

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Ayala Corporation (security code: -)

<Assignment>

Foreign Currency Long-term Issuer Rating: A-
Outlook: Stable

Rationale

- (1) Ayala Corporation (AC), founded in 1834 as Casa Roxas, is a holding company for one of the oldest and largest conglomerates in the Philippines. The Zobel de Ayala family, through Mermac Inc., is AC's largest shareholder, owning 47.57% as of end December 2024. As an investment company, AC evolves long-term strategic investments in key industries, forming a conglomerate group with meaningful presence in real estate, banking, telecommunications, and renewable energy. The rating reflects the creditworthiness of the group led by holding company AC. AC's group creditworthiness is considered to be equivalent to "A", reflecting the strong business foundation in its four main segments of investment, the stability of its cash flow generation capabilities, the strength of its growth potential stemming from its business portfolio, and its relatively favorable financial balance. JCR has assigned Foreign Currency long-term issuer Rating of "A-" to AC as it is constrained by the Philippines' sovereign rating (Foreign Currency Long-term Issuer Rating: A-/Stable). Key points to be watched in the future are the impact of changes in factors such as interest rates, or trends of the real estate market or regulations on the ability to generate cash flow and its financial balance of the businesses in which it invests, changes in its business portfolio stemming from changes in its investment policy and trends of its consolidated financial balance. In particular, as AC plans to expand its renewable energy power generation capacity in the power business, JCR will closely monitor how this will impact its financial position.
- (2) AC controls the businesses it operates through investment, representation in the board of directors, and dispatch of executives at senior management level. On the other hand, the management of the companies under its umbrella is thought to have a certain degree of independence, and each of the businesses in which it invests raises funds independently. Given the independent operations of these businesses, potential risks at each business segment are not expected to spill over to other business segments or the rest of the group. AC's core businesses, respectively, have main investees, Ayala Land, Inc. (ALI, 52% owned), a real estate company; Bank of the Philippine Islands (BPI, 45%), a financial services company; Globe Telecom, Inc. (Globe, 31%), a telecommunications company; and ACEN Corporation (ACEN, 58%), a renewable energy generation company, as of December 2024. The sales composition ratios before internal transaction adjustments for the first three quarters of 2024 were 46% for the real estate business, 8% for the financial services business, 2% for the telecommunications business, 12% for the power business, and 32% for other businesses. The real estate business accounted for 52% of AC's consolidated total assets, the power business for 23% and other businesses for 25% at the end of September 2024. The domestic sales ratio was 77% in 2023, indicating that the company highly relies on business at home. The group's mainstay real estate business began with the development of the Makati district in 1948. Today ALI engages in large-scale comprehensive development projects in 52 estates nationwide, including residential, commercial, and office facilities. In addition to development projects, it is also involved in leasing, hotel and resort ownership and real estate management services. In large-scale development, it pursues synergies with its financial services, telecommunications and power businesses to enhance its competitiveness. BPI expanded its branch network nationwide and is now one of the major banks in the Philippines, ranking second in terms of loan portfolio. Its net interest income is on an upward trend thanks to an increase in lending and an improvement of net interest margin. JCR believes that BPI is in a position to secure stable earnings going forward, backed by its solid business base. Globe is one of the two major telecommunications companies in the Philippines. Thanks to the market structure of two companies dominating the market, it is in a competitive environment where it is relatively easy to secure profits. ACEN had an attributable power generation capacity of 4.7GW at the end of 2023. It is developing power generation projects in Australia, Vietnam, Laos, India, Indonesia, etc., in addition to the Philippines. Its off-takers are mainly state-run power companies. Most of its contracts are based on fixed prices, giving ACEN a business structure that assures a long-term stable cash flow. ACEN

plans to expand its renewable energy generation capacity to 20GW by 2030. JCR will closely monitor how future capacity expansion investments will affect the financial structures of ACEN and those of AC on a consolidated basis.

- (3) The group's consolidated revenue for 2023 totaled PHP 341.8 billion (up 11.5% year-on-year), turning out PHP 64.7 billion (up 24.3%) in consolidated net income before tax. The real estate business, which performs well in both real estate development and leasing, the financial services business, which earns more interest income from increased lending and improved net interest margin, and the power business, which generates more power, contributed to the group achieving a record-high net income attributable to parent company shareholders. In the first three quarters of 2024, the group also retained the growth of its revenue and profit. Its performance is expected to remain strong in the near term, thanks to strong sales of housing and continued improvement in occupancy rates in the real estate business, as well as expanding power generation capacity and increased earnings in the power business. In the medium term, the group is expected to expand its business and earnings by benefitting from the growth of the Philippine macro economy. However, JCR believes that fluctuation of the real estate market condition and trend of the renewable energy market need to be carefully watched.
- (4) In terms of financial structure on a business basis, while Globe's DER is around 1.5 times, ALL and ACEN's DER are both below 1 time, proving that AC's overall finances stay relatively favorable. Its interest-bearing debt to EBITDA ratio is in the 4 to 5 time range, which is slightly higher compared to its cash flow, but considering the nature of the business, it is possible to see that a reasonable level is being maintained, and the group's financial structure on a business basis, including its financial services business, is generally healthy. On a consolidated basis, AC's interest-bearing debt to EBITDA ratio at the end of September 2024 was 5.4 times, and its leverage including its standalone interest-bearing debt was worse than the business-based one, but its DER stayed at 0.9 times, which is reasonable given its the business nature, etc. The company's DER on a consolidated basis may worsen due to the expansion of ACEN's power generation capacity in the future, but JCR believes that it will stay within a reasonable range.

Atsushi Masuda, Shinya Iwasaki

Rating

Issuer: Ayala Corporation

<Assignment>

Foreign Currency Long-term Issuer Rating: A- Outlook: Stable

Rating Assignment Date: February 28, 2025

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (October 1, 2024), "Real Estate" (June 1, 2023), "Banks" (October 1, 2021), "Telecommunications" (June 15, 2022), "Electric Power" (June 1, 2023), and "Rating Methodology for a Holding Company" (January 26, 2015) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Ayala Corporation
Rating Publication Date:	March 5, 2025

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

A) Audited financial statements presented by the rating stakeholders

B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

12

Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

13

Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but

possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

14

Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Kiichi Sugiura, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

杉浦 輝一

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General Manager of International Department

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