COVER SHEET

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S.E.C. Registration Number

F I R S T A B A C U S F I N A N C I A L

H O L D I N G S C O R P O R A T I O N A N D

S U B S I D I A R I E S

(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	SEC FORM SEC 17-A	Dec. 31, 2021
Month Day	Form Type	Month Day
Fiscal Year		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, 2021**

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 26, 2022** : **₱580,352,400.00 :**

a) Total number of shares held by non-affiliates as of April 26, 2022 : 967,254,000 shares

b) Closing price of the Registrant's shares on the Exchange
As of April 26, 2022 : P0.60

c) Aggregate market price (a x b) as of
As of April 26, 2022 : **₱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

TABLE OF CONTENTS

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 **2021,** Abacus Securities Corporation ranked 16th in terms of total value traded. Abacus Securities Corporation had a total value traded of Php118,099,195,404 in 2021.

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)
Commissions and fees	₱	320
Fair value gain		174
Gain on sale of financial assets		44
Other revenues		13
	₱	**551**

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 2021, a total of Php118 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, 2021, the Company and it operating subsidiaries employ 79 permanent employees.

Type Employees	# of Employees	No. of Additional Employees for Ensuing 12 Mos. *	Collective Bargaining Agreement(CBA)	Supplemental Benefits or other incentives
Operations	32	2	N/A	None
Corporate Finance	4	1	N/A	None
Administrative	8	None	N/A	None
Sales	22	-	N/A	None
Accounting & Finance	13	1	N/A	None
Total	79	4		

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 2021.

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	2021		2020		2019	
	High	**Low**	**High**	**Low**	**High**	**Low**
First Quarter	0.75	0.55	0.70	0.50	0.72	0.58
Second Quarter	0.63	0.58	0.58	0.47	0.69	0.52
Third Quarter	0.64	0.53	0.75	0.46	0.53	0.52
Fourth Quarter	0.72	0.58	0.75	0.52	0.72	0.52

During the first quarter of 2022, the issue's highest price per share was at **₱0.70** and its lowest was at **₱0.59.** As of the close of trading hours of April 26, 2022, 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, 2022** was 1,193,200,000. As of **April 30, 2022**, Registrant had 102 shareholders, on the said date the following were the top 20 shareholders:

	Stockholder	Nationality	No. of Shares	%
1	PCD Nominee Corp. – Filipino	Filipino	845,873,000	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. 2021 and 2020. 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 (2021, 2020, and 2019).

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

2021

General Business Environment

Expectations for 2021 were initially muted given the unpredictability of the COVID-19 pandemic. Growth and recovery were conditioned on a number of factors, foremost of which were the speed and effectiveness of the deployment of vaccines, the success of efforts to contain new variants, and the proactive management of cases. True to form, the growth numbers were not encouraging in the beginning resulting in a 3.9 percent contraction. Millions continued to be unemployed. The surge in COVID-19 Delta cases in September sent the country to another punishing lockdown. Cases peaked at 22,455 on September 13, and then mercifully started to decline, going back to three-digit levels towards the end of the year, effectively ending one of the longest lockdowns in the world, at 650 days running. While the economy and the business environment continued to be fragile, the country has not looked back since then, embarking on a steady growth trajectory.

Despite headline consumer prices rising to an average of 3.9 percent year-on-year, largely caused by the African swine fever and restrictions in services mobility due to the lockdowns, gross domestic product eventually grew to an adjusted 7.8 percent by the fourth quarter of 2021. Along with the 4.8 percent expansion during the first nine months, the country posted a full year GDP of 5.7 percent. This represented a reversal from the 8.2 percent contraction reported in 2022. Modest growth was also noted across some other indicators. The services sector grew 5.4 percent for the entire 2021. The industry sector improved to 8.5 percent. These developments aided the labor market resulting in unemployment going down to an average of 7.8 percent from a high of 10.3 in 2020, although still a far cry from the 2019 average of 5.1 percent. It must be noted that the performance of the economy was strongly correlated with the effectiveness of parallel efforts to contain the pandemic through vaccination and proactive management of cases.
The end-of-year whiff of optimism prompted the Asian Development Bank to revise its growth forecast for the Philippine economy. For 2022, the ADC has expressed confidence that the Philippines will be out of the economic quagmire, forecasting an estimated growth of 6 percent.

The local stock market rode the ups and downs of the Philippine economy, going through crashes and recoveries triggered by the surge-induced lockdowns. The much-vaunted resiliency of the market stood its ground as it managed consistently bounce back. Although the index plunged 2.89 percent on the last trading day of 2021 to 7,122.63, slightly lower than the 7,138.71 close in 2020, the overall whole-year performance of the market was still comparably much better than 2020. Investor confidence was palpable given the Philippine Stock Exchange's biggest initial public offerings in its history. Capital raising efforts also reached record highs. For 2021, the PSE had eight initial public offerings, 11 follow-on offerings, four stock rights offerings, and eight private placements.

While conditions in 2022 are expected to be much better for the general investing climate, Philippine recovery is seen to be much more difficult given that the country lags behind its neighbors. The PSEi was adjudged second worse performing stock market in the region for 2021.

Performance of the Company

Since the onset of the pandemic most companies have either slowed down business operations, or worse, ceased operations completely. We were luckier than most. Our company's strong fundamentals weathered the continued battering. The company's inherent agility enabled it to find new opportunities in the market and to sustain business activities. All told, it was another year of ups and downs, but ultimately, of powerful lessons.

During the reporting year, the group saw significant improvements in its core businesses. A notable increase of 56 percent or Php82 million in brokers commission was realized for the year, bringing total brokers commission to Php226 million up from the previous year's Php145 million. The Company's investment house managed to book significant revenues on a number of deals, registering numbers not heretofore reported. We are happy to report a total of Php94 million in commission and fees brought in during the year. However, gain from sale of financial assets contracted during the year was at Php44 million, marking a decrease of Php70 million from the Php114 million made in 2020. At the close of the reporting year, fair value gains on financial assets at fair value through profit and loss maintained its value at Php174 million, unchanged from the previous year's Php174 million.

All considered, consolidated revenues for the year stood at Php551 million, an increase of Php105 million from last year's Php446 million. However, total costs and expenses for the year was noted at Php554 million, representing an increase of Php57 million from last year's Php497 million. The increase in total costs and expenses was brought about by movements on various line expenses brought by dynamic business activities. Debt servicing continued to comprise a large chunk of the operating expenses in keeping with the Company's commitment to honor its obligations. The company likewise prioritized the wellness of its people.

In summary, the company is reporting a consolidated net loss of Php35 million for the year, lower than the Php95 million reported net loss from the previous year.

On another important note, comprehensive income of the group ended at Php264 million as compared to the previous year of Php151 million, or a significant increase of Php113 million. The improved valuation and quality of asset of the group brought the increase in comprehensive income of the group.

There was an increase in total assets noted for the year amounting to Php1,296 million, from Php6,527 million in December 2020 to Php7,823 million in December 2021. The significant increase in total assets was brought about by the marked to market 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 Php697 million, additional trade receivables uncollected at year end cut-off and due for collection at beginning of the year.

A corresponding increase in total liabilities amounting to Php1,032 million was also noted during the period under review bringing total liabilities from Php5,708 million to Php6,740 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 Php819 million to this year's Php1,084 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 Php306million.

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.

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 2021	31-Dec 2020
CURRENT/LIQUITY RATIO				
	Current Assets / Current Liabilities	=	**0.77:1**	0.70:1
	Quick Assets / Current Liabilities	=	**0.77:1**	0.70:1
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	=	**6.22:1**	7.97:1
ASSETS TO EQUITY RATIO	Assets / Equity	=	**7.22:1**	7.97:1
INTEREST RATE COVERAGE RATIO	Earnings before interest and taxes / Interest expense	=	**0.99:1**	0.82:1
Interest rate coverage ratio is a measure on how well a company can meet its interest payment obligations.				

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 yea

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.

Item 7. Financial Statements

Please see consolidated financial statements and schedules and annexes

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

For the years 2021, 2020, and 2019, 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:

	2021	2020
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.	**₱3,050,000**	₱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 30, 2021** 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 & President	Paulino S. Soo	Filipino	70	1994 to present	27
Treasurer	Jimmy S. Soo	Filipino	64	1995 to present	25
Director	Anna Francesca Respicio	Filipino	36	2017- present	5
Director	Maria Cristina Encarnacion	Filipino	64	2006 to present	14
Director	Ma. Therese P. Santos	Filipino	64	2006 to present	15
Independent Director	Alden M. Castañeda	Filipino	64	2021to present	1
Independent Director	Maricel P. Arenas	Filipino	65	2021 to present	1
Corporate Secretary	Mariel Angeli R. Quines	Filipino	35	2017 to present	5

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. Jimmy S. Soo
Director - Treasurer

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, is an incumbent Director of the Company. 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).

Ms. Ma Therese G. Santos
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.

Mr. Alden Alfonso M. Castañeda
Independent Director

Mr. Castañeda holds a Master in Business Administration degree from the University of Philippines Diliman and graduated as one of the top 10 graduates of 1983-1984. He earned his Bachelor of Science degree in Chemical Engineering from University of the Philippines Diliman where he graduated as a Cum Laude. Mr. Castaneda was a board topnotcher and he was a second placer during the Chemical Engineering board examination in 1980.

Mr. Castaneda is a part time Faculty of University of Asia and Pacific and teaching Marketing Effectiveness Research, Product Development and Management, and Business Mathematics. He is a Senior Consultant at Acumen Strategy Consultants.

He served as Vice President of the various companies: San Miguel PureFoods Company, Inc. (July 2010- June 2016), Wisehill Business Corporation (July 2007-December 2009), ABS- CBN (January 2001-June 2007), and ABS-CBN Broadcasting Corporation (January 2001-January 2003).

Mr. Castaneda occupied various positions in Procter and Gamble Philippines, Inc. in 1979 until 1999 until he became a Marketing Director in July 1999- December 2000.

Ms. Maricel Pangilinan Arenas
Independent Director

Ms. Arenas took her undergraduate studies from the University of the Philippines Diliman. She was the President and Chief Executive Officer of KidZania Manila, Play Innovations, Inc. from 2012 to 2016. She was the Governor of Kidzania Philippines, and member of the Board of Director from 2013-2020. She was a member of the Management Board of McCann Worldgroup Philippines from 2002-2012; The Managing Director of MRM Partners Philippines from 2004-2016; She was the Managing Director of Harrison Communications from 2002-2012; She was a member of the Management Board of McCann-Erickson Philippines from 1990-1998, and was the Senior Vice President for Corporate Affairs of McCann-Erickson Philippines from 1992 to 1998.

Currently, Ms. Arenas is the Chairman and President, and a member of the Board of Trustees of Bantay Bata Foundation.

Ms. Anna Francesca C. Respicio
Director

Ms. 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.

Atty. Mariel Angeli R. Quines
Corporate Secretary

Atty. Quines is the currently the Assistant Corporate Secretary of the Company. She is also the Assistant Corporate Secretary of the following reporting and/or listed companies: I-Remit, Inc., Sterling Bank of Asia Inc. (A Savings Bank), Raemulan Lands, Inc., Stanley Electric Philippines Inc., Glyphstudios, Inc., Travel Book Philippines Inc., Utracon Philippines, Inc., Red Dragon Culinary Concepts, JT Perle Corporation, One Cerrada Corporation, One Urdaneta Corporation, One Legaspi Corporation, One Luscara Corporation, and Ninety-Nine Urdaneta Corporation. She holds the position of Corporate Secretary of Fr. Barbero Foundation for PGH Charity Patients, Inc. She was previously the Assistant Corporate Secretary of Aldex Realty Corporation, Pan-Asean Multi-Resources Corporation, and Oakridge Properties, Inc.

Atty. Quines obtained her Bachelor of Science in Business Economics degree from the University of the Philippines Diliman and her Juris Doctor degree from the Ateneo De Manila University Law School. She was admitted to the Philippine Bar on June 2019.

Currently, she is a Junior Associate at Tan Venturanza Valdez.

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. 2021 and 2020, and to be paid in the ensuing fiscal year 2022 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 President	**2020** **2021** **2022**			
Jack T. Huang Vice President – Cebu	**2020** **2021** **2022**			
Sheila Marie Aguilar Vice President	**2020** **2021** **2022**			
Melanio C. Dela Cruz Vice President	**2020** **2021** **2022**			
Total for the Group	**2020** **2021** **2022**	7,375,293 7,766,621 10,194,167	1,437,450 1,281,729 2,208,802	-0- -0- -0-
All Officers as a Group Unnamed	**2020** **2021** **2022**	8,778,715 9,353,478 12,476,859	1,959,745 1,542,828 2,714,073	-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, 2022.

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	845,873,000	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				**1,041,0649,000**	**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, 2022:

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-	Jimmy S. Soo	Filipino	10,010,000	r / b	0.84
-do-	Anna Franchesca Respicio	Filipino	10,000	r/b	.000
-do-	Maria Therese P. Santos	Filipino	10,000	r/b	.000
-do-	Ma.Cristina B. Encarnacion	Filipino	10,000	r /b	.000
-do-	Maricel Pangilinan Arenas	Filipino	10,000	r/b	.000
-do-	Alden M. Castaneda	Filipino	10,000	r / b	.000
-do-	All directors and Executive Officers as group unnamed		143,060,000	r / b	11.99

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).

b) Sustainability Report

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 CITY on MAY 1 6 2022 ,2022.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
Issuer

By:

PAULINO S. SOO
Chairman and President

Soo

JIMMY S. SOO
Treasurer

ANNA FRANCESCA A. RESPICIO
Director

MARIA CRISTINA B. ENCARNACION
Director

MARIEL ANGELI R. QUINES
Corporate Secretary

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

SUBSCRIBED AND SWORN TO before me this MAY 1 6 2022 2022 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
JIMMY S. SOO	P0076899B	Jan. 02, 2019	Manila
ANNA FRANCESCA RESPICIO	P0286448A	Sept. 16, 2016	NCR East
MARIEL ANGELI R. QUINES	P9513760B	April 06, 2022	Manila
MA CRISTINA B. ENCARNACION	P6227789A	Feb. 28, 2018	Manila

Doc. No. 462
Page No. 94
Book No. VIII
Series of 2022.

YSABEL KATHRYN M. SANTOS
Notary Public for
Pasig City, San Juan, Taguig & Pateros
Appointment No. 231 (2019-2020)
(Commission Extended until 30 June 2022 per
SC Resolution dated 28 September 2021)
2704 East Tower, Tektite Towers
(Formerly Philippine Stock Exchange Centre),
Exchange Road, Ortigas Center, 1605 Pasig City
PTR No. 8131853 / 01.06.22 / Pasig
IBP LRN No. 016949 / 06.28.2019 / RSM
Roll of Attorneys No. 70409
MCLE No. VI-0017136 / 01 10.19

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION

SUSTAINABILITY REPORT

For the year ended December 31, 2021

Contextual Information

Company Details	
Name of Organization	First Abacus Financial Holdings Corp (FAF)
Location of Headquarters	29th Floor East Tower, The Philippine Stock Exchange Center, Pasig City
Report Boundary : Legal Entities (e. g. Subsidiaries) included in this report	Covered in the reporting boundary are First Abacus Financial Holdings Corporation and its subsidiaries namely : Abacus Securities Corporation, Abacus Capital & Investment Corporation, and Vista Holdings Corporation
Business Model, including Primary Activities, Brands, Products, and Services	FAFHC is engaged in, through its wholly subsidiaries, stockbroking activities, investment banking, real estate business and other financial services
Reporting Period	January 01, 2021 – December 31, 2021
Highest Ranking Person responsible for this report	Mr. Melanio Dela Cruz, Vice President and Group Controller

Materiality Process

We conducted a series of discussions with our key persons in our Group to help us identify the truly important to us and to our stakeholders.

To address the materiality concern, we have adopted the following:

1. Understanding the Sustainability Context:

Our Group identified key economic, social, and environmental areas where our business creates value. This process allowed us to identify which impacts are most material considering the three dimensions of sustainability. Furthermore, this identification process guided us in addressing our current and future challenges, and in establishing priorities.

2. Identifying Material Topics: Guided by the Sustainability Framework released by the Securities and Exchange Commission (SEC), we were able to cover the following focus areas: corporate governance, resource and impact management, and contribution to sustainable development through our products and services.

Our Group went through a materiality assessment process that consisted of a series of consultations with key representatives from the different business divisions, which brought forth the concerns of their respective stakeholders. We considered the key impacts of each of our activities and relevant risks and opportunities, including the key capitals we rely on to sustain and grow our business. The senior management drew out the Group's sustainability drivers and aspirations.

3. Measuring Performance and Defining Management Approaches: In 2021, our Group obtained baseline data on each of the material topics identified, which includes substantial content on impacts, risks, opportunities and the subsequent management approaches. The collected metrics were accurate and comparable to GRI reporting standards. We conducted a data gap assessment on each of the performance areas, and began setting-up procedures to systematically collect more data to better measure our sustainability performance.

We also referred to the UN Sustainable Development Goals (SDGs) to see how our business impacts and value creations are linked to delivering on specific SDG targets.

Identifying materiality is an iterative process for us. We will continue to review how we impact the environment and society, how we measure our performance on these impact areas, and how we can better communicate these impacts to our stakeholders.

Important Note: The discussion of impacts, risks, and opportunities are made per topic, instead of per metric, since the risks and opportunities apply to the topic rather than the individual metrics under one topic. For example, for the topic of Anti-corruption, only one discussion on Impacts, Risks, and Opportunities was made that covered both metrics: a) Training on Anti-corruption Policies, and b) Procedures and Incidents of Corruption. This made the disclosure on the management approach more focused and not repetitive.

ECONOMIC PERFORMANCE

Direct Economic Value Generated and Distributed

Disclosure			**Amount(2021)**	**Units**
Direct Economic value generated:			551,300,683	Php
Direct economic value distributed:				
	a.	Employee wages and benefits	65,510,947	Php
	b.	Operating costs		Php
		Payments to suppliers of raw materials	Not applicable	Php
		Other operating costs	146,960,584	Php
	c.	Dividends given to stockholders	None	Php
	d.	Interest paid to loan providers	310,844,923	Php
	e.	Taxes paid to government	30,718,947	Php
	f.	Investments made to community		
		Donations	**₱35,600.00 Donations made by individual officers and employees**	Php

PROCUREMENT PRACTICES

Proportion of spending on local suppliers

Disclosure	**Quantity**	**Units**
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	Not applicable	%

Most of our supplies are sourced locally except for the developer of system for our online trading platform and subscription on Bloomberg software.

What is the impact and where does it occur? Not applicable

Which stakeholders are affected ? Not applicable

MANAGEMENT APPROACH

This is not applicable to us as most procurement for the group are just procurement of supplies for our office needs, and not for our products.

What are the Risk/s identified? We assess the risk/s associated with our procurement practices are just considered low risk since we only deal with not material amounts and items

MANAGEMENT APPROACH

The management is dependent on its Officers to handle the risk associated to our procurement practices. To date, we have not received any matter of mispractices reported to management on our procurement practices to date **.**

Direct Economic Performance & Procurement Practices

Impact and Risks : The performance of the local equities market has a direct effect on the performance of our company and its subsidiaries.

Economic drivers and impact: Almost 100% of our revenues flows back primarily to our key stakeholders, which include our employees, clients, different government agencies, and investing community.

Our businesses directly support more than 110 employees, which are either permanent or contractual employees. Other employment opportunities are created from our newly launch online trading platform for brokerage business. 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. We also make sure that all taxes set by the government regulations are properly remitted to them, and that our financial gains are distributed to all our other stakeholders.

Direct Economic Value Distribution

Since we are operating in a simple environment, our suppliers are just within the area where we conduct our business activities, and all of our suppliers accredited who do business with us comply with all of the requirements prescribed by the laws. There are accreditation process being implemented by the Company and subsidiaries before dealing with them.

With regard to suppliers, we make sure that contracts agreements are followed diligently by all involved parties. Contracts are standardized to ascertain that the content encompasses all types of transactions with a particular supplier, and that the suppliers are given ample time to review the document before signing. In cases of revisions, a separate document reviewed by our legal is attached. Detailing all agreed revisions as a complementing agreements to the standard contract.

Management Approach for Impacts and Risks

The entire Group – from our top management down to our employees – maintains the highest standard of corporate governance, ensuring that we conduct business ethically at all level of operations. This warrants that the economic value we generate flows only to the right stakeholders who drive the success of our company. Our code of Business Ethics outlines our commitment to act responsibly in all of our professional dealings and relationships.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti corruption policies and procedures have been communicated to	100.00	**%**
Percentage of business partners to whom the organization's anti corruption policies and procedures have been communicated to	100.00	%
Percentage of directors and management that have received anti-corruption training	100.00	%
Percentage of employees that have received anti-corruption training	100.00	%

The group's anti-corruption approach is part of the Code of Business Ethics of the Company.
All employees are oriented with the Code of Business Ethics of the Company before On-boarding to its new job. Each employees are given a copy of the Company's Manual. A townhall meeting is conducted from time to time to remind and review the Company's Manual.

Incident of Corruption

Disclosure	Quantity (2021)	Units
Number of incident in which directors were removed or disciplines for corruption	0	%
Number of incidents in which employees are dismissed or disciplined for corruption	0	%
Number of incidents in which contracts with business partners were terminated due to incidents of corruption	0	%

In 2020, as shown in the table above, there is no incident of corruption recorded by the Company. We discourage and prevent any form of corruption across our value chain, as this would go against our ethical and moral principles. Since we are in financial services company, it may affect our reputation as institution, where dealing with clients and maintaining relationships are difficult if trust is not present.

Identify the impact and where it is occurs? Not applicable

Indicate involvement in the impact ? Not applicable

What are the Risk identified ? There is an inherent risk identified, the natural level of risk inherent in a process or activity without doing anything to reduce the likelihood or mitigate the severity or a mishap, but control process in place so we can avoid the risk.

What are the opportunity identified?

The management has put in place all security measures and controls so we can avoid and avert any risk associated with all phases of operations. We will continue to study and conduct a comprehensive study to identify the aspects of our business operations that are most vulnerable to corruption. As our company's anti-corruption policies are only part of our Code of Business Ethics, there is also an opportunity to create a single policy on preventing corruption in our company at all levels.

Management Approach for Impacts and Risks

Our Code of Business Ethics (COBE) provides a value-based framework to guide our decisions as we carry out our business. We hold the COBE in high regard and we expect all our employees and contractors to abide by it. Policies against corruption are stipulated in the COBE.

Formal training for COBE, which includes anti-corruption policies, is annually conducted for all our employees, including directors and managers. For the suppliers, they are reminded of the Gift Policy during the annual supplier summit. Our anti-corruption policy is also included in the standard terms and conditions signed by suppliers during accreditation, supplier performance review, and regular sourcing reports.

The following are COBE policies[2] in place that are aligned with anti-corruption:

We conduct our business with Integrity. We earn and maintain the trust of those we deal with, both internally and externally, by conducting ourselves with integrity at all times.

1. We act in good faith, and are upright and fair in our dealings. Whether verbally or in writing, whether to external or internal parties, we communicate honestly and accurately.

2. We honor our commitments and make only commitments that we can deliver. We stand by our commitments and make only those commitments that are within our authority to make and that the company can deliver. In carrying out our commitments, we act fairly and responsibly.

3. We do business, build relationships, and make decisions based on merit. We do not seek to influence others or obtain any advantage, or allow ourselves to be influenced or give to others any advantage, on the basis of gifts or favors. For a better understanding of the applicable gifts and business entertainment policy applicable in your territory, please refer to the Policy on Gifts.

We are committed to Lawful Business Practices. We have the responsibility to know and comply with the laws in the territories where we operate.

4. We comply with laws and regulations in the territories where we operate. The various aspects of our business are governed by multiple laws and regulations, some spanning multiple territories. We ensure that our business practices are in accordance with such law and regulations as they apply to us. Legal issues can be complex; in case of doubt as to the laws

applicable to a particular course of action, consultation with the appropriate legal resource is recommended.

5. We comply with legal limitations on the use of non-public information. In the course of carrying out our responsibilities, we may be exposed to material non-public information. We do not use such information for personal gain; this includes a prohibition on insider trading, or dealing in securities on the basis of such material non-public information. For a better understanding of what constitutes insider trading, please refer to our Policy on Insider Trading.

We Safeguard the Company's Resources and Interests. We are stewards of the company's resources, and have been entrusted to carry out our professional responsibilities in furtherance of the company's legitimate interests. We do so with diligence and loyalty to the company.

6. We are stewards of all company resources entrusted to us. Company resources include physical assets, intellectual property and business information, documents and records, and company time. We safeguard all company resources entrusted to us, and ensure that these are used responsibly, and only for legitimate business purposes. We avoid any loss, destruction or waste of company resources.

7. We keep confidential all non-public information. In the course of performing our functions, we may be entrusted with or given access to non-public information. We respect and preserve the confidentiality of such information and do not divulge, reproduce, or use such confidential information other than for the purposes intended by the company. We do not use such confidential information for personal gain.

8. We base all decisions on the best interests of the company. We protect and advance the company's business interests. We avoid interests, relationships or activities that may compromise or impair (or appear to compromise or impair) our ability to (i) act in the best interests of the company, (ii) exercise objectivity in the discharge of our functions, or (iii) perform our duties to the best of our physical and mental abilities. We comply with the company's disclosure rules and conflict of interest policies.

We take action on incidents of corruption when we deem it appropriate to investigate and act on violations of the COBE, subject to the employees' rights to due process and the commitment of confidentiality to the informant. Incidents of corruption are handled immediately in accordance with the Labor Code, and the corresponding sanctions as defined in our Code of Discipline are applied. Non-compliance may result in disciplinary action, including termination. Certain violations may result in the filing of a criminal case, if warranted.

Moreover, our suppliers sign the inclusion of standard terms and conditions during accreditation. Buyers or managers are required to report any violations made by suppliers. We rigorously evaluate and investigate the report, and the confirmation of non-compliance leads to immediate delisting. To prevent the recurrence of such cases, we follow the stipulations indicated in our legal documents regarding non-compliance and the corresponding repercussions of the violation.

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (Renewable sources)	Not applicable	N/A
Energy Consumption (gasoline)	Not applicable	N/A
Energy consumption (LPG)	Not applicable	N/A
Energy consumption (diesel)	Not applicable	N.A
Energy consumption (electricity)	112,815 (12 mos.)	kwh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	**This is not applicable to our operations**	
Energy reduction (LPG)		
Energy reduction (diesel)		
Energy reduction (electricity)		
Energy reduction (gasoline)		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	**Not applicable**	
Water consumption	**412**	**Cu. meter**
Water recycled and reused	**Not applicable**	

Materials used by the organization

Disclosure	Quantity	Units
Materials used weight or volume	**Not applicable**	
Percentage of recycled input materials used in manufacture the organization's primary products and organization	**Not applicable**	

Ecosystem and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	**Not applicable**	
Habitats protected or restored	**Not applicable**	
IUCn Red list species and national conservation list species with habitats in areas affected by operations	**Not applicable**	

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (scope 1) GHG Emissions	Not applicable	
Energy indirect (Scope 2) GHG Emissions	Not applicable	
Emissions of ozone – depleting substances	Not applicable	

Air pollutants

Disclosure	Quantity	Units
NO_x	Not applicable	
SO_x	Not applicable	
Persitent organis pollutants (POPs)	Not applicable	
Volatile organic compounds (VOCs)	Not applicable	
Hazardous air pollutants(HAPs)	Not applicable	
Particulate matter (PM)	Not applicable	

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated		
Reusable	Not applicable	
Recyclable	Not applicable	
Composted	Not applicable	
Incinerated	Not applicable	
Residuals	Not applicable	

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	**Not applicable**	
Total weight of hazardous transported	**Not applicable**	

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	**Not applicable**	
Percent of waste water recycled	**Not applicable**	

Environmental compliance

Non-compliance with environmental Laws and regulations

Disclosure	Quantity	Units
Total amount of monetary fined for non-compliance with environmental laws and/or regulations	**-0-**	**-0-**
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	**-0-**	**-0-**
No of cases resolved through dispute resolution mechanism	**-0-**	**-0-**

As can be noticed, almost all the answers were not applicable since our business background has no connections or any relationship with any questions above.

S O C I A L

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	*Quantity*	*Units*
Total number of employees		
# of female employees # of male employees	47 27	% %
Attrition rate		Rate
Ratio of lowest paid employee against minimum wage	1:1	Ratio

Employee Benefits

List of Benefits	Y/N	**% of female employees who availed for the year**	**% of male employees who availed for the year**
SSS	Y	42%	26%
Philhealth	Y	6%	3%
Pag- ibig	Y	13%	7%
Parental leaves	Y	0	0
Vacation Leaves	Y	95%	93%
Sick Leaves	Y	97%	96%
Medical Benefits	Y	21%	18%
Housing Assistance	N		
Retirement fund	Y	4%	1%
Further education support	N		
Company stock option	N		
Telecommuting	N		
Flexible-working hrs	N		

Diversity and Equal Opportunity

Disclosure	**Quantity**	**Units**
Percentage of female workers in the workforce	60%	%
Percentage of male workers in the workforce	40%	%
Percentage of female in management positions*	21	%
Number of employees from indigenous communities and/or vulnerable sector?	None	#

First Abacus Group of Companies

PARTNERING WITH EMPLOYEES

Sustainability Report - HRD

21

Abacus Securities Corporation believes that its employees are its most valuable resource and key competitive advantage. In the company's history, its great strength has always been the energy and adaptability which its employees face up to the challenges of rapidly changing and increasingly competitive environment.

We believe our employees are our most important business partners. As such, we are committed to create an environment that promotes their holistic development, meets their individual needs, respects their individuality and enables them to meet their full potential.

One of the goals and targets of our Human Resources Department (HRD) is to achieve attrition vacancy rates that are below the industry average. The HRD Head primarily manages the human resource and development processes. We also have a payroll system that facilitates compensation and other benefits.

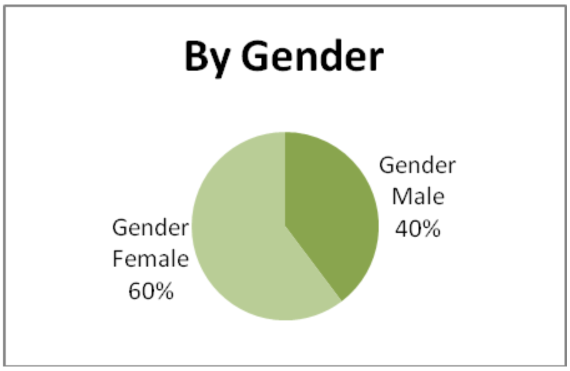
Our Human Resource Committee review proposes changes and improvements to the compensation and benefits packages every year subject to the approval of the Executive Committee. As a result of this initiative, our executive Committee has approved in group life insurance coverage and improvement in the car plan packages for senior managers, officers and executives. Regular employees are also granted life insurance, health care, disability and invalidity coverage, and retirement provision.

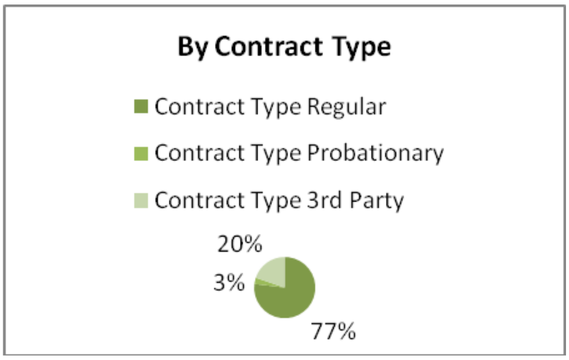
In turn, Abacus engenders commitment and a deep sense of personal accountability from each employee to the Company's purpose and values.

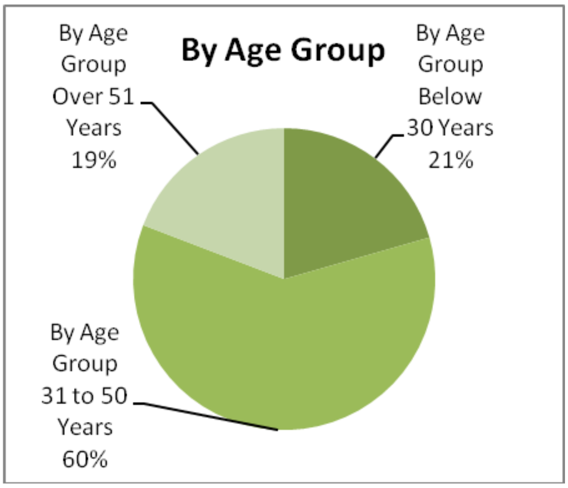
HEAD OFFICE PROFILE OF EMPLOYMENT

The number of employees at Abacus Securities Corporation has a minimal decrease from 80 to 74 since 2021, our team consisted of 41 women and 28 men on regular contracts. During the year we hired 15 new people, 10 are below 30 years and 5 are between 31 to 50 years. Even so, at year end, Half of team members were between 31 to 50 years.

ASC HEAD OFFICE: EMPLOYMENT PROFILE
(At year end 2021)







ASC HEAD OFFICE: PERCENTAGE OF EMPLOYEE PER EMPLOYEE CATEGORY

BY GENDER

ASC HEAD OFFICE: NEW HIRES AND EMPLOYEE TURNOVER IN 2021

	No. of New Hires	Rates of New Hires

TOTAL	15	11%
Male	5	7%
Female	10	13%
Below 30 Years	10	13%
31 to 50 Years	5	7%
Over 51 Years		

BY AGE GROUP

	Below 30 Years	31 to 50 years	Over 51 years
Executive Officer		1	7
Jr. Officer		2	2
Sr. Manager		4	2
Middle Manager		9	
Supervisor	1	5	
Rank & File	14	24	3

	No. of Employee Turnover	Rate of Employee Turnover
TOTAL	10	13%
Male	3	4%
Female	7	9%
Below 30 Years	3	4%
31 to 50 Years	7	9%
Over 51 Years		

At ASC Head office, our corporate culture fosters open communication. All employees receive regular and constructive feedback on their job performance. Our employee training and engagement programs under Abacus Academy are continuously evolving to meet the needs of our growing business and expanding team in order to optimize employee productivity, satisfaction and well-being. We conduct employee satisfaction survey every year to receive feedback and implement improvements.

Abacus Security Corporation ties up with a People Management Association of the Philippines (PMAP) for an up-to-date information on government issuances and other current labor & employment concerns. Updates on latest issues and trends in human resources management and people management.

In 2019, we attended the Data Privacy Law Writeshop to cultivate and learned about data privacy act and ensure that our organization is compliant and to avoid penalty and other consequences.

During the year, our established employee engagement channels and events continued to receive high levels of support and participation from team members including the Annual Team Development Program, Christmas thanksgiving and Service awards.

FAFG GROUP PROFILE OF EMPLOYMENT

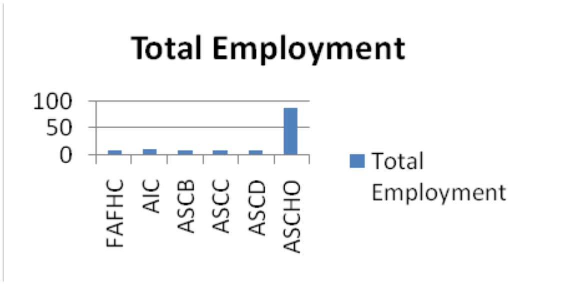
The major operating companies within the scope of this report directly employed over 80 at the end of 2021. Abacus Securities Corporation was the largest single employer within the group with 74 employees. The two featured capital markets namely First Abacus Financial Holdings Corporation and Abacus Investment Corporation employed 6 and 10 regular employees, respectively, with a combined total of 16. At the end of 2021, the gender composition of employees at Abacus Securities Corporation, First Abacus Financial Holdings Corporation and Abacus Investment Corporation was predominantly female.

More than 60% of employees at each of the operating companies were within the age group of 31 to 50 years. At ASC, FAFHC and AIC, the share of employees aged over 50 years was 19%, 33% and 10% respectively.

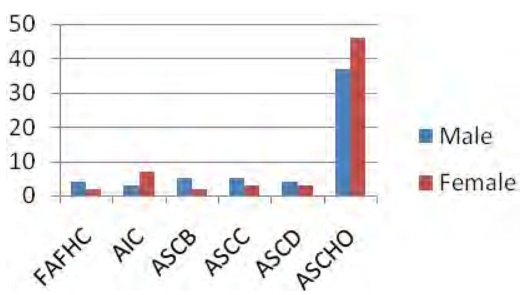
MAJOR OPERATING COMPANIES: EMPLOYMENT BY AGE GROUP

	Below 30 years	31 to 50 Years	Over 50 Years
FAFHC		4	2
ACIC	4	5	1
ASC – Binondo		2	1
ASC – Cebu			4
ASC – Davao		4	
ASC – Head Office	15	45	14

MAJOR OPERATING COMPANIES: TOTAL EMPLOYMENT



MAJOR OPERATING COMPANIES: EMPLOYMENT BY GENDER



Across all operating companies, most employees were engaged on 'regular employment contracts, which means they enjoy the rights and responsibilities of permanent employees in accordance with Philippines employment law. In 2003, only Abacus Securities Corporation Head Office employed a significant number of people on '3rd party agency' contracts

MAJOR OPERATING COMPANIES: EMPLOYMENT BY CONTRACT TYPE

MANAGEMENT APPROACH TO DIVERSITY AND EQUAL OPPORTUNITIES

Abacus Securities Corporation is committed to supporting all employees to do their best work by ensuring that they are treated with dignity and respect in the workplace. We do not tolerate harassment or unlawful discrimination of any kind, including breaches of relevant employment law such as the Magna Carta for Women, Anti-Age Discrimination Law and the Paternity Leave Act. ASC Head Office provides training to assist employees to understand their rights and obligations with respect to equal opportunities and non-discrimination in accordance with our Code of Business Conduct.

ONBOARDING PROCESS

As part of the recruitment process, new hires participate in run staff orientation programs, that all new hires receive the training and support they require to settle quickly and efficiently into their new roles.

First Abacus Financial Holdings Corp.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **First Abacus Financial Holdings Corporation & Subsidiaries** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended **December 31, 2021,** 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's & 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 & 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's & 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 & 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
-0111-3077596-7

MR. JIMMY S. SOO
Treasurer

SUBSCRIBED AND SWORN to before me
MAY 16 2022 at PASIG CITY.
Affiant exhibits to me her/his ________
with No. __________ as strong proof of her/his identity.

ATTY. FERDINAND D. AYAHAO
Notary Public
Appointment No. 184 (2020-2021)
Extended Until June 30, 2022
For Pasig City, Pateros and San Juan City
Roll No. 46277; MCLE Exemption No. VII-BEP003719; 03-24-
IBP LRN 02459; O.R. No. 535286; 06-21-2001
TIN 123-011-725; PTR 8129984; 01-05-22; Pasig
Unit 5, G/F West Tower PSE Bldg., Exchange Road
Ortigas Center, Pasig City Tel. 0285452321

MAY 16 2022

Signed this _____ day of __________

DOC. NO: 212
PAGE NO. 44
BOOK NO. 5
SERIES OF 2022

P&A Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

First Abacus Financial Holdings Corporation and Subsidiaries

December 31, 2021, 2020 and 2019

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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 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.

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 P1.3 billion and P1.2 billion as at December 31, 2021 and 2020, 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 and in the succeeding pages to be the key audit matters to be communicated in our report.

(a) Impairment of Receivables

Description of the Matter

As at December 31, 2021, the Group's receivables, which account for 44% of the Group's total assets, amount to P3.5 billion, net of allowance for impairment of P425.8 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 the 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, 2021 amounts to P11.2 million while the Group's unrecognized net deferred tax assets as at December 31, 2021 amounts to P287.9 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, 2021, 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 statements 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, 3 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, 2021.

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, 2021, 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, 2021 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 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. 8852329, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 57831-SEC (until Dec. 31, 2025)
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 Aug. 27, 2024)

May 12, 2022

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes		2021		2020
ASSETS					
CASH	7	**P**	**177,203,092**	P	154,124,698
RECEIVABLES - Net	10		**3,460,965,122**		2,887,478,548
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	8		**1,739,307,927**		1,364,498,859
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	9		**2,209,874,050**		1,887,800,656
PROPERTY AND EQUIPMENT - Net	12		**13,485,061**		23,834,667
DEFERRED TAX ASSETS - Net	20		**11,187,400**		16,473,336
OTHER ASSETS - Net	13		**211,339,651**		193,053,480
TOTAL ASSETS		**P**	**7,823,362,303**	P	6,527,264,244
LIABILITIES AND EQUITY					
INTEREST-BEARING LOANS AND BORROWINGS	14	**P**	**5,795,506,931**	P	4,827,918,544
DUE TO CUSTOMERS	15		**586,770,768**		634,175,376
ACCOUNTS PAYABLE AND OTHER LIABILITIES	16		**357,517,053**		245,731,775
Total Liabilities			**6,739,794,752**		5,707,825,695
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		**1,533,498,718**		1,227,972,334
DEFICIT	1	**(**	**1,260,565,386)**	(	1,219,168,004)
Total Equity			**1,083,567,551**		819,438,549
TOTAL LIABILITIES AND EQUITY		**P**	**7,823,362,303**	P	6,527,264,244

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, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
REVENUES				
Commissions and fees	2	**P 319,775,917**	P 151,686,131	P 121,406,200
Fair value gains on financial assets at fair value through profit or loss (FVTPL) - net	8	**174,432,905**	174,085,214	144,772,407
Gain on sale of financial assets at FVTPL - net	8	**44,169,947**	114,139,548	92,123,743
Interest income	7	**438,485**	714,141	145,998
Others	10, 11, 22	**12,483,429**	5,002,049	5,932,114
		551,300,683	445,627,083	364,380,462
EXPENSES				
Interest expense	14, 16, 18	**310,844,923**	285,125,030	296,516,594
Salaries and employee benefits	18	**65,510,947**	55,354,890	57,470,378
Commissions		**57,402,189**	43,407,581	35,454,207
Taxes and licenses		**30,718,947**	28,006,312	26,962,967
Exchange fees		**17,728,567**	9,927,245	10,897,479
Depreciation and amortization	12, 13	**13,418,903**	14,211,991	17,253,084
Membership fees and dues		**12,659,154**	12,387,104	13,640,856
Communication		**11,567,146**	9,845,463	11,258,474
Professional fees		**8,305,137**	6,711,626	5,491,402
Outside services		**5,577,673**	4,699,145	5,367,619
Representation and entertainment		**2,574,404**	8,805,019	2,831,201
Transportation and travel		**1,192,772**	4,290,691	3,066,076
Impairment losses on receivables	10	**-**	-	6,446,419
Others	16, 19	**16,534,639**	14,368,375	20,304,214
		554,035,401	497,140,472	512,960,970
LOSS BEFORE TAX		**(2,734,718)**	(51,513,389)	(148,580,508)
TAX EXPENSE	20	**(32,715,782)**	(43,853,580)	(32,104,283)
NET LOSS		**(P 35,450,500)**	(P 95,366,969)	(P 180,684,791)
Basic and Diluted Loss Per Share	21	**(P 0.0347)**	(P 0.0933)	(P 0.1768)

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
NET LOSS		**(P 35,450,500)**	(P 95,366,969)	(P 180,684,791)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:	17			
Unrealized fair value gains on financial assets at fair value through other comprehensive income - net	9	**306,192,842**	249,276,096	214,759,725
Gain (loss) on remeasurements of post-employment defined benefit plan	18	**(6,613,340)**	(3,085,920)	6,512,776
Total Other Comprehensive Income		**299,579,502**	246,190,176	221,272,501
TOTAL COMPREHENSIVE INCOME		**P 264,129,002**	P 150,823,207	P 40,587,710

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, 2021, 2020 AND 2019
(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, 2021	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
Transfer of realized fair value losses on financial assets at fair value through other comprehensive income	-	-	-	5,946,882	(5,946,882)	-
Total comprehensive income (loss) for the year	-	-	-	299,579,502	(35,450,500)	264,129,002
Balance at December 31, 2021	**P 1,193,200,000**	**P 3,104,800**	**(P 385,670,581)**	**P 1,533,498,718**	**(P 1,260,565,386)**	**P 1,083,567,551**
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	P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 764,453,894	(P 947,060,481)	P 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

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		**(P 2,734,718)**	(P 51,513,389)	(P 148,580,508)
Adjustments for:				
Interest expense	14, 16, 18	**311,166,362**	285,125,030	296,516,594
Depreciation and amortization	12, 13	**13,418,903**	14,211,991	17,253,084
Dividend income		**(7,019,371)**	(17,650)	(75,000)
Interest income	7	**(438,485)**	(714,141)	(145,998)
Operating profit before working capital changes		**314,392,691**	247,091,841	164,968,172
Decrease (increase) in receivables		**(573,486,574)**	(352,025,149)	32,022,925
Increase in financial assets at fair value through profit or loss		**(374,809,068)**	(193,188,975)	(350,843,870)
Increase in financial assets at fair value through other comprehensive income		**(15,880,552)**	(42,840,624)	-
Increase in other assets		**(28,305,020)**	(13,252,226)	(21,870,075)
Increase (decrease) in due to customers		**(47,404,608)**	432,364,792	(13,016,206)
Increase (decrease) in accounts payable and other liabilities		**110,614,027**	(215,774,443)	241,784,364
Cash generated from (used in) operations		**(614,879,104)**	(137,624,784)	53,045,310
Interest received		**438,485**	714,141	145,998
Cash paid for final taxes	20	**(9,580,145)**	(452,545)	(156,393)
Net Cash From (Used in) Operating Activities		**(624,020,764)**	(137,363,188)	53,034,915
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of computer software	13	**(10,458,533)**	(36,000)	(1,243,490)
Dividends received		**7,019,371**	17,650	75,000
Acquisitions of property and equipment	12	**(2,020,773)**	(2,075,475)	(530,192)
Proceeds from disposal of property and equipment	12	**1,579,157**	607,566	990,831
Net Cash Used in Investing Activities		**(3,880,778)**	(1,486,259)	(707,851)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from additional loans and borrowings	14	**2,433,919,747**	2,264,904,604	1,645,599,445
Repayments of loans and borrowings	14	**(1,466,331,360)**	(1,827,448,023)	(1,349,955,130)
Interest paid		**(316,168,391)**	(283,544,142)	(291,032,834)
Payments of principal portion of lease liabilities	14, 16	**(440,060)**	(3,949,419)	(9,921,407)
Net Cash From (Used in) Financing Activities		**650,979,936**	149,963,020	(5,309,926)
NET INCREASE IN CASH		**23,078,394**	11,113,573	47,017,138
CASH AT BEGINNING OF YEAR		**154,124,698**	143,011,125	95,993,987
CASH AT END OF YEAR		**P 177,203,092**	P 154,124,698	P 143,011,125

Supplemental Information on Non-cash Investing and Financing Activities –

In 2020, the Group recognized right-of-use assets amounting to P2,086,868 with corresponding lease liabilities of the same amount in the statements of financial position (see Notes 12, 14 and 16). No similar transaction occurred in 2021.

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

1.1 Corporate Information

First Abacus Financial Holdings Corporation (the Parent Company) was incorporated in the Philippines and registered with the Securities and 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	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.

1.2 Status of Operations

The Group has a deficit of P1,260,565,386 and P1,219,168,004 as at December 31, 2021 and 2020, 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 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 its 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.

1.3 Continuing Impact of COVID-19 Pandemic Pandemic on the Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these financial statements. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations.

In 2021 and 2020, the Group has taken the following measures to mitigate the adverse effects of the COVID-19 pandemic to the Group's business:

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

The Group's operations improved in 2021 as discussed below.

- the Group continued its operations, since its online stock trading platform, "My Trade", has been fully operational in 2021. 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 the Group increased by 24% compared to that of 2020;
- commission and fees arising from financial advisory and underwriting services increased by P86.4 million in 2021 as compared to that of 2020; and,
- the Group has also registered higher fair value gains on financial assets at fair value through other comprehensive income (FVOCI) and unrealized fair value gains on financial assets at FVOCI by 17% and 23%, respectively, compared to that of 2020. This resulted to higher total comprehensive income during the year.

Management will continue to take actions to continually improve the operations as the need arises. Based on the foregoing improvements, management projects that the Group would remain liquid to meet current obligations as they fall due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern due to the effects of the pandemic.

1.4 Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2021 (including the comparative consolidated financial statements as at December 31, 2020 and for the years ended December 31, 2020 and 2019) were authorized for issue by the Parent Company's Chairman of the Board of Directors (BOD) and Chief Executive Officer on May 12, 2022.

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 and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 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.

2.2 Adoption of Amended PFRS

(a) Effective in 2021 that are Relevant to the Group

The Group adopted for the first time PFRS 9 (Amendments), *Financial Instruments*, PFRS 7 (Amendments), *Financial Instruments: Disclosures*, and PFRS 16 (Amendments), *Leases – Interest Rate Benchmark Reform Phase 2*, which are mandatorily effective for annual periods beginning on or after January 1, 2021. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(b) Effective Subsequent to 2021 but are not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PFRS 16, *Leases – COVID-19-Related Rent Concessions beyond June 30, 2021* (effective from April 1, 2021)

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)

(iv) 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:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(vi) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(vii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(viii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

(ix) 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).

2.3 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.

2.4 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.

2.5 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.

2.6 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

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. 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 below and 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 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, 2021 and 2020, 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* – 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* – 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* – 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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).

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.

2.12 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.

2.13 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 Memorandum Circular 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.

2.14 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.

2.15 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:

(a) identifying the contract with a customer;
(b) identifying the performance obligation;
(c) determining the transaction price;
(d) allocating the transaction price to the performance obligations; and,
(e) 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).

2.16 Securities Transactions

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

2.17 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.

(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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the judgments discussed below and 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, 2021 and 2020, 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.

3.2 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 and computer software based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and computer software 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 and computer software are analyzed in Notes 12 and 13.6, respectively. Based on management's assessment as at December 31, 2021 and 2020, there is no change in the estimated useful lives of property and equipment and computer software 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, 2021 and 2020 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 2021, 2020 and 2019.

(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:

4.1 Interest Rate Risk

At December 31, 2021 and 2020, 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 +/-0.21% and +/-1.49% for interest-bearing loans in 2021 and 2020, 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 0.21% and 1.49% in 2021 and 2020, respectively, loss before tax in 2021 and 2020 would have increased by P12,170,565 and P71,935,986 , 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.

4.2 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	2021	2020
Cash	7	**P 177,203,092**	P 154,124,698
Receivables – net	10	**3,456,768,392**	2,882,637,316
Clearing and Trade Guaranty Fund (CTGF)	13	**22,567,086**	20,398,664
		P 3,656,538,570	P 3,057,160,678

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

	Neither Past Due Nor Impaired		Past Due but	
	High Grade	Standard Grade	not Individually Impaired	Total
December 31, 2021				
Cash	P 177,203,092	P -	P -	P 177,203,092
Receivables:				
Customers/brokers	603,895,420	2,278,105,434	2,250,713	2,884,251,567
Equity margin loans	-	-	601,010,178	601,010,178
Accounts receivable	4,296,639	1,382,464	153,111,613	158,790,716
Notes receivables	-	3,997,119	68,449,190	72,446,309
Interest receivables	-	7,287,476	57,854,154	65,141,630
Management fees	-	19,550,000	-	19,550,000
Others	-	76,326,922	5,038,129	81,365,051
Receivables – gross	608,192,059	2,386,649,415	887,713,977	3,882,555,451
Allowance for impairment	-	-	(425,787,059)	(425,787,059)
Receivables – net	608,192,059	2,386,649,415	461,926,918	3,456,768,392
CTGF	-	22,567,086	-	22,567,086
	P 785,395,151	**P 2,409,216,501**	**P 461,926,918**	**P 3,656,538,570**
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	-	19,430,281	5,024,940	24,455,221
Receivables – gross	515,286,067	1,883,084,178	911,196,811	3,309,567,056
Allowance for impairment	-	-	(426,929,740)	(426,929,740)
Receivables – net	515,286,067	1,883,084,178	484,267,071	2,882,637,316
CTGF	-	20,398,664	-	20,398,664
	P 669,410,765	P 1,903,482,842	P 484,267,071	P 3,057,160,678

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, 2021 and 2020.

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
2021				
Customers/brokers	P2,884,251,567	P6,887,777,844	P -	P2,884,251,567
Equity margin loans	601,010,178	536,582,986	64,427,192	536,582,986
CTGF	22,567,086	-	22,567,086	-
	P3,507,828,831	**P7,424,360,830**	**P 86,994,278**	**P3,420,834,553**
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	-
	P2,981,189,113	P9,949,307,723	P 56,482,400	P2,924,706,713

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, 2021 and 2020, 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, 2021				
Interest-bearing loans and borrowings (including accrued interest)	P 5,164,841,253	P 658,994,788	P -	P 5,823,836,041
Due to customers	586,770,768	-	-	586,770,768
Accounts payable and other liabilities (excluding post-employment defined benefit obligation, taxes payable and accrued interest)	143,677,333	125,519,764	2,772,228	271,969,325
	P 5,895,289,354	**P 784,514,552**	**P 2,772,228**	**P 6,682,576,134**
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

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, 2021 and 2020 are summarized as follows:

			Impact of Increase		Impact of Decrease	
	Increase	Decrease	Results of Operations	Other Comprehensive Loss	Net Loss	Other Comprehensive Loss
2021						
Financial assets at FVTPL	+34.94%	-34.94%	P 607,712,016	P -	(P 607,712,016)	P -
Financial assets at FVOCI						
Berjaya Philippines, Inc. (BCOR)	+52.52%	-52.52%	-	1,156,371,731	-	(1,156,371,731)
			P 607,712,016	**P 1,156,371,731**	**(P 607,712,016)**	**(P 1,156,371,731)**
2020						
Financial assets at FVTPL	+28.14%	-28.14%	P 383,969,979	P -	(P 383,969,979)	P -
Financial assets at FVOCI						
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)

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, 2021 and 2020 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

5.1 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:

	Notes	2021 Carrying Amounts	2021 Fair Values	2020 Carrying Amounts	2020 Fair Values
Financial assets					
At amortized cost:					
Cash	7	**P 177,203,092**	**P 177,203,092**	P 154,124,698	P 154,124,698
Receivables – net	10	**3,456,768,392**	**3,456,768,392**	2,882,637,316	2,882,637,316
CTGF	13	**22,567,086**	**22,567,086**	20,398,664	20,398,664
		3,656,538,570	**3,656,538,570**	3,057,160,678	3,057,160,678
Financial assets at FVTPL	8	**1,739,307,927**	**1,739,307,927**	1,364,498,859	1,364,498,859
Financial assets at FVOCI	9	**2,209,874,050**	**2,209,874,050**	1,887,800,656	1,887,800,656
		P7,605,720,547	**P7,605,720,547**	P 6,309,460,193	P 6,309,460,193
Financial liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	14	**P 5,795,506,931**	**P5,795,506,931**	P 4,827,918,544	P 4,827,918,544
Due to customers	15	**586,770,768**	**586,770,768**	634,175,376	634,175,376
Accounts payable and other other liabilities	16	**300,298,434**	**300,298,434**	194,839,560	194,839,560
		P 6,682,576,133	**P6,682,576,133**	P 5,656,933,480	P 5,656,933,480

5.2 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 set-off	Net amount presented in the consolidated statements of financial position
December 31, 2021				
Due to (from) clearing house	**16**	**P 94,239,165**	**(P 153,287,256)**	**(P 59,048,091)**
December 31, 2020				
Due to (from) clearing house	16	P 41,076,390	(P 63,863,943)	(P 22,787,553)

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 2021 and 2020 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.

5.3 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.

5.4 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, 2021 and 2020.

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Financial assets at FVTPL	P 1,739,307,927	P -	P -	P 1,739,307,927
Financial assets at FVOCI	2,201,774,050	8,100,000	-	2,209,874,050
	P 3,941,081,977	**P 8,100,000**	**P -**	**P 3,949,181,977**
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

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, 2021 and 2020 and neither were there transfers among fair value hierarchies in both years.

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

The tables below and in the succeeding page 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, 2021				
Financial assets:				
Cash	P 177,203,092	P -	P -	P 177,203,092
Receivables - net	-	-	3,456,768,392	3,456,768,392
CTGF	-	-	22,567,086	22,567,086
	P 177,203,092	**P -**	**P 3,479,335,478**	**P 3,656,538,570**
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 5,795,506,931	P 5,795,506,931
Due to customers	-	-	586,770,768	586,770,768
Accounts payable and other liabilities	-	-	300,298,434	300,298,434
	P -	**P -**	**P 6,682,576,133**	**P 6,682,576,133**

	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	-	-	2,882,637,316	2,882,637,316
CTGF	-	-	20,398,664	20,398,664
	P 154,124,698	P -	P 2,903,035,980	P 3,057,160,678
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	194,839,560
	P -	P -	P 5,656,933,480	P 5,656,933,480

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.

5.6 Fair Value Measurement of Non-financial Assets

The market value of the Group's investment properties, which consist of condominium units, amounts to P62,754,953 and P58,971,667 as at December 31, 2021 and 2020, 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 6.25% in 2021, 4.00% to 7.25% in 2020 and 5.00% to 7.35% in 2019 (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 in the succeeding page.

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 in the succeeding page present revenue and profit information regarding industry segments for the years ended December 31, 2021, 2020 and 2019 and certain assets and liabilities information regarding industry segments as at December 31, 2021, 2020 and 2019.

	Securities Brokerage	Investment Banking	Leasing and Others	Total before Elimination	Elimination	Group
December 31, 2021						
Revenues:						
External	P 263,378,033	P 119,506,712	P 168,415,938	P 551,300,683	P -	P 551,300,683
Inter-segment	524,271	51,607,817	8,320,365	60,452,453	(60,452,453)	-
	263,902,304	171,114,529	176,736,303	611,753,136	(60,452,453)	551,300,683
Expenses:						
Interest expense	30,001,691	275,376,017	44,784,787	350,162,495	(39,317,571)	310,844,924
Depreciation and amortization	9,711,550	678,347	3,029,006	13,418,903	-	13,418,903
Other expenses						
External	186,169,915	57,385,985	(13,784,326)	229,771,574	-	229,771,574
Inter-segment	21,134,882	(280,000)	-	20,854,882	(20,854,882)	-
	247,018,038	333,160,349	34,029,467	614,207,854	(60,172,453)	554,035,401
Profit (loss) before tax	**16,884,266**	**(162,045,820)**	**142,706,836**	**(2,454,718)**	**(280,000)**	**(2,734,718)**
Tax expense	**3,854,071**	**25,526,002**	**3,335,709**	**32,715,782**	**-**	**32,715,782**
Net profit (loss)	**P 13,030,195**	**(P 187,571,822)**	**P 139,371,127**	**(P 35,170,500)**	**(P 280,000)**	**(P 35,450,500)**
Segment assets	**P 1,417,807,576**	**P 6,250,185,267**	**P 1,248,707,844**	**P 8,916,700,687**	**(P 1,093,338,384)**	**P 7,823,362,303**
Segment liabilities	**P 970,731,973**	**P 5,202,865,147**	**P 841,217,254**	**P 7,014,814,374**	**(P 275,019,622)**	**P 6,739,794,752**
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	74,782,531	(138,037,827)	112,021,907	48,766,611	(100,280,000)	(51,513,389)
Tax expense	20,652,398	22,814,253	386,929	43,853,580	-	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	12,770,056	(270,074,294)	109,003,730	(148,300,508)	(280,000)	(148,580,508)
Tax expense	5,970,144	23,032,790	3,101,349	32,104,283	-	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

7. CASH

This account includes the following:

	2021	2020
Cash in banks	**P 177,096,471**	P 154,038,077
Cash on hand	**106,621**	86,621
	P 177,203,092	P 154,124,698

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 (SRC) Rule 49.2, *Restrictions on Borrowings by Members, Brokers, and Dealers*, 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 P70,121,029 and P31,573,485 as at December 31, 2021 and 2020, 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 P1,739,307,927 and P1,364,498,859 as at December 31, 2021 and 2020, 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 P44,169,947, P114,139,548, and P92,123,743 in 2021, 2020, and 2019, 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 P174,432,905, P174,085,214 and P144,772,407 in 2021, 2020 and 2019, respectively, on investments arising from mark-to-market valuation of investments at FVTPL and are presented as Fair Value Gains on Financial Assets at FVTPL 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:

	2021	2020
BCOR	**P 2,201,774,050**	P1,868,880,900
Others	**8,100,000**	18,919,756
	P 2,209,874,050	P1,887,800,656

The movements of financial assets at FVOCI are as follows:

	Note	2021	2020
Balance at beginning of year		**P 1,887,800,656**	P1,595,683,936
Unrealized fair value gains - net	17.2	**306,192,842**	249,276,096
Additions		**20,203,192**	65,373,067
Disposals		**(4,322,640)**	(22,532,443)
Balance at end of year		**P 2,209,874,050**	P1,887,800,656

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 P306,192,842, P249,276,096 and P214,759,725 in 2021, 2020 and 2019, respectively, are presented in the consolidated statements of comprehensive income as items that will not be reclassified subsequently to profit or loss in 2021, 2020 and 2019. The realized loss of P5,946,882 in 2021 and the realized gain of P3,944,237 in 2020 recognized from the sale of financial assets were transferred directly to Retained Earnings. There was no similar transaction in 2019.

Net cumulative fair value changes on financial assets at FVOCI amounted to P1,541,905,530, P1,229,765,806 and P984,433,947 as at December 31, 2021, 2020 and 2019, 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	2021	2020
Current:			
Due from customers/brokers	10.2	**P 2,884,251,567**	P 2,344,780,271
Accounts receivable	10.3	**93,569,948**	95,086,389
Notes receivables	10.4	**72,446,309**	72,322,599
Interest receivables	10.4	**65,141,630**	65,141,630
Management fees	11.1	**19,550,000**	19,550,000
Others	11.2, 11.4	**77,060,553**	21,869,064
		3,212,020,007	2,618,749,953
Non-current:			
Equity margin loans	10.1	**601,010,178**	616,010,178
Accounts receivable	10.3	**65,220,768**	72,220,768
Others	11.2, 11.4	**8,501,228**	7,427,389
		674,732,174	695,658,335
		3,886,752,181	3,314,408,288
Allowance for impairment		**(425,787,059)**	(426,929,740)
		P 3,460,965,122	P 2,887,478,548

All receivables of the Group have been assessed for impairment in 2021 and 2020. 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 2021 and 2020 is shown below.

	2021	2020
Balance at beginning of year	**P 426,929,740**	P 429,391,577
Reversal of impairment losses	**(1,142,681)**	(2,461,837)
Balance at end of year	**P 425,787,059**	P 426,929,740

Impairment losses amounting to P6,446,419 in 2019 is presented under Impairment Losses on Receivables in the consolidated statements of profit or loss. There was no similar transaction in 2021 and 2020. The reversal of impairment losses amounting to P1,142,681, P2,461,837 and P4,666,200 in 2021, 2020 and 2019, is presented as part of Others under Revenues section in the consolidated statements of profit or loss.

10.1 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 provided with an allowance amounting to P184,786,358 as of December 31, 2021 and 2020, and the remaining balance is secured by certain marketable shares of stock (pledged by certain customers) with a total market value of P536,582,986 and P579,926,442 as at December 31, 2021 and 2020, respectively.

10.2 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 due 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.

10.3 Accounts Receivable

Receivables from employees, which are unsecured and noninterest-bearing, amount to P4,196,730 and P4,841,232 as at December 31, 2021 and 2020, respectively.

Accounts receivable also include a receivable from Kestrel Resources Philippines, Inc. (Kestrel) (a third party engaged in purchasing receivables) amounting to P78,467,026 and P85,467,026 as at December 31, 2021 and 2020, 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).

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 2021 and 2020, the Group collected P7,000,000 and P5,000,000, respectively, of these receivables. As at December 31, 2021 and 2020, the Group has provided allowance for impairment of P75,467,026 in both years on Kestrel's account.

10.4 Notes and Interest Receivables

Notes and interest receivables represent unsecured outstanding claims from an individual, which are due upon demand. These receivables are fully-provided with an allowance and have zero outstanding balance as of December 31, 2021 and 2020.

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, 2021, 2020 and 2019 presented below.

Related Party Category	Notes	2021 Amount of Transactions	2021 Outstanding Balances	2020 Amount of Transactions	2020 Outstanding Balances	2019 Amount of Transactions	2019 Outstanding Balances
Related Parties Under Common Ownership or Directorship:							
Management fees	11.1	**P -**	**P 19,550,000**	P -	P 19,550,000	P -	P 21,250,000
Lease of properties	11.2	**1,409,455**	**9,361,402**	1,362,485	8,337,041	1,305,967	6,353,550
Trading transactions – net	11.6	**754,748,871**	**-**	747,180,144	-	695,887,017	-
Key management Personnel:							
Compensation	11.3	**31,350,653**	**-**	25,546,635	-	24,294,219	-
Acquisition of transportation equipment	11.4	**225,000**	**591,667**	-	-	-	-
Sale of transportation equipment	11.4	**1,579,157**	**-**	607,566	-	990,832	-
Trading transactions – net	11.6	**627,357,958**	**454,773,882**	1,854,579,691	92,931,277	1,650,509,743	-
Fair value of plan assets	11.5	**-**	**37,301,956**	-	40,592,603	-	34,403,872

All of the Group's receivables from related parties were subjected to the ECL assessment. Based on management's assessment, no additional 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:

11.1 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 receivable amounted to P19,550,000 as at December 31, 2021 and 2020, 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).

11.2 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 P1,409,455, P1,362,485, and P1,305,967 in 2021, 2020, and 2019, respectively, 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 P9,361,402 and P8,337,041 as at December 31, 2021 and 2020, 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.

11.3 Key Management Personnel Compensation

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

	2021	2020	2019
Short-term benefits	**P 30,301,102**	P 23,578,534	P 22,991,112
Post-employment defined benefits	**1,049,551**	1,968,101	1,303,107
	P 31,350,653	P 25,546,635	P 24,294,219

11.4 Cost-Sharing and Sale of Acquisition of Equipment

In the previous years, the Group acquired certain transportation equipment through finance lease arrangements. 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 2021, the balance payable by key management personnel to the Group amounting to P225,000 was settled.

In 2021 and 2020, the Group sold certain transportation equipment to certain key management personnel with a carrying amount of P1,579,157 and P607,566, 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.

11.5 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, 2021 and 2020 are presented in Note 18.2.

11.6 Outstanding Trading Transactions

In the normal course of business, the Group's related parties, directors and key officers transact their securities investments through ASC. Any outstanding balances arising from these transactions are secured with their corresponding stock position, are noninterest-bearing and are normally settled within three days after trading date. Also, as agreed between the Parent Company and ASC's directors and key officers in an offsetting arrangement between the concerned parties, any amounts due from (to) the directors and key officers [which are included as part of Due from Customers (presented as part of Receivables and Due to Customers in the consolidated statements of financial position) arising from trading transactions, will be offset against the related amount of receivable from (payable to) the Parent Company (see Note 15).

12. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment, at the beginning and end of 2021 and 2020 are shown below.

	Condominium Units	Building Improvements	Transportation Equipment	Computer Equipment	Furniture, Fixtures and Equipment	Right-of-use Asset	Total
December 31, 2021							
Cost	P 114,435,714	P 23,906,781	P 19,424,432	P 26,572,361	P 9,014,363	P 2,086,868	P 195,440,519
Accumulated depreciation and amortization	(109,257,898)	(21,811,513)	(16,579,649)	(24,563,584)	(8,779,645)	(963,169)	(181,955,458)
Net carrying amount	**P 5,177,816**	**P 2,095,268**	**P 2,844,783**	**P 2,008,777**	**P 234,718**	**P 1,123,699**	**P 13,485,061**
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
January 1, 2020							
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

A reconciliation of the carrying amounts at the beginning and end of 2021 and 2020 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, 2021, 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
Additions	-	-	-	1,798,786	221,987	-	2,020,773
Disposals	-	-	(1,579,157)	-	-	-	(1,579,157)
Depreciation and amortization charges for the year	(3,687,892)	(1,303,562)	(4,204,448)	(1,055,704)	(58,031)	(481,585)	(10,791,222)
Balance at December 31, 2021, net of accumulated depreciation and amortization	**P 5,177,816**	**P 2,095,268**	**P 2,844,783**	**P 2,008,777**	**P 234,718**	**P 1,123,699**	**P 13,485,061**
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	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

In 2021, 2020 and 2019, certain items of transportation equipment with a total cost of P1,579,157, 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.

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. There is no similar transaction in 2021.

As at December 31, 2021 and 2020, the gross carrying amount of the Group's fully depreciated items of property and equipment that are still being used in operations is P105,670,323 and P74,927,172, 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	**2021**	2020
Current –			
Prepayments		**P 2,305,465**	P 1,940,001
Non-current:			
Creditable withholding taxes	13.2	**131,269,888**	124,808,032
Goodwill	13.1	**84,584,951**	84,584,951
CTGF	13.7	**22,567,086**	20,398,664
Deferred oil exploration costs	13.4	**15,418,003**	15,418,003
Computer software	13.6	**8,606,999**	776,147
Advances to suppliers		**7,257,779**	3,110,457
Trading right	13.5	**1,408,000**	1,408,000
Others		**2,600,079**	5,287,824
		273,712,785	255,792,078
		276,018,250	257,732,079
Allowance for impairment of goodwill and deferred oil exploration costs	13.1, 13.4	**(64,678,599)**	(64,678,599)
		P 211,339,651	P 193,053,480

13.1 Goodwill

The carrying amount of Goodwill as at December 31, 2021 and 2020 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 cash generating unit (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 2021, 2020 and 2019.

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 2021 and 2020, the discount rate applied to cash flow projections is 3.25% and 1.85%, respectively, while the average growth rate used is 1.4% in 2021 and 2020 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.

13.2 Creditable Withholding Taxes

This account represents accumulated income tax credits of the Group that remained unapplied as at December 31, 2021 and 2020. These income tax credits will be applied against future income tax liabilities.

13.3 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 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020.

13.4 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.

13.5 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, 2021 and 2020, and the expected recoverable amount, the trading right is not impaired.

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

	2021	2020
Carrying amount at beginning of year	**P 776,147**	P 1,792,191
Additions	**10,458,533**	36,000
Amortization during the year	**(2,627,681)**	(1,052,044)
Carrying amount at end of year	**P 8,606,999**	P 776,147

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, 2021 and 2020 amounted to P11,650,069 and P9,022,388, respectively.

Also, as at December 31, 2021 and 2020, the Group has fully-amortized computer software with a gross carrying amount of P8,519,040 for both years that is still being used in operations.

13.7 Clearing and Trade Guaranty Fund (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, 2021 and 2020, the Group's total contribution to CTGF amounting to P22,567,086 and P20,398,664 , respectively.

14. INTEREST-BEARING LOANS AND BORROWINGS

As at December 31, this account consists of:

	2021	2020
Current:		
Notes payable	**P 5,595,506,931**	P 4,827,918,544
Bank loans	**200,000,000**	-
	P 5,795,506,931	P 4,827,918,544

Notes payable represents short-term unsecured loans from various individual and corporate funders bearing annual interest at rates ranging from 4.00% to 6.25%, 4.00% to 7.25%, and 5.00% to 7.35% in 2021, 2020 and 2019, 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 P306,546,571, P281,923,828 and P288,633,825 in 2021, 2020 and 2019, respectively, with related accrued interests of P28,329,109 and P33,386,329, as at December 31, 2021 and 2020, 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 P440,000,000 in 2021 and P200,000,000 in 2020, gross of repayments, for working capital requirements (see Note 22.3). The outstanding balance of these loans as of December 31, 2021 amounted to P200,000,000 (nil in 2020). The loans are payable within three months with rollover options and are subject to annual effective interest rates ranging from 5.05% to 6.50% in 2021 and 5.15% in 2020.

Interest expense pertaining to these loans amounted to P3,330,556, P1,661,376, and P5,207,118 in 2021, 2020 and 2019, 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, 2021 and 2020 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 related lease liabilities were fully paid in 2020.

Interest expense pertaining to these leases amounted to P593,032 in 2019 (nil in 2020 and 2021) 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, 2021 and 2020 related to these finance leases.

Total cash outflow with respect to these lease contracts amounted to P3,544,423 in 2020 (nil in 2021).

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

	2021	2020	2019
Balance at beginning of year	**P 4,827,918,544**	P 4,394,006,385	P 4,108,283,477
Cash flows from financing activities:			
Additional loan availments	**2,433,919,747**	2,264,904,604	1,645,599,445
Repayments of loans	**(1,466,331,360)**	(1,827,448,023)	(1,349,955,130)
Payment of lease liabilities	**-**	(3,544,422)	(9,921,407)
Balance at end of year	**P 5,795,506,931**	P 4,827,918,544	P 4,394,006,385

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, 2021 and 2020 amounted to P586,770,768 and P634,175,376, respectively.

16. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	Notes	2021	2020
Current:			
Accounts payable and accrued expenses	14	**P 217,916,264**	P 152,182,614
Due to clearing house	5.2	**59,048,091**	22,787,553
Withholding taxes payable		**21,170,208**	26,473,583
Due to non-customers		**16,352,433**	14,248,828
Income tax payable		**790,734**	560,256
Lease liability	12	**497,410**	440,060
Others		**3,712,008**	1,910,867
		319,487,148	218,603,761
Non-current:			
Post-employment defined benefit obligation	18.2	**35,257,677**	23,858,376
Security deposits		**2,027,826**	2,027,826
Lease liability	12	**744,402**	1,241,812
		38,029,905	27,128,014
		P 357,517,053	P 245,731,775

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, 2021 and 2020 amounted to P1,241,812 and P1,654,872, respectively.

Interest expense pertaining to these leases amounted to P123,580 in 2021, P286,318 in 2020 and is shown as part of Interest Expense in the consolidated statements of profit or loss. Total cash outflow in 2021 and 2020 with respect to this lease contract amounted to P440,060 and P404,997, respectively.

The undiscounted maturity analysis of the lease liability at December 31, 2021 and 2020 is as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
December 31, 2021					
Lease payments	P 582,428	P 591,822	P 197,274	P -	P 1,371,524
Finance charges	(85,018)	(41,316)	(3,378)	-	(129,712)
Net present value	**P 497,410**	**P 550,506**	**P 193,896**	**P -**	**P 1,241,812**
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 P227,946, P227,098 and P848,068 for year 2021, 2020 and 2019, 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

17.1 Capital Stock and Treasury Shares

As at December 31, 2021 and 2020, 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 treasury shares. These are presented as Treasury Shares in the consolidated statements of financial position and do not form part of the outstanding shares.

17.2 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 and in the succeeding page.

	Notes	Financial Assets at FVOCI	Post-employment Benefit Obligation	Total
Balance as at January 1, 2021		P 1,229,765,806	(P 1,793,472)	P 1,227,972,334
Remeasurements of post-employment defined benefit obligation	18.2(b)	-	(7,595,903)	(7,595,903)
Unrealized fair value gains on financial assets at FVOCI	9	306,192,842	-	306,192,842
Tax income	20	-	982,563	982,563
Other comprehensive income (loss)		306,192,842	(6,613,340)	299,579,502
Transfer to Retained Earnings – Fair value losses on disposed Financial assets at FVOCI	9	5,946,882	-	5,946,882
Balance as at December 31, 2021		**P 1,541,905,530**	**(P 8,406,812)**	**P 1,533,498,718**
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	20	-	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

	Notes	Financial Assets at FVOCI	Post-employment Benefit Obligation	Total
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)	-	3,391,977	3,391,976
Unrealized fair value gains on financial assets at FVOCI	9	214,759,725	-	214,759,725
Tax income	20	-	3,120,799	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

17.3 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.

A reasonable level of debt-to-equity is maintained to properly manage the Group's operations. Presented below is the 2021 and 2020 debt-to-equity ratio of the Group:

	2021	2020
Total liabilities	**P 6,739,754,752**	P 5,707,825,695
Total equity	**1,083,567,551**	819,438,549
Debt-to-equity ratio	**6.22 : 1.00**	6.97 : 1.00

17.4 Capital Requirements for ASC

17.4.1 Minimum Capital Requirement – SEC

On November 11, 2004, the SEC approved MC 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 SRC. 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%;

(b) NLC should be at least P5,000,000 or 5% 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% of its NLC.

As at December 31, 2021 and 2020, ASC is in compliance with minimum capital requirement set out by the RBCA framework. ASC's RBCA ratio is 246.00% and 241.00% as at December 31, 2021 and 2020, respectively. ASC is also compliant with the NLC requirement as of December 31, 2021 and 2020.

17.4.2 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, 2021 and 2020, ASC is in compliance with PSE's Rules Governing Trading Rights and Trading Participants.

17.4.3 Retained Earnings Appropriation

Rule 49.1 (B), *Reserve Fund*, of SEC MC 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 amounting to P1,303,020 and P5,413,013 in 2021 and 2020, respectively. No appropriation was made by ASC in 2019 since ASC has a deficit of P8,324,765.

17.5 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, 2021 and 2020, ACIC is in compliance with minimum capital requirement set out by the RA No. 8366.

17.6 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, 2021 and 2020, 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, 2021 and 2020. The Group has no other securities traded in the capital markets.

18. SALARIES AND EMPLOYEE BENEFITS

18.1 Salaries and Employee Benefits

Details of salaries and employee benefits are presented below.

	Note	**2021**	2020	2019
Salaries and wages		**P 48,981,971**	P 40,507,920	P 40,607,262
Bonuses		**6,080,151**	5,482,209	5,463,692
Staff benefits		**4,439,568**	4,253,205	5,740,325
Retirement benefits	18.2	**2,959,182**	2,762,038	3,082,629
Social security costs		**2,730,726**	1,659,740	1,549,610
Other short-term benefits		**319,349**	689,778	1,026,860
		P 65,510,947	P 55,354,890	P 57,470,378

18.2 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, 2021 and 2020. 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 2021 and 2020.

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 and in the succeeding pages 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:

	2021	2020
Present value of the obligation	**P 70,211,641**	P 62,599,972
Fair value of plan assets	**(37,301,956)**	(40,592,603)
	32,909,685	22,007,369
Unrecognized asset due to asset ceiling	**2,347,992**	1,851,007
	P 35,257,677	P 23,858,376

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

	2021	2020
Balance at beginning of year	**P 62,599,972**	P 58,441,638
Current service cost	**2,959,182**	2,762,038
Benefits paid	**(2,829,288)**	(2,959,396)
Interest expense	**2,507,882**	2,958,857
Remeasurements –		
Actuarial gains (losses) arising from:		
Experience adjustments	**4,998,334**	(2,219,534)
Changes in financial assumptions	**(41,629)**	3,616,369
Changes in demographic assumptions	**17,188**	-
Balance at end of year	**P 70,211,641**	P 62,599,972

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:

	2021	2020
Balance at beginning of year	**P 40,592,603**	P 34,403,872
Benefits paid	**(2,829,288)**	(2,959,396)
Remeasurement loss	**(2,208,135)**	(656,015)
Interest income	**1,746,776**	1,804,141
Contributions	**-**	8,000,001
Balance at end of year	**P 37,301,956**	P 40,592,603

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.

	2021	2020
Government bonds	**P 21,526,958**	P 19,460,094
Unit Investment Trust Funds (UITFs)	**15,741,426**	12,163,977
Cash and cash equivalents	**33,572**	8,968,532
	P 37,301,956	P 40,592,603

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 incurred a loss of P461,359 in 2021 and earned a gain of P1,148,126 in 2020.

As at December 31, 2021 and 2020, 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:

	2021	2020	2019
Reported in profit or loss:			
Current service cost	**P 2,959,182**	P 2,762,038	P 3,082,629
Net interest expense	**844,216**	1,253,508	2,082,619
	P 3,803,398	P 4,015,546	P 5,165,248

	2021	2020	2019
Reported in other comprehensive income:			
Actuarial gains (losses) arising from:			
Experience adjustments	**(P 4,998,334)**	P 2,219,534	P 2,193,259
Changes in financial assumptions	**41,629**	(3,616,369)	(300,605)
Changes in demographic assumptions	**(17,188)**	-	353,269
Remeasurement gain (loss) on plan assets	**(2,208,135)**	(656,015)	1,146,054
Changes in the effect of the asset ceiling	**(413,875)**	(1,752,215)	-
	(7,595,903)	(3,805,065)	3,391,977
Tax income (see Note 20)	**982,563**	719,145	3,120,799
	(P 6,613,340)	(P 3,085,920)	P 6,152,776

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:

	2021	2020	2019
Discount rates	**5.09%**	4.49%	4.49%
Expected salary increase rate	**5.00%**	4.00%	4.00%

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 16.4 years for both males and females, respectively in 2021 and 9.4 years for males and females, respectively, in 2020. 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**
2021			
Discount rate	**+/-1.0%**	**(P 1,098,503)**	**P 1,057,410**
Salary growth rate	**+/-1.0%**	**1,105,738**	**(1,049,646)**
2020			
Discount rate	+/-1.0%	(P 1,101,638)	P 1,056,690
Salary growth rate	+/-1.0%	1,108,705	(1,048,418)

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, 2021 and 2020 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 P35,257,677 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, 2021 and 2020 for the next 10 years are as follows:

	2021	2020
More than one year to five years	**P 70,954,488**	P 61,998,622
Between five years to 10 years	**7,709,127**	6,119,039
	P 78,663,615	P 68,117,661

The weighted average duration of the post-employment defined benefit obligation at the end of the reporting period is 1.53 years.

19. OTHER EXPENSES

This account consists of:

		2021		2020		2019
Philippine Depository and Trust Corp. clearing fees	**P**	**2,839,790**	P	3,036,101	P	3,798,015
Office supplies		**2,487,653**		3,521,123		1,837,732
Advertising and publicity		**2,263,194**		2,776,765		3,154,085
Condominium dues		**2,013,482**		1,888,427		2,088,096
Repairs and maintenance		**1,963,910**		-		2,165,874
Insurance		**1,301,157**		1,471,273		1,069,049
Bank charges		**1,102,222**		349,325		223,818
Deficiency taxes		**-**		-		3,001,185
Miscellaneous		**2,563,231**		1,325,361		2,966,360
	P	**16,534,639**	P	14,368,375	P	20,304,214

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

20. TAXES

On March 26, 2021, RA 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. regular corporate income tax (RCIT) rate is decreased from 30% to 25% starting July 1, 2020;
b. minimum corporate income tax (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.

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

	2021	2020	2019
Recognized in profit or loss:			
RCIT at 25% in 2021 and 30% in 2020 and 2019	**P 17,676,381**	P 13,298,804	P 1,631,162
Final tax at 0.6%	**9,537,306**	374,073	122,974
Adjustment to 2021 income taxes due to change in income tax rates	**(1,370,676)**	-	-
MCIT at 1% in 2021 and 2% in 2020 and 2019	**563,751**	1,032,033	5,354,442
Final tax at 20%	**42,839**	78,472	33,419
Application of excess of MCIT over RCIT	**(2,317)**	(1,548,273)	-
	26,447,284	13,235,109	7,141,997
Deferred tax expense arising from:			
Origination and reversal of temporary differences	**3,772,053**	30,618,471	24,962,286
Effect of the change in income tax rate	**2,496,445**	-	-
	6,268,498	30,618,471	24,962,286
	P 32,715,782	P 43,853,580	P 32,104,283
Recognized in other comprehensive income –			
Deferred tax expense (income) arising from:			
Origination and reversal of temporary differences	**(P 1,231,675)**	(P 719,145)	(P 3,120,799)
Effect of the change in income tax rate	**249,112**	-	-
	(P 982,563)	(P 719,145)	(P 3,120,799)

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

	2021	2020	2019
Tax on pre-tax profit (loss)	**(P 683,680)**	(P 15,454,017)	(P 44,574,152)
Adjustments for income subjected to:			
Stock transaction tax at 0.6%	**9,537,306**	374,073	122,974
Effect of the change in income tax rate	**1,125,769**	-	-
Final tax at 20%	**(9,688)**	(39,274)	(16,711)
Tax effects of:			
Unrecognized net operating loss carry-over (NOLCO)	**66,661,166**	85,241,391	91,267,280
Unrecognized deferred tax asset on other temporary differences	**(44,235,726)**	(46,529,112)	(41,219,610)
Non-taxable income	**(11,193,448)**	(3,902,043)	(282,002)
Derecognition of deferred tax asset on impairment of receivables	**8,750,000**	21,774,866	22,193,632
Non-deductible expenses	**2,202,649**	2,903,936	806,703
Unrecognized MCIT	**563,751**	1,032,033	3,806,169
Application of excess of MCIT over RCIT	**(2,317)**	(1,548,273)	-
Tax expense	**P 32,715,782**	P 43,853,580	P 32,104,283

The net deferred tax assets as at December 31, 2021 and 2020 relate to the following:

	Consolidated Statements of Financial Position	
	2021	2020
Deferred tax assets:		
Post-employment defined benefit obligation	**P 8,888,967**	P 8,277,135
Allowance for impairment	**2,116,666**	13,382,803
Unamortized past service cost	**785,317**	1,206,019
Lease liabilities	**310,454**	504,561
	12,101,404	23,370,518
Deferred tax liabilities:		
Fair value gain on investments at FVTPL	**(633,079)**	(6,415,597)
Right-of-use assets	**(280,925)**	(481,585)
	(914,004)	(6,897,182)
Net deferred tax assets	**P 11,187,400**	P 16,473,336

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(e).

	Consolidated Statements of Profit or Loss		
	2021	2020	2019
Deferred tax assets:			
Allowance for impairment losses	**P 11,266,137**	P 738,550	P 1,397,880
Unamortized past service cost	**420,701**	52,055	120,037
Post-employment defined benefit obligation	**370,730**	(125,016)	(226,368)
Lease liability	**194,108**	784,674	2,750,514
NOLCO	**-**	21,774,866	22,193,632
Accrued short-term employee benefits	**-**	123,754	-
Fair value loss on investments at FVTPL	**-**	10,543,599	61,910
	12,251,676	33,892,482	26,297,605
Deferred tax liabilities:			
Fair value gain on investment at FVTPL	**(5,782,518)**	-	-
Right-of-use assets	**(200,660)**	(3,274,011)	(1,335,319)
	(5,983,178)	(3,274,011)	(1,335,319)
Deferred tax expense - net	**P 6,268,498**	P 30,618,471	P 24,962,286

	Consolidated Statements of Comprehensive Income		
	2021	2020	2019
Deferred tax income	**(P 982,563)**	(P 719,145)	(P 3,120,799)

Details of unrecognized deferred tax assets as at December 31 are summarized below.

	2021		2020	
	Amount	**Tax Effect**	Amount	Tax Effect
NOLCO	**P 874,848,116**	**P 218,712,030**	P 829,225,639	P 248,767,691
Allowance for impairment losses	**242,205,155**	**60,551,289**	242,205,155	72,661,547
Allowance for non-recoverability of deferred oil exploration costs	**15,418,003**	**3,854,501**	15,418,003	4,625,401
Past service cost	**9,332,044**	**2,333,010**	11,777,725	3,533,318
MCIT	**2,231,204**	**2,231,204**	3,494,150	3,494,150
Accrued short-term employee benefits	**581,750**	**145,438**	581,750	174,525
Post-employment defined benefit obligation	**159,621**	**39,906**	398,371	119,511
	P 1,144,775,893	**P 287,867,378**	P 1,103,100,793	P 333,376,143

Pursuant to Section 4(bbb) of RA No. 11494, *Bayanihan to Recover as One*, the NOLCO for taxable years 2020 and 2021 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/ Applied Amount	Balance	End of Availment
2021	P 259,753,259	P 45,154,090	P -	P 304,907,349	2026
2020*	238,839,342	45,305,218	(3,876,683)	280,267,877	2025
2019	252,929,165	51,295,099	(14,551,374)	289,672,890	2022
2018	186,542,850	54,320,479	(240,863,329)	-	
	P 938,064,616	**P 196,074,886**	**(P 259,291,386)**	**P 874,848,116**	

In 2021 and 2020, the Group is subject to the MCIT which is computed at 1% and 2%, respectively of gross income net of allowable deductions, as defined under the tax regulations, or to RCIT, 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
2021	P 512,044	P 51,707	P -	P 563,751	2024
2020*	699,723	74,302	(2,317)	771,708	2023
2019	828,059	1,615,959	(1,548,273)	895,745	2022
2018	1,503,584	86,783	(1,590,367)	-	
	P 3,543,410	**P 1,828,751**	**(P 3,140,957)**	**P 2,231,204**	

**Computed based on the provisions of CREATE Act.*

In 2021, 2020 and 2019, 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	**2021**	2020	2019
Net loss		**P 35,450,500**	P 95,366,969	P 180,684,791
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 0.0347**	P 0.0933	P 0.1768

As at December 31, 2021, 2020, and 2019, 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

22.1 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.

22.2 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, 2021 and 2020 is shown below.

	2021	2020
Within one year	**P 1,252,814**	P 1,518,039
Over one year but not more than five years	**-**	949,500
	P 1,252,814	P 2,467,539

Total rentals from these operating leases amounted to P1,409,455 in 2021, P1,362,485 in 2020 and P1,305,967 in 2019, and are presented as part of Others under the Revenues section of the consolidated statements of profit or loss.

22.3 Credit Lines

As at December 31, 2021 and 2020, ASC has total credit line facilities of P820,000,000 and P1,020,000,000, respectively. The movements of ASC's available unused credit lines as at December 31, 2021 and 2020 are presented below (see Note 14).

	2021	2020
Balance at beginning of year	**P1,020,000,000**	P 980,000,000
Loan drawdowns - net	**(200,000,000)**	40,000,000
Balance at end of year	**P 820,000,000**	P1,020,000,000

22.4 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, 2021 and 2020, 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, 2021			
Cash	P 177,203,092	P -	P 177,203,092
Receivables - net	3,212,020,007	248,945,115	3,460,965,122
Investments:			
At FVTPL	1,739,307,927	-	1,739,307,927
At FVOCI	-	2,209,874,050	2,209,874,050
Property and equipment - net	-	13,485,061	13,485,061
Deferred tax asset	-	11,187,400	11,187,400
Other assets – net	2,305,465	209,034,186	211,339,651
Total Assets	**P 5,130,836,491**	**P 2,692,525,812**	**P 7,823,362,303**
Interest-bearing loans and borrowings	P 5,795,506,931	P -	P 5,795,506,931
Due to customers	586,770,768	-	586,770,768
Accrued expenses and other liabilities	319,487,148	38,029,905	357,517,053
Total Liabilities	**P 6,701,764,847**	**P 38,029,905**	**P 6,739,794,752**
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

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

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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, 2021, on which we have rendered our report dated May 12, 2022. 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. 8852329, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 57831-SEC (until Dec. 31, 2025)
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 Aug. 27, 2024)

May 12, 2022

First Abacus Financial Holdings Corporation and Subsidiaries
List of SEC Supplementary Information
December 31, 2021

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule A - Financial Assets
December 31, 2021
(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, INC.	92,581	P 704,541	P 7.61	P -
8990 HOLDINGS, INC.	320,774	3,618,331	11.28	-
A. BROWN COMPANY, INC	295,954	233,804	0.79	-
A. SORIANO CORPORATION "A"	455,408	3,620,494	7.95	-
ABACORE CAPITAL HOLDINGS, INC.	2,091,198	1,923,902	0.92	-
ABOITIZ EQUITY VENTURES, INC	107,272	5,840,960	54.45	-
ABOITIZ POWER CORPORATION	225,158	6,687,193	29.70	-
ABRA MINING & INDUSTRIAL CORP	514,190,859	-	-	-
ABS-CBN CORPORATION	34,049	429,017	12.60	-
ABS-CBN HOLDING CORP. - PDR	515,845	6,148,872	11.92	-
AC ENERGY PHILIPPINES, INC.	501,617	5,517,787	11.00	-
ACE ENEXOR, INC.	8,456	338,240	40.00	-
ACESITE (PHILIPPINES) HOTEL CORPORATION	440	730	1.66	-
AGRINURTURE, INC.	90,414	450,262	4.98	-
ALLHOME CORPORATION	100	839	8.39	-
ALLIANCE GLOBAL GROUP, INC.	389,605	4,597,339	11.80	-

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*
ALLIANCE SELECT FOODS INTERNATIONAL INC.	1,372,245	P	809,625	P	0.59	P	-
ALSONS CONSOLIDATED RESOURCES	111,944		134,333		1.20		-
ALTUS PROPERTY VENTURES, INC.	33,713		652,009		19.34		-
ANCHOR LAND HOLDINGS, INC.	50		276		5.51		-
ANGLO-PHIL HOLDINGS	3,637,605		3,273,845		0.90		-
APC GROUP, INC.	8,254,190		1,815,922		0.22		-
APEX MINING COMPANY, INC. "A"	496,375		799,164		1.61		-
APOLLO GLOBAL/YEHEY! CORPORATION	314,885		25,191		0.08		-
ARANETA PROPERTIES, INC.	2,461		2,387		0.97		-
ARTHA LAND CORPORATION	1,328		850		0.64		-
ASIA UNITED BANK CORPORATION	684		29,583		43.25		-
ASIABEST GROUP	17		100		5.90		-
ASIAN TERMINAL, INC.	1,066		14,924		14.00		-
ATLAS CONS MNG & DEVT CORP	654,569		4,038,691		6.17		-
ATN HOLDINGS, INC.	7,311,140		2,851,345		0.39		-
ATN HOLDINGS, INC.'B'	1,428,700		578,624		0.41		-
ATOK BIG WEDGE MINING CO INC A	758		4,586		6.05		-
AXELUM RESOURCES CORPORATION	1,300		3,900		3.00		-
AYALA CORPORATION "A"	2,638		2,192,178		831.00		-
AYALA CORPORATION PREFERRED CLASS B1	5		2,560		512.00		-
AYALA LAND, INC.	43,643		1,601,698		36.70		-

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*
AYALALAND LOGISTICS HOLDINGS C/POPI	179,014	P 1,204,764	P 6.73	P -
BANK OF THE PHILIPPINE ISLANDS	33,960	3,129,414	92.15	-
BASIC ENERGY CORPORATION	1,683,663	1,060,708	0.63	-
BDO UNIBANK, INC.	32,485	3,920,940	120.70	-
BELLE CORPORATION	6,141,647	8,291,223	1.35	-
BENGUET CORP.-Convtible Pref A	9	284	31.55	-
BENGUET CORPORATION "A"	14,943	76,209	5.10	-
BENGUET CORPORATION "B"	1,326	6,418	4.84	-
BERJAYA PHILIPPINES INC.	182,956,191	1,280,693,337	7.00	-
BLOOMBERRY RESORTS CORPORATION	10,500	66,150	6.30	-
BOGO MEDELLIN MILLING CO.	30	1,830	61.00	-
BRIGHT KINDLE RESOURCES & INVES	620,851	1,043,030	1.68	-
CEBU AIR, INC.	290,410	12,240,782	42.15	-
CEBU AIR, INC. CONVERTIBLE PRE	327,715	14,681,632	44.80	-
CEBU LANDMASTERS, INC.	3,562	10,686	3.00	-
CEMEX HOLDINGS CORPORATION	4,587,060	4,816,413	1.05	-
CENTRAL AZUCARERA DE TARLAC	40	520	13.00	-
CENTRO ESCOLAR UNIVERSITY	67	437	6.52	-
CENTURY PACIFIC FOOD, INC.	613	17,930	29.25	-
CENTURY PEAK METALS HOLDINGS CORPORATION	1,233,682	3,627,025	2.94	-
CENTURY PROPERTIES GROUP INC.	34,630	13,852	0.40	-

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*
CHELSEA LOGISTICS HOLDINGS COR	580,700	P	963,962	P	1.66	P	-
CHINA BANKING CORPORATION	222,117		5,775,042		26.00		-
CIRTEK HOLDINGS PHILIPPINES CORPORATION	1,174,082		4,426,289		3.77		-
CIRTEK HOLDINGS PHILIPPINES CORPORATION- WARI	3,780		3,251		0.86		-
CITYLAND DEVELOPMENT CORP "A"	7,501		6,376		0.85		-
CITYLAND DEVELOPMENT CORP "A"	754		550		0.73		-
CITYSTATE SAVINGS BANK, INC.	140		1,025		7.32		-
COAL ASIA HOLDINGS INCORPORATED	4,280		1,134		0.27		-
COL FINANCIAL GROUP, INC.	70,450		292,368		4.15		-
CONCEPCION INDUSTRIAL CORP	80		1,636		20.45		-
CONCRETE AGGREGATES CORP "A"	121		5,052		41.75		-
CONVERGE ELECTRONICS	20,960		668,624		31.90		-
COSCO CAPITAL, INC.	78		406		5.20		-
CROWN ASIA	883,000		1,492,270		1.69		-
CROWN EQUITIES, INC.	2,043,094		214,526		0.11		-
D&L INDUSTRIES, INC.	515,487		4,871,352		9.45		-
D.M. WENSLAO & ASSOCIATES, INC	500		3,390		6.78		-
DEL MONTE PHILIPPINES	479		7,434		15.52		-
DFNN, INC.	51,206		125,455		2.45		-
DITO CME HOLDINGS CORPORATION	75,055		379,028		5.05		-
DIZON COPPER SILVER MINES, INC	26,222		128,226		4.89		-

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
DMCI HOLDINGS, INC.	2,281	P	17,587	P	7.71	P	-
DOUBLEDRAGON PROPERTIES CORPORATION	569,547		4,134,911		7.26		-
EAST WEST BANKING CORPORATION	100,740		967,104		9.60		-
EASYCALL COMM PHILS INC COMMON	1,009		4,238		4.20		-
EEI CORPORATION	2,152		13,988		6.50		-
EMPERADOR INC.	785		16,328		20.80		-
EMPIRE EAST LAND HOLDINGS, INC	22,567		5,755		0.26		-
EURO-MED LAB. PHIL., INC.	35,000		49,000		1.40		-
EVER-GOTESCO RES. & HOLDINGS	3,725,000		1,229,250		0.33		-
F&J PRINCE HOLDINGS CORP.	13,847		36,002		2.60		-
FAR EASTERN UNIVERSITY, INC	73		39,420		540.00		-
FERRONOUX HOLDINGS, INC.	539		1,789		3.32		-
FILINVEST DEVELOPMENT CORP.	902,458		6,948,927		7.70		-
FILINVEST LAND, INC.	11,397,403		12,537,143		1.10		-
FILIPINO FUND, INC.	868		5,659		6.52		-
FIRST GEN CORPORATION	481,104		13,398,746		27.85		-
FIRST METRO PHILIPPINE EQUITY	4		433		108.30		-
FIRST PHIL HOLDINGS CORP "A"	115,881		8,117,464		70.05		-
FORUM PACIFIC, INC.	15,505		4,109		0.27		-
FRUITAS HOLDINGS, INC.	10,554,000		12,875,880		1.22		-
GEOGRACE RESOURCES,PHILS.,INC.	19,249,475		3,503,407		0.18		-

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*
GINEBRA SAN MIGUEL, INC.	1,611	P 183,332	P 113.80	P -
GLOBAL FERRONICKEL HOLDINGS, IN	308,947	664,236	2.15	-
GLOBAL-ESTATE RESORTS, INC.	24,409	24,653	1.01	-
GLOBE TELECOMS	2,126	7,062,572	3,322.00	-
GMA HOLDINGS, INC.	345,094	4,534,535	13.14	-
GMA NETWORK, INC.	284,326	3,935,072	13.84	-
GRAND PLAZA HOTEL CORP(COMMON)	93	1,337	14.38	-
GREENERGY HOLDINGS INCORPORATE	1,470,793	3,353,408	2.28	-
GT CAPITAL HOLDINGS, INC.	636	343,440	540.00	-
HARBOR STAR SHIPPING	3,281,000	2,985,710	0.91	-
HOLCIM PHILIPPINES, INC.	50,446	278,462	5.52	-
HOUSE OF INVESTMENTS, INC	200,017	696,059	3.48	-
IMPERIAL RESOURCES, INC "A"	64,558	91,027	1.41	-
INTEGRATED MICRO-ELECTRONICS, INC.	14,847	124,715	8.40	-
INT'L CONTAINER TERMINAL SERV	435	87,000	200.00	-
IONICS,INC.	756	544	0.72	-
IPEOPLE, INC.	25,262	176,581	6.99	-
IPM HOLDINGS/MINERALES .	1,057,866	7,457,955	7.05	-
I-REMIT, INC.	381,793	316,888	0.83	-
ITALPINAS DEVT CORP.	6,139	7,428	1.21	-
JACKSTONES INC.	600	1,044	1.74	-

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*
JG SUMMIT HOLDINGS, INC.	297,939	P 15,790,767	P 53.00	P -
JOLLIBEE FOODS CORPORATION	22,583	4,886,961	216.40	-
KEPPEL PHIL HOLDINGS INC "B"	6,970	42,656	6.12	-
KEPPEL PHILS. HOLDINGS INC "A"	58,535	357,064	6.10	-
KEPPEL PHILS. PROPERTIES, INC.	1,972	5,936	3.01	-
KEPWEALTH PROPERTY	5,000	14,150	2.83	-
LBC EXPRESS HOLDINGS, INC./FEDERAL	565	14,097	24.95	-
LEISURE & RESORTS WORLD CORP.	1,411,893	2,103,721	1.49	-
LEPANTO CONSOLIDATED MNG CO A	624,540	87,436	0.14	-
LEPANTO CONSOLIDATED MNG CO B	308,508	41,340	0.13	-
LIBERTY FLOUR MILLS, INC.	795	16,417	20.65	-
LMG CHEMICALS CORPORATION	29,645	118,580	4.00	-
LODESTAR INVSMT HOLDINGS CORP.	403,086	253,944	0.63	-
LOPEZ HOLDINGS CORPORATION	641,750	1,867,493	2.91	-
LORENZO SHIPPING CORPORATION	20,208	18,187	0.90	-
LT GROUP, INC.	52,482	519,572	9.90	-
MABUHAY HOLDINGS CORPORATION	500	188	0.38	-
MABUHAY VINYL CORPORATION	224,190	959,533	4.28	-
MACAY HOLDINGS, INC.	222	1,223	5.51	-
MACRO ASIA CORP. (COBERTSON)	23,804	126,161	5.30	-
MAKATI FINANCE CORPORATION	394	985	2.50	-

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*
MANILA BULLETIN PUBLISHING COR	58,898	P 24,443	P 0.42	P -
MANILA ELECTRIC COMPANY "A"	12,626	3,727,195	295.20	-
MANILA JOCKEY CLUB, INC.	3,653	6,648	1.82	-
MANILA MINING CORPORATION "A"	19,419,035	213,609	0.01	-
MANILA MINING CORPORATION "B"	113,145,959	1,131,460	0.01	-
MANILA WATER COMPANY, INC.	12,973	321,082	24.75	-
MANULIFE FINANCIAL CORP.	280	265,020	946.50	-
MARCVENTURES HOLDINGS, INC.	18,012	21,074	1.17	-
MAX'S GROUP, INC.	578,085	3,745,991	6.48	-
MEDCO HOLDINGS, INC.	4,990	1,497	0.30	-
MEGAWIDE CONSTRUCTION CORPORATION	78,664	407,480	5.18	-
MEGAWORLD CORPORATION	311,390	980,879	3.15	-
MERRYMART CONSUMER CORPORATION	4,834,100	12,133,591	2.51	-
METRO ALLIANCE EQUITIES A	1,317	1,567	1.19	-
METRO ALLIANCE EQUITIES B	862	862	1.00	-
METRO PACIFIC INV'T CORP.	817,588	3,188,593	3.90	-
METRO RETAIL STORES GROUP, INC.	723,251	1,041,481	1.44	-
METROPOLITAN BANK & TRUST CO	21,144	1,177,721	55.70	-
MILLENNIUM GLOBAL HOLDINGS, INC	665,675	105,843	0.16	-
MJC INVESTMENTS CORPORATION	3,310	3,807	1.15	-
MONDE NISSIN	100	1,620	16.20	-

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, INC.	14,851,829	P 3,787,216	P 0.25	P -
MREIT, INC.	16	315	19.70	-
NATIONAL REINSURANCE CORP.	3,363,732	2,018,239	0.60	-
NICKEL ASIA CORPORATION	44,445	237,781	5.35	-
NIHAO MIN. RES. INT'L INC.	246,753	254,156	1.03	-
NOW CORPORATION	13,846,274	17,861,693	1.29	-
OMICO CORPORATION	994,014	342,937	0.35	-
ORIENTAL PENINSULA RES.GRP.INC	152,156	118,682	0.78	-
ORIENTAL PET & MINERAL CORP A	88,884,257	977,729	0.01	-
ORIENTAL PET & MINERAL CORP B	49,378,167	543,159	0.01	-
PACIFIC ONLINE SYSTEM CORP.	948	1,650	1.74	-
PACIFICA HOLDINGS INC.	452,502	1,448,008	3.20	-
PANASONIC MFG. PHILS., CORP.	871	5,226	6.00	-
PAXYS, INC.	250,328	408,035	1.63	-
PETROENERGY RESOURCES CORP.	4,771	19,084	4.00	-
PETRON CORPORATION	2,442,341	7,742,221	3.17	-
PH RESORTS GROUP HOLDINGS, INC	698	544	0.78	-
PHIL BANK OF COMMUNICATIONS A	257	4,492	17.48	-
PHIL. REALTY & HOLDINGS CORP.	121,287	24,500	0.20	-
PHILEX MINING CORP. "A"	130,276	710,004	5.45	-
PHILIPPINE BUSINESS BANK	819	8,190	10.00	-

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*
PHILIPPINE ESTATES CORPORATION	1,688	P 861	P 0.51	P -
PHILIPPINE INFRADEV HOLDINGS,	923,896	1,034,764	1.12	-
PHILIPPINE NATIONAL BANK	63,962	1,285,636	20.10	-
PHILIPPINE RACING CLUB, INC.	699	5,452	7.80	-
PHILIPPINE SAVINGS BANK	787	44,466	56.50	-
PHILIPPINE SEVEN CORPORATION	62	5,456	88.00	-
PHILIPPINE TRUST COMPANY	2	236	118.00	-
PHILWEB CORPORATION	60,341	118,268	1.96	-
PHINMA CORPORATION	93,699	1,888,035	20.15	-
PHOENIX PETROLEUM PHIL., INC.	13,186	143,200	10.86	-
PILIPINAS SHELL PHILIPINES	86,459	1,718,805	19.88	-
PLDT INC.	282	510,984	1,812.00	-
PREMIERE HORIZON ALLIANCE CORPORATION	9,741	5,455	0.56	-
PREMIERE LEISURE CORPORATION	1,361,205	585,318	0.43	-
PRIME MEDIA HOLDINGS, INC.	110,727	129,551	1.17	-
PRIMEX CORPORATION	397,600	854,840	2.15	-
PRYCE PROPERTIES CORPORATION	9,570	55,410	5.79	-
PTFC REDEVELOPMENT CORPORATION	26	1,121	43.10	-
PUREGOLD PRICE CLUB, INC.	184,894	7,266,334	39.30	-
PXP ENERGY CORPORATION	1,439,500	8,852,925	6.15	-
REPUBLIC GLASS HLDNGS CORP "A"	6,023	18,069	3.00	-

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*
RFM CORPORATION	177,061	P 809,169	P 4.57	P -
RIZAL COMM'L BANKING CORP "A"	2,487	49,740	20.00	-
ROBINSONS LAND CORPORATION	31,782	610,214	19.20	-
ROBINSONS RETAIL	793	51,862	65.40	-
ROCKWELL LAND CORPORATION	1,894,622	2,804,041	1.48	-
ROXAS AND COMPANY, INC.	803,660	522,379	0.65	-
ROXAS HOLDINGS, INC.	169,635	176,420	1.04	-
SAN MIGUEL CORPORATION "A"	29,967	3,443,208	114.90	-
SAN MIGUEL FOOD & BEVERAGE, IN	207,545	14,818,713	71.40	-
SBS PHILIPPINES CORPORATION	82,036	320,761	3.91	-
SEAFRONT RESOURCES CORP. "A'	64,516	129,677	2.01	-
SECURITY BANK CORPORATION	14,344	1,706,936	119.00	-
SEMIRARA MINING CORPORATION	47,793	1,020,381	21.35	-
SHAKEY'S PIZZA ASIA VENTURES,	96,960	979,298	10.10	-
SHANGRILA PROPERTIES, INC.	189,428	494,407	2.61	-
SM INVESTMENTS	1,789	1,687,027	943.00	-
SM PRIME HOLDINGS, INC	177,869	6,029,759	33.90	-
SOC RESOURCES, INC.	201,527	124,947	0.62	-
SOLAR PHILS NUEVA ECIJA	42,141,000	53,940,480	1.28	-
SOLID GROUP, INC.	400,275	432,297	1.08	-
SPC POWER CORPORATION	180	2,513	13.96	-

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
SSI GROUP, INC.	11,128	P 12,463	P 1.12	P -
STA. LUCIA LAND, INC.	4,698	13,530	2.88	-
STI EDUCATION SYSTEMS HOLDINGS, INC.	90,920	30,913	0.34	-
SUN LIFE FIN. SERV. OF CANADA	165	460,020	2,788.00	-
SUNTRUST HOME DEVELOPERS, INC.	2,443,909	2,737,178	1.12	-
SUPERCITY REALTY DEV'T. CORP.	64,000	76,800	1.20	-
SWIFT FOODS, INC	464,581	48,317	0.10	-
SWIFT FOODS, INC. CONVERTIBLE PREFERRED	13,311	19,967	1.50	-
SYNERGY GRID	200	2,624	13.12	-
THE KEEPERS HOLDINGS, INC. Total	820	1,082	1.32	-
THE PHILODRILL CORPORATION "A"	29,179,123	291,791	0.01	-
TKC METALS CORPORATION	133,650	104,247	0.78	-
TOP FRONTIER INVESTMENT HOLDING	230	29,371	127.70	-
TRANSPACIFIC BROD. GROUP INT'L	2,902,936	870,881	0.30	-
UNIOIL CORPORATION	4,415,000	1,324,500	0.30	-
UNION BANK OF THE PHILIPPINES	33,664	3,349,568	99.50	-
UNITED PARAGON MINING CORP.	6,085,863	41,993	0.01	-
UNIVERSAL ROBINA CORPORATION	7,674	982,272	128.00	-
VANTAGE EQUITIES, INC.	2,546,680	2,088,278	0.82	-
VICTORIAS MILLING COMPANY, INC	5,041	12,098	2.40	-
VISTA LAND & LIFESCAPES, INC	149,076	526,238	3.53	-

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*
VISTAMALLS, INC.	21,522	P 80,062	P 3.72	P -
VITARICH CORPORATION	7,743,696	5,730,335	0.74	-
VIVANT CORPORATION	3,059	44,356	14.50	-
VULCAN INDL & MINING CORP.	1,665,385	1,598,770	0.96	-
WATERFRONT PHILIPPINES, INC	1,275,833	586,883	0.46	-
WELLEX INDUSTRIES, INC.	805,086	185,170	0.23	-
WILCON DEPOT, INC.	36,630	1,117,215	30.50	-
ZEUS HLDG	3,175,794	571,643	0.18	-
		P 1,739,307,935		

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FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule A - Financial Assets
December 31, 2021
(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.	314,539,150	P 2,201,774,050	P 7	P -
CEBU COUNTRY CLUB	1	6,500,000	6,500,000	-
MIMOSA GOLF	1	600,000	600,000	-
VALLE VERDE	2	1,000,000	500,000	-
		P 2,209,874,050		

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, 2021
(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	Casimsiman, Joel	Educational	P 20,706	P -	P 20,706	P -	P -	P -	P -
ASC	Cometa, Roel	Educational	21,865	40,000	38,338	-	23,527	-	23,527
ASC	Cruz, Elizabeth	Educational	46,000	46,000	81,689	-	10,311	-	10,311
ASC	Delos Santos, Mari Fritz	Educational	6,120	-	-	-	6,120	-	6,120
ASC	Delos Santos, Marie Anne	Educational	64,700	70,306	87,824	-	47,182	-	47,182
ASC	Hernando, Rejeinalle	Educational	69,658	-	22,911	-	46,747	-	46,747
ASC	Norega, Ermen	Educational	48,999	41,000	24,541	-	65,457	-	65,457
ASC	Rabe, Jennylen	Educational	16,399	35,000	29,360	-	22,039	-	22,039
ASC	Sapon, Michelle	Educational	37,781	65,000	61,851	-	40,930	-	40,930
ASC	Villar, Dennis	Educational	63,754	80,000	86,758	-	56,996	-	56,996
ASC	Casimsiman, Joel	Emergency	50,000	-	12,128	-	37,872	-	37,872
ASC	Cometa, Roel	Emergency	12,750	-	12,750	-	-	-	-
ASC	Escraman, Raquel	Emergency	16,961	-	18,028	-	(1,067)	-	(1,067)
ASC	Matugas, Claire	Emergency	85,000	-	34,593	-	50,407	-	50,407
ASC	Norega, Ermen	Emergency	74,753	-	28,082	-	46,671	-	46,671
ASC	Ramos, Nole	Emergency	25,373	-	20,197	-	5,176	-	5,176
ASC	Villar Dennis	Emergency	3,785	-	-	-	3,785	-	3,785
ASC	Franco, Raymond Neil	Housing	1,015,000	906,490	240,000	-	1,681,490	-	1,681,490
ASC	Casimsiman, Joel	Car	106,667	-	106,667	-	-	-	-
ASC	Pono, Araceli	Car	423,603	18,429	284,948	-	157,084	-	157,084
ASC	Barachina, Marian	Car	518,100	-	113,040	-	405,060	-	405,060
FAF	Castillo, Madonna	Educational	19,236	-	19,236	-	-	-	-
FAF	Patana, Archimedes	Educational	7,466	-	-	-	7,466	-	7,466
FAF	Santos, Marilou	Educational	38,942	230,000	210,578	-	58,365	-	58,365
FAF	Castillo, Madonna	Emergency	90,000	-	7,228	-	82,772	-	82,772
FAF	Dela Cruz, Melanio	Housing	66,280	-	66,920	-	(640)	-	(640)
FAF	Santos, Marilou	Housing	1,252,844	-	109,463	-	1,143,382	-	1,143,382
ACIC	Olavario, Ma. Sheila Olavario	Car	173,333	-	59,583	-	113,750	-	113,750
ACIC	Ramos, Christine	Educational	68,005	170,000	152,156	-	85,849	-	85,849
			P 4,444,080	**P 1,702,225**	**P 1,949,575**	**P -**	**P 4,196,731**	**P -**	**P 4,196,730**

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, 2021
(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 1,490,556,214	P 1,490,556,214	P -	P -	P -	P -
Abacus Capital & Investment Corporation	122,224,538	181,178,120	232,731,609	-	70,671,049	-	70,671,049
Vista Holdings Corporation	119,992,282	199,329,501	137,571,759	-	181,750,024	-	181,750,024
	P 242,216,820	**P 1,871,063,835**	**P 1,860,859,582**	**P -**	**P 252,421,073**	**P -**	**P 252,421,073**

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule D - Long Term Debt
December 31, 2021
(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	5,595,506,931	P	5,595,506,931	P	-
Bank Loans		200,000,000		200,000,000		-
	P	**5,795,506,931**	**P**	**5,795,506,931**	**P**	**-**

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2021
(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, 2021
(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, 2021
(Amount in Philippine Pesos)

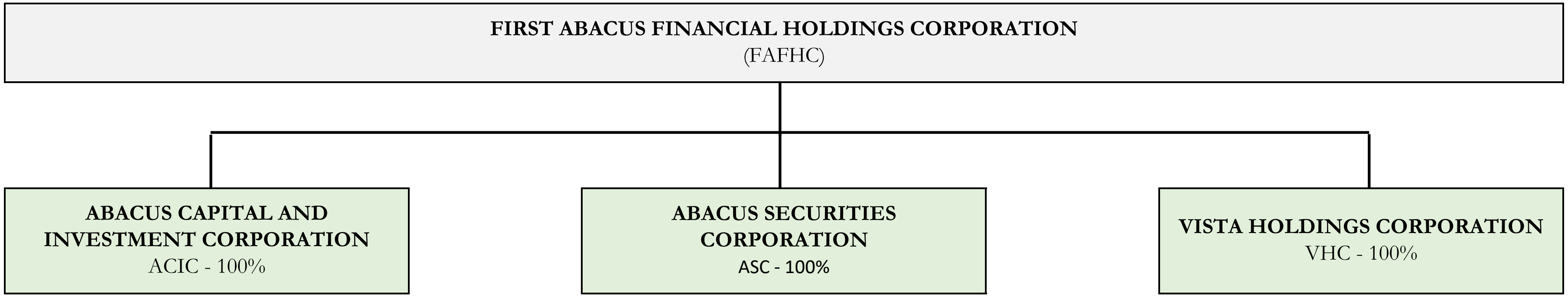
Title of Issue	*Number of Shares authorized*	*Number of shares issued and outstanding as shown under the related statement of financial position caption*	*Number of shares reserved for options, warrants, conversion and other rights*	*Number of Shares held by:*		
				Related parties	*Directors, officers 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, 2021

The Parent Company has a deficit as at December 31, 2021. Presented below is an analysis of the deficit for purposes of this reconciliation requirement.

Deficit at Beginning of Year	P	1,219,168,004
Transfer of Realized Fair Value Loss on Financial Assets Through Other Comprehensive Income		5,946,882
Net Loss During the Year		35,450,500
Deficit at End of Year	**P**	**1,260,565,386**

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Map Showing the Relationships Between the Parent Company and Its Subsidiaries
December 31, 2021



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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, on which we have rendered our report dated May 12, 2022. 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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: **Jessie C. Carpio**
Partner

CPA Reg. No. 0057831
TIN 109-227-789
PTR No. 8852329, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 57831-SEC (until Dec. 31, 2025)
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 Aug. 27, 2024)

May 12, 2022

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Supplemental Schedule of Financial Soundness Indicators
December 31, 2021 and 2020

Ratio	Formula	2021	Formula	2020
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 5,130,836,491 Divide by: Total Current Liabilities 6,701,764,847 Current ratio 0.77	**0.77**	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
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets 5,130,836,491 Less: Other Current Assets 2,305,465 Quick Assets 5,128,531,026 Divide by: Total Current Liabilities 6,701,764,847 Acid test ratio 0.77	**0.77**	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
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities 6,739,794,752 Divide by: Total Assets 7,823,362,303 Solvency ratio 0.86	**0.86**	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
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 6,739,794,752 Divide by: Total Equity 1,083,567,551 Debt-to-equity ratio 6.22	**6.22**	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
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 7,823,362,303 Divide by: Total Equity 1,083,567,551 Assets-to-equity ratio 7.22	**7.22**	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
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 308,110,205 Divide by: Interest expense 310,844,923 Interest rate coverage ratio 0.99	**0.99**	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
Return on equity	Net Loss divided by Average Total Equity Net Loss (35,450,500) Divide by: Average Total Equity 951,503,050 Return on equity -0.04	**-0.04**	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
Return on assets	Net Profit divided by Average Total Assets Net Loss (35,450,500) Divide by: Average Total Assets 7,175,313,274 Return on assets -0.01	**-0.01**	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 loss margin	Net Loss divided by Total Revenue Net Loss (35,450,500) Divide by: Total Revenue 551,300,683 Net profit margin -0.06	**-0.06**	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