355**	**₱371,880,626**
Individuals	–	–	**13,408,094**	**61,249,618**	**74,657,712**
	₱–	**₱–**	**₱127,495,365**	**₱319,042,973**	**₱446,538,338**
2020					
Receivables					
HMO/Philheath/Corporations	₱–	₱–	₱126,030,864	₱127,673,666	₱253,704,530
Individuals	–	–	15,886,634	42,335,300	58,221,934
	₱–	₱–	₱141,917,498	₱170,008,966	₱311,926,464

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet or settle its obligations when they come due without incurring unacceptable losses or costs.

The Group monitors its risk to a shortage of funds through monitoring of financial investments and financial assets and projected cash flows from operations. The Group's objectives to manage its liquidity profile are: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost. The Group also maintains a financial strategy that the scheduled principal and interest payments are well within the Group's ability to generate cash from its business operations.

The table below summarizes the maturity profile of the financial assets and liabilities based on contractual undiscounted payments as of December 31, 2021 and 2020:

	Consolidated						
	On Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Beyond 1 year	Total
2021							
Financial Assets							
Cash and cash equivalents	**₱249,163,112**	**₱62,916,974**	**₱–**	**₱–**	**₱–**	**₱–**	**₱312,080,086**
Short-term investments	–	–	–	–	**4,673,305**	–	**4,673,305**
Financial assets at FVTPL							
Financial assets at FVOCI	**1,413,664,942**	–	**49,160,123**	**26,777,955**	**42,459,366**	**81,159,395**	**1,613,221,781**
Receivables	**328,851,010**	**60,647,411**	**75,936,745**	**89,521,178**	**17,005,709**	**109,167**	**572,071,220**
Other noncurrent assets	–	–	–	–	–	**3,879,974**	**3,879,974**
	₱1,991,679,064	**₱123,564,385**	**₱125,096,868**	**₱116,299,133**	**₱64,138,380**	**₱85,148,536**	**₱2,505,926,366**

(Forward)

	Consolidated						
	On Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Beyond 1 year	Total
Financial Liabilities							
Accounts payable and accrued expenses	**₱542,920,747**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱542,920,747**
Loans payable	**–**	**1,324,894**	**14,603,399**	**15,844,046**	**131,307,817**	**172,538,762**	**335,618,918**
Cash bond	**926,400**	–	–	–	–	–	**926,400**
	₱543,847,147	**₱1,324,894**	**₱14,603,399**	**₱15,844,046**	**₱131,307,817**	**₱172,538,762**	**₱879,466,065**
2020							
Financial Assets							
Cash and cash equivalents	₱132,791,333	₱62,098,268	₱117,146,320	₱–	₱–	₱–	₱312,035,921
Short-term investments	–	–	–	–	4,731,330	–	4,731,330
Financial assets at FVTPL	481,453	–	–	–	–	–	481,453
Financial assets at FVOCI	1,244,888,068	24,987,187	–	–	37,851,252	158,890,752	1,466,617,259
Receivables	194,152,318	69,013,815	64,082,835	98,926,065	43,131,258	170,266,466	639,572,757
Other noncurrent assets	–	–	–	–	–	12,750,486	12,750,486
	₱1,572,313,172	₱156,099,270	₱181,229,155	₱98,926,065	₱85,713,840	₱341,907,704	₱2,436,189,206
Financial Liabilities							
Accounts payable and accrued expenses	₱504,312,257	₱–	₱–	₱–	₱–	₱–	₱504,312,257
Loans payable	–	4,083,442	19,197,977	23,274,206	444,506,840	347,662,643	838,725,108
Cash bond	1,421,000	–	–	–	–	–	1,421,000
	₱505,733,257	₱4,083,442	₱19,197,977	₱23,274,206	₱444,506,840	₱347,662,643	₱1,344,458,365

	Parent Company						
	On Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Beyond 1 year	Total
2021							
Financial Assets							
Cash and cash equivalents	**₱17,994,416**	**₱45,600,000**	**₱–**	**₱–**	**₱–**	**₱–**	**₱63,594,416**
Financial assets at FVOCI	**1,413,664,942**	**–**	**49,160,123**	**26,777,955**	**42,459,266**	**81,195,395**	**1,613,221,781**
Receivables	**1,200,144**	**–**	**72,972**	**66,472**	**99,167**	**109,167**	**1,547,922**
	₱1,432,859,502	**₱45,600,000**	**₱49,233,095**	**₱26,844,427**	**₱42,558,433**	**₱81,304,562**	**₱1,678,364,119**
Financial Liabilities							
Accounts payable and accrued Expenses	**₱19,480,104**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱19,480,104**
2020							
Financial Assets							
Cash and cash equivalents	₱49,304,828	₱400,004	₱–	₱–	₱–	₱–	₱49,704,832
Financial assets at FVTPL	481,453	–	–	–	–	–	481,453
Financial assets at FVOCI	1,244,888,068	24,987,187	–	–	37,851,252	158,890,752	1,466,617,259
Receivables	1,199,962	10,244	–	30,500	109,325	257,500	1,607,531
	₱1,295,874,311	₱25,397,435	₱–	₱30,500	₱37,960,577	₱159,148,252	₱1,518,411,075
Financial Liabilities							
Accounts payable and accrued expenses	₱55,694,535	₱–	₱–	₱–	₱–	₱–	₱55,694,535

Market Risk

Market risk is the risk of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, equity prices and other market changes.

Foreign currency risk

Foreign currency risk arises as a result of change in exchange rates between the Philippine peso and USD. Any change will affect the Group's foreign currency denominated accounts and transactions.

The Group regularly monitors foreign exchange rates, and any trends and changes. Measures will be adopted to protect the investment in the event there would be significant fluctuations in the exchange rate.

The table below summarizes the Group's exposure to foreign exchange risk as of December 31, 2021 and 2020:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Cash in bank	**$68,400**	$41,405	**$34,372**	$36,264

The exchange rates used to translate the Group's United States (US) Dollar denominated assets are ₱50.999 to $1.00 and ₱48.023 to $1.00 as of December 31, 2021 and 2020, respectively.

Presented below is the sensitivity analysis to demonstrate the impact of assumed changes in the exchange rate between the Philippine peso and the USD with all other factors constant as of December 31, 2021 and 2020:

	Effect on Pre-tax Income			
	Consolidated		Parent Company	
Rate of Change in Exchange Rate	**2021**	2020	**2021**	2020
+5.0%	**₱178,581**	₱1,662,413	**₱82,532**	₱87,075
–5.0%	**(178,581)**	(1,662,413)	**(82,532)**	(87,075)
+2.5%	**88,124**	831,206	**41,266**	43,538
–2.5%	**(88,124)**	(831,206)	**(41,266)**	(43,538)

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group's fixed income securities are exposed to such risk.

The Group's market risk policy requires it to manage interest rate risk by managing the maturities of interest-bearing financial assets and monitoring the fluctuation of interest rates in the market.

The following table demonstrates the sensitivity of the Group's fund balance to a reasonably possible change in interest rates, with all variables held constant (through the impact on changes in fair value of fixed-rate financial assets at FVOCI) as of December 31, 2021 and 2020:

	Change in interest rates (in basis points)			
	2021		2020	
	+50	**-50**	+50	-50
Change in fund balance	**(₱2,514,394)**	**₱2,587,965**	(₱1,536,371)	₱1,593,944

This sensitivity analysis is performed for risk management purposes and assumes no other changes in the repricing structure and government securities volume. The impact on fund balance already excludes the impact on transactions affecting profit and loss.

Equity price risk
The Group's price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices.

Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Group's equity price risk policy requires it to manage such risks by (a) closely monitoring investment objectives and constraints on investment; (b) detailed market observation and analysis; (c) investment diversification; and (d) limits on investment in each industry, sector or market.

The Group measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations.

The following table sets forth the impact of changes in PSEi in the Group's unrealized gain or loss on its financial assets at FVOCI shown under fund balance as of December 31, 2021 and 2020.

	2021		2020	
Changes in PSEi	**18.54%**	**(18.54%)**	20.00%	(20.00%)
Change on unrealized gain on financial assets at FVOCI under financial intermediaries	**₱262,093,480**	**(₱262,093,480)**	₱248,977,614	(₱248,977,614)
As a percentage of the Group's net unrealized gain	**56.90%**	**(56.90%)**	85.30%	(85.30%)

5. Fair Value Measurement

The assumptions and methods used by the Group in determining the fair values of its financial instruments follow:

Cash and cash equivalents, short-term investments, receivables, accounts payable, accrued expenses and short-term loans payable
The carrying amounts approximate their fair values considering that these accounts are short-term in nature.

Refundable deposit
The fair value of refundable deposit approximates its carrying value since it is due within one year.

Debt securities
Fair values of government and corporate debt securities are based on quoted market prices.

Equity securities
Fair values of quoted equity securities are based on quoted market prices.

UITF
Fair values of UITF are determined by reference to the net asset value (NAV) per unit.

Long term payables
Long term payables with carrying values of ₱156.75 million as of December 31, 2021 and ₱297.78 million as of December 31, 2020 have fair values amounting to ₱153.98 million and ₱312.02 million, respectively. The fair values are included in Level 3 hierarchy, as these are estimated using the discounted cash flow methodology using the current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued, if any.

The Group's financial instruments recognized at fair value are analyzed between those whose fair value are based on:

- Quoted in market prices in active markets for identical assets or liabilities (Level 1);
- Those involving other than quoted prices in level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Those with inputs for the asset of liability that are not based on observable market data (unobservable inputs) (Level 3).

As of December 31, 2021 and 2020, financial assets at FVOCI amounting to ₱1.60 billion and ₱1.46 billion, respectively, are all Level 1 securities. As of December 31, 2020, financial assets at FVTPL – UITF amounting to ₱0.48 million are Level 2 securities.

6. Cash and Cash Equivalents

This account consists of:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Cash on hand	**₱1,947,787**	₱10,387,045	**₱15,000**	₱15,000
Cash in banks (Note 24)	**247,013,322**	122,373,841	**17,994,416**	49,289,828
Cash equivalents (Note 24)	**63,158,462**	179,227,141	**45,600,000**	400,000
	₱312,119,571	₱311,988,027	**₱63,609,416**	₱49,704,828

Cash in banks earns interest at the respective prevailing bank deposit rates ranging from 0.00% to 0.125% in 2021 and 2020. Cash equivalents are short-term deposits invested at varying periods with maturities of three months or less from the date of placements and earn interest at the respective short-term deposit rates ranging from 0.25% to 2.38% in 2021 and from 0.13% to 2.38% in 2020. In 2021 and 2020, interest income earned on cash and cash equivalents amounted to ₱0.07 million and ₱1.64 million, respectively, for the Group and ₱0.07 million and ₱0.30 million, respectively, for the Parent Company.

7. Short-term Investments

This account represents the Subsidiary's time deposits with maturity periods of more than three (3) months but not more than a year. Short-term investments earn interest rates of 0.375% in 2021 and 0.20% to 0.375% in 2020.

Interest income earned from short-term investments amounted to ₱0.23 million and ₱0.34 million in 2021 and 2020, respectively.

8. Trading and Investments Securities

As of December 31, 2020, financial assets at FVTPL consists of the Parent Company's investment in UITF amounting to ₱0.48 million. Unrealized gain on financial assets at FVTPL recognized in the statements of income under 'Gain on financial assets - net' amounted to ₱9,333 in 2020.

Financial assets at FVOCI consist of the Parent Company's investments in:

	2021	2020
Quoted equity securities (Note 24)	**₱1,413,664,942**	₱1,244,888,068
Government treasury bills	**133,388,338**	61,259,947
Government debt securities	**38,247,106**	120,784,576
Corporate debt securities (Note 24)	**20,089,687**	28,364,509
	₱1,605,390,073	₱1,455,297,100
Current	**₱1,530,183,123**	₱1,307,706,382
Noncurrent	**75,206,950**	147,590,718
	₱1,605,390,073	₱1,455,297,100

In 2021 and 2020, dividend income earned on equity securities amounted to ₱101.52 million and ₱25.4 million, respectively (see Note 18).

In 2021 and 2020, financial assets at amortized cost and FVOCI of the Parent Company earn annual interest rates ranging from 1.02% to 6.30% and from 1.09% to 6.30%, respectively. In 2021 and 2020, interest income earned on these investments amounted to ₱5.8 million and ₱6.1 million, respectively. The movements of the financial assets at FVOCI account follow:

	2021	2020
Balance at the beginning of the year	**₱1,455,297,100**	₱1,753,645,900
Additions	**47,547,106**	105,962,500
Disposal	**(62,926,636)**	(114,273,263)
Fair value changes during the year	**165,472,503**	(290,038,037)
Balance at the end of the year	**₱1,605,390,073**	₱1,455,297,100

Details of net unrealized gain on financial assets at FVOCI are as follows:

	2021	2020
Balance at beginning of year	**₱295,488,209**	₱595,295,639
Fair value changes on equity securities	**168,776,874**	(301,162,163)
Fair value changes on debt securities		
Net unrealized gain recognized in OCI	**(2,822,439)**	11,124,126
Amount realized in profit or loss	**(481,932)**	(9,769,393)
	(3,304,371)	1,354,733
Balance at end of year	**₱460,960,712**	₱295,488,209

Gain on financial assets of the Parent Company consists of:

	2021	2020
Realized gain from disposal of debt financial assets at FVOCI	**₱481,932**	**₱9,769,393**
Fair value gain on financial assets at FVTPL	**–**	**9,333**
Balance at the end of the year	**₱481,932**	**₱9,778,726**

Gain on debt financial assets at FVOCI represent realized gains previously reported in OCI.

9. Receivables

This account consists of:

	Consolidated		**Parent Company**	
	2021	2020	**2021**	2020
Receivables from:				
HMO/PhilHealth	**₱554,300,170**	₱462,527,572	**₱ –**	**₱ –**
Individuals	**192,254,812**	176,046,388	**504,031**	561,734
Accrued interest receivable (Note 24)	**1,043,891**	1,045,797	**1,043,891**	1,045,797
	747,598,873	639,619,757	**1,547,922**	1,607,531
Less allowance for credit losses	**257,986,836**	184,990,154	–	–
	₱489,612,037	₱454,629,603	**₱1,547,922**	₱1,607,531

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Current	**₱489,502,870**	₱454,372,103	**₱1,438,755**	₱1,350,031
Noncurrent	**109,167**	257,500	**109,167**	257,500
	₱489,612,037	₱454,629,603	**₱1,547,922**	₱1,607,531

Receivables from individuals of the Group include collectibles from patients and doctors, and advances to officers and employees.

The movements of MMSI's allowance for credit losses on receivables from individuals and HMO/PhilHealth are as follows:

	2021	2020
Balance at beginning of year	**₱184,990,154**	₱95,093,539
Provision for credit losses	**85,331,884**	106,613,263
Accounts written-off	**(12,335,202)**	(16,716,648)
Balance at end of year	**₱257,986,836**	₱184,990,154

10. Inventories

This account consists of the following medicines and supplies of MMSI that are carried at cost:

	2021	**2020**
Central supply	**₱81,819,690**	**₱76,805,928**
Drugs and pharmaceutical	**62,384,232**	**75,247,684**
Other supplies	**5,354,620**	**7,289,433**
	₱149,558,542	**₱159,343,045**

As of December 31, 2021, and 2020, MMSI assessed that no allowance for loss on decline in value of inventories had to be recognized.

11. Investment in a Subsidiary

This account pertains to the Parent Company's investment in MMSI, which is carried at its cost of ₱70.8 million. MMSI has a wholly-owned subsidiary, MDH Clinic (see Note 1).

MMSI and MDH Clinic did not declare any dividends in 2021 and 2020.

The following table presents the financial information of MMSI and MDH Clinic as of and for the years ended December 31, 2021 and 2020:

	2021		2020	
	MMSI	**MDH Clinic**	MMSI	MDH Clinic
Statements of Financial Position				
Total assets	**₱3,273,149,007**	**₱7,007,399**	₱3,385,032,794	₱6,235,871
Total liabilities	**1,131,051,266**	**735,608**	1,465,936,503	1,129,516
Non-controlling interest	**911,047,968**	–	816,204,015	–
Statements of Comprehensive Income				
Gross income	**1,097,039,759**	**2,734,402**	587,093,527	1,409,559
Operating income (loss)	**312,685,460**	**2743,838**	(42,800,934)	725,958
Net income (loss)	**218,640,903**	**1,165,436**	(26,419,358)	106,355

(Forward)

	2021		2020	
	MMSI	**MDH Clinic**	MMSI	MDH Clinic
Net income (loss) attributable to NCI	**₱92,989,385**	**₱ –**	(₱11,236,323)	₱ –
Total comprehensive income (loss)	**223,001,450**	**1,165,436**	(30,889,149)	106,355
Total comprehensive income (loss) attributable to NCI	**94,843,954**	–	(13,137,354)	–
Statements of Cash Flows				
Net cash provided by operating activities	**631,965,904**	**1,244,481**	97,356,007	42,169
Net cash provided by (used in) investing activities	**(197,363,600)**	**39,900**	(215,726,686)	(39,900)
Net cash provided by (used in) financing activities	**(448,724,638)**	**(656,906)**	250,764,214	5,000,000
Effect of exchange rate changes in cash and cash equivalents	**(14,400,518)**	–	(2,942,445)	–
Net increase (decrease) in cash and cash equivalents	**(278,184)**	**627,475**	129,451,090	5,002,269
Cash and cash equivalents at beginning of year	**257,280,930**	**5,002,269**	127,829,840	–
Cash and cash equivalents at end of year	**242,880,412**	**5,629,744**	257,280,930	5,002,269

12. Property and Equipment

The composition of and movements in the Group's property and equipment account are as follows:

	Consolidated					
	Land (Note 15)	**Furniture, Fixtures and Equipment**	**Building and Improvement** (Note 15)	**Hospital Furnishings and Equipment**	**Building under Construction**	**Total**
2021						
Cost						
Balance at beginning of year	**₱213,930,873**	**₱439,636,572**	**₱1,798,149,148**	**₱1,704,186,692**	**₱183,095,097**	**₱4,338,998,382**
Additions	**–**	**25,055,827**	**43,893,677**	**121,587,191**	**5,030,489**	**195,567,184**
Disposals/Others	**–**	**(759,000)**	**–**	**(6,459,188)**	**–**	**(7,218,188)**
Reclassifications (Note 25)	**–**	**716,895**	**31,933,061**	**–**	**(32,649,956)**	**–**
Balance at end of year	**213,930,873**	**464,650,294**	**1,873,975,886**	**1,819,314,695**	**155,475,630**	**4,527,347,378**
Accumulated depreciation						
Balance at beginning of year	**–**	**301,108,683**	**684,746,202**	**1,106,137,370**	**–**	**2,091,992,255**
Depreciation	**–**	**57,507,371**	**55,857,702**	**145,040,678**	**–**	**258,405,752**
Disposals/Others	**–**	**(759,000)**	**–**	**(4,928,024)**	**–**	**(5,687,024)**
Balance at end of year	**–**	**357,857,054**	**740,603,904**	**1,246,250,024**	**–**	**2,344,710,982**
Net book value at end of year	**₱213,930,873**	**₱106,793,240**	**₱1,133,371,982**	**₱573,064,670**	**₱155,515,630**	**₱2,182,636,394**
2020						
Cost						
Balance at beginning of year	₱213,930,873	₱419,500,660	₱1,736,863,641	₱1,621,893,932	₱194,897,580	₱4,187,086,686
Additions	–	20,135,912	57,101,389	82,292,760	37,491,811	197,021,872
Disposals/Others	–	–	–	–	(45,110,176)	(45,110,176)
Reclassifications (Note 25)	–	–	4,184,118	–	(4,184,118)	–
Balance at end of year	213,930,873	439,636,572	1,798,149,148	1,704,186,692	183,095,097	4,338,998,382
Accumulated depreciation						
Balance at beginning of year	–	241,610,686	636,546,233	968,006,236	–	1,846,163,155
Depreciation	–	59,497,997	48,199,969	138,131,134	–	245,829,100
Balance at end of year	–	301,108,683	684,746,202	1,106,137,370	–	2,091,992,255
Net book value at end of year	₱213,930,873	₱138,527,889	₱1,113,402,946	₱598,049,322	₱183,095,097	₱2,247,006,127

Land, buildings and improvements pledged as collaterals to secure borrowings under the term loan agreement amounted to ₱1.35 billion and ₱1.33 billion as of December 31, 2021 and 2020, respectively (see Note 15).

MMSI started the construction of the Norberto Ty Medical Tower 2 (NTMT 2) in January 2015. The new tower is expected to be completed in 2023.

The amount of borrowing costs capitalized in 2021 and 2020 amounted to ₱1.42 million and ₱1.64 million, respectively (see Note 15). The rates used to determine the amount of borrowing costs eligible for capitalization ranged from 4.0% to 5.0% in 2021 and 5.00% to 7.50% in 2020, which are based on the effective interest rates of the specific and general borrowings.

Building improvements and medical equipment include the donated molecular laboratory for COVID-19 RT-PCR testing amounting to ₱10.78 million and ₱4.22 million, with accumulated depreciation of ₱1.34 million and ₱1.29 million as of December 31, 2021 and 2020, respectively.

The Parent Company's property and equipment consists of furniture, fixtures and equipment with the following movements:

	2021	2020
Cost		
Balance at beginning of year	**₱13,134,342**	₱11,430,735
Additions	**1,498,170**	1,703,607
Balance at end of year	**14,632,512**	13,134,342
Accumulated depreciation		
Balance at beginning of year	**10,567,376**	8,804,871
Depreciation	**1,550,736**	1,762,505
Balance at end of year	**12,118,112**	10,567,376
Net book value at end of year	**₱2,514,400**	₱2,566,966

13. Other Assets

This account consists of:

	2021	2020	**2021**	2020
Other current assets				
Prepaid expenses	**₱10,885,637**	₱25,019,548	**₱ –**	₱ –
Creditable withholding tax	**7,737,321**	22,830,438	–	–
Input value-added tax (VAT)	**1,393,727**	415,565	–	–
Supplies inventory	**721,538**	893,375	**721,539**	753,787
Miscellaneous	**6,113**	11,100	**6,112**	11,100
	20,744,336	49,170,026	**727,651**	764,887
Less allowance for impairment losses	–	6,954,760	–	–
	20,744,336	42,215,266	**727,651**	764,887
Other noncurrent assets				
Advances to contractors and suppliers	**29,932,016**	66,548,393	**–**	–
Computer software - net	**28,300,603**	30,124,988	**386,624**	466,977
Refundable deposit	**3,879,974**	4,706,327	**–**	–
Miscellaneous	**1,886,807**	9,899,324	**1,886,807**	1,886,807
	₱63,999,400	₱111,279,032	**₱2,273,431**	₱2,353,784

Creditable withholding taxes represent the taxes withheld at source by the counterparty which can be applied against future income tax liability.

Prepaid expenses consist of prepayments of swab testing services, real estate tax, prepaid tax, insurance premiums and other general prepaid expenses.

Input VAT represents the VAT paid on the purchase of goods and services subject to VAT that the Group can claim against future liability for output VAT on the sale of goods and services subject to VAT.

Supplies inventory consists of office supplies, books and magazines, donated goods and giveaways.

Advances to contractors represent advance payments for the construction of NTMT 2 (see Note 12) and advances to suppliers represent advance payments for purchase of equipment.

Refundable deposits consist mainly of deposits with lessors, utility companies and real estate companies.

Miscellaneous assets include security deposits and cash collateral of the Group, as well as paintings of the Parent Company. The cash collateral deposits represent MMSI's restricted deposits assigned as security for the employee loans availed from the same depository bank. These are renewable every ninety (90) days and earns annual interest rates of 2.375% 2020. This was reclassified as unrestricted deposit in 2021.

As of December 31, 2020, allowance for impairment losses amounting to ₱6.95 million pertains to unrecoverable creditable withholding taxes of MMSI which was approved for write-off in 2021.

The movements in computer software account follow:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Cost				
Balance at beginning of year	**₱55,253,168**	₱39,607,592	**₱2,693,645**	₱2,496,390
Additions	**3,433,160**	15,645,576	**178,474**	197,255
Balance at end of year	**58,686,328**	55,253,168	**2,872,119**	2,693,645
Accumulated amortization				
Balance at beginning of year	**25,128,180**	20,445,196	**2,226,668**	2,044,633
Amortization	**5,257,545**	4,682,984	**258,827**	182,035
Balance at end of year	**30,385,725**	25,128,180	**2,485,495**	2,226,668
Net book value at end of year	**₱28,300,603**	₱30,124,988	**₱386,624**	₱466,977

14. Accounts Payable and Accrued Expenses

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Accounts payable	**₱418,574,014**	₱358,342,403	**₱19,322,988**	₱55,523,120
Accrued expenses	**123,619,626**	103,354,621	–	–
Security deposit	**10,049,969**	10,168,811	–	–
Withholding taxes payable	**7,241,157**	7,536,633	**636,217**	536,873
Others	**8,922,897**	61,074,776	**248,010**	266,464
	₱568,407,663	₱540,477,244	**₱20,207,215**	₱56,326,457

As of December 31, 2021 and 2020, accounts payable includes trade payables, non-trade payables, professional fees payable and unclaimed refund.

The Parent Company's accounts payable includes ₱9.46 million grants to partner organizations for various social development projects and calamity assistance to victims of typhoon Odette in 2021 and ₱53.64 million reimbursement for the amelioration assistance in an effort to aid agency personnel during the Enhanced and Modified Community Quarantine (ECQ/MCQ) periods in 2020.

Accrued expenses include accruals for utilities, company discounts, medicine allowance, preventive maintenance, salaries and wages, consultant fees, audit fees, synergy cost, interest from loans and other contractual services.

Withholding taxes payable consists of withholding taxes on compensation and expanded withholding taxes on rental, services, goods and other items subject to the guidelines of the BIR.

Others include advance rentals, loans and other dues and payables to other government institutions.

15. Loans Payable

This account represents loans payable of MMSI and is broken down into:

	2021	2020
Current	**₱152,827,202**	₱460,519,510
Noncurrent	**156,747,491**	297,779,821
	₱309,574,693	₱758,299,331

Details of the borrowings are as follows:

	2021	2020
Term loan	**₱209,574,693**	₱358,299,331
Working capital loan	**100,000,000**	400,000,000
	₱309,574,693	₱758,299,331

The table below presents the movements in loans payable:

	2021	2020
Balance at beginning of year	**₱758,299,331**	₱507,535,117
Proceeds from borrowings	–	300,000,000
Repayments	**(448,724,638)**	(49,235,786)
Balance at end of year	**₱309,574,693**	₱758,299,331

As of December 31, 2021 and 2020, loans payable subject to periodic interest repricing.

Interest rates and maturity of the borrowings are as follows:

	2021		2020	
	Interest rate per annum	**Maturity**	Interest rate per annum	Maturity
Term loan	**3.10% to 5.00%**	**2025 to 2032**	3.50% to 5.85%	2025 to 2032
Working capital loan	**3.10% to 4.50%**	**2022**	4.00% to 5.50%	2021

Interest expense from loans payable amounted to ₱23.66 million and ₱32.02 million in 2021 and 2020, respectively.

Other relevant information on MMSI's borrowings is provided below:

Term Loan
The proceeds of the loans were used for the construction of NTMT 2 and to finance purchase of medical equipment. Interest expense capitalized to property and equipment amounted to ₱1.42 million and ₱1.64 million in 2021 and 2020, respectively (see Note 12).

The term loan agreements contain among others, covenants regarding the maintenance of a maximum debt-to-equity ratio of 3 times and debt service reserve account. As of December 31, 2021 and 2020, MMSI is in compliance with its loan covenants having a debt-to-equity ratio of 0.53 and 0.76 times, respectively.

As of December 31, 2021 and 2020, certain borrowings were secured by MMSI's property and equipment (see Note 12). The following are the carrying values of the property and equipment pledged as collaterals:

	2021	2020
Land	**₱213,930,873**	₱213,930,873
Buildings and improvement	**1,133,371,982**	1,113,402,946
	₱1,347,302,855	₱1,327,333,819

Working Capital Loan
On November 22, 2021, ₱100.00 million working capital was renewed until November 17, 2022 with an interest rate of 3.10% subject to quarterly repricing.

In April 2020, MMSI borrowed ₱300.00 million loan for working capital purposes with 4.50% annual interest rate and maturity date of February 26, 2021. This was fully paid in 2021 and included in the total borrowing payments of ₱448.72 million.

Loan Prepayment
In 2021, MMSI pre-terminated two (2) term loans with total principal and carrying amount of ₱57.69 million, which resulted to pre-termination costs of ₱2.78 million (see note 19).

16. **Fund Balance**

The Parent Company uses the funds for the operational activities as indicated in the approved agreement with the donor partners and agencies. Fund balances are utilized only for the projects and activities in conformity with the approved work plans, budgets, personnel and financial guidelines and policies of the Parent Company.

Other equity item pertains to equity reserve of the Parent Company's investment in the Subsidiary.

17. **Retirement Plans**

The Parent Company and MMSI have funded noncontributory defined benefit retirement plan covering all their respective permanent and full-time employees. Benefits are based on the employee's years of service and final plan salary.

For employees of the Parent Company, retirement from service is compulsory upon the attainment of the 55th birthday or 30th year of service, whichever comes first.

For employees of MMSI hired before October 1, 2009 and from October 1, 2009 to present, retirement from service is compulsory upon the attainment of the 60th birthday and 55th birthday, respectively, or 30th year of service, whichever comes first.

The existing regulatory framework, Republic Act (RA) 7641 (Retirement Pay Law) requires provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Parent Company and MMSI have met the minimum retirement benefit specified under RA 7641.

The principal actuarial assumptions used in determining the retirement liability of the Parent Company and MMSI are shown below:

	Parent Company	MMSI
As of December 31, 2021		
Average remaining working life	8 years	7 years
Discount rate	4.82%	4.99%
Future salary increases	8.00%	3.00%
As of December 31, 2020		
Average remaining working life	8 years	7 years
Discount rate	3.95%	4.69%
Future salary increases	8.00%	3.00%

The fair value of plan assets as at the end of the reporting periods are as follow:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Cash and cash equivalents	**₱537,705**	₱2,007,722	**₱67,121**	₱53,062
Debt instruments	**95,165,758**	105,083,700	**14,264,611**	13,114,232
Equity securities	**49,937,184**	54,958,079	**227,270**	1,821,172
Others	**642,637**	1,789,666	**96,688**	85,005
	₱146,283,284	₱163,839,167	**₱14,655,690**	₱15,073,471

Changes in the Group's net defined benefit liability in 2021 and 2020 are as follows:

	2021		
	Present Value of DBO	**Fair Value of Plan Assets**	**Net retirement liability**
Balance at beginning of year	**₱389,557,135**	**(₱163,839,167)**	**₱225,717,968**
Net benefit cost			
Current service cost	**31,631,666**	**–**	**31,631,666**
Net interest	**13,839,396**	**(6,438,171)**	**7,401,225**
	45,471,062	**(6,438,171)**	**39,032,891**
Benefits paid	**(16,382,557)**	**16,382,557**	**–**
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	–	**7,611,497**	**7,611,497**
Actuarial changes arising from experience adjustments	**(3,889,942)**	–	**(3,889,942)**
Actuarial changes arising from changes in financial/ demographic assumptions	**(13,445,361)**	–	**(13,445,361)**
	(17,335,303)	**7,611,497**	**(9,723,806)**
Balance at end of year	**₱401,310,337**	**(₱146,283,284)**	**₱255,027,053**

	2020		
	Present Value of DBO	Fair Value of Plan Assets	Net retirement liability
Balance at beginning of year	₱382,244,317	(₱191,695,488)	₱190,548,829
Net benefit cost			
Current service cost	25,564,516	–	25,564,516
Past service cost	(6,085,135)	–	(6,085,135)
Net Interest	16,343,660	(8,245,894)	8,097,766
	35,823,041	(8,245,894)	27,577,147
Benefits paid	(33,285,752)	33,285,752	–
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	₱–	₱2,816,463	₱2,816,463
Actuarial changes arising from experience adjustments	(6,806,516)	–	(6,806,516)
Actuarial changes arising from changes in financial/ demographic assumptions	11,582,045	–	11,582,045
	4,775,529	2,816,463	7,591,992
Balance at end of year	₱389,557,135	(₱163,839,167)	₱225,717,968

Changes in the Parent Company's net retirement liability in 2021 and 2020 are as follows:

	2021		
	Present Value of DBO	**Fair Value of Plan Assets**	**Net retirement liability/(asset)**
Balance at beginning of year	**₱16,214,965**	**(₱15,073,471)**	**₱1,141,494**
Net benefit cost		–	
Current service cost	**1,989,345**		**1,989,345**
Net interest	**780,945**	**(725,968)**	**54,977**
	2,770,290	**(725,968)**	**2,044,321**
Benefits paid	–	–	–
Remeasurement loss (gain) in OCI			
Return on plan assets (excluding amount included in net interest)	–	**1,143,749**	**1,143,749**
Actuarial changes arising from experience adjustments	**(2,992,848)**	–	**(2,992,848)**
Actuarial changes arising from changes in financial/ demographic assumptions	**630,123**	–	**630,123**
	(2,362,725)	**1,143,749**	**(1,218,976)**
Contributions	–	–	–
Balance at end of year	**₱16,622,530**	**(₱14,655,690)**	**₱1,966,840**

	2020		
	Present Value of DBO	Fair Value of Plan Assets	Net retirement liability/(asset)
Balance at beginning of year	₱11,486,466	(₱13,818,084)	(₱2,331,618)
Net benefit cost Current service cost	2,381,951	–	2,381,951
Net interest	568,580	(683,995)	(115,415)
	2,950,531	(683,995)	2,266,536
Benefits paid	–	–	–
Remeasurement loss (gain) in OCI			
Return on plan assets (excluding amount included in net interest)	–	(571,392)	(571,392)
Actuarial changes arising from experience adjustments	2,766,009	–	2,766,009
Actuarial changes arising from changes in financial/ demographic assumptions	(988,041)	–	(988,041)
	1,777,968	(571,392)	1,206,576
Contributions	–	–	–
Balance at end of year	₱16,214,965	(₱15,073,471)	₱1,141,494

The movements in the cumulative actuarial gain (loss) on net defined liability/asset recognized in other comprehensive income (loss) are as follows:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Balance at beginning of year	**(₱14,517,568)**	(₱27,559,098)	**₱4,982,401**	(₱3,775,825)
Remeasurement gain (loss) on net defined liability	**9,723,806**	(7,591,992)	**1,128,976**	(1,206,576)
Income tax effect	**4,144,283**	1,915,625	–	–
Remeasurement losses on net defined liability - net	**5,579,523**	(5,676,367)	**1,128,976**	(1,206,576)
	(8,938,045)	(33,235,465)	**(3,763,425)**	4,982,401
Non-controlling interest	**(1,854,569)**	18,717,897	–	–
Balance at end of year	**(₱10,792,614)**	(₱14,517,568)	**(₱3,763,425)**	(₱4,982,401)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of DBO as of December 31, 2021 and 2020, assuming all other assumptions were held constant:

	Parent Company		MMSI	
	2021	2020	**2021**	2020
Discount rate				
+100 basis points (bps)	**(₱2,076,673)**	(₱2,135,342)	**(₱29,391,997)**	(₱1,114,175)
-100 bps	**2,472,960**	2,558,015	**33,519,491**	1,293,045
Salary increase rate				
+100 bps	**2,373,120**	2,426,401	**13,441,499**	1,301,174
-100 bps	**(2,039,869)**	(2,076,983)	**(12,078,098)**	(1,143,679)

As of December 31, 2021 and 2020, the average duration of the DBO is 11.43 years and 17.99 years, respectively, for the Parent Company and 13.45 years and 13.84 years, respectively, for MMSI.

Shown below is the maturity analysis of the undiscounted benefit payments:

	Parent Company		MMSI	
	2021	2020	**2021**	2020
Less than 1 year	**₱64,696**	₱735,668	**₱29,869,267**	₱25,222,984
More than 1 year to 5 years	**7,457,787**	6,268,025	**121,004,785**	119,367,870
More than 5 years to 10 years	**3,105,421**	3,355,099	**276,922,526**	204,486,005
More than 10 years to 15 years	**17,506,326**	12,646,240	**269,291,716**	238,019,048
More than 15 years to 20 years	**2,868,640**	2,740,217	**228,909,006**	204,742,132
More than 20 years	**4,093,451**	3,999,377	**285,582,512**	268,514,061

The Group expects to contribute ₱69.56 million to the retirement fund in 2022. As of December 31, 2021 and 2020, the retirement fund of the Group is being managed by the Metropolitan Bank & Trust Company Trust Banking Group (Metrobank TBG), which has a Trust Committee that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the retirement plan. Metrobank TBG manages the plan based on the mandate as defined in the trust agreement.

18. Revenues and Miscellaneous Income

The revenue from customers of the Group consists of:

	2021	2020
Medical:		
Procedure fees and other charges	**₱1,663,910,433**	₱1,134,513,754
Medical supplies	**563,231,467**	477,963,761
Sales on medicines	**515,195,705**	452,017,552
Room charges	**223,552,140**	209,703,413
	2,965,889,745	2,274,198,480
Non-medical:		
Sales on medicines – Pharmacy Out-patient	**93,430,111**	91,278,582
Gross revenue	**3,059,319,856**	2,365,477,062
Discounts and allowances	**(301,317,448)**	(232,321,973)
Net revenue	**₱2,758,002,408**	₱2,133,155,089

Miscellaneous income consists of rental fees from clinical protocols, medical records processing fee and other miscellaneous fees.

19. Cost and Other Operating Expenses

The cost of sales and services of the Group consists of:

	2021	2020
Cost of Sales:		
Cost of sales – medical supplies	**₱521,385,336**	₱455,401,001
Cost of sales – medicines	**329,346,102**	292,926,761
	850,731,438	748,327,762
Cost of Services:		
Salaries, wages and benefits (Note 24)	**424,855,724**	440,992,783
Depreciation and amortization (Notes 12 and 13)	**176,575,363**	159,016,641
Professional and consultancy fees	**116,035,138**	93,148,495
Power, light and water	**53,411,414**	46,313,113
Other supplies used	**34,112,892**	27,324,631
Security and janitorial services	**29,632,358**	38,957,708
Linen and laundry cost supplies and services	**13,249,161**	9,855,932
Rental (Note 22)	**5,530,870**	2,679,124
Trainings and seminars	**353,730**	154,260
Others	**15,727,084**	5,421,412
	869,483,734	823,864,099
	₱1,720,215,172	₱1,572,191,861

Other operating expenses consists of:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Salaries, wages and benefits (Notes 17 and 24)	**₱308,783,062**	₱249,360,581	**₱9,221,980**	₱10,972,021
Depreciation and amortization (Notes 12 and 13)	**87,087,933**	91,495,443	**1,809,565**	1,944,540
Repairs and maintenance	**74,126,231**	23,056,057	**73,767**	42,917
Professional and consultancy fees	**42,219,026**	35,011,362	**1,208,891**	300,927
Security and janitorial services	**28,985,413**	28,405,956		–
Taxes and licenses	**24,363,302**	24,385,012	**9,613**	11,563
Power, light and water	**24,005,454**	21,477,001	**412,882**	356,079
Communications	**18,718,308**	17,813,311	**10,920,454**	10,703,322
Contractual services	**16,720,584**	12,634,047	–	–
Supplies	**15,970,954**	13,895,036	**131,335**	155,593
Noncapitalizable assets	**13,754,852**	11,602,855	–	–
Entertainment, amusement and recreation	**9,029,189**	6,278,540	**151,951**	132,204
Insurance	**7,600,780**	8,064,610	**340,423**	327,232
Rent (Note 22)	**6,661,226**	7,729,991	**1,386,702**	1,304,311
Biomedical waste	**3,548,879**	2,563,191		–
Transportation	**3,334,203**	1,457,983	**286,765**	262,891
Advertising	**1,483,582**	1,158,191	–	–
Social service patients	**1,063,917**	3,012,607	–	–
Food and marketing	**251,040**	4,854,857	–	–
Miscellaneous	**15,953,494**	15,914,094	**704,164**	1,330,844
	₱703,661,429	₱580,170,725	**₱26,658,492**	₱27,844,444

Miscellaneous expenses include pre-termination costs of loans payable, subscription fees, affiliation, accreditation and membership fees, and trust fee.

20. Income Taxes

As discussed in Note 1, income from activities in pursuit of the purpose for which the Parent Company was organized is exempt from income tax. Provision for income tax of the Parent Company pertains mainly to final withholding tax on interest income.

Income taxes include corporate income tax, as discussed below, and final taxes paid at the rate of 20.00%, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

Prior tax regulations provide that RCIT shall be 30% while non-deductible interest expense shall be 33% of interest income subject to final tax.

Prior year tax regulations provide for MCIT of 2% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2021 and 2022, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulation No. 25-2020.

President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect on April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Foundation:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Provision for (benefit from) income tax consists of:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Current				
RCIT	**₱107,516,553**	₱17,889,219	**₱–**	**₱–**
Final	**1,348,552**	2,209,555	**1,221,216**	1,863,662
MCIT	**(5,648)**	41,873	**(5,648)**	41,873
	108,859,457	20,140,647	**1,215,568**	1,905,535
Deferred	**(13,313,763)**	(34,571,517)	–	–
	₱95,545,694	(₱14,430,870)	**₱1,215,568**	₱1,905,535

As of December 31, 2021 and 2020, the Parent Company did not recognize deferred tax assets on the following:

	2021	2020
NOLCO	**₱4,431,147**	₱1,882,880
MCIT	**36,225**	41,873
	₱4,467,372	₱1,924,753

As of December 31, 2021, the Parent Company has incurred NOLCO in taxable year 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover as One Act, as follows:

Year Incurred	Amount	Expired/Used	Balance	Availment period
2021	₱2,548,267	₱–	₱2,548,267	2022 – 2026
2020	443,009	–	443,009	2021 – 2025
	₱2,991,276	–	₱2,991,276	

As of December 31, 2021, the Parent Company has incurred NOLCO before taxable year 2021 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Amount	Expired/Used	Balance	Availment period
2019	₱1,439,871	–	₱1,439,871	2020 – 2022

As of December 31, 2021, the carryforward benefits of MCIT in taxable year 2021 which can be claimed as tax credit against the regular taxable income for the next three (3) consecutive taxable years, are as follows:

Year Incurred	Amount	Expired/Used	Balance	Availment period
2021	₱4,819	₱–	₱4,819	2022 - 2024
2020*	31,406	–	31,406	2021 - 2023
	₱36,225		₱36,225	

**After reduction of ₱10,467 for impact of CREATE Law*

As of December 31, 2021 and 2020, the Subsidiaries have no NOLCO and MCIT which can be claimed as deduction from their regular taxable income.

Components of MMSI's net deferred tax assets as of December 31, 2021 and 2020 follow:

	2021	2020
Deferred tax asset on:		
Allowance for credit losses	**₱64,496,709**	₱55,497,046
Net retirement liability	**63,265,053**	67,372,942
Accrued expenses	**3,750,000**	–
Unrealized foreign exchange loss	**69,546**	882,734
Unamortized retirement contribution	**–**	80,081
Others	**429,655**	391,768
	132,010,963	124,224,571
Deferred tax liability on:		
Capitalizable borrowing cost	**9,431,045**	10,890,940
Accrued rent income	**1,301,537**	1,224,729
	10,732,582	12,115,669
	₱121,278,381	₱112,108,902

A reconciliation of the statutory income tax to the effective income tax follows:

	Consolidated		Parent Company	
	2021	2020	**2021**	2020
Statutory income tax	**₱86,528,103**	(₱34,578,515)	**₱8,285,346**	(₱21,765,886)
Tax effect of:				
Nondeductible expense	**31,271,273**	91,189,161	**29,396,632**	80,771,936
Nontaxable income	**(37,629,529)**	(69,633,187)	**(36,852,601)**	(56,210,452)
Impact of CREATE	**15,159,292**	–	**10,467**	–
Unrecognized deferred tax	**631,419**	41,873	**631,419**	41,873
Income subjected to final tax	**(414,865)**	(1,450,202)	**(255,695)**	(931,936)
Effective income tax	**₱95,545,694**	(₱14,430,870)	**₱1,215,568**	₱1,905,535

21. Leases

Group as the Lessee

The Group entered into various lease agreements as a lessee for varying periods ranging from one to five years, which may be renewed or extended under such new or additional terms or conditions agreed to by the parties.

Estimated minimum future rental payable under the lease agreements are as follows:

	2021	2020
Within one year	**₱3,687,087**	₱7,484,008
After one year but not more than five years	**–**	1,479,087
	₱3,687,087	₱8,963,095

Rent expense of the Group amounted to ₱12.1 million and ₱10.4 million in 2021 and 2020, respectively (Note 19).

Group as the Lessor

The Group entered into various lease agreements as a lessor for varying periods ranging from one to ten years, which may be renewed or extended under such new or additional terms or conditions agreed to by the parties.

Estimated minimum future rental receivable under the lease agreements are as follows:

	2021	2020
Within one year	**₱36,596,814**	₱30,343,517
After one year but not more than five years	**43,539,137**	39,983,211
	₱80,135,951	₱70,326,728

Rent income of the Group amounted to ₱51.55 million and ₱45.14 million in 2021 and 2020, respectively.

23. Commitments and Contingent Liabilities

In the normal course of the Parent Company's operations, there are various commitments and contingent liabilities which are not reflected in the accompanying financial statements. No material losses are anticipated as a result of these transactions.

24. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, common key management personnel such as affiliates or other related parties. Related parties may be individuals or corporate entities.

In the ordinary course of business, the Group enters into transactions with its related parties. The amounts and related volumes and changes are presented in the summary below (transactions with the subsidiaries have been eliminated in the consolidated financial statements). Generally, related party transactions are settled in cash. As of December 31, 2021 and 2020, outstanding balances with related parties are not impaired.

	Consolidated		
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/Nature
2021			
Other related parties			
Cash and Cash Equivalents	**(₱8,869,519)**	**₱262,024,604**	Current, savings and time deposit accounts which earn interest ranging from 0.00% to 2.38% per annum (Note 6).
Short-term investment	**18,548**	**4,655,845**	Time deposits with maturities of more than three months but not more than a year and earn interest at 0.375%.
Financial assets at FVTPL	**(481,453)**	–	UITF in Metrobank (Note 8).
Financial assets at FVOCI	**150,479,641**	**1,423,732,218**	Investment in Metrobank shares and corporate debt security (Note 8).
Receivables	–	**133,870**	Accrued interest on time deposits and other unsecured non-interest-bearing receivables that are due on demand (Note 8).
Loans Payable	**(45,134,894)**	**242,972,129**	Term and working capital loan with interest rate per annum of 3.10% to 5.00% and maturity of 2022 to 2032
Donation income	**40,000,000**	–	Support for programs.
Dividend Income	**101,519,924**	–	Dividend income on investment in Metrobank shares.
Interest income	**385,237**	–	Interest earned on savings accounts and time deposits.

	Consolidated		
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/Nature
2020 Other related parties			
Cash and Cash Equivalents	₱94,075,265	₱270,894,123	Current, savings and time deposit accounts which earn interest ranging from 0.00% to 2.38% per annum (Note 6).
Short-term investment	73,032	4,637,297	Short term investments/time deposits with maturities of more than three months but not more than a year from dates of placement and earn interest at 0.20% to 0.375%. (Note 7)
Financial assets at FVTPL	(152,452)	481,453	UITF in Metrobank (Note 8).
Financial assets at FVOCI	(283,130,442)	1,273,252,577	Investment in Metrobank shares and corporate debt security (Note 8).
Receivables	723,272	133,870	Accrued interest on time deposits and other unsecured non-interest bearing receivables that are due on demand (Note 9)
Loans Payable	33,851,171	288,107,023	Peso borrowings subject to fixed annual interest ranging from 3.50% to 5.50% with maturity terms of 1 to 7 years (Note 15)
Donation income	107,200,000	–	Support programs.
Dividend Income	25,379,981	–	Dividend income on investment in Metrobank shares.
Interest income	2,190,230	133,870	Interest earned on savings accounts and time deposits.
Other expense	5,280	–	Cost incurred for pre-employment medical checkup, and employment vaccine

	Parent Company		
Category	**Amount/ Volume**	**Outstanding Balance**	**Terms and Conditions/ Nature**
2021 **Other related parties**			
Cash and cash equivalents	**₱13,904,588**	**₱63,594,416**	Current, savings and time deposit accounts which earn interest ranging from 0.10% to 2.38% per annum (Note 6).
Financial assets at FVTPL	**(481,453)**	–	UITF in Metrobank (Note 8).
Financial assets at FVOCI	**168,776,874**	**1,423,732,218**	Investment in Metrobank shares and corporate debt security (Note 8).
Accrued interest receivable	–	**133,870**	Accrued interest other securities and debt instruments
Donation income	**40,000,000**		Support for programs.
Dividend income	**101,519,924**		Dividend income on investment in Metrobank shares.
Interest income	**1,184,711**		Interest earned on savings accounts, time deposits and other securities and debt instruments.

		Parent Company	
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/ Nature
2020			
Subsidiary			
Miscellaneous	₱5,280	₱–	Cost incurred for pre-employment medical check-up, and employee vaccine.
Other related parties			
Cash and cash equivalents	(25,085,302)	49,689,828	Current, savings and time deposit accounts which earn interest ranging from 0.00% to 2.38% per annum (Note 6).
Financial assets at FVTPL	(152,452)	481,453	UITF in Metrobank (Note 8).
Financial assets at FVOCI	(283,130,442)	1,273,252,577	Investment in shares and corporate debt security of Metrobank (Note 8).
Accrued interest receivable	(142,079)	133,870	Accrued interest other securities and debt instruments
Donation income	92,200,000		Support for programs.
Dividend income	25,379,981		Dividend income on Metrobank shares.
Interest income	1,035,875		Interest earned on savings accounts, time deposits and other securities and debt instruments.

The compensation of the key management personnel are as follows (see Note 19):

	Consolidated		**Parent Company**	
	2021	2020	**2021**	2020
Salaries and wages	**₱34,173,463**	₱35,174,825	**₱6,575,456**	₱7,180,603
Other short-term benefits	**10,383,672**	7,264,628	**3,107,199**	3,268,153
	₱44,557,135	₱42,439,453	**₱6,575,456**	₱10,448,756

The Parent Company does not pay compensation, salaries or honorarium to its trustees.

Details of the transactions of the retirement fund of the Group with Metrobank, its trustee bank, as of and for the years ended December 31, 2021 and 2020 follow:

		Consolidated	
Category	**Amount/Volume**	**Outstanding Balance**	**Terms and Conditions/Nature**
2021			
Other related parties			
Cash and cash equivalents	**(₱1,471,112)**	**₱537,705**	Savings account with annual interest income rate of 0.25% and time deposits with maturities of three months or less from dates of placement with annual interest income rate at .125% and 4.00%.
Financial assets at FVTPL	**(1,593,903)**	**227,270**	UITF in Metrobank.
Accounts payable and accrued expenses	**1,537**	**27,561**	Unpaid trust fees.
Interest Income	**151**	–	Interest income from savings account and time deposits.
2020			
Other related parties			
Cash and cash equivalents	₱1,636,056	₱2,008,817	Savings account with annual interest income rate of 0.25% and time deposits with maturities of three months or less from dates of placement with annual interest income rates at .125% and 4.00%.
Financial assets at FVTPL	1,085,070	1,821,173	UITF in Metrobank.
Receivables	10	10	Interest accrued from time deposit and savings/current accounts
Accounts payable and accrued expenses	1,017	26,024	Unpaid trust fees.
Interest Income	57,845	–	Interest income from savings account and time deposits

Category	Parent Company Amount/Volume	Outstanding Balance	Terms and Conditions/ Nature
2021			
Cash and cash equivalents	**₱14,059**	**₱67,121**	Savings account with annual interest income rate of 0.25% and time deposits with maturities of three months or less from dates of placement with annual interest income rate at 4%.
Financial assets at FVTPL	**(1,593,903)**	**227,270**	UITF in Metrobank.
Accounts payable and accrued expenses	**1,537**	**27,561**	Unpaid trust fees.
Interest income	**151**		Interest income from savings account and time deposits.
2020			
Cash and cash equivalents	(₱319,699)	₱53,062	Savings account with annual interest income rate of 0.25% and time deposits with maturities of three months or less from dates of placement with annual interest income rate at 4%.
Financial assets at FVTPL	1,085,070	1,821,173	UITF in Metrobank.
Accounts payable and accrued expenses	1,017	26,024	Unpaid trust fees.
Interest income	3,816		Interest income from savings account and time deposits.

25. Notes to Statement of Cash Flows

The following are the significant non-cash transactions of MMSI.

The Company reclassified property and equipment amounting to ₱32.65 million in 2021 from Construction in Progress to Building Improvement and Office furniture and equipment. In 2020, ₱4.18 million were reclassified from Construction in Progress to Building Improvement.

The table below provides the changes in liabilities arising from the financing activities:

	January 1, 2021	**Cash flows**	**December 31, 2021**
Current interest-bearing loans and borrowings	**₱460,519,510**	**(₱307,692,308)**	**₱152,827,202**
Noncurrent interest-bearing loans and borrowings	**297,771,821**	**(141,032,330)**	**156,747,491**
Total liabilities from financing activities	**₱758,299,331**	**(₱448,724,638)**	**₱309,574,693**

	January 1, 2020	Cash flows	December 31, 2020
Current interest-bearing loans and borrowings	₱159,717,312	₱300,802,198	₱460,519,510
Noncurrent interest-bearing loans and borrowings	347,817,805	(50,037,984)	297,779,821
Total liabilities from financing activities	₱507,535,117	₱250,764,214	₱758,299,331

MMSI classifies interest paid as cash flows from operating activities.

26. Approval of the Release of the Financial Statements

The accompanying financial statements were approved for issue by the management of the Parent Company on April 8, 2022, pursuant to the authority given by the BOT.

Metrobank Foundation
Excel. Engage. Empower.

4F, Executive Offices, Metrobank Plaza, Sen. Gil Puyat Ave., 1200
Makati City, Philippines
Telephone Nos.: (+632) 8898-8095 / (+632) 8898-8855
www.mbfoundation.org.ph

Like us on Facebook:
www.facebook.com/MetrobankFoundation

Follow us on Instagram:
@MetrobankFoundation

Follow us on Twitter:
@MetrobankFound

Watch us on Youtube:
MetrobankFoundation