

GMA HOLDINGS, INC.

RISK MANAGEMENT

Risk management activities and the risk strategy and protocols should be aligned with the business processes within the Company. In doing so, it is significant to note that some risks commonly applicable to other businesses or industries are not relevant to the Company, as it does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares").

Nevertheless, the following activities shall be undertaken by the Company by way of approach to a particular risk: recognition of risk, responding to significant risks or reaction planning and reporting risk performance.

For this purpose, the risks relevant to the Company are discussed hereunder:

Risks Relating to PDRs

The prices of securities fluctuate and an individual security may experience upward or downward movements, and may even lose its value. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. There may be a substantial difference between the buying price and the selling price of such securities. The Philippine securities markets are substantially smaller, less liquid, and more volatile than major securities markets in the United States and other jurisdictions, and are not as highly regulated or supervised as some of these other markets.

There is no assurance that investors may sell PDRs at prices or at times deemed appropriate. Future sales of substantial amounts of the GMA Network, Inc. Shares ("Shares") in the public market could adversely affect the liquidity and price of the PDRs. Sales of a substantial number of Shares or securities exchangeable or convertible into Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of the Shares and the PDRs.

In the past, the Philippine economy and the securities of Philippine companies have been, to varying degrees, influenced by economic and market conditions in other emerging market countries, especially other countries in Southeast Asia, as well as investors' responses to those conditions. Although economic conditions are different in each country, investors' reactions to adverse developments in one country may affect the market price of securities of companies in other countries, including the Philippines. The Company cannot predict what future effects these events may have on investors'

perceptions of risk regarding investments in equity securities of companies in emerging markets or equity securities generally.

Rights of PDR Holders are limited compared to rights of holders of the Shares. PDR Holders will have economic rights upon the occurrence of certain events in respect of the Shares underlying the PDRs, including rights to cash distributions, additional PDRs and adjustments to the PDRs, but will not enjoy voting rights with respect to the Shares. Accordingly, PDR Holders will not be able to influence the Company's management or corporate decisions in any way. In addition, PDR Holders cannot bring derivative actions against the Company as holders of PDRs. Further, as foreigners are restricted from owning shares in Philippine media companies, foreign holders of PDRs are restricted from converting their PDRs into Shares. In not acting upon the application of ABS CBN Corporation for the renewal of its franchise in May 2020, the House of Representatives Committee on Legislative Franchises opined that the Philippine Deposit Receipts of the said applicant are null and void, as they purportedly allow foreigners to own the shares of stock of the said broadcast company. In abundance of caution, GMA Network Inc. has announced last year that for a limited period of time it will offer to purchase the PDRs issued by the Company to non-Filipinos as a measure of good faith. To this date, the Securities and Exchange Commission (SEC) has not revoked the registration of the Company's PDRs, or declared the same to be no longer valid and legal. Neither has it enjoined the Company to perform its obligations under the PDR Instrument.

Related discussion on Risks Relating to PDRs is set forth in pages 42 to 44 of the Company' Prospectus dated July 14, 2007 and may be viewed at: <http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf>.