COVER SHEET

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S.E.C. Registration Number

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

(Company's Full Name)

E-2904A EAST TOWER PSE CENTER EXCHANGE ROAD PASIG CITY

(Business Address: No. Street City/Town/Province)

ATTY. A. FRANCESCA A. RESPICIO	667-8900
Contact Person	Company Telephone Number

1	2		3	1

Month **Day**

Fiscal Year

SEC FORM SEC 17-A

Form Type

Dec. 31, 2020

Month **Day**

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A (Annual Report)

1. For the year : **December 31, 2020**

2. SEC Identification Number : **ASO94-001420**

3. BIR Tax Identification Number: **043-003-507-219**

4. Exact name of the registrant as specified in its charter:
FIRST ABACUS FINANCIAL HOLDINGS CORPORATION

5. **Pasig City, Philippines**
Province, Country or other jurisdiction of incorporation

6. (SEC Use Only)
Industry Classification Code

7. **Unit –E2901 PSE Center, Exchange Road, Pasig City** 1605
Address of the principal office Postal Code

8. Registrant's telephone number, including area code
(+632)-6678900

9. Former name, former address, and former fiscal year, if changed since last report
Not Applicable

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code:

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P1.00 par value	**1,193,200,000 shares**

11. Are any or all these securities listed on the Philippine Stock Exchange?

Yes (x) No ( )

12. Check whether the registrant

(a) Has filed all reports required to be filed by Section 17 of the Securities Regulation Code(SRC) and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes (x) No ( )

(b) Has been subject to such filing requirements for the past 90 days.

Yes (x) No ( )

13. Aggregate market value of the voting stock held by non-affiliates of the registrant as of **April 30, 2021** : **₱580,352,400.00 :**

a) Total number of shares held by non-affiliates as of April 30**,** 2021 : 967,254,000 shares

b) Closing price of the Registrant's shares on the Exchange
As of April 30, 2021 : P0.60

c) Aggregate market price (a x b) as of
As of April 30, 2021 : **₱580,352,400.00**

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENT PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the registrant has filed all documents and reports required to be filed by Section 17 of the SRC subsequent to the distribution of securities under a plan confirmed by a court or the SEC.

Yes ( ) No ( ) (Not Applicable)

DOCUMENTS INCORPORATED BY REFERENCE

None

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

First Abacus Financial Holdings (FAFHC) traces its roots from the Seven Seas Oil Exploration and Resources, Inc. (SSOERI). Seven Seas was incorporated on February 15, 1994 and became a publicly listed company on November 21,1994. It was primary engaged in the business of oil exploration and development. Presently, FAFHC is engaged in, through its wholly subsidiaries, stockbroking activities, investment banking, real estate business and other financial services.

Realizing that the local capital and equities markets have a pivotal role in the long-term development of the national economy, the board of directors decided to change SSOERIS's primary purpose from being an oil exploration company into a financial holding company. Thus, on October 26, 1996, the SSOERI's stockholders approved the recommendations of the board to transform the firm. Consequently, on January 25, 1996, the Securities and Exchange Commission (SEC) approved the Company's change of name from Seven Seas Oil Exploration and Resources, Inc. to First Abacus Financial Holdings Corporation. The SEC like wise approved on January 25, 1996 the change on par value of FAFHC's capital stock from Php0.01 to Php 1.00 a share to remove the issue's speculative characteristic and reflect the stock's shift into a full-fledged commercial/industrial issue.

The Company's first strategic corporate re-alignment move was to acquire the Abacus Capital & Investment Corporation (ACIC)- an operating investment house- via a cash and stock swap. ACIC effectively became a wholly owned subsidiary. ACIC, in turn, owned 100% of Abacus Securities Corporation (ASC), one of the leading members of the Philippine Stock Exchange, and Vista Holdings Corporation (VHC), a real estate holding company.

The Company, through ASC, also acquired 25% of Prosperity Properties and Management Corporation (PPMC), used to own a 16-storey building at the Ayala Business Park in Cebu City. In 1996, the Company acquired from its subsidiaries – ACIC and ASC- interests in VHC and PPMC. This resulted in a direct investment in these companies. In 1999, upon approval by the Securities and Exchange Commission of the increase in authorized capital stock of ASC from Php50 million divided into 500,000 shares with a par value of Php100 per share to Php400 million divided into 4 million shares with Php100 par value per share, the Company subscribed to 3.5 million shares representing 87.525% ownership interest. The remaining 12.475% remained with ACIC. Accordingly, the Company's ownership over ASC was changed from 100% indirect to 87.525% direct and 12.475% indirect.

On December 18, 2002, the Board of Directors approved the conversion of advances to Abacus Capital & Investment Corporation (ACIC) as deposit for future stock subscription amounting to Php100,000,000. In 2008, the Company applied P90,000,000 of its deposit for future stock subscription to paid in capital as payment for the remaining subscriptions for the same amount.

Subsidiaries

Abacus Capital and Investment Corp(ACIC). ACIC was incorporated on January 6, 1995. ACIC is engaged in investment banking activities, management services, and treasury and other financial services.

Abacus Securities Corporation(ASC). ASC was incorporated on December 27, 1991. A member of the Philippine Stock Exchange, ASC is engaged in stock brokering services. It engages in buying and selling stocks in Philippine stock market for the accounts of the clients as a broker and for its own account as a dealer.

Vista Holdings Corporation(VHC). VHC was incorporated on January 21, 1993. Presently, Vista Holdings Corporation is engaged in buying and leasing out condo units primarily to its affiliated companies.

FAFHC's Vision

FAFHC's vision is to provide best value integrated financial services to its clients. In the process, Filipinos from all walks of life are enabled to become a part of the capital and equities market. Toward this end, progress and prosperity have stronger prospects of being shared by all.

Abacus Capital and Investment Corporation (ACIC)

ACIC is financially secure, with capital resources of over 400 million; complemented by a core of investment managers providing highly ethical, professional, and client-oriented investment management services.

ACIC provides the following financial services:

a) Corporate Finance

   Equity Underwriting Transactions

   - Initial Public Offerings
   - Stock Rights Offerings
   - New Tranche Offerings
   - Private Placements of Listed Companies

   Financial Advisory

   - Share or corporate acquisitions, Buy-Ins/Mergers/Divestments
   - Financial review and Restructuring
   - Project Development

   Debt Underwriting and Loan Arrangements

   - Short, Medium, or Long Term Loan Arrangements
   - Short and Long Term Commercial Papers Underwriting
   - On-going oversight, issue management, agency functions

b) Treasury sales

   - Government Securities
   - Treasury Bills
   - Long and Short Term Commercial Papers

- Preferred Notes
- Promissory Notes
- Money Market Placements`

c) Financing

- Share Margin
- Working Capital Credit Facilities

Abacus Securities Corporation (ASC)

Due to its commitment for quality service, ASC was awarded the Best Local Brokerage House in the Philippines Award from 1990-2008 granted by the Asiamoney.

ASC was the recipient of the Best Securities House in the Philippines Award granted by the EuroMoney International Awards for Excellence for the past two consecutive years, 1998 and 1999. Likewise, the Fund Managers Association of the Philippines honored ASC with a number of citations including Best in Institutional Sales/ Execution and in Settlements in 1998. The awards put ASC in an enviable position as it proved that local stockbrokerages could prove equal to international stockbroker houses.

ASC started operations in March 1992. In five years, ASC established itself as a top Filipino brokerage firm in PSE. The key factors for ASC's successes are: professional management, sound investment advisory, strong research team, real-time market information, and commitment to technology and training.

All these resulted in a strong retail franchise, a top tier domestic institutional sales organization, and growing foreign institutional sales based. Thus, ASC is now positioned to best serve the expanding domestic equities market. Strategically located branches in Binondo, Cebu and Davao support ASC's Head Office operations.

Abacus Securities Corporation was the second ranking stock brokerage house among the top ten PSE brokers. In past years, the large foreign stockbrokerage houses dominated the top ten list of brokers. ASC believes that it can effectively compete with other brokers because of its strong sales groups, the Retail and Institutional Teams. At present, the firm has one of the most extensive based of retail clients driven by the number of branches established and envisioned to be established. Its Institutional Sales Team, on the other hand, has managed to obtain accreditation and establish active working relationships with a number of domestic institutional investors and foreign fund management companies. ASC also has a Research Group that comes out with action-driven reports and recommendations, a quality admired by most of its clients, and even the other stockbrokers. The registrant has an excellent customer service to service its clients. The company established a website to keep its clients abreast of the new developments in stock market.

For the calendar year ended **2020,** Abacus Securities Corporation ranked 16th in terms of total value traded.

Vista Holdings Corporation (VHC)

The primary purpose of the Company is to invest in, purchase, or otherwise acquire and own, hold, use, sell (without engaging in retail trade), assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description.
VHC continues with its investment program through the acquisition of condominium units. At present, VHC leases its condominium units its affiliated companies.

Vista is not involved in real estate development.

VHC continues to lease its condominium units to its affiliates to be used for its operations.

The Contribution of each services or line of business

		Amounts (In mio)
Fair value gain	₱	174,085,214
Commissions		151,686,131
Gain on sale of financial assets		114,139,548
Other revenues		5,878,873
	₱	**445,789,766**

Competition

The direct competitors of the Company and its subsidiaries are companies engaged in stock brokering business and are members of the Philippine Stock Exchange; companies engaged in investment banking, financial and management services, and treasury operations; companies and individual owners of condominium units within the area of Ortigas Center, as properties are located in the Philippine Stock Exchange Center Condominium. The indirect competitors of the Company and its subsidiaries are Financing Institution, Growth Funds, Pension and Pre-need companies.

As to the stock brokerage business segment, the Company and its competitors cater the requirements of both institutional and retail clients of our local stock and financial market. In 2019, a total of Php67.5 billion were traded or done through the local bourse which were divided among the foreign and local brokers. The total value turnover or total amount of value traded are considered the total size of the registrant and its competitors which broker commissions are generated.

The registrant and its competitors almost offering the same services and strengths. Most of the brokerage and financial houses are fully capitalized, offering services for the needs of the institutional and retail clients, they all have created and established a good backroom support, established a good internal and financial control systems. Just recently, numbers of stock brokerage houses have launched an online trading facility to attract more investors and to give investors the easy access of the trading facility, and to keep them abreast with the local and financial market. Long before competitors have applied, focused and established themselves to catch up with the requirements to be a full-fledged financial and brokerage company, the registrant has long pioneered and can rightfully say was the first to institute those strengths.

The consistent exemplary performance comes as a result of the company's steadfast commitment to deliver the best value to customers through professional management, sound investment advisory, strong research team, real-time market information, and commitment to technology and training.

The Company is now positioned to best serve the expanding domestic equities market. Its branches are now strategically located in Binondo, Cebu, and Davao to support the Company's Head Office operations.

Customers

The Company's market for its financial products and services include both retail and institutional customer base. No data is available for brokers commission contributed by foreign nationalities as to the regional market. It must be noted that brokers commissions derived from the marketable securities were all transacted through the Philippine Stock Exchange.

The market for the Company's property development and leasing is primarily the upper income level market.

The Company and its wholly owned subsidiaries are not dependent upon a single customer or few customers. The Company and its subsidiaries do not have a customer that has over 20% or more of the Company's turnover.

Distribution methods of the product services

The Company and its subsidiaries distribute its services to its clientele by or through:

- Certified Sales Representatives (CSRs) are licensed by the Securities and Exchange Commission to transact for the accounts of the clients of our stock broking business.

- Corporate Finance Group is composed of our top caliber professionals in charge in our investment banking, management and financing activities.

- Our brokerage house has just opened its online trading facility for its existing and prospective clients. With the new online trading platform, our clients can already view their portfolios online, trade their accounts, view their transactions online using their mobile phones, tablets and desktops.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts.

- License granted by the Securities and Exchange Commission (SEC) to Abacus Capital & Investment Corp. as an Investment House.
- License granted to Abacus Securities as a broker and dealer of Securities which is renewable every year

Aside from the above licenses granted, the registrant and its subsidiaries have no pending applications that need for any government approval.

EMPLOYEES

As of December 31, 2020, the Company and it operating subsidiaries employ 75 permanent employees.

Type Employees	# of Employees	No. of Additional Employees for Ensuing 12 Mos. *	Collective Bargaining Agreement(CBA)	Supplemental Benefits or other incentives
Operations	30	1	N/A	None
Corporate Finance	3	0	N/A	None
Administrative	8	None	N/A	None
Sales	22	1	N/A	None
Accounting & Finance	12	1	N/A	None
Total	75	3		

For the past three years, the Company and its subsidiaries have not experienced any strike or threat of strike from its employees.

Government Approval of Principal products or Services

No existing application needs for government approval

Amount Spent for Research and Development Activities

None

Cost and effects of Compliance with Environmental Laws

Not Applicable

Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The risk management activities at the level of each Company in the Group is coordinated with the Parent Company, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short-to-medium cash flows by minimizing the exposure to financial markets. Long-term financial instruments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Item 2. Properties

The following properties are in prime condition directly owned by the Company and its subsidiaries:

Approximately 110 square meters of office space located at Federal Towers, Binondo (through Vista Holdings Corporation). The unit is being occupied by a subsidiary, Abacus Securities Corporation. The lease agreement was renewed for two (2) years and will expire December 31, 2022. The monthly rental is Seventy Eight Thousand Seven Hundred Ten and 02/100 (₱78,710.02).

Approximately 940 square meters of office space located at the 29th Floor of the East Tower of the Philippine Stock Exchange Center (through Vista Holdings Corporation). The unit is being leased by a subsidiary, Abacus Securities Corporation, for a period of two (2) years. The lease agreement will end December 31, 2022 with a monthly rental of Six Hundred Seventy Two Thousand Six Hundred Twelve and 86/100 (₱672,612.86).

Approximately 483 square meters of office space located at the 29th Floor of the East Tower of the Philippine Stock Exchange Center (Direct).

All properties, as stated above, are owned by First Abacus Financial and its wholly owned subsidiaries. The company has no intention of acquiring/leasing additional properties.

Item 3. Legal Proceedings

The Company is not aware of any material proceeding involving the issuer and its directors, executive officers, underwriter or control person during the past five (5) years.

Item 4. Submission of Matters to Vote of Security Holders

No matters were submitted to a vote of the security holders of the Company during the fourth quarter of 2020.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's common equity and related stockholder matters

1) Market Information

The shares of the Company are listed in and traded on the Philippine Stock Exchange. The high and low closing prices for each quarter within the last two (2) fiscal years are as follows:

Applicable Quarter	2020		2019		2018	
	High	**Low**	**High**	**Low**	**High**	**Low**
First Quarter	0.70	0.50	0.70	0.58	0.72	0.64
Second Quarter	0.58	0.465	0.69	0.52	0.69	0.62
Third Quarter	0.75	0.46	0.69	0.52	0.68	0.61
Fourth Quarter	0.75	0.52	0.72	0.52	0.72	0.54

During the first quarter of 2021, the issue's highest price per share was at **₱0.75** and its lowest was at **₱0.55.** As of the close of trading hours of April 30, 2021, the price at which the Registrant's shares were traded at ***₱0.60*** per share.

2) Holders

The number of *common shares* issued and outstanding as of **April 30, 2021** was 1,193,200,000. As of **April 30, 2021**, Registrant had 103 shareholders, on the said date the following were the top 20 shareholders:

	Stockholder	Nationality	No. of Shares	%
1	PCD Nominee Corp. – Filipino	Filipino	845,868,000	70.89
2	Paulino S. Soo	Filipino	133,000,000	11.15
3	Abacus Capital & Investment Corp.	Filipino	59,644,000	4.99
4	ACIC FAO 20001	Filipino	32,361,000	2.71
5	Edgardo Limtong	Filipino	28,527,000	2.39
6	Phee Bon Kang	Malaysian	20,000,000	1.68
7	Vista Holdings Corp.	Filipino	14,095,000	1.18
8	Cecilio Pedro	Filipino	12,260,000	1.03
9	Quality Investments & Securities Corp	Filipino	10,720,000	0.90
10	Jimmy S. Soo	Filipino	10,010,000	0.84
11	Vicente Co Chien Jr.	Filipino	6,130,000	0.51
12	Elizabeth K. Soo	Filipino	6,000,000	0.50
13	Solar Securities, Inc.	Filipino	4,000,000	0.34
14	Abacus Capital & Investment Corp	Filipino	2,547,000	0.21
15	Uy Louis	Filipino	2,000,000	0.17
16	George Q. Go & Shirley D. Go	Filipino	1,443,000	0.12
17	Jack T. Huang	Filipino	500,000	0.04
18	Quality Investment Securties Corp	Filipino	500,000	0.04
19	Co Chien, Vicente T. Jr.	Filipino	400,000	0.03
20	Lim, Francisco &/or Dulce	Filipino	304,000	0.03

3) Dividends

No dividends, neither in cash nor stock were declared on the shares for the last two (2) fiscal years, i.e. 2020 and 2019. There are no restrictions that limit the ability to pay dividends on common equity but the Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors as long as such declaration will not impair the capital of the Company.

4) Recent sales of Unregistered Securities

No unregistered securities or shares of the Company were sold during the last three (3) years (2020, 2019, and 2018).

Item 6. Management's Discussion and Analysis or Plan of Operation

2020

General Business Environment

2020 will go down in history as the year the great black swan in the form of a new corona virus called COVID-19 wreaked havoc on the global economy and sent governments scrambling to shut down borders and set up strict local quarantines. The effects of the pandemic on the Philippines was severe, forcing the government to declare one of the longest lockdowns, effectively shutting down businesses and forcing people to stay indoors. As a consequence, economic activities came to a standstill and the Philippines ended the pandemic year with its worst economic performance since it started documenting growth data in 1947. The country's gross domestic product shrank 9.5% in 2020, its first contraction since the Asian financial crisis in 1998 on account of crippled consumer spending and dormant business activity. The local stock market floundered through, picking up some winds amidst a generally bearish climate. The PSEi eventually closed 2020 at 7,139.71, climbing 54.4 percent from its lowest closing level of 4,623.42 posted on March 19, but still down by 8.64 percent from the previous year. The All Shares index also finished lower year-on-year, down by 8.1 percent. Among the sector indices, only Mining and Oil closed in the green, up by 17.8 percent. The Financials sector, on the other hand, was down the most as it shed 22.3 percent year-on-year.

The conditions in the operating environment were mirrored in the performance of the company. The Company and its subsidiaries were not spared from the slowdown of almost all economic activities during the year.

Performance of the Company

The Company was not spared from the difficulties brought on by the pandemic. However, the company managed to leverage on its traditional strengths, resulting in a number of improvements being noted on the revenues of the Company for the year. The core business of the group saw an improvement during the year, with brokers Commission noted at Php152 million, or an increase of 25% or Php30.3 million from the previous year's Php121.4 million. Gain on sale of financial assets for the year reached Php114 million, representing an increase of Php22 million from the Php92 million it made in 2019. At the year-end closing, fair value gains on financial assets at fair value through profit and loss posted an increase by Php29.3 million to Php174 million from the previous year's Php144.8 million.

All considered, consolidated revenues for the year stood at Php445.8 million, an increase of Php81.4 million from last year's Php364.4 million. However, total costs and expenses for the year was noted at Php497 million, representing a decrease of Php16 million from last year's Php513 million.

The decrease in total costs and expenses was brought about by the series of interest rate adjustments during the year with total savings of Php11.2 million to Php285.3 million from Php296.5 million spent in the previous year, and the additional net cost savings during the period amounting to Php4.8 million. Debt servicing continued to comprise a large chunk of the operating expenses in keeping with the Company's commitment to honor its obligations.

In summary, the company is reporting a consolidated net loss of Php95.4 million for the year, lower than the Php181 million net loss of the previous year.

There was an increase in total assets noted for the year amounting to Php807 million, from Php5,720 million in December 2019 to Php6,527 million in December 2020. The significant increase in total assets was brought about by the change in valuation of financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income with total increase value of Php485 million, additional trade receivables due for collection at year end, partially offset by the net decrease in other assets amounting to Php30 million.

A corresponding increase in total liabilities amounting to Php657 million was also noted during the period under review bringing total liabilities from Php5,051 million to Php5,708 million due to increases in short term borrowings, additional trade payables, partially offset by decrease in non-trade payables.

The increase in total assets had a direct effect on the group's stockholders equity at the end of the period from last year's Php669 million to this year's Php819 million. The increase in valuation of available for sale financial assets increases the comprehensive income of the group and revaluation reserves in stockholders equity amounting to Php150 million.

Aside from the discussions above, there are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

FINANCIAL RATIOS (SRC Rule 68, as amended October 2011). The following are the Company's financial soundness indicators in two comparative periods:

			31-Dec 2020	**31-Dec 2019**
CURRENT/LIQUITY RATIO				
	Current Assets / Current Liabilities	=	0.70:1	0.77:1
	Quick Assets / Current Liabilities	=	0.70:1	0.67:1
The ratio is used to give an idea of the company's ability to pay back its short term liabilities with its short term assets.				
DEBT TO EQUITY RATIO	Debt / Equity	=	7.97:1	7.55:1
ASSETS TO EQUITY RATIO	Assets / Equity	=	7.97:1	8.55:1
INTEREST RATE COVERAGE RATIO	Earnings before interest and taxes / Interest expense	=	-0.82:1	-0.50:1
Interest rate coverage ratio is a measure on how well a company can meet its interest payment obligations.				

2019

General Business Environment

Although the country’s gross domestic product (GDP) grew by 6.4% in the fourth quarter of 2019, it was not enough to propel the whole year’s average to within the targeted range set by government of 6% to 6.5%. In the end, the country posted its slowest growth in eight years, exacerbated by a rapid deceleration in investment growth due to contraction in public spending and a weaker global economy caused by the US-China trade war. A mild El Nino, the spread of the African swine fever in Luzon, and concerns about an increasingly restrictive regulatory environment triggered by the government’s decision to revoke the extension of the water concessions of Maynilad and Manila Water were factors that contributed to the slowdown. The same pattern was noted in the local equities market. The generally bullish sentiments at the start of the year eventually dissipated as the impact of the risk factors became worse than expected, eventually hurting foreign fund inflows and general optimism. As a result, the PSEi ended the year with 7,815.26, representing a very modest 4.7%increase over the previous year level.

Performance of the Company

The Company’s performance for the year was greatly affected by the general economic slowdown. The Company’s brokerage business reported a decrease in total commissions during the year from Php144 million to Php121.4 million. Gain on sale of financial assets for the year reached Php92.1 million, representing a slight increase of Php1.3 million from the Php90.8 million it made in 2018. On the other hand, there was no management fees recorded in 2019, as compared to the Php30 million recorded on a year earlier. At the year-end closing in 2019, fair value gains on financial assets at fair value through profit and loss recognized a total of Php144.8 million as compared to fair value losses amounting to Php106 million in 2018. All considered, consolidated revenues for the year stood at Php364 million, an increase of Php78 million from last year’s Php286 million.

Total costs and expenses for the year was noted at Php513 million, representing a decrease of Php119 million from last year’s Php632 million. The decrease in total costs and expenses was brought about by fair value losses recorded last year which amounted to Php106 million, a recorded impairment of receivable last year amounting to P49 million to comply with the new accounting standard, and reduced commission expense by Php14.1 million due to the decrease in our value turnover during the year from Php39.9 million to Php26.2 million, partially offset by the Php29 million increase in finance cost recognized from our borrowings due to the series of interest rate adjustments during the year from Php267.5 million last year to this year’s P296.5 million. Debt servicing continued to comprise a large chunk of the operating expenses in keeping with the Company’s commitment to honor its obligations.

In summary, the company is reporting a consolidated net loss of Php181 million for the year, lower than the Php394 million net loss of the previous year.

There was an increase in total assets noted for the year amounting to Php554 million, from Php5,166 million in December 2018 to Php5,720 million in December 2019. The significant increase in total assets was brought about by the change in valuation of financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income with total increase value of Php570 million, partially offset by the net decrease in receivables due collections amounting to Php32 million, and derecognition of Deferred Tax Assets(DTA).

A corresponding increase in total liabilities amounting to Php513 million was also noted during the period under review bringing total liabilities from Php4,538 million to Php5,051 million due to increases in short term borrowings and additional non-trade obligations, partially offset by decrease in due to trade customers.

The increase in total assets had a direct effect on the group's stockholders equity at the end of the period from last year's Php628 million to this year's Php669 million. The increase in valuation of available for sale financial assets increases the comprehensive income of the group and revaluation reserves in stockholders equity amounting to Php40 million.

Aside from the discussions above, there are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

2018

General Business Environment

Although the growth of the Philippine economy remained among the fastest in Asia, the country's GDP grew at a slower pace in 2018. The year's fourth quarter GDP was noted at 6.1 percent, slightly higher than the 6 percent rate in the third quarter, but weaker than the 6.5 percent pace marked in the same period in 2017. Full-year economic expansion was at 6.2 percent, slower than the 6.7 percent made in the previous year, and way below the government's revised target of 6.5 to 6.9 percent. Runaway inflation, most significantly the unprecedented rise to a decade-high 6.7 percent in the third quarter, was a major aggravating factor as it pushed up prices and, consequently, reduced household consumption and other related spending. Agriculture posted the slowest growth as a string of typhoons and structural problems in irrigation and importation triggered a steep drop from 4 percent annual growth in 2017 to less than 1 percent in 2018. Manufacturing likewise posted a slowdown as business sentiment remained bearish. On the plus side, the service sector sustained its momentum at 6.6 percent growth, accelerated by the government's Build, Build, Build Program. The weaker performance of the economy, exacerbated by other external factors such as the US/China trade dispute and increasing US interest rates, weighed heavily on the performance of the local capital market. The Philippine Stock Exchange composite index fell 12.76 percent in 2018, and the exodus of foreign money continued unabated until the last month of the year.

Performance of the Company

The Company's finance income for 2018 was noted at Php91.1 million, representing a decrease of Php194million from the Php285 million it made in 2017. The decrease in finance income was partly due to the adoption of new standard requiring that gain on sale of financial assets through other comprehensive income goes directly to the retained earnings or the equity section of the balance sheet and not to be presented in the profit and loss. A total gain on sale on financial assets totaling to Php87 million was reclassed to the company retained earnings to conform to the new standards. The company generated a total of P30 million in management fees in 2018. In addition, the Company's brokerage business reported a total commission of Php144 million during the year, representing a decline of Php12.3 million as compared to the Php156 million recorded last year.

All considered, consolidated revenues for the year stood at Php283 million, a decrease of Php58 million from last year's Php474 million.

Total costs and expenses for the year was noted at Php630 million, representing an increase of Php177.8 million from last year's Php452 million. The increase in total costs and expenses was brought about by increased finance costs during the year amounting to Php420 million, up by Php167 million from last year's Php253 million. The increase in finance costs amounting to P167 million can be attributed to the net effect of the lower valuation of financial assets through profit and loss amounting to Php106 million, additional debt servicing fee of Php25million, and additional provisions to comply with the adoption of new standard amounting to Php46 million. Our newly established online trading platform for our stockbroking business contributed directly to the increase in the company's cost and expenses. Debt servicing continued to comprise a large chunk of the Company's operating expenses in keeping with our commitment to honor obligations. Since the Company is managing for the long term, additional costs and expenses were made towards strengthening the online stock trading system platform which was launched in 2017. The Company is very optimistic that the cost and effort it has put into strengthening its digital presence, initially by expanding its online trading platform, will yield rewards in a very near term, in addition to ensuring its long-term sustainability.

In summary, the company is reporting a consolidated net loss of Php394 million for the year, representing a decline from the Php19.4 million noted in the previous year.

For the period under review, there was a decrease in total assets amounting to Php942 million, from Php6,084 million in December 2017 to Php5,142 million in December 2018. The decrease in total assets can be attributed to the decrease in the group's accounts receivable amounting to Php331 million from last year's Php2,876 million to this year's Php2,545 million, and the decrease in valuation of Financial Assets at Fair Value Through Profit and Financial Assets at Fair Value Through Other Comprehensive Income amounting to Php584 million. The decrease in accounts receivable was brought about by the collections and provisions of trade receivables at our cut-off date.

There was a slight decrease noted in total liabilities during the period amounting to Php128 million was also noted during the period under review bringing total liabilities from Php4,640 million to Php4,512 million. The decrease in total liabilities was brought about by the payments in trade customers payables, partially offset by the increase in short term borrowings and other payables.

The decrease in our investment in Financial Assets amounting to Php584 million and the result of the Company's operations during the period under review had a direct effect on the group's stockholders equity at the end of the period. Total equity at the end of the year amounted to Php630 million as compared to the Php1,444 million in 2017.

The possibilities of an upside for the local equities market remain very high on account of the solid economic fundamentals of the Philippines and the continuing popularity of the current administration. The midterm elections in 2019 is expected to trigger an upswing in the domestic economy. Given the Company's strong potentials and the expanded market reach brought about by its reinforced online presence, better financial performance is anticipated moving forward. Operationally, the Company shall continue to be lean without sacrificing ability to provide the best value to customers. As it has continued to do so in the last four years, the Company will keep an eye on outstanding loans, and subsequently, interest cost and expenses. And as in the past, the Company shall continue to draw strength and inspiration from the support and commitment of its various stakeholders.

Aside from the discussions above, there are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Item 7. Financial Statements

Please see consolidated financial statements and schedules.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

For the years 2020, 2019, and 2018, the auditing firm of Punongbayan and Araullo was re-nominated and re-appointed by the Board of Directors to conduct the examination of the financial statements of the Company and its Subsidiaries. In compliance with the SEC Memorandum Circular No. 8 Series of 2003, the assignment of Mr. Jessie Carpio, the engagement's partner, shall not exceed five (5) consecutive years.

There have been no changes in or disagreements with accountants on accounting and financial disclosure.

The audit and audit-related fees paid by the Company in the last two (2) years are as follows:

	2020	**2019**
A. Audit and Audit-related Fees		
1. Audit of the registrant's annual financial statements or services that are normally provided by the external auditor in connection with the statutory and regulatory filings or engagements.	**₱2,880,000**	₱2,880,000
2. Other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements	-0-	-0-
B. Tax fees	0	0
C. All other fees	-0-	-0-

The Company's Board of Directors reviews and approves the engagement of services of the Company external auditors, who are appointed upon the recommendation of the Audit Committee. Engagement Agreements are executed for every type of engagement, which provides for the scope of the work, timetable, fees, engagement team, etc. for each project.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

The names and ages of all incumbent Directors, elected on **September 24, 2020** during the Annual Stockholders Meeting and are to serve for a term of one (1) year until their successors shall have been elected and qualified, with their business experiences for the past five (5) years:

Position	**Name**	**Citizenship**	**Age**	**Year of Assumption of Office**	**Number of yrs. as Director**
Chairman	Paulino S. Soo	Filipino	69	1994 to present	26
President	Jack T. Huang	Filipino	67	1995 to present	25
Treasurer	Vicente Co Chien, Jr.	Filipino	68	1995 to present	25
Director	Jimmy S. Soo	Filipino	63	1995 to present	24

Director	Ma. Cristina Encarnacion	Filipino	63	2017 to present	3
Independent Director	Ma. Therese G. Santos	Filipino	62	2006 to present	13
Independent Director	Jimmy Chua Alabanza	Filipino	76	2008-present	11
Corporate Secretary	Atty. A. Francesca Respicio	Filipino	35	2017- present	4

Mr. Paulino S. Soo
Chairman and Chief Executive Officer

Mr. Soo holds a Master in Business Administration degree from the University of Pittsburgh Graduate School of Business and Bachelor of Science degree in Industrial Management Engineering from the De La Salle College. He is the President of Philippine Gaming Management Corporation, Berjaya Pizza Phils. Inc., Perdana Land Philippines Inc., Perdana Hotel Philippines Inc., Cosway Philippines Inc., and Bagan Resources PTE Inc.

Mr. Soo is a Director of Bermaz Auto Philippines Inc. He is the Treasurer of Kailash PMN Management Corporation.

He is Chairman of Abacus Securities Corporation and Abacus Capital & Investment Corporation (1994-present), and Vista Holdings Corporation (1994 - present)

Mr. Jack T. Huang
President

Mr. Huang is the incumbent President of the Company. He holds a Bachelor of Arts degree in Economics from the Ateneo de Manila University. He is concurrently a director of Abacus Capital & Investment Corporation (1995-present) and Abacus Securities Corporation (1995-present). He is the President of Cebu Business Continuos Forms(1994-present).

Mr. Vicente Co Chien, Jr.
Treasurer

Mr. Co Chien is the Treasurer of the Corporation. He holds a Bachelor’s degree in Business Economics from Hongkong Shue Yan University. He is the President of South Sea Realty and Development Corporation and Providence HealthCare Consultants (1999-present). He is concurrently director of Abacus Capital and Investment Corporation (1995-present), Abacus Securities Corporation (1995-present), Vista Holdings Corporation (1995-present). He is director of JWC Manpower Resources, Inc., Globalbridge Resources Corporation and Mavic Development, Inc.

Mr. Jimmy S. Soo
Director

Atty. Soo is a Director of the Company. He obtained his Bachelor of Laws degree from the University of the Philippines and was admitted to the Philippine Bar in 1985. He is the Managing Partner of Soo Gutierrez Leogardo and Lee Law Offices (1992-present). He is currently the Corporate Secretary and a Director of Abacus Capital & Investment Corporation (1995-present) and Vista Holdings Corporation. He is also a Director of Berjaya Pizza Philippines, Inc. He is also an Executive Officer, and/or Director and/or Corporate Secretary of various companies.

Ms. Maria Cristina B. Encarnacion
Director

Ms. Maria Cristina B. Encarnacion, 60, Filipino, has been nominated for election as a director of the Corporation in the 2017 Annual Stockholders' Meeting. She has been Chairman and President of Where At Freezines, Inc. since 2010. She is an Editor and/or Writer, and Contributor of several lifestyle books. She is Editor of WhereAt Cebu, and a Contributor to Metro Society and lifestyle publications. She has been a Director of AsiaPhil Manufacturing Industries, Inc. since 1980, and was Chairman from 1993 to 2008. She was Governor of the Society of Philippine Electrical Contractors & Suppliers, Inc. (SPECS) from 1990-2002, and was Executive Vice President of SPECS in 2002. She was Secretary General of the ASEAN Federation of Electrical Engineering Contractors from 2004 to 2007. Ms. Encarnacion received her Bachelor of Science (Statistics) degree from the University of the Philippines, Diliman (1978).

Mr. Jimmy Chua Alabanza
Independent Director

Mr. Jimmy Chua Alabanza is a Director of the Company. He is currently the Chairman of Insular Construction and Supply Co (1967 - present) and a Consultant of Seaboard Insurance Company (1990 – present). He received a Bachelor of Science Degree in Management from Ateneo de Manila University in 1967.

Ms. Ma Therese G. Santos
Independent Director

Ms. Ma. Therese G. Santos is a Director of the Company. She is Associate Director/Administrator of Gravitas Prime, Inc. (2007-present). She is an Independent Director, and the Chairman of the Audit and Compliance Committee and Compensation and Remuneration Committee of Music Semiconductors Corporation (2003-present). Ms. Santos has been an independent Management Consultant by profession since 1997. She was the former Vice President for Treasury and Administration of Music Corporation. Ms. Santos was the Director of Finance for United Development Corporation (1991-1993). Ms. Santos received a Bachelor of Science Degree in Chemical Engineering and a Master's in Business Administration degree from the University of the Philippines.

Atty. Anna Francesca C. Respicio
Corporate Secretary

Atty. Respicio is the incumbent Corporate Secretary of First Abacus Financial Holdings Corporation. She is concurrently the Corporate Secretary of I-Remit, Inc., Discovery World Corporation Luckyfortune Business Ventures, Inc., and Raemulan Lands, Inc. She is also the Assistant Corporate Secretary of the following listed and registered companies: A Brown Company, Inc., Sterling Bank of Asia, Inc. (A Savings Bank), Tagaytay Highlands International Golf Club, Inc., and The Spa and Lodge at Tagaytay Highlands, Inc.,

Atty. Respicio is a Senior Associate at Tan Venturanza Valdez. She finished her Bachelor of Arts-Major in Philosophy in 2007 and earned her Juris Doctor degree in 2011 at Ateneo de Manila University.

FAMILY RELATIONSHIP

Paulino S. Soo, Chairman of the Board, is the brother of Jimmy S. Soo, Director

There are no other significant employees.

Involvement in Certain Legal Proceedings

The Corporation is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

(a) any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(b) any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities or banking activities; and,

(c) any finding by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic of foreign exchange or electronic marketplace or self regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

The Company and its major subsidiaries and associates are not involved in, nor are any of their properties subject to, any material legal proceedings that could potentially affect their operations and financial capabilities.

Item 10. Executive Compensation

(1) General

All Compensation Covered

Except for executive officers included under the compensation table below, all other executive officers and directors do not receive salaries.

(2) Summary of Compensation Table

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. 2020 and 2019, and to be paid in the ensuing fiscal year 2021 to the Company's Chief Executive Officer and four (4) other mostly highly compensated executive officers who are individually named, and to all other officers and director of the Company as a group:

Name and Principal Function	**Fiscal Year**	**Salary**	**Bonus**	**Other Annual Compensation**
Paulino S. Soo Chairman and CEO	2019 2020 2021			
Jack T. Huang President	2019 2020 2021			
Sheila Marie Aguilar Vice President	2019 2020 2021			
Melanio C. Dela Cruz Vice President	2019 2020 2021			
Total for the Group	2019 2020 2021	7,844,702 7,375,293 7,766,621	1,687,317 1,437,450 1,281,729	-0- -0- -0-
All Officers As A Group Unnamed	2019 2020 2021	9,387,991 8,778,715 9,353,478	2,025,461 1,959,745 1,542,828	-0- -0- -0-

(3) Compensation of Directors

(A) Standard Arrangement

The Member of the Board of Directors are not entitled to receive salaries and bonuses

(B) Other Arrangements.

None

(4) **Employment Contracts and Termination of Employment and Change-in Control Arrangements**.

None

(5) Warrants and Options Outstanding :

None

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership (more than 5%) of Certain Beneficial Owners and Management as of April 30, 2021.

Class	Name and Address record owner and relationship with Issuer	Name of Beneficial Owner and Relationship with Owner	Citizenship	No. of Shares Held	Percentage Of Class
Common	PCD Nominee Corp. 2nd Floor Makati Stock Exchange Bldg. Ayala Avenue Makati City		Filipino	845,868,000	70.89
Common	Paulino S. Soo (record and beneficial) Chairman and President 29th Floor Abacus Securities Corp. East Tower PSE Center, Exchange Road, Pasig City	(Same as owner)	Filipino	133,000,000	11.15
Common	**Abacus Capital and Invt. Corp.(record and beneficial); subsidiary and stockholder 29th Floor East Tower PSE Center, Exchange Road, Pasig City	(Same as owner)	Filipino	62,191,000	5.21
Total				**1,041,059,000**	**87.25**

There is no arrangement that may result in a change in control of the registrant and any voting trust holders

*PCD Nominee corporation ("PCDNC") is a wholly-owned subsidiary of the Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCDNC are PCD's participants, who hold the shares in their own behalf or in behalf of their clients. Individual or Group owners reported under PCD Nominee Corporation have less than 10% ownership of the outstanding capital stock of the Corporation.

There are no Individuals or Corporate stockholders who own more than 5% of the Company's voting securities under PCD Nominee Corporation.

** Mr. Paulino S. Soo, Chairman and President of Abacus Capital and Investment Corporation, directs the voting/disposition of shares held by both Companies.

1. **Security Ownership of Management**

The following is a summary of the beneficial holdings of the Company's Directors and Executive Officers as of April 30, 2021:

Class	Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership[record (r) or beneficial (b)]		Percent of Class
Common	Paulino S. Soo	Filipino	133,000,000	r / b	11.15
-do-	Jack T. Huang	Filipino	500,000	r / b	0.04
-do-	Jimmy S. Soo	Filipino	10,010,000	r / b	0.84
-do-	Vicente Co Chien	Filipino	6,130,000	r / b	0.51
-do-	Ma.Cristina Encarnacion	Filipino	10,000	r /b	.000
-do-	Ma. Therese G. Santos	Filipino	10,000	r / b	.000
-do-	Jimmy Chua Alabanza	Filipino	10,000	r / b	.000
-do-	All directors and Executive Officers as group unnamed		149,760,000	r / b	12.55

2. **Voting Trust Holders of 5% or More**

   There is no voting trust or similar arrangement

3. **Changes in Control**

   There are no arrangements that may result in a change of control of the registrant and no change of control occurred during the year.

Item 12. Certain Relationship and Related Transactions

Except as provided below, during the last two years, there are no related transactions either direct or indirect with the Company's Board of Directors.

In the normal course of business, the Company grants to and obtains advances from its affiliates. These advances earn interest at rates to the weighted average of the interest rates of the outstanding loans payable to the banks.

There are no transactions with any promoter nor are there any assets to be acquired from a promoter. Registrant has no parent.

PART IV – CORPORATE GOVERNANCE

The Company has been monitoring compliance with SEC Memorandum Circular No.2, Series of 2002, as well as other relevant SEC Circulars and rules on good corporate governance. All directors, officers, and employees complied with all the leading practices and principles on good corporate governance as embodied in the Corporation's Manual. The Company complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with the Manual of Corporate Governance.

The Company is not aware of any non-compliance with or deviation from its Manual of Corporate Governance. The Company will continue to monitor compliance with the SEC Rules on Corporate Governance, and shall remain committed in insuring the adoption of other systems and practices of good corporate governance to enhance its value for its shareholders. Please refer to the attached 2020 ACGR.

PART V- EXHIBITS AND SCHEDULES

a) Exhibits

(Please see supplemental financial statements schedules).

SIGNATURE PAGE

Pursuant to the requirements of the Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on 14 MAY 2021 ,2021.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
Issuer

By:

PAULINO S. SOO
Chairman and Chief Executive Officer

JACK T. HUANG
President

VICENTE CO CHIEN, JR.
Treasurer

JIMMY S. SOO
Director

ANNA FRANCESCA A. RESPICIO
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
PASIG CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN TO before me this 14 MAY 2021 2021 affiants exhibiting to me their passport number, as follows:

NAMES	PASSPORT#	DATE OF ISSUE	PLACE OF ISSUE
PAULINO S. SOO	P3984265A	Sept. 09, 2017	NCR East
VICENTE CO CHIEN	P7768847A	July 02, 2018	Manila
JACK T. HUANG	P8145874A	July 30, 2018	Cebu City
JIMMY S. SOO	P0076899B	Jan. 02, 2019	Manila
ANNA FRANCESCA RESPICIO	P0286448A	Sept. 16, 2016	NCR East

Doc. No.
Page No.
Book No.
Series of 2021.

ISAIAH G. SAN MIGUEL
Notary Public for Cities of
Pasig, San Juan, Taguig & Pateros
Appointment No. 225 (2019-2020)
(Commission Extended until 30 June 2021
per Supreme Court Resolution dated 01 December 2020)
2704 East Tower, PSE Centre, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 6515071 / 01.29.21 / Pasig
IBP No. LRN-013775 / 04.22.15 / PPLM
Roll of Attorneys No. 64234
MCLEC No. VI-0025655 / 04.15.19

First Abacus Financial Holdings Corp.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **First Abacus Financial Holdings Corporation and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended **December 2020,** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the **First Abacus Financial Holdings Corporation and Subsidiaries'** 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 **First Abacus Financial Holdings Corporation and Subsidiaries** or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the **First Abacus Financial Holdings Corporation and Subsidiaries'** financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholder.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the **First Abacus Financial Holdings Corporation and Subsidiaries** in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

MR. PAULINO S. SOO
Chairman and Chief Executive Officer

MR. VICENTE CO CHIEN JR.
Treasurer

SUBSCRIBED AND SWORN TO BEFORE ME THIS APR 13 2021 IN QUEZON CITY

Signed this _____ day of __________

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2021
PTR No. 0683154 / 1-4-2021/ QC
IBP No. 093587 / 10-22-2019/ QC
Roll No. 30457 / 05-09-80
MCLE VI-0030379 / 2-21-2020
Adm. Matter No. NP-001(2020-2021)
TIN NO. 131-942-754

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SERIES OF 2021

UNIT 2904-A EAST TOWER, PHILIPPINE STOCK EXCHANGE CENTRE • EXCHANGE ROAD • ORTIGAS CENTER • PASIG CITY
PHONE: (632) 667-8900 • FAX: (632) 634-0435

P&A Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

First Abacus Financial Holdings Corporation and Subsidiaries

December 31, 2020, 2019 and 2018

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and the Stockholders
First Abacus Financial Holdings Corporation and Subsidiaries
Unit 2904-A East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

Opinion

We have audited the consolidated financial statements of First Abacus Financial Holdings Corporation and subsidiaries (together hereinafter referred to as the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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 audits of the consolidated 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.

Emphasis of a Matter

We draw attention to Note 1 to the consolidated financial statements, which describes management's assessment of the continuing impact on the Group's consolidated financial statements of the business disruption brought by the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Group has a deficit of P1.2 billion and P1.1 billion as at December 31, 2020 and 2019, respectively, because of its recurring net loss from operations. As stated in Note 1, this condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In connection with our audits, we have performed sufficient audit procedures to evaluate the reasonableness of management's assumptions on the ability of the Group to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

(a) Impairment of Receivables

Description of the Matter

As at December 31, 2020, the Group's receivables, which account for 44% of the Group's total assets, amount to P2.9 billion, net of allowance for impairment of P426.9 million. The Group's management exercised significant judgment and made significant estimates in determining the allowance for impairment on the asset based on an expected credit loss (ECL) model that complies with PFRS 9, *Financial Instruments*. Because of the significance of the amounts involved and the risk of subjectivity of management's judgment and estimation, we have identified the Group's ECL on receivables as a key audit matter.

The Group's significant accounting policies and the significant judgment, including estimation applied by management, and those related to the credit risk assessment process of the Group are disclosed in Notes 2, 3 and 4 to the consolidated financial statements. The other disclosures related to this matter are presented in Note 10 to the consolidated financial statements.

How the Matter was Addressed in the Audit

We have performed substantive audit procedures, which included, among others, evaluating the appropriateness of the Group's ECL methodology based on the requirements of PFRS 9 and the reasonableness of the underlying assumptions thereto. We have assessed the counterparties' repayment abilities by examining payment history and reviewing the counterparties' latest available financial information, and determined the appropriateness of the valuation of the collaterals attached as security to the receivables and compared such valuation against the Group's outstanding receivable balance to ascertain sufficiency of allowance for impairment.

We have evaluated the Group's re-assessment of customers based on perceived and expected COVID-19 impact to the customers' businesses, and additional qualitative factors considered that would elevate COVID-19 pandemic-related changes to significant increase in credit risk. In addition to this, we have assessed the appropriateness of identification of forward-looking information (overlays) used in ECL model and validated their reasonableness against publicly available information and our understanding of Group's receivables and industry where they operate.

(b) Recoverability of Deferred Tax Assets

Description of the Matter

The Group's recognized net deferred tax assets as at December 31, 2020 amounts to P16.5 million. The recognition of deferred tax assets is reviewed at the end of each reporting period and adjusted to the extent of the changes in probability that sufficient taxable profits will be available to allow all or part of such deferred tax assets to be utilized. Determining probabilities of sufficiency of future taxable profits is highly judgmental, requiring preparation of profitability projection which involves significant management estimates. Accordingly, we have also identified the recoverability of deferred tax assets as a key audit matter.

The relevant information, including the accounting policy, relating to deferred tax assets is disclosed in Notes 2, 3 and 20 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our work included, among others, obtaining management's income projections for the next three years. Relative to this, we verified the reasonableness of management's assumptions used in coming up with the income projections underlying the recoverability of deferred tax assets by comparing the forecasts to our expectations based on historical performance. These significant assumptions include income growth rate, and volume of trading transactions, which are expected to grow based on available historical information.

(c) *Impairment Assessment of Goodwill*

Description of the Matter

As at December 31, 2020, the carrying amount of goodwill, net of allowance for impairment, amounts to P35.3 million, which is included as part of the Other Assets account in the Group's consolidated statement of financial position. Based on the applicable PFRS, goodwill, having indefinite useful life, is not subject to amortization but is required to be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may be impaired. This annual impairment test was identified as a key audit matter because management's assessment process is complex and highly judgmental, and is based on significant assumptions, specifically on the cash generating unit (CGU) where the goodwill is allocated and the future cash flows of that particular CGU, which are affected by expected future market or economic conditions.

Management's significant assumptions include:

- The identified CGU, one of the subsidiaries, on which the goodwill is allocated, will continue as a going concern;

- The CGU will have sufficient financial assets to finance its working capital requirements to achieve its projected forecast and to support the business needs; and,

- The CGU's performance forecasts for the next three years, which include the effects of online stock brokerage with accounts opening and customization updates.

The Group's accounting policy on impairment of and disclosures about goodwill are included in Notes 2 and 13, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures included, among others, evaluating the assumptions and methodologies used by management, particularly those relating to the forecasted revenue growth and profit margins of the CGU by considering historical trends and past profit performance, and the future operational plans of the CGU's management. In addition, our audit procedures included evaluating the reasonableness of management's assumptions on the ability of the CGU to continue as a going concern as of and for the year ended December 31, 2020.

(d) *Performing Significant Portion of Audit Remotely*

Description of the Matter

As disclosed in Note 1 to the consolidated financial statements, COVID-19 started to become widespread in the Philippines in early March 2020 wherein certain measures implemented by the government resulted in performing a significant portion of the engagement remotely.

The change in working conditions is relevant and significant to our audit since it creates an increased risk of error due to less visibility of the client personnel and lack of access to the original client records. Given the changes in how the audit was performed, the audit required exercising enhanced professional skepticism.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of performing the audit remotely included the following:

- considering the nature of the engagement and the engagement team's knowledge of the entity and its environment when determining whether it is possible to perform a significant portion, if not all of the engagement remotely;

- following the requirements of the PSA including providing proper supervision and review, even when working remotely;

- obtaining information through electronic means, which includes sending and receiving of confirmation electronically, obtaining calculations in electronic form to check the mathematical accuracy, scanning of hard-copy items for review and using real-time inspection technology such as video and screen-sharing;

- determining the reliability of audit evidence provided electronically using enhanced professional skepticism;

- performing inquiries through video call in order to judge body language and other cues and to have a more interactive audit engagement; and,

- examining critical hard copy documents (e.g., contracts, check vouchers, promissory notes and official receipts) physically in response to the risk in revenues and costs, which is considered to be significant.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA 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 financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the 2020 audit resulting in this independent auditors' report is Jessie C. Carpio.

PUNONGBAYAN & ARAULLO

By: Jessie C. Carpio
Partner

CPA Reg. No. 0057831
TIN 109-227-789
PTR No. 8533224, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 0011-AR-5 (until Mar. 25, 2022)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-6-2020 (until Jun. 25, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 8, 2021

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
A S S E T S			
CASH	7	**P 154,124,698**	P 143,011,125
RECEIVABLES - Net	10	**2,887,478,548**	2,535,453,399
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	8	**1,364,498,859**	1,171,309,884
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	9	**1,887,800,656**	1,595,683,936
PROPERTY AND EQUIPMENT - Net	12	**23,834,667**	33,439,837
DEFERRED TAX ASSETS - Net	20	**16,473,336**	46,372,663
OTHER ASSETS - Net	13	**193,053,480**	194,319,006
TOTAL ASSETS		**P 6,527,264,244**	P 5,719,589,850
LIABILITIES AND EQUITY			
INTEREST-BEARING LOANS AND BORROWINGS	14	**P 4,827,918,544**	P 4,394,006,386
DUE TO CUSTOMERS	15	**634,175,376**	201,810,584
ACCOUNTS PAYABLE AND OTHER LIABILITIES	16	**245,731,775**	455,157,538
Total Liabilities		**5,707,825,695**	5,050,974,508
CAPITAL STOCK	17	**1,193,200,000**	1,193,200,000
ADDITIONAL PAID-IN CAPITAL	2	**3,104,800**	3,104,800
TREASURY SHARES - At Cost	17	**(385,670,581)**	(385,670,581)
REVALUATION RESERVES	17	**1,227,972,334**	985,726,395
DEFICIT	1	**(1,219,168,004)**	(1,127,745,272)
Total Equity		**819,438,549**	668,615,342
TOTAL LIABILITIES AND EQUITY		**P 6,527,264,244**	P 5,719,589,850

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
REVENUES				
Fair value gains on financial assets at fair value through profit or loss (FVTPL)	8	**P 174,085,214**	P 144,772,407	P -
Commissions	2	**151,686,131**	121,406,200	144,078,743
Gain on sale of financial assets at FVTPL	8	**114,139,548**	92,123,743	90,775,179
Interest income	7	**714,141**	145,998	208,278
Management fees	11	**-**	-	30,000,000
Others	10, 11, 22	**5,002,049**	5,932,114	20,573,157
		445,627,083	364,380,462	285,635,357
EXPENSES				
Interest expense	14, 16, 18	**285,125,030**	296,516,594	267,476,396
Salaries and employee benefits	18	**55,354,890**	57,470,378	55,879,076
Commissions		**43,407,581**	35,454,207	39,908,142
Taxes and licenses		**28,006,312**	26,962,967	27,792,686
Depreciation and amortization	12, 13	**14,211,991**	17,253,084	16,240,044
Membership fees and dues		**12,387,104**	13,640,856	3,863,796
Exchange fees		**9,927,245**	10,897,479	10,726,785
Communication		**9,845,463**	11,258,474	10,339,761
Representation and entertainment		**8,805,019**	2,831,201	5,405,506
Professional fees		**6,711,626**	5,491,402	5,048,048
Outside services		**4,699,145**	5,367,619	5,181,641
Transportation and travel		**4,290,691**	3,066,076	2,155,644
Impairment losses on receivables	10	**-**	6,446,419	48,698,879
Fair value losses on financial assets at FVTPL	8	**-**	-	105,993,726
Others	16, 19	**14,368,375**	20,304,214	27,628,723
		497,140,472	512,960,970	632,338,853
LOSS BEFORE TAX		**(51,513,389)**	(148,580,508)	(346,703,496)
TAX EXPENSE	20	**(43,853,580)**	(32,104,283)	(46,899,430)
NET LOSS		**(P 95,366,969)**	(P 180,684,791)	(P 393,602,926)
Basic and Diluted Loss Per Share	21	**(P 0.0933)**	(P 0.1768)	(P 0.3852)

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
NET LOSS		**(P 95,366,969)**	(P 180,684,791)	(P 393,602,926)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:	17			
Unrealized fair value gains (losses) on financial assets at fair value through other comprehensive income	9	**249,276,096**	214,759,725	(341,313,037)
Gain (loss) on remeasurements of post-employment defined benefit plan, net of tax	18	**(3,085,920)**	6,512,776	1,448,966
Total Other Comprehensive Income (Loss)		**246,190,176**	221,272,501	(339,864,071)
TOTAL COMPREHENSIVE INCOME (LOSS)		**P 150,823,207**	P 40,587,710	(P 733,466,997)

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Capital Stock (see Note 17)	Additional Paid-in Capital (see Note 2)	Treasury Shares (see Note 17)	Revaluation Reserves (see Note 17)	Deficit (see Notes 1 and 17)	Total Equity
Balance at January 1, 2020	P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 985,726,395	(P 1,127,745,272)	P 668,615,342
Transfer of realized fair value gains on financial assets at fair value through other comprehensive income	-	-	-	(3,944,237)	3,944,237	-
Total comprehensive income (loss) for the year	-	-	-	246,190,176	(95,366,969)	150,823,207
Balance at December 31, 2020	**P 1,193,200,000**	**P 3,104,800**	**(P 385,670,581)**	**P 1,227,972,334**	**(P 1,219,168,004)**	**P 819,438,549**
Balance at January 1, 2019						
As previously reported	P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 764,453,894	(P 946,009,315)	P 629,078,798
Effect of adoption of PFRS 16	-	-	-	-	(1,051,166)	(1,051,166)
	1,193,200,000	3,104,800	(385,670,581)	764,453,894	(947,060,481)	628,027,632
Total comprehensive income (loss) for the year	-	-	-	221,272,501	(180,684,791)	40,587,710
Balance at December 31, 2019	P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 985,726,395	(P 1,127,745,272)	P 668,615,342
Balance at January 1, 2018	P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 1,188,012,398	(P 636,100,822)	P 1,362,545,795
Transfer of realized fair value gains on financial assets at fair value through other comprehensive income	-	-	-	(83,694,433)	83,694,433	-
Total comprehensive loss for the year	-	-	-	(339,864,071)	(393,602,926)	(733,466,997)
Balance at December 31, 2018	P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 764,453,894	(P 946,009,315)	P 629,078,798

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		**(P 51,513,389)**	(P 148,580,508)	(P 346,703,496)
Adjustments for:				
Interest expense	14, 16, 18	**285,125,030**	296,516,594	267,476,396
Depreciation and amortization	12, 13	**14,211,991**	17,253,084	16,240,044
Interest income	7	**(714,141)**	(145,998)	(208,278)
Dividend income		**(17,650)**	(75,000)	-
Operating profit (loss) before working capital changes		**247,091,841**	164,968,172	(63,195,334)
Decrease (increase) in receivables		**(352,025,149)**	32,022,925	226,730,414
Decrease (increase) in financial assets at fair value through profit or loss		**(193,188,975)**	(350,843,870)	135,929,397
Decrease (increase) in financial assets at fair value through other comprehensive income		**(42,840,624)**	-	107,641,065
Increase in other assets		**(13,252,226)**	(21,870,075)	(38,158,243)
Increase (decrease) in due to customers		**432,364,792**	(13,016,206)	(156,737,175)
Increase (decrease) in accounts payable and other liabilities		**(215,774,443)**	241,784,364	(124,356,095)
Cash generated from (used in) operations		**(137,624,784)**	53,045,310	87,854,029
Interest received		**714,141**	145,998	208,278
Cash paid for final taxes	20	**(452,545)**	(156,393)	(2,425,984)
Net Cash From (Used in) Operating Activities		**(137,363,188)**	53,034,915	85,636,323
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	12	**(2,075,475)**	(530,192)	(4,774,712)
Proceeds from disposal of property and equipment	12	**607,566**	990,831	-
Acquisition of computer software	13	**(36,000)**	(1,243,490)	-
Dividends received		**17,650**	75,000	-
Net Cash Used in Investing Activities		**(1,486,259)**	(707,851)	(4,774,712)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from additional loans and borrowings	14	**2,264,904,604**	1,645,599,445	517,713,207
Repayments of loans and borrowings	14	**(1,827,448,023)**	(1,349,955,130)	(498,801,356)
Interest paid		**(283,544,142)**	(291,032,834)	(108,799,377)
Payments of principal portion of lease liabilities	14, 16	**(3,949,419)**	(9,921,407)	-
Net Cash From (Used in) Financing Activities		**149,963,020**	(5,309,926)	(89,887,526)
NET INCREASE (DECREASE) IN CASH		**11,113,573**	47,017,138	(9,025,915)
CASH AT BEGINNING OF YEAR		**143,011,125**	95,993,987	105,019,902
CASH AT END OF YEAR		**P 154,124,698**	P 143,011,125	P 95,993,987

Supplemental Information on Non-cash Investing and Financing Activities:

1.) In 2020 and 2019, the Group recognized right-of-use assets amounting to P2,086,868 and P16,969,718, respectively, and lease liabilities amounting to P2,086,868 and P13,465,821, respectively (see Notes 12, 14 and 16).

2.) In 2018, certain transportation equipment with total cost of P2,536,607 were acquired through finance lease arrangements (see Notes 12 and 14).

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

Corporate Information

First Abacus Financial Holdings Corporation (the Parent Company) was incorporated in the Philippines and registered with the Securities Exchange Commission (SEC) on February 15, 1994. The Parent Company wholly owns the following subsidiaries (together herein referred to as the Group), all of which are also incorporated in the Philippines:

Subsidiaries	Nature of Business
Abacus Capital & Investment Corporation (ACIC)	Investment banking
Abacus Securities Corporation (ASC)	Securities brokerage
Vista Holdings Corporation (VHC)	Leasing

The Parent Company was established primarily to invest in, acquire by purchase, exchange or assignment and hold for investment, shares of capital stock or other securities issued by any corporation, association or other entities. The Parent Company is also involved in providing management advisory services as well as purchasing, selling and assigning accounts receivable, negotiable instruments and other evidences of indebtedness for the payment of money owed by any entity. The Parent Company's shares of stock are listed at the Philippine Stock Exchange (PSE) (see Note 17.6).

The Parent Company's registered office, which is also the principal place of business, is located at Unit 2904-A East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

Status of Operations

The Group has a deficit of P1,219,168,004 and P1,127,745,272 as at December 31, 2020 and 2019, respectively. This condition indicates the existence of a material uncertainty, which may cast significant doubt on the Group's ability to continue as a going concern. In response to this matter, management is addressing proactively through a strategic shift in business model that is designed to resolve the possible existence of material uncertainty. The Group remains confident that its long-time presence in the market and firm fundamentals will carry its businesses through the various disruptions rocking the industry. The Group has made inroads in its online stock brokerage business, and is committed to position this as the focus for growth and expansion. Initiatives have been introduced to deliver maximum live interface with customers through strategic updates and customization of accounts opening and the creation of daily research reports. At the same time, the Group is leveraging on the synergy with its investment house and other businesses, creating a system to serving the various financial, investment, and broking requirements of our institutional, niche and expanded list of clientele.

Moreover, the Group's investment house is revitalizing its merger and acquisition projects to further boost the potentials of the Group to recover from deficit. Management believes that the Group's enhanced ability to interact with customers both using traditional as well as online platforms, complemented by a renewed focus on synergy to serving the needs of its clients, are the drivers that will restore the Group to its rightful status as one of the top performing companies in the industry. Accordingly, the consolidated financial statements have been prepared assuming that the Group will continue as a going concern which contemplates the realization of assets and the settlement of liabilities in the normal course of business.

Impact of COVID-19 Pandemic to the Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in March 2020. Almost all industries have been affected when the government mandated lockdowns. The pandemic, which is still affecting the country and its economic conditions, has not spared the Group's business operations. The measures taken by the government to contain the virus have affected the general economic conditions resulting to the dampening of the stock market.

When the government mandated rules during the Enhanced Community Quarantine (ECQ), remote work arrangements were implemented for certain employees, and the Group had to provide and acquire additional hardware such as laptops and desktops to enable the employees to continue their work at home. For employees who needed to report to the office premises, transportation and meal allowances were provided during ECQ. The Group has also incurred additional costs for the testing of all employees before allowing them to return to work when the government slowly allowed the opening of the economy and changed the quarantine classification of the country to General Community Quarantine.

For the Group's security brokerage business, despite the disruptions brought by the COVID-19 pandemic, the Group continued its operations, since its online stock trading platform, "My Trade", has been fully operational in 2020. In relation to this, the Group hired more personnel to vouch new accounts and respond to queries of customers. As a result, total revenues earned by ASC increased by 30% compared to that of 2019. In addition, the Group has also registered higher fair value gains on financial assets at fair value through profit or loss (FVTPL) and gain on sale of financial assets at FVTPL by 20% and 24%, respectively, compared to that of 2019. This resulted to lower net loss during the year.

The Group has also adopted paperless delivery of documents to clients to avoid direct contact and reduce the risk of infection among employees. Protective acrylic glass was also installed on each table, cubicle and work stations in the office for added safety.

Based on the actions and measures taken by management to mitigate the adverse effect of the pandemic, it projects that the Group would remain liquid to meet current obligation as it falls due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2020 (including the comparative consolidated financial statements as at December 31, 2019 and for the years ended December 31, 2019 and 2018) were authorized for issue by the Parent Company's Chairman of the Board of Directors (BOD) and Chief Executive Officer on April 8, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements*. The Group presents consolidated statements of comprehensive income separate from the consolidated statements of profit or loss.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the Group's functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

Adoption of Amended PFRS

(a) Effective in 2020 that are Relevant to the Group

The Group adopted for the first time the following pronouncements which are mandatorily effective for annual periods beginning on or after January 1, 2020:

Conceptual Framework	:	Revised Conceptual Framework for Financial Reporting
PAS 1 and PAS 8 (Amendments)	:	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
PFRS 3 (Amendments)	:	Business Combinations – Definition of a Business
PFRS 7 and PFRS 9 (Amendments)	:	Financial Instruments: Disclosures and Financial Instruments – Interest Rate Benchmark Reform

Discussed below and in the succeeding page are the relevant information about these pronouncements.

(i) *Revised Conceptual Framework for Financial Reporting.* The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The application of the revised conceptual framework had no significant impact on the Group's consolidated financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements*, and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material.* The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iii) PFRS 3 (Amendments), *Business Combinations – Definition of a Business.* The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. Also, the amendments will likely result in more acquisitions being accounted for as asset acquisitions. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iv) PFRS 7 (Amendments), *Financial Instruments: Disclosures*, *and PFRS 9* (Amendments), *Financial Instruments – Interest Rate Benchmark Reform*. The amendments clarify that an entity would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(b) Effective Subsequent to 2020 but are not Adopted Early

There are pronouncements effective for annual periods subsequent to 2020, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions* (effective from June 30, 2020). The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

(ii) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022). The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.

(iii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(iv) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022). The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(v) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:

a. PFRS 9 (Amendments), *Financial Instruments – Fees in the ’10 per cent’ Test for Derecognition of Liabilities.* The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

b. Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The improvement merely removes potential for confusion regarding lease incentives.

(vi) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

(vii) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor’s financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor’s interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business.

Basis of Consolidation

The Group’s consolidated financial statements comprise the accounts of the Parent Company and its wholly owned subsidiaries after elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles. Subsidiaries are entities over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Parent Company obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss. Identifiable assets acquired and liabilities, and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Negative goodwill, which is the excess of the Group's interest in the fair value of net identifiable assets acquired over acquisition cost, is charged directly to profit or loss.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's management committee; its chief operating decision-maker. The management committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 6, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately, as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements. There have been no changes from prior periods in the measurement methods used to determine reported segment's profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the financial instrument.

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(i) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described in the succeeding pages.

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash, Receivables (excluding receivables from employees) and as part of Other Non-current Assets in respect of Clearing and trade guaranty fund (CTGF).

For purposes of cash flows reporting and presentation, cash includes cash on hand and demand deposits which are subject to insignificant risk of changes in value.

Interest income on financial assets measured at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statement of profit or loss as part of Interest Income.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through

profit or loss (FVTPL). The Group has designated certain equity instruments as at FVOCI on initial recognition.
Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of the Revaluation Reserves account in equity.

When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to the Deficit account, except for those debt securities classified as financial assets at FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss. As of December 31, 2020 and 2019, the Group has no debt securities classified as at FVOCI (see Note 9).

Financial Assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized as financial assets at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for as financial assets at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as financial assets at FVOCI at initial recognition. The Group's financial assets at FVTPL include equity securities which are held for trading purposes or designated as at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVTPL are initially measured at fair value. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss under Fair Value Gains (Losses) on Financial Assets at FVTPL account in the consolidated statement of profit or loss. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

Any dividends earned on holding equity instruments are recognized in profit or loss, when the Group's right to receive dividends is established; it is probable that the economic benefits associated with the dividend will flow to the Group; and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

At the end of the reporting period, the Group assesses and recognizes allowance for ECL on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Group recognizes lifetime ECL for trade and other receivables. The ECL on these assets are estimated by applying the simplified approach using a provision matrix developed based on the Group's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

The Group determines whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

The key elements used in the calculation of ECL are as follows:

- *Probability of default (PD)* – It is an estimate of likelihood of a counterparty defaulting its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default (LGD)* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default (EAD)* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liabilities

Financial liabilities, which include interest-bearing loans and borrowings, due to customers and accounts payable and other liabilities (excluding post-employment defined benefit obligation, and tax-related payable), are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as expense under the caption of Interest Costs in the consolidated statement of profit or loss.

Interest-bearing loans and borrowings are obtained to support the short-term to long-term funding needs of the Group. They are recognized at proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Due to customers, and accounts payable and other liabilities are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities of more than one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in the consolidated statement of profit or loss.

(c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount, considered as a single financial asset or financial liability, is reported in the consolidated 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 assets and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position. The right of set-off must be available at the end of the reporting period; that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation, amortization and impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Condominium units	15-25 years
Building improvements	5 years
Transportation equipment	5 years
Computer equipment	3-5 years
Furniture, fixtures and equipment	3-5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.11).

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation is made in respect of those assets.

The residual values, estimated useful lives and method of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 item) is included in the consolidated statement of profit or loss in the year the item is derecognized.

Other Assets

Other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Intangible Assets

Intangible assets include goodwill, trading right and acquired computer software licenses (presented as part of Other Assets account in the consolidated statement of financial position). The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or production.

(a) *Goodwill*

Goodwill represents the excess of the acquisition cost of the investment over the fair value of identifiable net assets of a subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.11).

(b) *Trading Right*

Trading right represents the value of the exchange seat, which allows the Group to trade in the PSE. Trading right is assessed as having an indefinite useful life and is tested annually for impairment and carried at cost less accumulated impairment losses (see Note 2.11).

(c) *Computer Software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred. Capitalized costs are amortized on a straight-line basis over the estimated useful life of three years, as these intangible assets are considered finite (see Note 2.11).

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

Deferred Oil Exploration Costs

The Group made certain investments in oil exploration projects. The cost of exploration relating to service contract or block area which is still in the exploratory stage are capitalized as Deferred oil exploration costs (shown under the Other Assets account in the consolidated statement of financial position). When a service contract or block area is permanently abandoned, the related deferred oil exploration cost is written off. Service contracts or block areas are considered not permanently abandoned if the service contracts have not yet expired and/or there are ongoing negotiations for further exploration. The carrying amount of the capitalized deferred oil exploration costs is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount (see Note 2.11).

Impairment of Non-financial Assets

The Group's property and equipment, investment properties, deferred oil exploration costs, goodwill, computer software, trading right and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with an indefinite useful life such as goodwill and trading right are tested for impairment at least annually.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets, except goodwill and trading right, are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss. Impairment losses recognized on goodwill and trading right are not reversed.

Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. The increase in provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Parent Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the Parent Company and close members of the family of any such individual; and, (d) the Group's partially funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

In accordance with the requirements of SEC MC No. 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions that were entered into with a related party, either individually or in aggregate over a 12-month period with the same related party, amounting to 10% or more of the total assets based on the latest audited consolidated financial statements are considered material.

In general, all related party transactions are required to be disclosed in the consolidated financial statements. However, for SEC reporting purposes, all material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock.

Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves comprise accumulated gains and losses due to the revaluation of financial assets at FVOCI and remeasurements of post-employment defined benefit obligation.

Deficit represents all current and prior period results of operations as reported in the consolidated statement of profit or loss.

Revenue and Expense Recognition

Revenue comprises revenue from rendering of services (i.e., securities brokerage services, financial advisory and underwriting services, and others) measured by reference to the fair value of consideration received or receivable by the Group for services rendered, excluding value-added tax.

To determine whether to recognize revenue, the Group follows a five-step process:

(i) identifying the contract with a customer;
(ii) identifying the performance obligation;
(iii) determining the transaction price;
(iv) allocating the transaction price to the performance obligations; and,
(v) recognizing revenue when/as performance obligations are satisfied.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The Group enters into transactions involving the rendering of services. There are no significant judgments involved in determining the transaction price, the allocated amounts to and timing of satisfaction of performance obligations since there is only one transaction price specific to one performance obligation in the respective contracts that is satisfied over time. The transaction price for a performance obligation that is satisfied over time is recognized as revenue as the performance obligation is satisfied. As applicable, customers are invoiced periodically as work progresses, which are also due upon receipt by the customers. Any unbilled amounts at the end of a reporting period for management services are presented in the consolidated statement of financial position as Management fee receivables under the Receivables account as only the passage of time is required before payment of these amounts will be due.

Commissions from brokerage services, which are recognized as actual revenues and are charged to customers on a transaction-date basis as securities transactions occur; hence, recognized at a point in time.

With respect to commission and fees arising from financial advisory and underwriting services (i.e., negotiating, or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses), revenues are recognized at the completion of the underlying transaction or at a point in time. This also includes management and advisory service fees recognized upon satisfaction of primary transaction. The non-refundable portion of the transaction price specifically identifiable is also recognized at a point in time since there is no performance obligation related to this consideration upon acceptance of the contract and payment of the non-refundable fees by customers.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All interest expense are reported in profit or loss on an accrual basis, except for capitalized borrowing costs which are included as part of the cost of the related qualifying asset, if applicable (see Note 2.19).

Securities Transactions

Securities transactions (and related commission income and expense, if applicable) are recorded on a transaction date basis.

Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

For any new contracts entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured on a lease-by-lease basis by its carrying amount as if the new standard had been applied since commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. Subsequently, if the lease transfers ownership of the underlying asset to the Group by the end of the lease term, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated on a straight-line basis from the date of initial application to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist
(see Note 2.11).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed). Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets have been presented as part of Property and Equipment, and lease liabilities have been presented as part of Accounts Payable and Other Liabilities (in 2020) and Interest-Bearing Loans and Borrowings (in 2019).

(b) Group as Lessor

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Interest income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease. Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

Employee Benefits

The Group provides benefits to employees through a defined benefit plan, defined contribution plan, and other employee benefits which are recognized as follows:

(a) Short-term Employee Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelve months after the end of the annual reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in the consolidated profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accounts payable and accrued expenses under the Accounts Payable and Other Liabilities account in the consolidated statement of financial position (see Note 16).

(b) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax qualified, non-contributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rate of zero coupon government bonds based from the reference rate published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest), are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Interest Expense or Interest Income account in the consolidated statement of profit or loss.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(c) *Post-employment Defined Contribution Plan*

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity such as social security system. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(d) *Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(e) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included as part of Accounts payable and accrued expenses under the Accounts Payable and Other Liabilities account (see Note 16) in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for, using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

Earnings (Loss) Per Share

Basic earnings (loss) per share is determined by dividing consolidated net profit (loss) by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustment for stock dividend declared, if any, for the current period.

Diluted earnings (loss) per share is computed by adjusting the weighted average number of outstanding common shares to assume conversion of potentially dilutive shares outstanding. Currently, the Group does not have potentially dilutive shares outstanding; hence, the diluted earnings (loss) per share is equal to the basic earnings (loss) per share.

Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. 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. Actual results may ultimately differ from these estimates.

Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the judgments discussed in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Going Concern Assumption

When preparing the consolidated financial statements, management makes an assessment of the Group's ability to continue as a going concern. The Group prepares the consolidated financial statements on a going concern basis unless the Group either intends to liquidate or to cease trading, or has no realistic alternative but to do so. When the Group is aware in making its assessment of material uncertainties related to events or conditions that may cast significant doubt upon its ability to continue as a going concern, the management shall disclose those uncertainties.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to 12 months from the end of the reporting period. The management considers a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

The management believes that the Group, though it incurs significant operating losses and it has a deficit as at December 31, 2020 and 2019, will continue as a going concern, as disclosed in Note 1.2.

(b) Application of ECL Model to Financial Assets at Amortized Cost

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., enhancements such as collaterals).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's receivables are disclosed in Note 4.2.

(c) Evaluation of Business Model Applied in Managing Financial Instruments

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows.

The Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to, taking into consideration the objectives of each business model established by the Group as those relate to the Group's investment and trading strategies.

(d) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessary inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

(e) Distinction Between Operating and Finance Leases for Leases where the Group is a Lessor

The Group has entered into various lease agreements as a lessor. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(f) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish the difference between provisions and contingencies. Policies on recognition of provision and contingencies are discussed in Note 2.12 and relevant disclosures are presented in Note 22.

Key Sources of Estimation Uncertainty

Following are the discussion on the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is discussed in detail in Note 4.2.

(c) Estimation of Useful Lives of Property and Equipment and Computer Software

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and legal or other limits on the use of the assets.

The carrying amounts of property and equipment are analyzed in Note 12. Based on management's assessment as at December 31, 2020 and 2019, there is no change in the estimated useful lives of property and equipment during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(d) *Determination of Fair Value Measurement for Financial Instruments*

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement were determined using verifiable objective evidence such as foreign exchange rates, interest rates, and volatility rates. However, the amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect the consolidated profit and loss and other comprehensive income. The Group's financial assets measured at fair value are valued using price quoted in an active market.

The carrying values of the Group's financial assets at FVTPL and FVOCI the amounts of fair value changes recognized during the years on those assets are disclosed in Notes 8 and 9, respectively.

(e) *Determination of Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The carrying values of recognized and unrecognized deferred tax assets as at December 31, 2020 and 2019 are disclosed in Note 20.

(f) *Impairment of Other Non-Financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.11). Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment loss on non-financial assets was recognized in 2020, 2019 and 2018.

(g) *Valuation of Post-Employment Benefit Obligation*

The determination of the Group's post-employment defined benefit obligation is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions significantly include, among others, discount rate and salary growth rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amount of post-employment defined benefit obligation and the analysis of the movements thereto, as well as the significant assumptions used in estimating such obligation are presented in Note 18.2.

(h) Fair Value Measurement for Investment Properties

The Group's investment properties are composed of condominium units carried at cost at the end of the reporting period. The fair value of investment properties, as disclosed in Notes 5.6 and 13.3, is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date. Such amount is influenced by different factors including the location and specific characteristics of the property (e.g., size, features, and capacity), quantity of comparable properties available in the market, and economic condition and behaviour of the buying parties. A significant change in these elements may affect prices and the value of the assets.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks in relation to its financial instruments. The risk management activities at the level of each company in the Group is coordinated with the Parent Company, in close cooperation with its BOD, and focuses on actively securing the Group's short-to-medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The most significant financial risks to which the Group is exposed to are described as follows:

Interest Rate Risk

At December 31, 2020 and 2019, Group is exposed to changes in market interest rates through its interest-bearing loans and borrowings and cash in bank, which are subject to variable changes in interest rates. Nonetheless, management believes that the Group's exposure to variable changes in interest rates on cash in bank is not material.

The sensitivity of the Group's loss before tax and equity to a reasonably possible change in interest rates of +/-1.49% and +/- 3.11% for interest-bearing loans in 2020 and 2019, respectively. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of the reporting period that are sensitive to changes in interest rates.

Considering all other variables held constant, if the interest rate increased by 1.49% and 3.11% in 2020 and 2019, respectively, loss before tax in 2020 and 2019 would have increased by P71,935,986 and P136,653,599, respectively. Conversely, if the interest rate decreased by the same percentages loss before tax in the respective years would have been lower higher by the same amounts.

Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers and placing bank deposits.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Its policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position (or in the detailed analysis provided in the notes to consolidated financial statements) as summarized below.

	Notes	2020	2019
Cash	7	**P 154,124,698**	P 143,011,125
Receivables – net	10	**2,883,258,935**	2,531,462,721
CTGF	13	**20,398,664**	18,936,384
		P 3,057,782,297	P 2,693,410,230

The tables below show the credit quality by class of financial assets as at December 31.

	Neither Past Due Nor Impaired: High Grade	Neither Past Due Nor Impaired: Standard Grade	Past Due but not Individually Impaired	Total
December 31, 2020				
Cash	P 154,124,698	P -	P -	P 154,124,698
Receivables:				
Customers/brokers	510,660,245	1,830,562,824	3,557,202	2,344,780,271
Equity margin loans	-	-	616,010,178	616,010,178
Accounts receivable	4,625,822	2,380,188	160,301,147	167,307,157
Notes receivables	-	3,873,409	68,449,190	72,322,599
Interest receivables	-	7,287,476	57,854,154	65,141,630
Management fees	-	19,550,000	-	19,550,000
Others	-	20,051,900	5,024,940	25,076,840
Receivables – gross	515,286,067	1,883,705,595	911,196,811	3,310,188,675
Allowance for impairment	-	-	(426,929,740)	(426,929,740)
Receivables – net	515,286,067	1,883,705,797	484,267,071	2,883,258,935
CTGF	-	20,398,664	-	20,398,664
	P 669,410,765	**P 1,904,104,461**	**P 484,267,071**	**P 3,057,782,297**
December 31, 2019				
Cash	P 143,011,125	P -	P -	P 143,011,125
Receivables:				
Customers/brokers	296,700,016	1,692,865,183	5,665,697	1,995,230,896
Equity margin loans	-	170,054,833	446,823,821	616,878,654
Accounts receivable	3,736,844	1,620,747	165,301,147	170,658,738
Notes receivables	-	4,325,110	68,449,190	72,774,300
Interest receivables	-	7,287,476	57,854,154	65,141,630
Management fees	-	21,250,000	-	21,250,000
Others	-	13,913,624	5,006,456	18,920,080
Receivables – gross	300,436,860	1,911,316,973	749,100,465	2,960,854,298
Allowance for impairment	-	-	(429,391,577)	(429,391,577)
Receivables – net	300,436,860	1,911,316,973	319,708,888	2,531,462,721
CTGF	-	18,936,384	-	18,936,384
	P 443,447,985	P 1,930,253,357	P 319,708,888	P 2,693,410,230

High Grade credit quality pertains to financial assets with insignificant risk of default based on historical experience. On the other hand, Standard Grade credit quality pertains to financial assets not belonging to High Grade credit quality financial assets but does not exhibit any default or possible impairment.

(a) Cash in Banks

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the *Philippine Deposit Insurance Corporation* up to a maximum coverage of P500,000 for every depositor per banking institution.

(b) Receivables from Customers/Brokers, Clearing House and Other Receivables

The Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all receivables from customers and clearing house, as well as for other receivables.

Receivables from customers/brokers are either fully or partially secured by collateral equity securities (see Note 10). In computing for the lifetime ECL, the Group applied an individual assessment of ECL measurement considering qualitative factors, i.e., longevity of days outstanding, no recorded trading activities and insufficient collateral valuation.

In respect of other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics; however, the Group is exposed to significant credit risk exposure to a number of counterparties due to significance of outstanding receivables from these counterparties. Nevertheless, the Group's management does not consider the risks to be probable since, based on historical information about counterparties' default rates and payment history, management considers the credit quality of receivables that are not past due or impaired to be good.

The Group identifies a default when the receivables become credit impaired or when the customer is not able to settle the receivables within the normal credit terms of 30 to 60 days, depending on the terms with customers; hence, these receivables were already considered as past due on its contractual payment. In addition, the Group considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

(c) CTGF

With respect to CTGF which is refundable from credible private corporation with sound liquid position, the Group is not exposed to any significant credit risk exposure. These financial assets are considered to be neither past due nor impaired as at December 31, 2020 and 2019.

An analysis of the maximum credit risk exposures with available collaterals is shown below.

	Gross Maximum Exposure	**Fair Value of Collaterals**	**Net Exposure**	**Financial Effect of Collaterals**
2020				
Customers/brokers	P2,344,780,271	P9,369,381,281	P -	P2,344,780,271
Equity margin loans	616,010,178	579,926,442	36,083,736	579,926,442
CTGF	20,398,664	-	20,398,664	-
	P 2,981,189,113	**P9,949,307,723**	**P 56,482,400**	**P2,924,706,713**

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
2019				
Customers/brokers	P 1,995,230,896	P 6,494,644,870	P -	P1,995,230,896
Equity margin loans	616,878,654	521,716,605	95,162,049	521,716,605
CTGF	18,936,384	-	18,936,384	-
	P 2,631,045,934	P 7,016,361,475	P 114,098,433	P2,516,947,501

4.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by the Group's ability to sell long-term financial assets.

As at December 31, 2020 and 2019, the Group's financial liabilities have contractual maturities which are presented below.

	Within 6 Months	**Between 6 to 12 Months**	**More than 12 Months**	**Total**
December 31, 2020				
Interest-bearing loans and borrowings (including accrued interest)	P 4,202,254,895	P 658,994,788	P -	P 4,861,249,683
Due to customers	634,175,376	-	-	634,175,376
Accounts payable and other liabilities (excluding post-employment defined benefit obligation, taxes payable and accrued interest)	46,580,833	111,657,950	3,269,638	161,508,421
	P 4,883,011,104	**P 770,652,738**	**P 3,269,638**	**P 5,656,933,480**
December 31, 2019				
Interest-bearing loans and borrowings (including accrued interest)	P 4,411,159,859	P 14,346,327	P 305,641	P 4,425,811,827
Due to customers	201,810,584	-	-	201,810,584
Accounts payable and other liabilities (excluding post-employment defined benefit obligation, taxes payable and accrued interest)	198,030,912	180,627,151	1,564,069	380,222,132
	P 4,811,001,355	P 194,973,478	P 1,869,710	P 5,007,844,543

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the end of the reporting period.

4.4 Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVTPL and FVOCI). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

The observed volatility rates using standard deviation of the fair values of the Group's investments held at fair value and their impact on the Group's consolidated net profit and consolidated other comprehensive income as at December 31, 2020 and 2019 are summarized as follows:

			Impact of Increase		Impact of Decrease	
	Increase	Decrease	Net Loss	Other Comprehensive Loss	Net Loss	Other Comprehensive Loss
2020						
Financial assets at FVTPL	+28.14%	-28.14%	P 383,969,979	P -	(P 383,969,979)	P -
Financial assets at FVOCI						
Berjaya Philippines, Inc. (BCOR)	+72.78%	-72.78%	-	1,360,171,519	-	(1,360,171,519)
Philippine National Bank (PNB)	+41.01%	-41.01%	-	1,203,779	-	(1,203,779)
Eastwest Bank (EW)	+43.43%	-43.43%	-	832,041	-	(832,041)
Manila Electric Company (MER)	+42.66%	-42.66%	-	109,619	-	(106,619)
			P 383,969,979	**P 1,362,316,958**	**(P 383,969,979)**	**(P 1,362,316,958)**
2019						
Financial assets at FVTPL	+26.28%	-26.28%	P 418,827,141	P -	(P 418,827,141)	P -
Financial assets at FVOCI						
BCOR	+51.71%	-51.71%	-	817,853,168	-	(817,853,168)
			P 418,827,141	P 817,853,168	(P 418,827,141)	(P 817,853,168)

The investments in equity securities classified as financial assets at FVOCI are considered long-term, strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments.

The volatility rates of investment in golf club shares were not presented as at December 31, 2020 and 2019 since the impact of these volatility rates using standard deviation of the golf club shares in other comprehensive income would not be significant.

5. CATEGORIES, OFFSETTING AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are analyzed as follows:

		2020		2019	
	Notes	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial assets					
At amortized cost:					
Cash	7	**P 154,124,698**	**P 154,124,698**	P 143,011,125	P 143,011,125
Receivables – net	10	**2,883,258,935**	**2,883,258,935**	2,531,462,721	2,531,462,721
CTGF	13	**20,398,664**	**20,398,664**	18,936,384	18,936,384
		3,057,782,297	**3,057,782,297**	2,693,410,230	2,693,410,230
Financial assets at FVTPL	8	**1,364,498,859**	**1,364,498,859**	1,171,309,884	1,171,309,884
Financial assets at FVOCI	9	**1,887,800,656**	**1,887,800,656**	1,595,683,936	1,595,683,936
		P 6,310,081,812	**P 6,310,081,812**	P 5,460,404,050	P 5,460,404,050

	Notes	2020 Carrying Amounts	2020 Fair Values	2019 Carrying Amounts	2019 Fair Values
Financial liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	14	**P 4,827,918,544**	**P4,827,918,544**	P 4,394,006,386	P 4,394,006,386
Due to customers	15	**634,175,376**	**634,175,376**	201,810,584	201,810,584
Accounts payable and other other liabilities	16	**194,839,560**	**194,839,560**	408,780,054	408,780,054
		P 5,656,933,480	**P5,656,933,480**	P 5,004,597,024	P 5,004,597,024

Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting agreement:

	Note	Gross amounts recognized in the consolidated statements of financial position: Financial assets	Gross amounts recognized in the consolidated statements of financial position: Financial liabilities setoff	Net amount presented in the consolidated statements of financial position
December 31, 2020				
Due to clearing house	**16**	**P 41,076,390**	**(P 63,863,943)**	**(P 22,787,553)**
December 31, 2019				
Due to clearing house	16	-	(149,598,193)	(149,598,193)

Due from customers accounts are setoff with due to customers account of ASC. The Parent Company and ACIC agreed with the ASC's directors and key officers in an offsetting arrangement wherein any amounts due from the directors and key officers (which are included as part of Due from Customers in the consolidated statements of financial position) arising from trading transactions will be offset against the related amount of due to customers that is payable to the Parent Company and ACIC.

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between ASC and its customers allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis.

There were no other financial assets and financial liabilities setoff in 2020 and 2019 other than the receivables from clearing house and amounts due to customers.

Currently, other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument, particularly related parties, will have the option to settle all such amounts on a net basis in the event of default of the other party through approval of both parties.

The Group also has cash in certain local banks to which it has outstanding loans. In case of the Group's default on loan amortization, cash in bank amounting to P5,936,080 can be applied against its outstanding loans amounting to P40,000,000 as of December 31, 2019 (see Notes 7 and 14). No similar transaction in 2020.

Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets, which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial Instrument Measured at Fair Value

The tables below show the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as at December 31, 2020 and 2019.

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets at FVTPL	P 1,364,498,859	P -	P -	P 1,364,498,859
Financial assets at FVOCI	1,873,731,821	8,720,000	5,348,835	1,887,800,656
	P 3,238,230,680	**P 8,720,000**	**P 5,348,835**	**P 3,252,299,515**
December 31, 2019				
Financial assets at FVTPL	P 1,171,309,884	P -	P -	P 1,171,309,884
Financial assets at FVOCI	1,581,615,101	8,720,000	5,348,835	1,595,683,936
	P 2,752,924,985	P 8,720,000	P 5,348,835	P 2,766,993,820

The fair values of the listed equity securities were determined directly by reference to quoted prices published by the PSE and are classified under Level 1 in the fair value hierarchy (see Note 5.3). On the other hand, the fair values of the club shares under Level 2 were determined using the prices published by an SEC-registered club share broker.

With respect to equity securities held in a private company, such is included in Level 3 since its market value is not quoted in an active market, hence, measured by reference to the fair value of a comparable instrument adjusted for inputs internally developed by management to consider the differences in corporate profile and historical performance of the entity.

There were no financial liabilities measured at fair value as at December 31, 2020 and 2019 and neither were there transfers among fair value hierarchies in both years.

Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The tables below summarize the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets:				
Cash	P 154,124,698	P -	P -	P 154,124,698
Receivables - net	-	-	2,883,258,935	2,883,258,935
CTGF	-	-	20,398,664	20,398,664
	P 154,124,698	**P -**	**P 2,903,657,599**	**P 3,057,782,297**
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 4,827,918,544	P 4,827,918,544
Due to customers	-	-	634,175,376	634,175,376
Accounts payable and other liabilities	-	-	194,839,560	194,839,559
	P -	**P -**	**P 5,656,933,480**	**P 5,656,933,479**
December 31, 2019				
Financial assets:				
Cash	P 143,011,125	P -	P -	P 143,011,125
Receivables - net	-	-	2,531,462,721	2,531,462,721
CTGF	-	-	18,936,384	18,936,384
	P 143,011,125	P -	P 2,550,399,105	P 2,693,410,230
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 4,394,006,386	P 4,394,006,386
Due to customers	-	-	201,810,584	201,810,584
Accounts payable and other liabilities	--	--	408,780,054	408,780,054
	P -	P -	P 5,004,597,024	P 5,004,597,024

For cash, with fair value included in Level 1, fair value is based on unadjusted quoted amount from the counterparty banks. The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market is determined by reference to the current market value of another instrument, which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

Fair Value Measurement of Non-financial Assets

The market value of the Group's investment properties, which consist of condominium units, amounts to P58,971,667 and P56,940,167 as at December 31, 2020 and 2019, respectively, and is based on the market comparable approach that reflects recent transaction prices for similar properties and adjacent properties.

The Level 3 fair value of the condominium units was derived using the observable recent prices of the reference properties and were adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value of the properties (see Note 13.3).

6. SEGMENT REPORTING

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organized into the following business segments:

(a) *Securities brokerage* – handles buying and selling of shares of stock, bonds and other securities.

(b) *Investment house* – provides services which include underwriting of financial instruments and management fees from financial and management advisory services.

(c) *Leasing and others* – includes leasing of condominium units and other segment activities, none of which constitute a separately reportable segment.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds ranges from 4.00% to 7.25% in 2020, 5.00% to 7.35% in 2019 and 6.00% to 7.00% in 2018 (see Note 14).

Inter-segment revenues and expenses also include rentals from the operating leases on condominium units managed by certain segments. There are no other material items of income or expense between the business segments.

Segment assets and liabilities comprise operating assets and liabilities including items such as taxation and borrowings.

When the Group prepares its investor presentations and/or when the Group's Executive Committee evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented below.

The Group determines that the categories used in the investor presentations and financial reports used by the Group's Executive Committee can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers and other counterparties into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The tables below present revenue and profit information regarding industry segments for the years ended December 31, 2020, 2019 and 2018 and certain assets and liabilities information regarding industry segments as at December 31, 2020, 2019 and 2018.

	Securities Brokerage	Investment Banking	Leasing and Others	Total before Elimination	Elimination	Group
December 31, 2020						
Revenues:						
External	P 281,111,136	P 13,874,023	P 150,641,924	P 445,627,083	P -	P 445,627,083
Inter-segment	-	147,061,262	8,641,218	155,702,480	(155,702,480)	-
	281,111,136	160,935,285	159,283,142	601,329,563	(155,702,480)	445,627,083
Expenses:						
Interest expense	30,210,297	246,267,930	42,001,802	318,480,029	(33,354,999)	285,125,030
Depreciation and amortization	9,461,134	1,113,259	3,637,598	14,211,991	-	14,211,991
Other expenses						
External	144,309,693	51,871,923	1,621,835	197,803,451	-	197,803,451
Inter-segment	22,347,481	(280,000)	-	22,067,481	(22,067,481)	-
	206,328,605	298,973,112	47,261,235	552,562,952	(55,422,480)	497,140,472
Profit (loss) before tax	**P 74,782,531**	**(P 138,037,827)**	**P 112,021,907**	**P 48,766,611**	**(P 100,280,000)**	**(P 51,513,389)**
Tax expense	**P 20,652,398**	**P 22,814,253**	**P 386,929**	**P 43,853,580**	**P -**	**P 43,853,580**
Net profit (loss)	**P 54,130,133**	**(P 160,852,080)**	**P 111,634,978**	**P 4,913,031**	**(P 100,280,000)**	**(P 95,366,969)**
Segment assets	**P 1,157,487,837**	**P 5,376,688,225**	**P 1,072,366,852**	**P 7,606,542,914**	**(P 1,079,278,670)**	**P 6,527,264,244**
Segment liabilities	**P 721,115,484**	**P 4,463,426,816**	**P 784,523,304**	**P 5,969,065,604**	**(P 261,239,909)**	**P 5,707,825,695**
December 31, 2019						
Revenues:						
External	P 215,577,761	P 3,173,025	P 145,629,676	P 364,380,462	P -	P 364,380,462
Inter-segment	2,876,165	41,919,960	8,402,264	53,198,389	(53,198,389)	-
	218,453,926	45,092,985	154,031,940	417,578,851	(53,198,389)	364,380,462
Expenses:						
Interest expense	40,456,915	256,823,313	36,316,130	333,596,358	(37,079,764)	296,516,594
Depreciation and amortization	11,507,240	1,114,660	4,631,184	17,253,084	-	17,253,084
Other expenses						
External	137,601,090	57,509,306	4,080,896	199,191,292	-	199,191,292
Inter-segment	16,118,625	(280,000)	-	15,838,625	(15,838,625)	-
	205,683,870	315,167,279	45,028,210	565,879,359	(52,918,389)	512,960,970
Profit (loss) before tax	P 12,770,056	(P 270,074,294)	P 109,003,730	(P 148,300,508)	(P 280,000)	(P 148,580,508)
Tax expense	P 5,970,144	P 23,032,790	P 3,101,349	P 32,104,283	P -	P 32,104,283
Net profit (loss)	P 7,499,912	(P 293,107,084)	P 105,902,381	(P 180,404,791)	(P 280,000)	(P 180,684,791)
Segment assets	P 958,141,215	P 4,930,209,397	P 928,411,123	P 6,816,761,735	(P 1,097,171,885)	P 5,719,589,850
Segment liabilities	P 576,351,194	P 3,996,752,714	P 759,483,998	P 5,332,587,906	(P 281,613,398)	P 5,050,974,508
December 31, 2018						
Revenues :						
External	P 248,528,470	P 36,937,635	P 169,252	P 285,635,357	P -	P 285,635,357
Inter-segment	77,286	345,726,931	9,289,648	355,093,865	(355,093,865)	-
	248,605,756	382,664,566	9,458,900	640,729,222	(355,093,865)	285,635,357
Expenses:						
Interest expense	36,266,402	231,625,913	34,454,700	302,347,015	(34,870,619)	267,476,396
Depreciation and amortization	10,490,149	1,118,711	4,631,184	16,240,044	-	16,240,044
Other expenses						
External	159,085,970	104,133,237	85,403,315	348,622,414	-	348,622,414
Inter-segment	20,223,246	(280,000)	-	19,943,246	(19,943,246)	-
	226,065,767	336,597,861	124,489,090	687,152,718	(54,813,865)	632,338,853
Profit (loss) before tax	P 22,539,989	P 46,066,705	(P 115,030,190)	(P 46,423,496)	(P 300,280,000)	(P 346,703,496)
Tax expense	P 6,841,424	P 38,303,650	P 1,754,356	P 46,899,430	P -	P 46,899,430
Net profit (loss)	P 15,698,565	P 7,763,055	(P 116,784,546)	(P 93,322,926)	(P 300,280,000)	(P 393,602,926)
Segment assets	P 751,203,363	P 4,716,842,741	P 671,592,131	P 6,139,638,235	(P 973,046,980)	P 5,166,591,255
Segment liabilities	P 371,352,873	P 3,720,725,752	P 601,002,054	P 4,693,080,679	(P 155,568,222)	P 4,537,512,457

7. CASH

This account includes the following:

	2020	2019
Cash in banks	**P 154,038,077**	P 142,924,504
Cash on hand	**86,621**	86,621
	P 154,124,698	P 143,011,125

Cash in banks generally earn interest at rates based on daily bank deposit rates. Interest income from bank deposits is presented as part of Interest Income under Revenues section in the consolidated statement of profit or loss.

In compliance with the Securities Regulation Code Rule 49.2 covering customer protection, reserves and custody of securities, the Group maintains a special reserve bank account for the exclusive benefit of its customers in relation to the Group's securities and brokerage business. Reserve requirement is determined on a monthly basis using SEC-prescribed computation. The special reserve bank account has a restricted balance of P31,573,485 and P38,205,694 as at December 31, 2020 and 2019, respectively, and is in compliance with the reserve requirement.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial assets at FVTPL are composed of equity securities with a total fair value amounting to P1,364,498,859 and P1,171,309,884 as at December 31, 2020 and 2019, respectively.

Equity securities include investments in shares of stock of publicly-listed entities which are held solely for trading purposes. These shares are carried at fair value as determined directly by reference to published prices quoted in an active market. For investments in shares of stock of publicly-listed entities, which are suspended for trading as at the end of the reporting period, if any, the last transacted price was used in the determination of fair value.

The net gain on sale of financial assets at FVTPL amounting to P114,139,548, P92,123,743, and P90,775,179 in 2020, 2019, and 2018, respectively, are presented under Gain on Sale of Financial Assets at FVTPL in the consolidated statements of profit or loss.

The Group recognized net fair value gains amounting to P174,085,214 and P144,772,407 in 2020 and 2019, respectively, and net fair value losses amounting to P105,993,726 in 2018, on investments arising from mark-to-market valuation of investments at FVTPL and are presented as Fair Value Gains on Financial Assets at FVTPL and Fair Value Losses on Financial Assets at FVTPL, respectively, in the consolidated statements of profit or loss.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVOCI include the following:

	2020	2019
BCOR	**P 1,868,880,900**	P 1,581,615,100
Others	**18,919,756**	14,068,836
	P 1,887,800,656	P 1,595,683,936

The movements of financial assets at FVOCI are as follows:

	Note	2020	2019
Balance at beginning of year		**P 1,595,683,936**	P 1,380,924,211
Unrealized fair value gains - net	17.2	**249,276,096**	214,759,725
Disposals		**(22,532,443)**	-
Additions		**65,373,067**	-
Balance at end of year		**P 1,887,800,656**	P 1,595,683,936

Other financial assets at FVOCI pertain to other equity securities and proprietary membership in golf and country club shares.

Unrealized fair value gains on financial assets at FVOCI amounting to P249,276,096 and P214,759,725 in 2020 and 2019, respectively, and unrealized fair value losses on financial assets at FVOCI amounting to P341,313,037 in 2018, are presented in the consolidated statements of comprehensive income as items that will not be reclassified subsequently to profit or loss in 2020, 2019 and 2018. In 2020 and 2018, the realized gain recognized from the sale of financial assets amounting to P3,944,237 and P83,694,433, respectively, was transferred directly to Retained Earnings. There was no similar transaction in 2019.

Net cumulative fair value changes on financial assets at FVOCI amounted to P1,229,765,806, P984,433,947 and P769,674,222 as at December 31, 2020, 2019 and 2018, respectively, and are presented as part of the Revaluation Reserves account in the consolidated statements of financial position (see Note 17.2).

10. RECEIVABLES

The breakdown of this account is as follows:

	Notes	2020	2019
Current:			
Due from customers/brokers	10.2	**P 2,344,780,271**	P 1,995,230,896
Accounts receivable	10.3	**95,086,389**	7,970,944
Management fees	11.1	**19,550,000**	21,250,000
Others	11.2, 11.4	**21,869,064**	16,557,207
		2,481,285,724	2,041,009,047
Non-current:			
Equity margin loans	10.1	**616,010,178**	616,878,654
Accounts receivable	10.3	**72,220,768**	167,687,794
Notes receivables	10.4	**72,322,599**	72,774,300
Interest receivables	10.4	**65,141,630**	65,141,630
Others	11.2, 11.4	**7,427,389**	6,353,551
		833,122,564	923,835,929
		3,314,408,288	2,964,844,976
Allowance for impairment		**(426,929,740)**	(429,391,577)
		P 2,887,478,548	P 2,535,453,399

All receivables of the Group have been assessed for impairment in 2020 and 2019. Portion of receivables from customers and certain counterparties are found to be individually impaired and allowances have been recognized accordingly.

A reconciliation of the allowance for impairment at the beginning and end of 2020 and 2019 is shown below.

	2020	2019
Balance at beginning of year	**P 429,391,577**	P 427,611,358
Impairment losses	**-**	6,446,419
Reversal of impairment losses	**(2,461,837)**	(4,666,200)
Balance at end of year	**P 426,929,740**	P 429,391,577

Impairment losses amounting to P6,446,419 and P48,698,879 in 2019 and 2018, respectively, are presented under Impairment Losses on Receivables in the consolidated statements of profit or loss. There was no similar transaction in 2020. The reversal of impairment losses amounting to P2,461,837, P4,666,200 and P2,673,782 in 2020, 2019 and 2018, is presented as part of Others under Revenues section in the consolidated statements of profit or loss.

Equity Margin Loans

Effective January 1, 2007 and until the Group's BOD reverses the resolution, management decided to stop recognizing interest on equity margin loans by virtue of a BOD resolution after the Group received requests from its customers for a moratorium on interest charges on equity margin loans. These receivables are secured by certain marketable shares of stock (pledged by certain customers) with a total market value of P579,926,442 and P521,716,605 as at December 31, 2020 and 2019, respectively.

Due from Customers/Brokers

Due from customers/brokers pertain to outstanding receivable from customers and brokers related to the Group's securities trading transactions and are normally settled within three days from transaction date. Receivables are subjected to impairment testing based on the present value of the estimated future cash flows. The Group's Due from customers/ brokers are either fully or partially secured by collateral equity securities.

Accounts Receivable

Receivables from employees, which are unsecured and noninterest-bearing, amount to P4,841,232 and P7,728,098 as at December 31, 2020 and 2019, respectively.

Accounts receivable also include a receivable from Kestrel Resources Philippines, Inc. (Kestrel) (a third party engaged in purchasing receivables) amounting to P85,467,026 and P90,467,026 as at December 31, 2020 and 2019, respectively, which arose from an Assignment of Receivables Agreement (the Agreement) executed between the Group and Kestrel on April 12, 2002. Under the Agreement, the amount collected by Kestrel, including accrued interest, shall be payable to the Group on or before December 31, 2006, which date was subsequently extended to December 31, 2021. These receivables represent the balance of an equity margin loan of a previous customer after deducting a partial settlement through a *dacion en pago* arrangement, whereby the original debtor transferred to the Group certain condominium units valued at P65,280,000 (see Note 13.3).

Under the terms of the assignment, Kestrel granted the Group a call option on all but not part of the receivables, including uncollected but accrued interest earnings, which had not been collected at the time of the exercise of the call option. The call option was exercisable by the Group any time prior to November 30, 2016. The exercise price of the call option was equal to the uncollected principal of the receivables. The portion of the receivables already collected prior to the exercise of the call option constituted the remaining obligation of Kestrel to the Group which was payable on or before December 31, 2021. The call option was considered closely related to its host contract since the exercise price on each exercise date was equivalent to the carrying amount of the host contract.

Management is confident that the receivables will be realized, and Kestrel will eventually be able to settle its obligations. The Group's management also estimated that the proceeds of the receivables including interest and other charges will be sufficient to recover the carrying amount of the receivables for each year. In 2020 and 2019, the Group collected P5,000,000 of these receivables. As at December 31, 2020 and 2019, the Group has provided allowance for impairment of P75,467,026 on Kestrel's account.

Notes and Interest Receivables

Notes and interest receivables represent unsecured outstanding claims from an individual, which are due upon demand.

11. RELATED PARTY TRANSACTIONS

The summary of the Group's significant transactions with its related parties as at and for the years ended December 31, 2020, 2019 and 2018 presented below:

		2020		2019		2018	
Related Party Category	Notes	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances	Amount of Transactions	Outstanding Balances
Related Parties Under Common Ownership or Directorship:							
Management fees	11.1	**P -**	**P 19,550,000**	P -	P 21,250,000	P 30,000,000	P 25,500,000
Lease of properties	11.2	**1,362,485**	**8,337,041**	1,305,967	6,353,550	1,362,485	5,763,587
Key management Personnel:							
Compensation	11.3	**25,546,635**	-	24,294,219	-	24,229,398	-
Acquisition of transportation equipment	11.4	-	-	-	-	2,536,607	5,941,840
Sale of transportation equipment	11.4	**605,566**	-	990,832	-	-	-
Fair value of plan assets	11.5	-	**40,592,603**	-	34,403,872	-	32,583,565

All of the Group's receivables from related parties were subjected to the ECL assessment. Based on management's assessment, no impairment losses are required to be recognized on these receivables from related parties at the end of each reporting period. Details of the foregoing transactions are as follows:

Management Fees

The Group earns management fees from Philippine Gaming Management Corporation (PGMC), an entity under common key management personnel, by virtue of the Management Services Agreement (the Agreement) between the Parent Company and PGMC.

Management fees in 2018 amounted to P30,000,000, and is presented as Management Fees in the consolidated statements of profit or loss. There was no similar transaction in 2020 and 2019. Management fees receivable amounted to P19,550,000 and P21,250,000 as at December 31, 2020 and 2019, respectively, and are unsecured, noninterest-bearing and collectible in cash upon demand. These receivables are presented as part of Receivables in the consolidated statements of financial position (see Note 10).

Lease of Properties

The Group has a lease agreement with a related party under common key management personnel, covering certain office spaces. Rent income recognized by the Group from this transaction amounted to P1,362,485 each in 2020 and 2018, and P1,305,967 in 2019, and is included as part of Others under the Revenues section in the consolidated statements of profit or loss. The outstanding receivable from this transaction amounts to P8,337,041 and P6,353,550 as at December 31, 2020 and 2019, respectively, and is included as part of Others under the Receivables account in the consolidated statements of financial position (see Note 10). The outstanding balance of receivable is unsecured, noninterest-bearing and collectible in cash upon demand.

Key Management Personnel Compensation

Short-term and post-employment benefits given by the Group to key management personnel are shown below.

	2020	2019	2018
Short-term benefits	**P 23,578,534**	P 22,991,112	P 22,677,096
Post-employment defined benefits	**1,968,101**	1,303,107	1,552,302
	P 25,546,635	P 24,294,219	P 24,229,398

Cost-Sharing and Sale of Acquisition of Equipment

In previous years, the Group acquired certain transportation equipment through finance lease arrangements (see Note 12). The capitalized cost of the acquired transportation equipment is only up to certain limit in accordance with the car executive plan policy of the Group while the remaining difference is recorded as Receivables from employees, which is presented as part of Other Receivables in the statements of financial position (see Note 10).

In 2020 and 2019, the Group sold certain transportation equipment to certain retired key management personnel with a carrying amount of P607,566 and P990,382, respectively (see Note 12). The Group received cash settlement arising from this transaction equal to the carrying amount of the assets transferred; hence, no gain or loss recognized. No similar transaction occurred in 2018.

Retirement Plan

The Group's plan assets are maintained and consolidated under a multi-employer retirement plan which is administered and managed under a trust agreement with a trustee bank. The fair value and the composition of the plan assets as at December 31, 2020 and 2019 are presented in Note 18.2.

12. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment, at the beginning and end of 2020 and 2019 are shown below.

	Condominium Units	**Building Improvements**	**Transportation Equipment**	**Computer Equipment**	**Furniture, Fixtures and Equipment**	**Right-of-use Asset**	**Total**
December 31, 2020							
Cost	P 114,435,714	P 23,906,781	P 24,934,146	P 24,773,575	P 8,792,376	P 2,086,868	P 198,929,460
Accumulated depreciation and amortization	(105,570,006)	(20,507,951)	(16,305,758)	(23,507,880)	(8,721,614)	(481,584)	(175,094,793)
Net carrying amount	**P 8,865,708**	**P 3,398,830**	**P 8,628,388**	**P 1,265,695**	**P 70,762**	**P 1,605,284**	**P 23,834,667**
December 31, 2019							
Cost	P 114,435,714	P 23,906,781	P 3,198,979	P 23,568,895	P 8,751,581	P 22,255,312	P 196,117,262
Accumulated depreciation and amortization	(100,865,093)	(18,490,874)	(1,498,979)	(22,406,873)	(8,688,118)	(10,727,488)	(162,677,425)
Net carrying amount	P 13,570,621	P 5,415,907	P 1,700,000	P 1,162,022	P 63,463	P 11,527,824	P 33,439,837

	Condominium Units	Building Improvements	Transportation Equipment	Computer Equipment	Furniture, Fixtures and Equipment	Right-of-use Asset	Total
January 1, 2019							
Cost	P 114,435,714	P 23,616,464	P 27,604,291	P 23,329,020	P 8,751,581	P -	P 197,737,070
Accumulated depreciation and amortization	(95,166,938)	(16,593,630)	(7,634,573)	(21,101,193)	(8,604,054)	-	(149,100,388)
Net carrying amount	P 19,268,776	P 7,022,834	P 19,969,718	P 2,227,827	P 147,527	P -	P 48,636,682

A reconciliation of the carrying amounts at the beginning and end of 2020 and 2019 of property and equipment is shown below.

	Condominium Units	**Building Improvements**	**Transportation Equipment**	**Computer Equipment**	**Furniture, Fixtures and Equipment**	**Right-of-use Asset**	**Total**
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 13,570,621	P 5,415,907	P 1,700,000	P 1,162,022	P 63,463	P 11,527,824	P 33,439,837
Reclassification	-	-	6,116,721	-	-	(6,116,721)	-
Additions	-	-	830,000	1,204,680	40,795	2,086,868	4,162,343
Disposals	-	-	-	-	-	(607,566)	(607,566)
Depreciation and amortization charges for the year	(4,704,913)	(2,017,077)	(18,333)	(1,101,007)	(33,496)	(5,285,121)	(13,159,947)
Balance at December 31, 2020, net of accumulated depreciation and amortization	**P 8,865,708**	**P 3,398,830**	**P 8,628,388**	**P 1,265,695**	**P 70,762**	**P 1,605,284**	**P 23,834,667**
Balance at January 1, 2019, net of accumulated depreciation and amortization							
As previously stated	P 19,268,776	P 7,022,834	P 19,969,718	P 2,227,827	P 147,527	P -	P 48,636,682
Effect of PFRS 16 adoption	-	-	(16,969,718)	-	-	16,969,718	-
As restated	19,268,776	7,022,834	3,000,000	2,227,827	147,527	16,969,718	48,636,682
Additions	-	290,317	-	239,875	-	-	530,192
Disposals	-	-	-	-	-	(990,831)	(990,831)
Depreciation and amortization charges for the year	(5,698,155)	(1,897,244)	(1,300,000)	(1,305,680)	(84,064)	(4,451,063)	(14,736,206)
Balance at December 31, 2019, net of accumulated depreciation and amortization	P 13,570,621	P 5,415,907	P 1,700,000	P 1,162,022	P 63,463	P 11,527,824	P 33,439,837
Balance at January 1, 2018, net of accumulated depreciation and amortization	P 24,966,932	P 8,091,934	P 19,075,011	P 2,797,732	P 204,771	P -	P 55,136,380
Additions	-	762,596	5,536,607	976,227	35,889	-	7,311,319
Depreciation and amortization charges for the year	(5,698,156)	(1,831,696)	(4,641,896)	(1,546,136)	(93,133)	-	(13,811,017)
Balance at December 31, 2018, net of accumulated depreciation and amortization	P 19,268,776	P 7,022,834	P 19,969,722	P 2,227,823	P 147,527	P -	P 48,636,682

In 2020 and 2019, certain items of transportation equipment with a total cost of P607,566 and P990,382, respectively, were sold to certain key management personnel of the Group (see Note 11.4). These items were transferred at their carrying amounts, thus, no gain or loss on disposal was recognized. No similar transaction occurred in 2018.

In 2020, a certain right-of-use asset with a cost of P6,116,721 has been reclassified to transportation equipment, as a result of a finance lease obligation being fully paid and the ownership of the transportation equipment being reverted back to the Group.

As at December 31, 2020 and 2019, the gross carrying amount of the Group's fully depreciated items of property and equipment that are still being used in operations is P34,872,725 and P32,672,258, respectively.

The lease imposes a restriction that the right-of-use asset can only be used by the Group. The lease is non-cancellable and does not contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term without mutual agreement on both parties. The Group is prohibited from selling or pledging the underlying leased assets as security. For lease over office space, the Group must also keep the property in a good state of repair and return the property in its original condition at the end of the lease. Further, the Group must incur maintenance fees on such items in accordance with the lease contract.

13. OTHER ASSETS

The breakdown of this account is as follows:

	Notes	2020	2019
Current –			
Prepayments		**P 1,940,001**	P 12,490,361
Non-current:			
Creditable withholding taxes	13.2	**124,808,032**	118,764,722
Goodwill	13.1	**84,584,951**	84,584,951
CTGF	13.7	**20,398,664**	18,936,384
Deferred oil exploration costs	13.4	**15,418,003**	15,418,003
Advances to suppliers		**3,110,457**	2,935,600
Trading right	13.5	**1,408,000**	1,408,000
Computer software	13.6	**776,147**	1,792,191
Others		**5,287,824**	2,667,393
		255,792,078	246,507,244
		257,732,079	258,997,605
Allowance for impairment of goodwill and deferred oil exploration costs	13.1, 13.4	**(64,678,599)**	(64,678,599)
		P 193,053,480	P 194,319,006

Goodwill

The carrying amount of Goodwill as at December 31, 2020 and 2019 is shown below.

Cost	P 84,584,951
Allowance for impairment	(49,260,596)
	P 35,324,355

Goodwill arose from ACIC's acquisition of a portion of ASC's equity, which pertains to the expected synergy from its stock brokerage business. ACIC's acquisition cost is higher than the fair value of the net assets acquired from ASC. It is subject to annual impairment testing and whenever there is an indication of impairment.

Some of the key assumptions that have been considered which have significant impact on the results of management's assessment are as follows:

- ASC, the identified CGU on which the goodwill is allocated, will continue as a going concern;

- ASC will have sufficient financial assets to finance its working capital requirements to achieve its projected forecast and to support the business needs; and,

- ASC's performance forecasts for the next three years, which include the effects of online trading facility that was launched in 2017.

Based on the assessment of the Group's management, ASC's continued profitability indicated that no additional impairment loss is necessary in 2020, 2019 and 2018.

The value-in-use of the CGU was determined using performance forecasts for three years and extrapolating cash flows beyond the projection period using a steady terminal growth rate. The discount rates are the key assumptions used by management in determining the value-in-use of the CGU. In 2020 and 2019, the discount rate applied to cash flow projections is 1.85% and 3.83%, respectively, while the average growth rate used in 2020 and 2019 is 15% based on forecasted operating profit. Management has also determined that a reasonably possible change in the key assumptions used would not cause the carrying value of the CGU to exceed their respective value-in-use.

Creditable Withholding Taxes

This account represents accumulated income tax credits of the Group that remained unapplied as at December 31, 2020 and 2019. These income tax credits will be applied against future income tax liabilities.

Investment Properties

The Group's investment properties consist mostly of condominium units located in Nasugbu and Batulao, Batangas which were acquired by the Group in February 2000. The condominium units were acquired as a result of the *dacion en pago* arrangement with a major customer as a partial settlement of outstanding loans (see Note 10.3). In 2020 and 2019, the Group's investment properties were not leased out to other parties.

Investment properties are stated at cost less accumulated depreciation and any impairment losses. As at December 31, 2020 and 2019, the cost of condominium units amounting to P70,897,472 has accumulated depreciation and impairment losses amounting P69,002,794 and P1,894,678, respectively, which resulted in nil book values of the assets as of the same reporting periods.

These properties are classified as Level 3 in fair value hierarchy. The Group determines the fair values of the investment properties by using the observable recent prices of the reference properties and were adjusted for differences in key attributes such as property size, zoning, and accessibility (see Note 5.6).

The Group has not incurred any cost related to its investment property during the reporting periods. No depreciation expense was recorded as the Group's investment properties are fully depreciated as at December 31, 2020 and 2019.

Deferred Oil Explorations Costs

Deferred oil exploration costs represent mainly of costs and related expenses incurred in connection with the Group's participation in the exploration of oil under GSEC-57. The Group believes that, while the result of the exploration of the first well indicated that the area covered by the first well may no longer be viable, the potential of the remaining areas is still untested and, thus, future prospects and leads remain valid. In this regard, the consortium applied for its third Non-Exclusive Geophysical Permit which was approved by the Department of Energy on October 31, 1995. The Group's management asserts that the project is still viable and no write-offs have been made by the project proponents. Nonetheless, a full allowance for possible non-recoverability of deferred exploration cost is provided.

Trading Right

As required under PSE rules, the Group's trading right (previously the Exchange Membership Seat) is pledged at its full value to the PSE to secure the payment of all debts to other members of the PSE arising out of, or in connection with, the present or future member's contracts.

As certified by the PSE, the last transacted price of an exchange right is P8,500,000 which was recorded on December 14, 2011 and which remains to be a reasonable approximation of the fair value of the exchange right based on management's assessment. Hence, based from the comparison of the trading right's carrying amount of P1,408,000 as at December 31, 2020 and 2019, and the expected recoverable amount, the trading right is not impaired.

Computer Software

Computer software pertains to the Group's online platform, MyTrade, which was launched in April 2017 and developed by a third party. The total capitalized cost amounting to P7,287,080 included additional costs incurred for the completion and installation of the software amounting to P766,377.

The movements in this account as at December 31 are as follows:

	2020	2019
Carrying amount at beginning of year	**P 1,792,191**	P 3,065,579
Amortization during the year	**(1,052,044)**	(2,516,878)
Additions	**36,000**	1,243,490
Carrying amount at end of year	**P 776,147**	P 1,792,191

The amortization is presented as part of Depreciation and Amortization account in the consolidated statements of profit or loss. Total accumulated amortization as at December 31, 2020 and 2019 amounted to P9,022,388 and P7,970,344, respectively.

Also, as at December 31, 2020 and 2019, the Group has fully-amortized computer software with a gross carrying amount of P8,519,040 and P1,231,962, respectively, that is still being used in operations.

CTGF

Clearing and trade guaranty fund pertains to contributions made by the Group to the Securities Clearing Corporation of the Philippines (SCCP) which shall be refundable to the Group upon cessation of business and/or termination of their membership with the SCCP.

On July 25, 2018, the SCCP issued Memo No. 01-0718 informing brokers of the amendments to SCCP Rule 5.2 and Operating Procedure 4.3.1.3, making the clearing members contributions to the CTGF refundable to clearing members upon cessation of their business and/or termination of their membership with SCCP provided that all liabilities of such clearing member owing to the SCCP at the time of termination, whether actual or contingent, shall have been satisfied or paid in full. These amendments took effect last August 1, 2018 and applicable to current and active PSE trading participants or clearing members of the SCCP. Accordingly, as of December 31, 2020 and 2019, the Group's total contribution to CTGF amounting to P20,398,664 and P18,936,384, respectively.

14. INTEREST-BEARING LOANS AND BORROWINGS

As at December 31, this account consists of:

	2020	2019
Current:		
Notes payable	**P 4,827,918,544**	P 4,350,461,963
Bank loans	**-**	40,000,000
Finance lease liability	**-**	3,244,535
	4,827.918,544	4,393,706,498
Non-current –		
Finance lease liability	**-**	299,888
	P 4,827,918,544	P 4,394,006,386

Notes payable represents short-term unsecured loans from various funders bearing annual interest at rates ranging from 4.00% to 7.25%, 5.00% to 7.35%, and 6.00% to 7.00% in 2020, 2019 and 2018, respectively. Interest pertaining to these loans and borrowings, which is presented as part of the Interest Expense in the consolidated statements of profit or loss, amounted to P281,923,828, P288,633,825 and P260,448,258 in 2020, 2019 and 2018, respectively, with related accrued interests of P33,386,329 and P31,805,441, as at December 31, 2020 and 2019, respectively, which are presented as part of Accounts payable and accrued expenses under the Accounts Payable and Other Liabilities account in the consolidated statements of financial position (see Note 16).

ASC made cumulative drawdowns from its existing credit lines from local commercial banks amounting to P200,000,000 in 2020 and P355,000,000 in 2019, gross of repayments, for working capital requirements (see Note 22.3). The outstanding balance of these loans as at December 31, 2019 amounts to P40,000,000 and fully settled in 2020. The loans are payable within three months with rollover options and are subject to annual effective interest rates ranging from 5.15% to 7.50% in 2020 and 2019.

Interest expense pertaining to these loans amounted to P1,661,376, P5,207,118, and P4,112,236 in 2020, 2019 and 2018, respectively, and is included as part of Interest Expense in the consolidated statements of profit or loss. There is no interest payable as at December 31, 2020 and 2019 related to these loans. There are no significant restrictive loan covenants or provisions related to these loans.

In previous years, the Group entered into various finance lease agreements with local commercial banks for the acquisition of certain transportation equipment (see Note 12). Obligations under finance leases are payable in three years and are subject to average annual effective interest rates of ranging 4.50% to 10.87% which is equal to the rate implicit in the lease contract. Uniform lease payments are made on a monthly basis. The outstanding balance of these finance leases as at December 31, 2019 amounts to P3,544,423. The Group has no outstanding obligation in relation to this lease as of December 31, 2020.

Interest expense pertaining to these leases amounted to P593,032 in 2019 and P1,356,969 in 2018 (nil in 2020) and is shown as part of Interest Expense in the consolidated statements of profit or loss. There is no outstanding interest payable as at December 31, 2020 and 2019 related to these finance leases.

Total cash outflow with respect to these lease contracts amounted to P3,544,422 and P9,921,407 in 2020 and 2019, respectively.

The undiscounted maturity analysis of lease liabilities at December 31, 2019 is as follows:

	Within 1 year	1 to 2 years	Total
Lease payments	P 3,381,416	P 305,641	P 3,687,057
Finance charges	(136,881)	(5,753)	(142,634)
Net carrying amount	P 3,244,535	P 299,888	P 3,544,423

Presented below is the reconciliation between the opening and closing balances of the Group's liabilities arising from these financing activities.

	2020	2019	2018
Balance at beginning of year	**P 4,394,006,385**	P 4,108,283,478	P 4,086,835,020
Cash flows from financing activities:			
Additional loan availments	**2,264,904,604**	1,645,599,445	517,713,207
Repayments of loans	**(1,827,448,023)**	(1,349,955,130)	(498,801,356)
Payment of lease liabilities	**(3,544,422)**	(9,921,407)	-
Non-cash financing activities:			
Transportation equipment acquired through finance leases	**-**	-	2,536,607
Balance at end of year	**P 4,827,918,544**	P 4,394,006,386	P 4,108,283,478

15. DUE TO CUSTOMERS

Due to customers arise from the Group's securities brokerage activities. These are normally settled within three days after the respective trading dates and are all noninterest-bearing. Management considers the carrying amounts recognized in the consolidated statements of financial position to be the reasonable approximation of their fair values. Outstanding balance as at December 31, 2020 and 2019 amounted to P634,175,376 and P201,810,584, respectively.

16. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	Notes	2020	2019
Current:			
Accounts payable and accrued expenses	14	**P 152,182,614**	P 207,512,902
Withholding taxes payable		**26,473,583**	19,092,199
Due to clearing house	5.2	**22,787,553**	149,598,193
Due to non-customers		**14,248,828**	48,432,719
Income tax payable	24	**560,256**	-
Lease liability	12	**440,060**	-
Security deposits		**-**	463,757
Others		**1,910,867**	4,455,933
		218,603,761	429,555,703
Non-current:			
Post-employment defined benefit obligation	18.2	**23,858,376**	24,037,766
Lease liability	12	**1,241,812**	-
Security deposits		**2,027,826**	1,564,069
		27,128,014	25,601,835
		P 245,731,775	P 455,157,538

Others include other payables to government agencies and miscellaneous liabilities arising from the Group's operations.

In 2020, the Group recognized lease liability amounting to P2,086,868 for lease of its office space. The outstanding balance of the lease liability in relation to this lease as of December 31, 2020 amounted to P1,681,872 and is presented as part of the Accounts Payable and Other Liabilities account in the 2020 consolidated statement of financial position.

Interest expense pertaining to these leases amounted to P286,318 in 2020 and is shown as part of Interest Expense in the 2020 consolidated statement of profit or loss (see Note 20.2). Total cash outflow in 2020 with respect to this lease contract amounted to P404,997.

The undiscounted maturity analysis of the lease liability at December 31, 2020 is as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
December 31, 2020					
Lease payments	P 563,640	P 582,428	P 591,822	P 197,274	P 1,935,164
Finance charges	(123,580)	(85,018)	(41,316)	(3,378)	(253,292)
Net present value	**P 440,060**	**P 497,410**	**P 550,506**	**P 193,896**	**P 1,681,872**

The Group has elected not to recognize a lease liability for short-term lease and lease of low value asset. Payments made under such leases are expensed as incurred. The expenses relating to these leases amounted to P227,098, P848,068 and P198,214 for year 2020, 2019 and 2018, respectively, and is presented as part of Others under the Expenses section in the consolidated statements of profit or loss (see Note 19).

17. EQUITY

Capital Stock and Treasury Shares

As at December 31, 2020 and 2019, these accounts consist of:

	Shares	Amount
Capital stock – P1 par value		
Authorized – 1,800,000,000 shares		
Issued shares	**1,193,200,000**	**P 1,193,200,000**
Treasury shares – at cost	**171,413,600**	**P 385,670,581**

Under the Revised Corporation Code of the Philippines, a stock corporation can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be purchased or acquired. Accordingly, the Retained Earnings is also restricted to the extent of the value of the treasure shares. These are presented as Treasury Shares in the consolidated statements of financial position and do not form part of the outstanding shares.

Revaluation Reserves

The components and reconciliation of items of other comprehensive income, which are presented in the consolidated statements of financial position at their aggregate amount under the Revaluation Reserves account, are shown below.

	Notes	Financial Assets at FVOCI (see Note 9)	Post-employment Benefit Obligation (see Note 18.2)	Total
Balance as at January 1, 2020		P 984,433,947	P 1,292,448	P 985,726,395
Remeasurements of post-employment defined benefit obligation	18.2(b)	-	(3,805,065)	(3,805,065)
Unrealized fair value gains on financial assets at FVOCI	9	249,276,096	-	249,276,096
Tax income	21	-	719,145	719,145
Other comprehensive income (loss)		249,276,096	(3,085,920)	246,190,176
Transfer to Retained Earnings – Fair value gains on disposed Financial assets at FVOCI	9	(3,944,237)	-	(3,944,237)
Balance as at December 31, 2020		**P 1,229,765,806**	**(P 1,793,472)**	**P 1,227,972,334**
Balance as at January 1, 2019		P 769,674,222	(P 5,220,328)	P 764,453,894
Remeasurements of post-employment defined benefit obligation	18.2(b)	-	3,391,976	3,391,976
Unrealized fair value gains on financial assets at FVOCI	9	214,759,725	-	214,759,725
Tax income	21	-	3,120,800	3,120,800
Other comprehensive income		214,759,725	6,512,776	221,272,501
Balance as at December 31, 2019		P 984,433,947	P 1,292,448	P 985,726,395

	Notes	Financial Assets at FVOCI (see Note 9)	Post-employment Benefit Obligation (see Note 18.2)	Total
Balance as at January 1, 2018		P 1,194,681,692	(P 6,669,294)	P 1,188,012,398
Remeasurements of post-employment defined benefit obligation	18.2(b)	-	2,273,328	2,273,328
Unrealized fair value losses on financial assets at FVOCI	9	(341,313,037)	-	(341,313,037)
Tax expense	21	-	(824,362)	(824,362)
Other comprehensive income (loss)		(341,313,037)	1,448,966	(339,864,071)
Transfer to Retained Earnings – Fair value gains on disposed Financial assets at FVOCI	9	(83,694,433)	-	(83,694,433)
Balance as at December 31, 2018		P 769,674,222	(P 5,220,328)	P 764,453,894

Capital Management Objectives, Policies and Procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group has existing loans with a local bank and various funders. A reasonable level of debt-to-equity is maintained to properly manage the Group's operations. Presented below is the 2020 and 2019 debt-to-equity ratio of the Group:

	2020	2019
Total liabilities	**P 5,707,825,695**	P 5,050,974,508
Total equity	**819,438,549**	668,615,342
Debt-to-equity ratio	**6.97:1.00**	7.55:1.00

Capital Requirements for ASC

Minimum Capital Requirement – SEC

On November 11, 2004, the SEC approved Memorandum Circular No. 16 which provides for the guidelines on the adoption in the Philippines of the Risk-Based Capital Adequacy (RBCA) Framework for all registered broker dealers in accordance with the Securities Regulation Code. These guidelines cover the following risks:

(a) Position on market risk;

(b) Credit risks such as counterparty, settlement, large exposure and margin financing risks; and,

(c) Operational risks.

ASC monitors capital on the basis of RBCA ratio and Net Liquid Capital (NLC). RBCA requirement is the minimum level of capital that has to be maintained by firms which are licensed, or securing a broker dealer license, taking into consideration the firm size, complexity and business risk. Such risks that are considered in determining the capital requirement include, among others, Operational, Position and Credit Risk (which include counterparty, large exposure, underwriting, and margin financing risks).

RBCA ratio is the quotient of the NLC and the sum of the requirements for operational risk, credit risk and position or market risk. NLC, on the other hand, represents the equity eligible for NLC adjusted for non-allowable current and non-current assets as described under the circular.

In order to maintain or adjust the capital structure, ASC may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.
Under the guidelines set out by the SEC, all registered brokers dealers should maintain the following RBCA and NLC requirements:

(a) RBCA ratio of greater than or equal to 100.00%;

(b) NLC should be at least P5,000,000 or 5.00% of aggregate indebtedness, whichever is higher;

(c) A dealer who deals only with proprietary shares and does not keep shares in its custody shall maintain a net capital of P2,500,000 or 2.50% of aggregate indebtedness, whichever is higher;

(d) In cases where in order to meet an RBCA ratio of at least 1.1, a NLC higher than P5,000,000 is required, the higher NLC shall be maintained; and,

(e) No broker dealer shall permit its aggregate indebtedness to exceed 2000.00% of its NLC.

As at December 31, 2020 and 2019, ASC is in compliance with minimum capital requirement set out by the RBCA framework. The ASC's RBCA ratio is 241.00% and 224.00% as at December 31, 2020 and 2019, respectively.

Minimum Capital Requirement – Philippine Stock Exchange's Rules Governing Trading Rights and Trading Participants

On May 28, 2009, the SEC approved PSE's Rules Governing Trading Rights and Trading Participants, which provide among others, the following provisions:

(a) Trading participants should have a minimum unimpaired paid-up capital (defined as the trading participant's total paid up capital less any deficiency in the Deficit account) amounting to P20,000,000 effective December 31, 2009, provided further that effective December 31, 2010 and onwards, the minimum unimpaired paid up capital shall be P30,000,000; and,

(b) Each trading participant shall pledge its trading right to the extent of its full value to secure the payment of all of debts and claims due to the trading participant, the government, PSE and to other trading participants of the PSE and to the SCCP.

As at December 31, 2020 and 2019, ASC is in compliance with PSE's Rules Governing Trading Rights and Trading Participants.

Retained Earnings Appropriation

Rule 49.1 (B), *Reserve Fund*, of SEC Memorandum Circular No. 16 requires that every broker dealer shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to Appropriated Retained Earnings account. Appropriation shall be 30%, 20% and 10% of profit after tax for broker dealers with unimpaired paid-up capital of between P10,000,000 to P30,000,000; between P30,000,000 to P50,000,000; and above P50,000,000, respectively.

In compliance with the foregoing circular, the BOD of ASC approved the appropriation of retained earnings amounted to P5,413,013 in 2020. No appropriation was made by ASC in 2019 since ASC has a deficit of P8,324,765.

Capital Requirements for ACIC

Under the provisions of Section 8 of Republic Act (RA) No. 8366, *an Act Amending Presidential Decree No. 129*, otherwise known as the Investment Houses Law, ACIC is required to maintain a minimum paid-up capital of P300,000,000.

As at December 31, 2020 and 2019, ACIC is in compliance with minimum capital requirement set out by the RA No. 8366.

Track Record

On November 17, 1994, the SEC approved the listing of the Parent Company's shares totalling 1,193,200,000 (see Note 1.1). The shares were initially issued at an offer price of P1.00 per share. As at December 31, 2020 and 2019, there are 100 holders of the listed shares equivalent to 100% of the Group's total outstanding shares. The shares closed at P0.72 per share as at December 31, 2020 and 2019. The Group has no other securities traded in the capital markets.

18. SALARIES AND EMPLOYEE BENEFITS

Salaries and Employee Benefits

Details of salaries and employee benefits are presented below.

	Note	**2020**	2019	2018
Salaries and wages		**P 40,507,920**	P 40,607,262	P 40,007,245
Bonuses		**5,482,209**	5,463,692	5,841,569
Staff benefits		**4,253,205**	5,740,325	5,044,070
Retirement benefits	18.2	**2,762,038**	3,082,629	3,579,998
Social security costs		**1,659,740**	1,549,610	1,406,194
Other short-term benefits		**689,778**	1,026,860	-
		P 55,354,890	P 57,470,378	P 55,879,076

Post-Employment Defined Benefit

(a) *Characteristics of the Defined Benefit Plan*

The Group maintains a tax-qualified and non-contributory retirement plan that is being administered by a trustee bank covering all regular full-time employees. The plan is partially funded as at December 31, 2020 and 2019. Actuarial valuations are made each year to update the post-employment benefit costs and the amount of contributions. The latest actuarial valuation of the Group's retirement benefit plan was obtained for 2020 and 2019.

The normal retirement age is 60 with a minimum of five years of credited service. Normal retirement benefit is an amount equivalent to 100% of latest monthly salary for every year of credited service, and the manner of payment is lump sum.

(b) *Explanation of Amounts Presented in the Consolidated Financial Statements*

All amounts presented below are based on the actuarial valuation report obtained from an independent actuary. The amounts of post-employment defined benefit obligation recognized and recorded as part of Accounts Payable and Other Liabilities (see Note 16) in the consolidated statements of financial position are determined as follows:

	2020	2019
Present value of the obligation	**P 62,599,972**	P 58,441,638
Fair value of plan assets	**(40,592,603)**	(34,403,872)
	22,007,369	24,037,766
Unrecognized asset due to asset ceiling	**1,851,007**	-
	P 23,858,376	P 24,037,766

The movements in present value of the post-employment defined benefit obligation recognized in the books are as follows:

	2020	2019
Balance at beginning of year	**P 58,441,638**	P 59,848,060
Benefits paid	**(2,959,396)**	(6,642,299)
Interest expense	**2,958,857**	4,399,171
Current service cost	**2,762,038**	3,082,629
Remeasurements −		
Actuarial gains (losses) arising from:		
Changes in financial assumptions	**3,616,369**	300,605
Experience adjustments	**(2,219,534)**	(2,193,259)
Changes in demographic assumptions	**-**	(353,269)
Balance at end of year	**P 62,599,972**	P 58,441,638

Actuarial gains (losses) arising from the changes in financial assumptions pertain to the substantial increase (decrease) in discount rate (but partially offset by the decrease in expected salary increase rate). On the other hand, the experience adjustments pertain to the effects of differences between the previous actuarial assumptions and what has actually occurred, including the changes in those actuarial assumptions during the applicable reporting periods.

The movements in the fair value of plan assets are as follows:

	2020	2019
Balance at beginning of year	**P 34,403,872**	P 32,583,565
Contributions	**8,000,001**	5,000,000
Benefits paid	**(2,959,396)**	(6,642,299)
Interest income	**1,804,141**	2,316,552
Remeasurement gain (loss)	**(656,015)**	1,146,054
Balance at end of year	**P 40,592,603**	P 34,403,872

The Retirement Trust Fund assets are valued at fair value using the mark-to-market valuation; hence, any decline in fair value due to mark-to-market valuation is recognized as remeasurement loss. While there are no significant changes in asset allocation expected in the next financial year, the Retirement Plan Trustee may make changes any time. Allocation of plan assets is shown below.

	2020	2019
Government bonds	**P 19,460,094**	P 14,540,737
Unit Investment Trust Funds (UITFs)	**12,163,977**	11,812,802
Cash and cash equivalents	**8,968,532**	8,050,333
	P 40,592,603	P 34,403,872

The fair value of the debt securities were determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy), while the fair value of the UITF is determined based on the net asset value per unit of investment held in the fund (classified as Level 2 of the fair value hierarchy).

The plan assets earned a gain of P1,357,255 and P3,462,606 in 2020 and 2019, respectively.

As at December 31, 2020 and 2019, the plan assets do not comprise any of the Group's own financial instruments and the fund does not own any shares of stock of the Group.

The components of amounts recognized in the consolidated statements of profit or loss and in the consolidated other comprehensive income in respect of the post-employment defined benefit plan are as follows:

	2020	2019	2018
Reported in profit or loss:			
Current service cost	**P 2,762,038**	P 3,082,629	P 3,579,998
Net interest expense	**1,253,508**	2,082,619	1,558,933
	P 4,015,546	P 5,165,248	P 5,138,931

	2020	2019	2018
Reported in other comprehensive income:			
Actuarial gains (losses) arising from:			
Changes in financial assumptions	**(P 3,616,369)**	(P 300,605)	P 4,169,531
Experience adjustments	**2,219,534**	2,193,259	2,096,423
Changes in demographic adjustments	**-**	353,269	-
Effect of asset ceiling	**(1,752,215)**	-	-
Remeasurement gain (loss) on plan assets	**(656,015)**	1,146,054	(3,992,626)
	(3,805,065)	3,391,977	2,273,328
Tax income (expense)	**719,145**	3,120,799	(824,362)
	(P 3,085,920)	P 6,152,776	P 1,448,966

Current service cost is recorded as part of Salaries and Employee Benefits in the consolidated statements of profit or loss.

Net interest expense is presented as part of Interest Expense account in the consolidated statements of profit or loss.

Amount recognized in other comprehensive income is included and is presented as item that will not be reclassified subsequently to profit or loss.

In determining the retirement benefit obligation, the following actuarial assumptions were used:

	2020	2019	2018
Discount rates	**4.49%**	4.49%	7.06%
Expected salary increase rate	**4.00%**	4.00%	6.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working lives of employees before retirement at the age of 60 is 9.4 years for both males and females, respectively in 2020 and 10.4 years for males and females, respectively, in 2019. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the post-employment defined benefit obligation. Other assumptions are based on current actuarial benchmarks and management’s historical experience.

(c) Risks Associated with the Retirement Plan

(i) Interest Rate Risk

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, debt securities, and UITFs. Due to the long-term nature of the plan obligation, a level of continuing debt securities and UITF investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(iii) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation as at December 31:

	Impact on Post-employment Defined Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2020			
Discount rate	**+/-1.0%**	**(P 1,101,638)**	**P 1,056,690**
Salary growth rate	**+/-1.0%**	**1,108,705**	**(1,048,418)**
2019			
Discount rate	+/-1.0%	(P 877,318)	P 939,849
Salary growth rate	+/-1.0%	940,106	(894,415)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(iv) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme.

This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the post-employment defined benefit obligation.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the plan assets as at December 31, 2020 and 2019 consists of debt securities and UITFs, although the Group also invests in cash and cash equivalents for liquidity purposes.

There has been no change in the Group's strategies in managing the related risks from the previous period.

(v) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P23,858,376 based on the latest actuarial valuation. While there are no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk in about ten years' time when a significant number of employees is expected to retire. Management is yet to assess to the amount of contribution for the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan as at December 31, 2020 and 2019 for the next 10 years are as follows:

	2020	2019
More than one year to five years	**P 61,998,622**	P 60,286,372
Between five years to 10 years	**6,119,039**	5,851,821
	P 68,117,661	P 66,138,193

The weighted average duration of the post-employment defined benefit obligation at the end of the reporting period is 1.87 years.

19. OTHER EXPENSES

This account consists of:

	2020	2019	2018
Office supplies	**P 3,521,123**	P 1,837,732	P 2,351,489
Philippine Depository and Trust Corp. clearing fees	**3,036,101**	3,798,015	3,804,578
Advertising and publicity	**2,776,765**	3,154,085	5,262,196
Condominium dues	**1,888,427**	2,088,096	1,648,779
Insurance	**1,471,273**	1,069,049	1,945,626
Bank charges	**349,325**	223,818	224,240
Subscription fees	**-**	-	4,916,986
Deficiency taxes	**-**	3,001,185	-
Repairs and maintenance	**-**	2,165,874	4,013,417
Miscellaneous	**1,325,361**	2,966,360	3,461,412
	P 14,368,375	P 20,304,214	P 27,628,723

Miscellaneous includes listing fees, office supplies, membership dues and expenses for meetings and conferences.

20. TAXES

The components of tax expense (income) reported in the consolidated statements of comprehensive income are as follows:

	2020	2019	2018
Recognized in profit or loss:			
Regular corporate income tax (RCIT) at 30%	**P 13,298,804**	P 1,631,162	P 14,311,004
Minimum corporate income tax (MCIT) at 2%	**1,032,033**	5,354,442	1,590,367
Final tax at 0.6%	**374,073**	122,974	-
Final tax at 20%	**78,472**	33,419	2,425,984
Application of excess of MCIT over RCIT	**(1,548,273)**	-	-
	13,235,109	7,141,997	18,327,355
Deferred tax expense relating to origination and reversal of temporary differences	**30,618,471**	24,962,286	28,572,075
	P 43,853,580	P 32,104,283	P 46,899,430
Recognized in other comprehensive income –			
Deferred tax expense (income) on actuarial gains (losses) on post-employment defined benefit plan	**(P 719,145)**	(P 3,120,799)	P 824,362

The reconciliation of tax on pre-tax profit (loss) computed at the applicable statutory rate to tax expense is as follows:

	2020	2019	2018
Tax on pre-tax profit (loss)	**(P 15,454,017)**	(P 44,574,152)	(P 104,011,049)
Adjustments for income subjected to:			
Stock transaction tax at 0.6%	**374,073**	122,974	-
Final tax at 20%	**(39,274)**	(16,711)	707,269
Tax effects of:			
Unrecognized net operating loss carry-over (NOLCO)	**85,241,391**	91,267,280	16,295,505
Unrecognized deferred tax asset on other temporary differences	**(46,529,112)**	(41,219,610)	71,140,602
Non-taxable income	**(3,902,043)**	(282,002)	(59,414,161)
Derecognition of deferred tax asset on impairment of receivables	**21,774,866**	22,193,632	-
Non-deductible expenses	**2,903,936**	806,703	86,025,295
Application of excess of MCIT over RCIT	**(1,548,273)**	-	-
Unrecognized MCIT	**1,032,033**	3,806,169	86,783
Expiration and write-off of NOLCO and MCIT	**-**	-	36,069,186
Tax expense	**P 43,853,580**	P 32,104,283	P 46,899,430

The net deferred tax assets as at December 31, 2020 and 2019 relate to the following:

	Consolidated Statements of Financial Position	
	2020	2019
Deferred tax assets:		
Allowance for impairment	**P 13,382,803**	P 35,896,219
Post-employment defined benefit obligation	**8,277,135**	7,432,974
Unamortized past service cost	**1,206,019**	1,258,074
Lease liabilities	**504,561**	1,289,235
Fair value loss on investments at FVTPL	**-**	4,128,003
Accrued short-term employee benefits	**-**	123,754
	23,370,518	50,128,259
Deferred tax liabilities:		
Fair value gain on investments at FVTPL	**(6,415,597)**	-
Right-of-use assets	**(481,585)**	(3,755,596)
	(6,897,182)	(3,755,596)
Net deferred tax assets	**P 16,473,336**	P 46,372,663

The deferred tax assets recognized significantly relate to a profit-generating subsidiary and another subsidiary which is expected to generate taxable income in the next few years. The related management judgment on the realizability of such deferred tax assets is disclosed in Note 3.2(f).

	Consolidated Statements of Profit or Loss		
	2020	2019	2018
Deferred tax assets:			
NOLCO	**P 21,774,866**	P 22,193,632	P 36,069,186
Lease liability	**784,674**	2,750,514	-
Allowance for impairment losses	**738,550**	1,397,880	114,932
Post-employment defined benefit obligation	**(125,016)**	(226,368)	(190,975)
Accrued short-term employee benefits	**123,754**	-	-
Unamortized past service cost	**52,055**	120,037	167,136
Fair value loss on investments at FVTPL	**-**	61,910	(7,588,204)
	23,348,883	26,297,605	28,572,075
Deferred tax liabilities:			
Fair value gain on investment at FVTPL	**10,543,599**	-	-
Right-of-use assets	**(3,274,011)**	(1,335,319)	-
	7,269,588	(1,335,319)	-
Deferred tax expense - net	**P 30,618,471**	P 24,962,286	P 28,572,075

	Consolidated Statements of Comprehensive Income		
	2020	2019	2018
Deferred tax expense (income)	**(P 719,145)**	(P 3,120,800)	P 824,362

Details of unrecognized DTA as at December 31 are summarized below.

	2020		2019	
	Amount	**Tax Effect**	Amount	Tax Effect
NOLCO	**P 829,225,639**	**P 248,767,691**	P 760,049,733	P 228,014,920
Allowance for impairment losses	**242,205,155**	**72,661,547**	235,758,737	70,727,621
Allowance for non-recoverability of deferred oil exploration costs	**15,418,003**	**4,625,401**	15,418,003	4,625,401
Past service cost	**11,777,725**	**3,533,318**	8,324,862	2,497,459
MCIT	**3,494,150**	**3,494,150**	8,356,523	8,356,523
Post-employment defined benefit obligation	**398,371**	**119,511**	3,400,546	1,020,164
Accrued short-term employee benefits	**581,750**	**174,525**	581,750	174,525
	P 1,103,100,793	**P 333,376,143**	P 1,031,890,154	P 315,416,613

Pursuant to Section 4(bbb) of R.A. No. 11494, *Bayanihan to Recover as One*, the NOLCO for taxable year 2020 can be claimed as deduction within five consecutive years immediately following the year of such loss.

The breakdown of NOLCO, which can be claimed as deductions from future taxable income within three or five years from the year the tax loss was incurred, is shown below.

Year Incurred	Parent	Subsidiaries	Expired Amount	Balance	End of Availment
2020*	P 238,839,342	P 45,305,218	P -	P 284,144,560	2025
2019	252,929,165	51,295,099	-	304,224,264	2022
2018	186,542,850	54,320,479	-	240,863,329	2021
2017	163,069,732	51,892,408	(214,962,140)	-	
	P 841,381,089	**P 202,813,204**	**(P 214,962,140)**	**P 829,232,153**	

The Group is subject to the MCIT which is computed at 2% of gross income as defined under the tax regulations, or RCIT at 30% of taxable income, whichever is higher. MCIT which is available for offset against future income tax payable for income tax purposes is as follows:

Year Incurred	Parent	Subsidiaries	Expired/ Applied Amount	Balance	End of Availment
2020*	P 699,723	P 74,302	P -	P 774,025	2023
2019	828,059	1,615,959	(1,548,273)	895,745	2022
2018	1,503,584	86,783	-	1,590,367	2021
2017	1,315,972	95,742	(1,411,714)	-	
	P 4,347,338	**P 1,872,786**	**(P 2,959,987)**	**P 3,260,137**	

**Computed based on the provisions of CREATE Act (see Note 24).*

In 2020, 2019 and 2018, each of the taxable entities within the Group claimed itemized deductions in computing for its income tax due.

21. LOSS PER SHARE

Loss per share is computed as follows:

	Note	**2020**	2019	2018
Net loss		**P 95,366,969**	P 180,684,791	P 393,602,926
Divided by the weighted average number of outstanding shares:				
Issued shares	17.1	**1,193,200,000**	1,193,200,000	1,193,200,000
Treasury shares	17.1	**(171,413,600)**	(171,413,600)	(171,413,600)
Outstanding shares		**1,021,786,400**	1,021,786,400	1,021,786,400
Loss per share		**P 0.0933**	P 0.1768	P 0.3852

As at December 31, 2020, 2019, and 2018, the Group has no outstanding potentially dilutive shares; hence, basic losses per share are equal to diluted loss per share in the years presented.

22. COMMITMENTS AND CONTINGENCIES

Legal Claims

The Group is either a defendant or plaintiff in lawsuits and legal actions arising from its various business activities. Management believes that the claims against the Group are either without merit or that the ultimate liability, if any, resulting from lawsuits and legal actions will not materially affect the Group's consolidated financial statements.

Operating Leases

The Group is a lessor under non-cancellable operating leases covering its condominium units. The leases have a term of one to two years, with renewal options.

The future minimum rentals receivable under these non-cancellable operating leases as at December 31, 2020 and 2019 is shown below.

	2020	2019
Within one year	**P 1,518,039**	P 970,628
Over one year but not more than five years	**949,500**	203,112
	P 2,467,539	P 1,173,740

Total rentals from these operating leases amounted to P1,362,485, P1,305,967 and P1,362,485 in 2020, 2019 and 2018, respectively, and are presented as part of Others under the Revenues section of the consolidated statements of profit or loss.

Credit Lines

As at December 31, 2020 and 2019, ASC has total credit line facilities of P1,020,000,000 and P980,000,000, respectively. The movements of ASC's available unused credit lines as at December 31, 2020 and 2019 are presented below (see Note 14).

	2020	2019
Balance at beginning of year	**P 980,000,000**	P 960,000,000
Loan repayments	**40,000,000**	20,000,000
Balance at end of year	**P1,020,000,000**	P 980,000,000

Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations, which are not reflected in the accompanying consolidated financial statements. As at December 31, 2020 and 2019, management is of the opinion that losses, if any, from these events and conditions will not have a material effect on the Group's consolidated financial statements.

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Presented below is the maturity analysis of the Group's assets and liabilities.

	Current	Non-current	Total
December 31, 2020			
Cash	P 154,124,698	P -	P 154,124,698
Receivables - net	2,481,285,724	406,192,824	2,887,478,548
Investments:			
At FVTPL	1,364,498,859	-	1,364,498,859
At FVOCI	-	1,887,800,656	1,887,800,656
Property and equipment - net	-	23,834,667	23,834,667
Deferred tax asset	-	16,473,336	16,473,336
Other assets – net	1,940,001	191,113,479	193,053,480
Total Assets	**P 4,001,849,282**	**P 2,525,414,962**	**P 6,527,264,244**
Interest-bearing loans and borrowings	P 4,827,918,544	P -	P 4,827,918,544
Due to customers	634,175,376	-	634,175,376
Accrued expenses and other liabilities	218,603,761	27,128,014	245,721,775
Total Liabilities	**P 5,680,697,681**	**P 27,128,014**	**P 5,707,825,695**
December 31, 2019			
Cash	P 143,011,125	P -	P 143,011,125
Receivables - net	2,041,009,047	494,444,352	2,535,453,399
Investments:			
At FVTPL	1,171,309,884	-	1,171,309,884
At FVOCI	-	1,595,683,936	1,595,683,936
Property and equipment - net	-	33,439,837	33,439,837
Deferred tax asset	-	46,372,663	46,372,663
Other assets – net	12,490,361	181,828,645	194,319,006
Total Assets	P 3,367,820,417	P 2,351,769,433	P 5,719,589,850
Interest-bearing loans and borrowings	P 4,393,706,498	P 299,888	P 4,394,006,386
Due to customers	201,810,584	-	201,810,584
Accrued expenses and other liabilities	429,555,703	25,601,835	455,157,538
Total Liabilities	P 5,025,072,785	P 25,901,723	P 5,050,974,508

24. EVENT AFTER THE REPORTING PERIOD

On March 26, 2021, Republic Act No. 11534, *Corporate Recovery and Tax Incentives for Enterprises* (CREATE) Act, amending certain provisions of the National Internal Revenue Code of 1997, as amended, was signed into law with veto on certain provisions and shall be effective 15 days after its publication. The CREATE Act has several provisions with retroactive effect beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to the Group:

a. RCIT rate is decreased from 30% to 25% starting July 1, 2020;
b. MCIT rate is decreased from 2% to 1% starting July 1, 2020 until June 30, 2023;
c. the imposition of 10% tax on improperly accumulated retained earnings is repealed; and,
d. the allowable deduction for interest expense is reduced to 20% (from 33%) of the interest income subjected to final tax.

Given that the CREATE Act was signed after the end of the current reporting period, the Group determined that this event is a non-adjusting subsequent event. Accordingly, its impact was not reflected in the Group's consolidated financial statements as of and for the year ended December 31, 2020, and instead, will be taken up prospectively in the next applicable reporting period. The Group used the prevailing tax rates as of December 31, 2020 in determining its current and deferred taxes in its 2020 consolidated financial statements.

As a result of the application of the lower RCIT rate of 25% and MCIT rate of 1% starting July 1, 2020, the following items, as presented in the 2020 annual income tax returns (ITR) of the Group, would be different from the amounts presented in the 2020 consolidated financial statements. Presented below is the reconciliation of the impact of the application of CREATE Act between the Group's 2020 consolidated financial statements and 2020 annual ITRs.

	Amount in 2020 Financial Statements	Impact of CREATE Act	Amount per 2020 ITR
MCIT (see Note 20)	P 1,032,033	(P 258,008)	P 774,025
RCIT (see Note 20)	13,298,804	(1,113,441)	12,185,363
Creditable withholding taxes (see Note 13)	124,808,032	811,193	125,619,225
Income tax payable (Note 16)	560,256	(560,256)	-

In addition, the recognized net deferred tax assets as of December 31, 2020 would be remeasured to 25% in the 2021 consolidated financial statements. This will result in a decline in the recognized next deferred tax asset in 2020 by P992,674 and will be charged to 2021 profit or loss, unless it can be recognized in other comprehensive income as provided in the applicable financial reporting standard.

P&A
Grant Thornton

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

Punongbayan & Araullo
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The Board of Directors and the Stockholders
First Abacus Financial Holdings Corporation and Subsidiaries
Unit 2904-A East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of First Abacus Financial Holdings Corporation and Subsidiaries (the Group) as at and for the year ended December 31, 2020, on which we have rendered our report dated April 8, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Jessie C. Carpio
Partner

CPA Reg. No. 0057831
TIN 109-227-789
PTR No. 8533224, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 0011-AR-5 (until Mar. 25, 2022)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-6-2020 (until Jun. 25, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 8, 2021

First Abacus Financial Holdings Corporation and Subsidiaries
List of SEC Supplementary Information
December 31, 2020

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule A - Financial Assets
31-Dec-20
(Amount in Philippine Pesos)

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown in the statement of the financial position*	*Valued based on the market quotation at reporting period (per share)*	*Income received and accrued*
Financial Assets at Fair Value Through Profit or Loss				
2GO GROUP	92,691	P 769,335	P 8.30	P -
ASIA AMLGMATED	1,900	-	-	-
ATOK	722	5,769	7.99	-
ABACORE CAPITAL	3,665,588	2,345,976	0.64	-
ASIABEST GROUP	17	176	10.38	-
ABS CBN	26,305	307,242	11.68	-
ABS HLDG PDR	10,445	131,607	12.60	-
AYALA CORP	4	3,308	827.00	-
ACESITE HOTEL	1,440	2,131	1.48	-
AC ENERGY	506,750	4,560,750	9.00	-
ACE ENEXOR	8,249	94,864	11.50	-
AC PREF B1	5	2,600	520.00	-
ALSONS CONS	121,944	165,844	1.36	-
ABOITIZ EQUITY	5,978	282,461	47.25	-
ALLIANCE GLOBAL	1,408	14,925	10.60	-
ARTHALAND CORP	828	538	0.65	-

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown in the statement of the financial position*	*Valued based on the market quotation at reporting period (per share)*	*Income received and accrued*
ANCHOR LAND	50	P 408	P 8.15	P -
AYALA LAND	2,365	96,729	40.90	-
AYALA LAND LOG	7,254,264	24,664,498	3.40	-
AGRINURTURE	90,414	723,312	8.00	-
ANSCOR	455,402	3,005,653	6.60	-
ABOITIZ POWER	658	17,470	26.55	-
APC GROUP	8,254,190	3,342,947	0.41	-
APOLLO GLOBAL	310,775	39,779	0.13	-
ANGLO PHIL HLDG	3,423,605	2,636,176	0.77	-
ALTUS PROP	81	1,004	12.40	-
APEX MINING	495,875	857,864	1.73	-
ABRA MINING	513,448,561	1,489,001	0.00	-
ARANETA PROP	1,741	2,072	1.19	-
ATLAS MINING	3,410,451	22,031,513	6.46	-
ASIAN TERMINALS	1,066	16,608	15.58	-
ATN HLDG A	3,089,140	2,625,769	0.85	-
ATN HLDG B	1,432,700	1,260,776	0.88	-
ASIA UNITED	534	23,977	44.90	-
BENGUET A	5,123	15,881	3.10	-
BENGUET B	446,326	1,338,978	3.00	-
BERJAYA	183,411,891	1,100,471,346	6.00	-

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown in the statement of the financial position*	*Valued based on the market quotation at reporting period (per share)*	*Income received and accrued*
BC PREF A	9	P 108	P 12.00	P -
BDO UNIBANK	733	78,284	106.80	-
BELLE CORP	1,240,631	2,121,479	1.71	-
BOULEVARD HLDG	517,347	20,177	0.04	-
BRIGHT KINDLE	620,851	564,974	0.91	-
BLOOMBERRY	1,107,132	8,978,841	8.11	-
BOGO MEDELLIN	30	2,199	73.30	-
BANK PH ISLANDS	17,288	1,406,379	81.35	-
A BROWN	295,954	266,359	0.90	-
BASIC ENERGY	1,811,509	851,409	0.47	-
CHELSEA	51,100	266,231	5.21	-
CONCRETE A	121	6,480	53.55	-
CNTRL AZUCARERA	40	586	14.64	-
CITYLAND DEVT	754	588	0.78	-
CEBU AIR	646	32,623	50.50	-
CROWN EQUITIES	2,043,094	298,292	0.15	-
CENTRO ESCOLAR	67	462	6.90	-
CEBU HLDG	134,371	792,789	5.90	-
CHINABANK	227,157	5,667,567	24.95	-
CEMEX HLDG	117,374	170,192	1.45	-
CONCEPCION	80	1,872	23.40	-

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown in the statement of the financial position	Valued based on the market quotation at reporting period (per share)	Income received and accrued
CEB LANDMASTERS	1,216	P 6,141	P 5.05	P -
CENTURY FOOD	563	9,853	17.50	-
COAL ASIA HLDG	4,280	1,241	0.29	-
COL FINANCIAL	70,045	2,381,530	34.00	-
CONVERGE	1,200	17,880	14.90	-
COSCO CAPITAL	1,275,921	7,208,954	5.65	-
CENTURY PROP	34,300	15,435	0.45	-
CENTURY PEAK	9,682	28,465	2.94	-
CROWN ASIA	883,000	1,651,210	1.87	-
CITYSTATE BANK	140	925	6.61	-
CYBER BAY	30,795	10,162	0.33	-
DAVINCI CAPITAL	91	480	5.28	-
DOUBLEDRAGON	257,687	3,839,536	14.90	-
DFNN INC	50,306	259,076	5.15	-
DITO CME HLDG	148,219	1,615,592	10.90	-
DIZON MINES	26,222	215,545	8.22	-
DMCI HLDG	3,318	18,780	5.66	-
DEL MONTE	479	3,454	7.21	-
DM WENCESLAO	500	3,800	7.60	-
DNL INDUS	8,567	65,966	7.70	-
EASYCALL	1,009	6,922	6.86	-

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown in the statement of the financial position*	*Valued based on the market quotation at reporting period (per share)*	*Income received and accrued*
EEI CORP	2,152	P 16,334	P 7.59	P -
EMPIRE EAST	6,904	2,175	0.32	-
EMPERADOR	191,251	1,931,635	10.10	-
EUROMED	135,258	316,504	2.34	-
EVER GOTESCO	1,325,000	112,625	0.09	-
EAST WEST BANK	374,771	4,047,527	10.80	-
SMC FOODANDBEV	28,845	1,932,615	67.00	-
FILINVEST DEV	902,458	8,519,204	9.44	-
FERRONOUX HLDG	539	2,199	4.08	-
FAR EASTERN U	73	45,990	630.00	-
FILIPINO FUND	837	5,775	6.90	-
FIRST GEN	9,516	267,875	28.15	-
FJ PRINCE A	13,847	41,403	2.99	-
FILINVEST LAND	3,672,108	4,112,761	1.12	-
FIRST METRO ETF	4	432	108.00	-
FERRONICKEL	67,773	184,343	2.72	-
ALLIANCE SELECT	1,372,245	905,682	0.66	-
FIRST PHIL HLDG	73,031	5,623,387	77.00	-
FORUM PACIFIC	15,505	3,489	0.23	-
FRUITAS HLDG	875,000	1,487,500	1.70	-
GEOGRACE	19,229,046	5,480,278	0.29	-

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown in the statement of the financial position	Valued based on the market quotation at reporting period (per share)	Income received and accrued
GLOBAL ESTATE	26,369	P 24,259	P 0.92	P -
GLOBE TELECOM	72	146,160	2,030.00	-
GMA NETWORK	284,326	1,705,956	6.00	-
GMA HLDG PDR	345,094	2,053,309	5.95	-
GRAND PLAZA	93	977	10.50	-
GREENERGY	1,477,335	3,841,071	2.60	-
GINEBRA	1,611	79,583	49.40	-
GT CAPITAL	361	211,185	585.00	-
HOUSE OF INV	200,017	804,068	4.02	-
HOLCIM	52,446	380,234	7.25	-
ALLHOME	18,900	172,935	9.15	-
8990 HLDG	320,774	2,643,178	8.24	-
IREMIT	381,793	641,412	1.68	-
INTL CONTAINER	1,596	197,106	123.50	-
ITALPINAS	6,139	19,522	3.18	-
INTEGRATED MICR	3,767	34,280	9.10	-
IMPERIAL	64,558	107,812	1.67	-
IONICS	2,499,006	2,998,807	1.20	-
IPEOPLE	25,262	227,358	9.00	-
PHIL INFRADEV	923,896	1,302,693	1.41	-
ISLAND INFO	3,417	420	0.12	-

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown in the statement of the financial position*	*Valued based on the market quotation at reporting period (per share)*	*Income received and accrued*
JACKSTONES	600	P 1,266	P 2.11	P -
JOLLIBEE	972	189,734	195.20	-
JG SUMMIT	6,755	483,658	71.60	-
KEPPEL PROP	1,447	4,862	3.36	-
KEPPEL HLDG A	58,535	303,797	5.19	-
KEPPEL HLDG B	6,970	35,268	5.06	-
KEPWEALTH	5,000	30,500	6.10P	-
CITY AND LAND	6,470	4,723	0.73	-
LBC EXPRESS	565	8,746	15.48	-
LEPANTO A	6,448,264	1,031,722	0.16	-
LEPANTO B	645,188	100,649	0.16	-
LIBERTY FLOUR	715	27,599	38.60	-
LODESTAR	813,086	674,861	0.83	-
LMG CORP	29,645	131,920	4.45	-
PACIFIC ONLINE	948	2,000	2.11	-
LOPEZ HLDG	2,698,408	10,038,078	3.72	-
LEISURE AND RES	225,018	432,035	1.92	-
LR WARRANT	15,000	15,300	1.02	-
LORENZO SHIPPNG	19,708	19,905	1.01	-
LT GROUP	5,460	71,526	13.10	-
MANILA MINING A	18,766,223	187,662	0.01	-

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown in the statement of the financial position*	*Valued based on the market quotation at reporting period (per share)*	*Income received and accrued*
MANILA MINING B	113,093,784	P 1,244,032	P 0.01	P -
MACROASIA	527,876	3,589,557	6.80	-
MACAY HLDG	222	1,967	8.86	-
METROALLIANCE A	817	1,528	1.87	-
METROALLIANCE B	362	699	1.93	-
MARCVENTURES	7,012	10,238	1.46	-
MAXS GROUP	8,235	56,739	6.89	-
MANILA BULLETIN	54,599	24,297	0.45	-
METROBANK	814	39,927	49.05	-
MEDCO HLDG	4,990	1,871	0.38	-
MEGAWORLD	17,586	71,751	4.08	-
MERALCO	975	284,700	292.00	-
MANULIFE	274	224,680	820.00	-
MAKATI FINANCE	390	1,053	2.70	-
MG HLDG	663,675	145,345	0.22	-
MABUHAY HLDG	500	270	0.54	-
IPM HLDG	1,057,866	8,410,035	7.95	-
MANILA JOCKEY	3,653	8,438	2.31	-
MJC INVESTMENTS	3,110	5,598	1.80	-
MERRYMART	7,900	48,822	6.18	-
METRO PAC INV	27,325	116,951	4.28	-

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown in the statement of the financial position*	*Valued based on the market quotation at reporting period (per share)*	*Income received and accrued*
MRC ALLIED	85,549	P 50,474	P 0.59	P -
METRO RETAIL	721,761	1,082,642	1.50	-
MABUHAY VINYL	225,190	1,020,111	4.53	-
MANILA WATER	62,073	991,927	15.98	-
MEGAWIDE	175,324	1,392,073	7.94	-
NIHAO	92,253	278,604	3.02	-
NICKEL ASIA	44,391	248,590	5.60	-
NOW CORP	30,274	131,086	4.33	-
NTL REINSURANCE	3,363,732	2,253,700	0.67	-
OMICO CORP	994,014	372,755	0.38	-
ORNTL PETROL A	95,834,646	1,245,850	0.01	-
ORNTL PETROL B	49,221,222	590,655	0.01	-
ORNTL PENINSULA	582,156	471,546	0.81	-
PHILODRILL	29,295,702	322,253	0.01	-
PACIFICA HLDG	452,502	1,443,483	3.19	-
PAL HLDG	49,147	321,913	6.55	-
PAXYS	250,328	583,264	2.33	-
PB BANK	645	8,256	12.80	-
PBCOM	257	5,448	21.20	-
PETRON	5,689	22,699	3.99	-
PETROENERGY	4,084	15,274	3.74	-

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown in the statement of the financial position*	*Valued based on the market quotation at reporting period (per share)*	*Income received and accrued*
PUREGOLD	4,098	P 168,018	P 41.00	P -
PRMIERE HORIZON	42,354	46,589	1.10	-
PHIL ESTATES	268,688	114,192	0.43	-
PHINMA	93,656	936,560	10.00	-
PH RESORTS GRP	9,698	27,251	2.81	-
SHAKEYS PIZZA	96,960	746,594	7.70	-
PREMIUM LEISURE	6,593,205	2,933,976	0.45	-
PANASONIC	871	4,695	5.39	-
PHIL NATL BANK	296,562	8,704,095	29.35	-
PHX PETROLEUM	13,096	163,700	12.50	-
PRYCE CORP	9,305	46,618	5.01	-
PHIL RACING	699	5,173	7.40	-
PRIME MEDIA	101,727	87,485	0.86	-
PRIMEX CORP	397,600	596,400	1.50	-
PSBANK	768	41,933	54.60	-
PHILTRUST	2	240	120.00	-
PX MINING	232,986	1,153,281	4.95	-
PXP ENERGY	11,127	122,397	11.00	-
RCBC	2,437	46,011	18.88	-
ROXAS AND CO	3,660	4,721	1.29	-
REPUBLIC GLASS	6,023	18,370	3.05	-

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown in the statement of the financial position	Valued based on the market quotation at reporting period (per share)	Income received and accrued
RFM CORP	176,561	P 803,353	P 4.55	P -
ROBINSONS LAND	7,101	150,541	21.20	-
PHIL REALTY	121,287	40,025	0.33	-
ROCKWELL	1,888,965	2,909,006	1.54	-
ROXAS HLDG	168,135	304,324	1.81	-
ROBINSONS RTL	723	46,995	65.00	-
SBS PHIL CORP	82,036	459,402	5.60	-
SEMIRARA MINING	18	248	13.78	-
SECURITY BANK	8,180	1,096,120	134.00	-
PHIL SEVEN CORP	62	7,428	119.80	-
SWIFT FOODS	456,448	58,425	0.13	-
SFI PREF	12,423	19,877	1.60	-
SOLID GROUP	400,275	444,305	1.11	-
PILIPINAS SHELL	3,416	70,540	20.65	-
SHANG PROP	186,873	506,426	2.71	-
SUN LIFE	4,749	9,498,000	2,000.00	-
STA LUCIA LAND	5,698	11,282	1.98	-
SM INVESTMENTS	1,318	1,382,582	1,049.00	-
SAN MIGUEL CORP	916	117,340	128.10	-
SMC PREF 2C	12	936	78.00	-
SM PRIME HLDG	1,907	73,420	38.50	-

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown in the statement of the financial position*	*Valued based on the market quotation at reporting period (per share)*	*Income received and accrued*
SOC RESOURCES	519,527	P 394,841	P 0.76	P -
SPC POWER	180	1,768	9.82	-
SEAFRONT RES	64,516	119,355	1.85	-
SUPERCITY	64,000	76,800	1.20	-
SSI GROUP	11,128	16,581	1.49	-
STI HLDG	90,920	42,278	0.47	-
VISTAMALLS	21,122	89,557	4.24	-
SUNTRUST HOME	2,443,409	4,080,493	1.67	-
TKC METALS	133,650	129,641	0.97	-
TRANSPACIFIC BR	101,736	34,082	0.34	-
CIRTEK HLDG	217,714	1,445,621	6.64	-
PLDT	609	816,060	1,340.00	-
PTFC REDEV CORP	26	1,118	43.00	-
TOP FRONTIER	214	29,960	140.00	-
HARBOR STAR	3,500	5,425	1.55	-
UNION BANK	23,640	1,699,716	71.90	-
UNITED PARAGON	7,385,863	42,838	0.01	-
UNIV ROBINA	165	25,163	152.50	-
VANTAGE	2,546,680	2,648,547	1.04	-
VITARICH	11,520,696	10,483,833	0.91	-
VISTA LAND	154,026	720,842	4.68	-

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown in the statement of the financial position*	*Valued based on the market quotation at reporting period (per share)*	*Income received and accrued*
VICTORIAS	5,041	12,603	2.50	-
VULCAN INDL	34,885	36,629	1.05	-
VIVANT	1,559	22,013	14.12	-
PHILWEB	59,981	173,345	2.89	-
WILCON DEPOT	4,090	69,121	16.90	-
WELLEX INDUS	805,086	180,339	0.22	-
WATERFRONT	1275833	739,983	0.58	-
ZEUS HLDG	3,175,794	**584,346**	0.18	-
		P 1,364,498,859		

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FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule A - Financial Assets
December 31, 2020
(Amount in Philippine Pesos)

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown on the statement of the financial position*	*Valued based on the market quotation at reporting date (per share)*	*Income received and accrued*
Financial Assets at Fair Value Through Other Comprehensive Income				
BERJAYA PHILIPPINES INC.	311,480,150	P 1,868,880,900	P 6.00	P -
PHILIPPINE NATIONAL BANK	100,000	2,935,000	29.35	-
EASTWEST BANK	177,400	1,915,920	10.80	-
METRO PACIFIC CORPORATION	5,143,110	5,348,836	2.08	-
CEBU COUNTRY CLUB	1	7,300,000	7,300,000.00	-
MIMOSA GOLF	1	450,000	450,000.00	-
VALLE VERDE	2	970,000	485,000.00	-
		P 1,887,800,656		

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
December 31, 2020
(Amount in Philippine Pesos)

Company	*Name*	*Kind of Loan*	*Balance at Beginning of Period*	*Additions*	*Amounts Collected*	*Amounts Written Off*	*Current*	*Non-Current*	*Balance at End of Period*
ASC	Bernal, Madelyn	Educational	P 32,431	P -	P 32,431	P -	P -	P -	P -
ASC	Casimsiman, Joel	Educational	17,763	70,000	67,057	-	20,706	-	20,706
ASC	Cometa, Roel	Educational	14,705	40,000	32,840	-	21,865	-	21,865
ASC	Cruz, Elizabeth	Educational	13,511	46,000	13,511	-	46,000	-	46,000
ASC	Delos Santos, Mari Fritz	Educational	6,120	-		-	6,120	-	6,120
ASC	Delos Santos, Marie Anne	Educational	50,356	110,000	95,656	-	64,700	-	64,700
ASC	Escraman, Raquel	Educational	16,258	-	16,258	-	-	-	-
ASC	Marcelo, Cristina	Educational	16,018	-	16,018	-	-	-	-
ASC	Norega, Ermen	Educational	21,076	55,000	43,726	-	32,350	-	32,350
ASC	Rabe, Jennylen	Educational	14,754	30,000	28,355	-	16,399	-	16,399
ASC	Sapon, Michelle	Educational	32,756	60,000	54,976	-	37,781	-	37,781
ASC	Villar, Dennis	Educational	-	95,000	31,246	-	63,754	-	63,754
ASC	Agapay, Grace	Emergency	44,735	-	44,735	-	-	-	-
ASC	Casimsiman, Joel	Emergency	14,998	-	14,998	-	-	-	-
ASC	Cometa, Roel	Emergency	-	25,000	12,250	-	12,750	-	12,750
ASC	Escraman, Raquel	Emergency	16,961	-	18,028	-	(1,067)	-	(1,067)
ASC	Lana, Geraldine	Emergency	20,231	-	20,231	-	-	-	-
ASC	Marcelo, Christina	Emergency	44,735	-	44,735	-	-	-	-
ASC	Norega, Ermen	Emergency	69,811	50,000	45,058	-	74,753	-	74,753
ASC	Ramos, Nole	Emergency	9,733	40,000	24,360	-	25,373	-	25,373
ASC	Sapon, Michelle	Emergency	28,096	-	28,096	-	-	-	-
ASC	Velasco, Estella Mae	Emergency	13,392	-	13,392	-	-	-	-
ASC	Villar Dennis	Emergency	3,785	-	-	-	3,785	-	3,785
ASC	Franco, Raymond Neil	Housing	1,255,000	-	240,000	-	1,015,000	-	1,015,000
ASC	Casimsiman, Joel	Car	186,667	-	80,000	-	106,667	-	106,667
ASC	Pono, Araceli	Car	740,829	-	317,227	-	423,603	-	423,603
ASC	Barachina, Marian	Car	565,200	-	47,100	-	518,100	-	518,100
FAF	Castillo, Madonna	Educational	-	27,000	7,764	-	19,236	-	19,236
FAF	Patana, Archimedes	Educational	7,466	-		-	7,466	-	7,466
FAF	Santos, Marilou	Educational	58,619	230,000	249,677	-	38,943	-	38,943
FAF	Sarmiento, Christopher	Educational	1,654	-	1,654	-	-	-	-
FAF	Dela Cruz, Melanio	Housing	191,329	-	125,050	-	66,280	-	66,280
FAF	Santos, Marilou	Housing	1,358,018	-	105,174	-	1,252,844	-	1,252,844
ACIC	Olavario, Ma. Sheila Olavario	Car	303,333	-	130,000	-	173,333	-	173,333
ACIC	Ramos, Christine	Educational	44,261	108,000	84,256	-	68,005	-	68,005
ACIC	Villarez, Mercedes	Educational	18,578	-	18,578	-	-	-	-
ACIC	Avelin, Harry Jay-AR	Emergency	12,796	-	12,796	-	-	-	-
ACIC	Villarez, Mercedes	Emergency	3,299	-	3,299	-	-	-	-
			P 5,249,277	P 986,000	P 2,120,530	P -	P 4,114,746	P -	P 4,114,746

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule C - Accounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2020
(Amount in Philippine Pesos)

Name of Related Party	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Amounts Written Off	Current	Non-current	
Abacus Securities Corporation	-	P 957,744,068	P 957,744,068	P -	P -	P -	P -
Abacus Capital & Investment Corporation	21,765,562	110,873,925	10,521,035	-	122,118,452	-	122,118,452
Vista Holdings Corporation	54,654,020	199,544,410	134,206,149	-	119,992,281	-	119,992,281
	P 76,419,582	**P 1,268,162,403**	**P 1,102,471,252**	**P -**	**P 242,110,733**	**P -**	**P 242,110,733**

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule D - Long Term Debt
December 31, 2020
(Amount in Philippine Pesos)

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position*	*Amount Shown Under Caption "Long-term Debt" in Related Statement of Financial Position*
Notes Payable	P 4,827,918,544	P 4,827,918,544	P -
Bank Loans	-	-	-
Finance Lease Liability	-	-	-
	P 4,827,918,544	**P 4,827,918,544**	**P -**

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2020
(Amounts in Millions of Philippine Pesos)

Name of related party	*Balance at beginning of period*	*Balance at end of period*

Not applicable

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2020
(Amounts in Millions of Philippine Pesos)

Name of issuing entity of securities guaranteed by the company for which this statement is filed	*Title of issue of each class of securities guaranteed*	*Total amount guaranteed and outstanding*	*Amount owned by person for which statement is filed*	*Nature of guarantee*

Not applicable

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule G - Capital Stock
December 31, 2020
(Amount in Philippine Pesos)

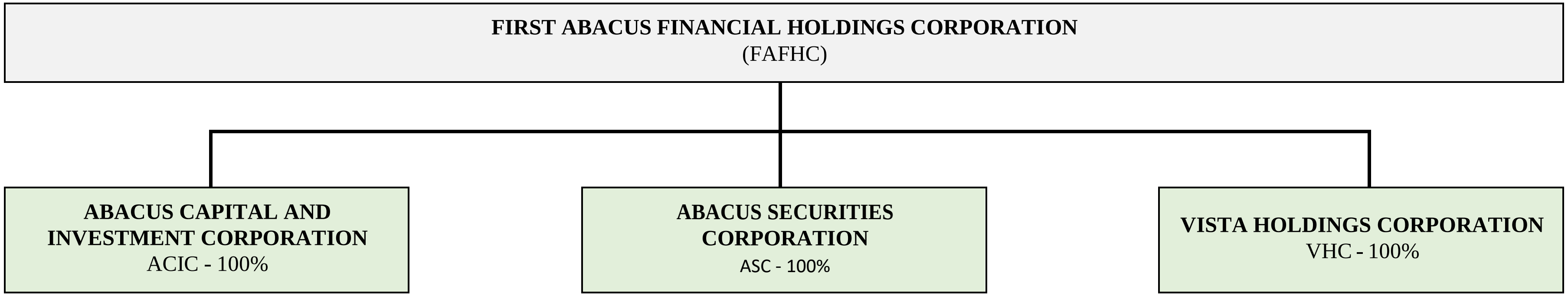
Title of Issue	*Number of Shares authorized*	*Number of shares issued and outstanding as shown under the related statement of financial position caption*	*Number of shares reserved for options, warrants, conversion and other rights*	*Number of Shares held by:*		
				Related parties	*Directors, officers and employees*	*Others*
Common shares - P1 par value						
Authorized - P1,800,000,000	1,800,000,000					
1,193,200,000 shares issued and outstanding	1,193,200,000	1,193,200,000	-	76,286,000	149,660,000	967,254,000
Treasury shares		(385,670,581)	-	-	-	-
		807,529,419	**-**	**76,286,000**	**149,660,000**	**967,254,000**

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
Unit 2904-A East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City
Parent Company Reconciliation of Deficit
December 31, 2020

The Parent Company has a deficit as at December 31, 2020. Presented below is an analysis of the deficit for purposes of this reconciliation requirement.

Deficit at Beginning of Year	P	1,127,745,272
Transfer of Realized Fair Value Gains on Financial Assets Through Other Comprehensive Income	(	3,944,237)
Net Loss During the Year		95,366,969
Deficit at End of Year	**P**	**1,219,168,004**

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Map Showing the Relationships Between the Parent Company and Its Subsidiaries
December 31, 2020



P&A
Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

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The Board of Directors and the Stockholders
First Abacus Financial Holdings Corporation and Subsidiaries
Unit 2904-A East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of First Abacus Financial Holdings Corporation and subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, on which we have rendered our report dated April 8, 2021. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplemental Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: **Jessie C. Carpio**
Partner

CPA Reg. No. 0057831
TIN 109-227-789
PTR No. 8533224, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 0011-AR-5 (until Mar. 25, 2022)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-6-2020 (until Jun. 25, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 8, 2021

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Supplemental Schedule of Financial Soundness Indicators
December 31, 2020 and 2019

Ratio	Formula	2020	Formula	2019
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 4,001,849,282 Divide by: Total Current Liabilities 5,680,697,681 Current ratio 0.70	**0.70**	Total Current Assets divided by Total Current Liabilities Total Current Assets 3,867,820,417 Divide by: Total Current Liabilities 5,025,072,785 Current ratio 0.77	0.77
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets 4,001,849,282 Less: Other Current Assets 1,940,001 Quick Assets 3,999,909,281 Divide by: Total Current Liabilities 5,680,697,681 Acid test ratio 0.70	**0.70**	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets 3,867,820,417 Less: Other Current Assets 512,490,361 Quick Assets 3,355,330,056 Divide by: Total Current Liabilities 5,025,072,785 Acid test ratio 0.67	0.67
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities 5,707,825,695 Divide by: Total Assets 6,527,264,244 Solvency ratio 0.87	**0.87**	Total Liabilities divided by Total Assets Total Liabilities 5,050,974,508 Divide by: Total Assets 5,719,589,850 Solvency ratio 0.88	0.88
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 5,707,825,695 Divide by: Total Equity 819,438,549 Debt-to-equity ratio 7.97	**7.97**	Total Liabilities divided by Total Equity Total Liabilities 5,050,974,508 Divide by: Total Equity 668,615,342 Debt-to-equity ratio 7.55	7.55
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 6,527,264,244 Divide by: Total Equity 819,438,549 Assets-to-equity ratio 7.97	**7.97**	Total Assets divided by Total Equity Total Assets 5,719,589,850 Divide by: Total Equity 668,615,342 Assets-to-equity ratio 8.55	8.55
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 233,611,641 Divide by: Interest expense 285,125,030 Interest rate coverage ratio 0.82	**-** **0.82**	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 147,936,086 Divide by: Interest expense 296,516,594 Interest rate coverage ratio 0.50	- 0.50
Return on equity	Net Loss divided by Average Total Equity Net Loss (95,366,969) Divide by: Average Total Equity 744,026,945 Return on equity -0.13	**-0.13**	Net Loss divided by Average Total Equity Net Loss (180,684,791) Divide by: Average Total Equity 648,847,070 Return on equity -0.28	- 0.28
Return on assets	Net Profit divided by Average Total Assets Net Loss (95,366,969) Divide by: Average Total Assets 6,123,427,047 Return on assets -0.02	**-** **0.02**	Net Profit divided by Average Total Assets Net Loss (180,684,791) Divide by: Average Total Assets 5,443,090,553 Return on assets -0.03	- 0.03
Net loss margin	Net Loss divided by Total Revenue Net Loss (95,366,969) Divide by: Total Revenue 445,627,083 Net profit margin -0.21	**-0.21**	Net Loss divided by Total Revenue Net Loss (180,684,791) Divide by: Total Revenue 364,380,462 Net profit margin -0.50	- 0.50