

# COVER SHEET

A S O 9 4 0 0 1 4 2 0

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

(Company's Full Name)

2 9 0 1    A    E A S T    T O W N    P S E    C E N T R E  
E X C H A N G E    R D .    O R T I G A S ,    P A S I G    C I T Y  
P H I L I P P I N E S ,    1 6 0 5

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

Mariel Angeli R. Quines

Contact Person

8632-0905

Company Telephone Number

1 2    3 1

Month    Day  
Fiscal Year

0 9    2 6

Month    Day  
Annual Meeting

  D E F I N I T I V E    2 0 - I S

FORM TYPE

  N / A

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.

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Cashier

## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

**TO: ALL STOCKHOLDERS**

NOTICE is hereby given that there will be an annual meeting of the stockholders of **FIRST ABACUS FINANCIAL HOLDINGS CORPORATION** (the "Corporation") on **Thursday, 26 September 2024** at **10:00 A.M.**, to consider the following:

### AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Annual Stockholders' Meeting
5. President's Report and Presentation of 2023 Financial Statements
6. Ratification of all Acts of the Board of Directors and Officers
7. Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

The meeting will be conducted virtually, and can be accessed at the link which will be provided to stockholders after successful registration.

In accordance with the rules of the Philippine Stock Exchange, the close of business on **27 August 2024** has been fixed as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

Stockholders may attend the meeting and/or cast their vote in absentia by registering via e-mail at [corporatesecretary@abacus-sec.com](mailto:corporatesecretary@abacus-sec.com), on or before 5:00 p.m. on 20 September 2024. Upon verification of their registration credentials, an e-mail from the Corporation will be sent containing instructions on how the registered online participants may access and watch the live stream of the annual stockholders' meeting and/or cast their votes on matters to be taken up during the meeting using the e-voting platform to be set up for the purpose. The e-voting platform will be accessible until 8:00 A.M. of 26 September 2024. Participants may send in questions or remarks via e-mail. Please see attached Guidelines for Participating via Remote Communication and Voting *in absentia*.

Stockholders may also send their duly accomplished proxies to the Office of the Corporate Secretary at 2704 East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City, Philippines 1605 or via electronic copy by sending an e-mail to [corporatesecretary@abacus-sec.com](mailto:corporatesecretary@abacus-sec.com) on or before 5:00 P.M. on 20 September 2024. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

Validation of proxies is set on 23 September 2024. The votes already cast using the e-voting platform by that time will also be verified on said date.

City of Pasig, Metro Manila, 3 September 2024.

  
**MARIEL ANGELI R. QUINES**  
Corporate Secretary

## **RATIONALE FOR AGENDA ITEMS**

### **Agenda Item No. 4. Approval of the Minutes of the Previous Meeting of Stockholders held on 07 September 2023**

Copies of the Minutes of the 07 September 2023 Annual Stockholders' Meeting is currently posted on the Corporation's website (<http://firstabacusfinancial.com.ph>) and can be viewed at any time. Stockholders will be asked to approve the Minutes of the 2023 Annual Stockholders' Meeting.

### **Agenda Item No. 5. Approval of 2023 Operations and Results**

A report on the highlights of the financial performance of the Corporation for the year ended 2023 will be presented to the stockholders. The same was reviewed by the Audit Committee and the Board of Directors, and have been audited by the external auditors who declared an unqualified opinion on the Audited Financial Statements (AFS). A summary of the 2023 AFS shall also be presented to the stockholders. Stockholders, after identifying themselves, will be given an opportunity to raise questions regarding the operations and report of the Corporation.

### **Agenda Item No. 6. Ratification of all Acts of the Board of Directors and Management from the date of the last Annual Stockholders' Meeting to the date of this meeting**

All actions, proceedings and contracts entered into, as well as resolutions made and adopted by the Board of Directors and of Management from the date of the Stockholders Meeting held on 07 September 2023 to the date of this meeting shall be presented for confirmation, approval, and ratification. The items covered with respect to the ratification of the acts of the Board of Directors and officers for the past year up to the date of the meeting are those items entered into in the ordinary course of business.

### **Agenda Item No. 7. Election of Directors for 2024 to 2025**

The candidates named in this Information Statement, as reviewed, qualified, and recommended by the Corporate Governance Committee, have been nominated for election to the Corporation's Board of Directors. Their proven expertise and qualifications, based on current regulatory standards and the Corporation's own criteria, will help sustain the Company's solid performance that will result to its stockholders' benefit. The profiles of the Directors are available in this Information Statement. If elected, they shall serve as such for one (1) year from 26 September 2024 or until their successors shall have been duly elected and qualified.

### **Agenda Item No. 8. Appointment of External Auditors**

The Audit Committee has pre-screened and recommended, and the Board has endorsed for consideration of the stockholders, the re-appointment of Punongbayan & Araullo as the Corporation's External Auditor for 2024. Punongbayan & Araullo is one of the most reputable auditing firms in the country and is duly accredited by the Securities and Exchange Commission. The stockholders will also be requested to delegate to the Board the authority to approve the appropriate audit fee for 2024.

## PROXY FORM

The undersigned stockholder of **First Abacus Financial Holdings Corporation** (the “Company”) hereby appoints the Chairman of the meeting, as attorney and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on 26 September 2024, and at any of the adjournments thereof for the purpose of acting on the following matters:

**1. Election of Directors.**

- 1.1. Vote for all nominees listed below:
  - 1.1.1.1. Paulino S. Soo
  - 1.1.1.2. Jimmy S. Soo
  - 1.1.1.3. Maria Cristina B. Encarnacion
  - 1.1.1.4. Ma. Therese G. Santos
  - 1.1.1.5. Anna Francesca C. Respicio
  - 1.1.1.6. Alden Alfonso M. Castaneda (Independent Director)
  - 1.1.1.7. Maria Rita Cecilia P. Arenas (Independent Director)

- 1.2. Withhold authority for all nominees listed above
- 1.3. Withhold authority to vote for the nominees listed below:  
 \_\_\_\_\_  
 \_\_\_\_\_

**2. Approval of Minutes of previous Annual Stockholders’ Meeting.**       Yes     No     Abstain

**3. Approval of 2023 Operations and Results.**       Yes     No     Abstain

**4. Ratification of all acts and resolutions of the Board of Directors and Management from date of last Stockholders’ Meeting to 26 September 2024.**       Yes     No     Abstain

**5. Election of Punongbayan & Araullo as external auditor.**       Yes     No     Abstain

**6. At their discretion, the proxies named above are authorized to vote upon such other matters as may be properly come before the meeting.**       Yes     No     Abstain

\_\_\_\_\_  
Printed Name of Stockholder

\_\_\_\_\_  
Signature of Stockholder / Authorized Signatory

\_\_\_\_\_  
Date

\* Where a representative will sign on behalf of a stockholder, this ballot/proxy shall be submitted with a duly executed Special Power of Attorney showing the authority of the signatory to sign on behalf of the stockholder. For corporate stockholders, a Corporate Secretary’s Certification, certifying the representative’s authority as proxy to sign the ballot on behalf of the corporation, must accompany this ballot/proxy. A stockholder voting by proxy has the power to revoke the proxy at least ONE (1) day before the meeting. Notarization of this ballot/proxy is not required.

**THIS PROXY FORM SHOULD BE RECEIVED BY THE CORPORATE SECRETARY AT LEAST THREE (3) DAYS BEFORE THE DATE SET FOR THE ANNUAL MEETING AS PROVIDED IN THE BY-LAWS.**

THIS BALLOT/PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER. IF NO SPECIFIC DIRECTION IS MADE FOR THE ELECTION OF THE NOMINEES, THIS PROXY WILL BE VOTED IN FAVOR OF THE ELECTION OF ALL NOMINEES. IF NO DIRECTION IS MADE (I) FOR ANY OF THE OTHER AGENDA ITEMS, THIS PROXY WILL BE VOTED FOR THE APPROVAL OF THE RELEVANT MATTER STATED; AND (II) FOR ALL OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING. THIS PROXY WILL BE VOTED IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY THE BOARD OF DIRECTORS.

**SECRETARY’S CERTIFICATE**

I, \_\_\_\_\_, Filipino, of legal age and with office address at \_\_\_\_\_, do hereby certify that:

1. I am the duly elected and qualified Corporate Secretary of \_\_\_\_\_ (the “Corporation”), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at \_\_\_\_\_;
2. Based on the records, during the lawfully convened meeting of the Board of Directors of the Corporation held on \_\_\_\_\_, the following resolution was passed and approved:

“RESOLVED, that the Chairman of the Stockholders’ Meeting of **First Abacus Financial Holdings Corporation (“FAFHC”)** be authorized and appointed, as he is hereby authorized and appointed, as the Corporation’s Proxy (the “Proxy”) to attend all meetings of the stockholders of FAFHC whether the meeting is regular or special, or at any meeting postponed or adjourned therefrom, with full authority to vote the shares of stock of the Corporation held in FAFHC and to act upon all matters and resolution that may come before or presented during meetings, or any adjournments thereof, in the name, place and stead of the Corporation.

“RESOLVED, FURTHER, that FAFHC be furnished with a certified copy of this resolution, and FAFHC may rely on the continuing validity of this resolution until receipt of written notice of its revocation.”

3. The foregoing resolution has not been modified, amended or revoked in accordance with the records of the Corporation presently in my custody.

IN WITNESS WHEREOF, I have signed this instrument in \_\_\_\_\_ on \_\_\_\_\_.

\_\_\_\_\_  
Printed Name and Signature of  
the Corporate Secretary

**SUBSCRIBED AND SWORN TO BEFORE ME** on \_\_\_\_\_ in \_\_\_\_\_.  
Affiant exhibited to me his Competent Evidence of Identity by way of \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_.

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2024.

## **Guidelines for Participating via Remote Communication and Voting in Absentia**

The 2024 Annual Stockholders' Meeting (ASM) of First Abacus Financial Holdings Corporation (the "Corporation") will be held on 26 September 2024 at 10:00 am, and the Board of Directors of the Corporation has fixed the end of trading hours of the Philippine Stock Exchange, Inc. on 27 August 2024 ("Record Date") as the record date for the determination of stockholders entitled to notice, to attend, and to vote at such meeting and any adjournment thereof. In view of the continuing mobility restrictions and prohibition on mass gatherings due to the public health emergency, the Board of Directors of the Company has approved authorized stockholders to participate in the ASM via remote communication and to exercise their right to vote in absentia or by proxy.

### **REGISTRATION**

The conduct of the meeting will be streamed live, and stockholders may attend the meeting by registering until 20 September 2024 at 5:00 p.m. by submitting the following requirements and documents to [corporatesecretary@abacus-sec.com](mailto:corporatesecretary@abacus-sec.com) subject to verification and validation:

#### **1. Individual Stockholders**

1.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholder

1.2. Stock certificate number

1.3. Active e-mail address/es

1.4. Active contact number/s, with area and country codes

#### **2. Multiple Stockholders or with joint accounts**

2.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholders

2.2. Stock certificate number/s

2.3. Active e-mail addresses of the stockholders

2.4. Active contact numbers, with area and country codes

2.5. Digital copy of an authorization letter executed by all named holders, authorizing a holder to vote for and on behalf of the account

#### **3. Corporate Stockholders**

3.1. Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the corporation

3.2. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative

3.3. Active e-mail address/es of the authorized representative

3.4. Active contact number of an authorized representative, with area and country codes

#### 4. PCD Participants/Brokers

- 4.1. Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the PCD participant/broker
- 4.2. Digital copy of the certificate of shareholdings issued by the PCD/broker
- 4.3. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative
- 4.4. Active e-mail address/es of the authorized representative
- 4.5. Active contact number of the authorized representative, with area and country codes

#### **ONLINE VOTING**

1. Log-in to the voting portal by clicking the link, and using the log-in credentials, sent to the email address of the shareholder to the Company.
2. Upon accessing the portal, the stockholder can vote on each agenda item. A brief description of each item for stockholders' approval are appended to the Notice of Meeting.
  - 2.1 A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.
  - 2.2 For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only.
3. Once the stockholder has finalized his vote, he can proceed to submit his vote by clicking the "Submit" button.
4. The stockholder can still change and re-submit votes, provided, such new votes are submitted within the Voting Period using the same log-in credentials. Previous votes will be automatically overridden and replaced by the system with the new votes cast.

*Note:* A stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected (7 directors) multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholder.

#### **ASM LIVESTREAM**

The ASM will be broadcasted live and stockholders who have successfully registered will be provided access to participate via remote communication. Instructions on how to access the livestream will be sent to their emails upon registration.

#### **OPEN FORUM**

During the virtual meeting, after all items in the agenda have been discussed, the Company will have the Question and Answer Portion, during which, the meeting's moderator will read and where representatives of the Company shall answer questions and comments received from stockholders, as time will allow. Stockholders may send their questions in advance by sending an email bearing the subject "Questions for ASM 2024" to [corporatesecretary@abacus-sec.com](mailto:corporatesecretary@abacus-sec.com) on or before 10:00 am on 26 September 2024. Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company via email.

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE  
SECURITIES REGULATION CODE**

1. Check the appropriate box:  
[  ] Preliminary Information Statement  
[  ] Definitive Information Statement
2. Name of Registrant as specified in its charter: **FIRST ABACUS FINANCIAL HOLDINGS CORPORATION**
3. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
4. SEC Identification Number : **ASO94-001420**
5. BIR Tax Identification No: **043-003-507-219**
6. Address of Principal Office : **Unit 2901A East Tower, PSE Centre, Exchange Road, Pasig City, Metro Manila, Philippines 1605**
7. Registrant's telephone number, including area code: **(+632) 8667-8900**
8. Date, time and place of the meeting of security holders:  
  
    **Date - 26 September 2024**  
    **Time - 10:00 AM**  
    **Place - Video conferencing facility in accordance with SEC Memorandum Circular No. 6, Series of 2020, at Unit 2901A East Tower, PSE Centre, Exchange Road, Pasig City, Metro Manila, Philippines 1605**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **5 September 2024**
10. Securities registered pursuant to Sections 8 and 12 of the Code

<b><u>Title of Each Class</u></b>	<b><u>Number of Shares of Common Stock Outstanding as of 3 September 2024</u></b>
Common stock, ₱1.00 par value	1,193,200,000

11. Are any or all of these securities listed on a stock exchange

**Yes ( X )                      No (   )**

If yes, disclose the name of such Stock Exchange and Class of Securities listed therein:

**Philippine Stock Exchange Common Stock**



## GENERAL INFORMATION

### Date, time and place of meeting of security holders:

- A. **Date and Day** - 26 September 2024, Thursday  
**Time** - 10:00 AM  
**Place** - Video conferencing in accordance with SEC Memorandum Circular No. 6, Series of 2020, at Unit 2901A East Tower, PSE Centre, Exchange Road, Pasig City, Metro Manila, Philippines 1605
- B. The approximate date on which this Information Statement will be sent or given to security holders is on **05 September 2024**.

The complete mailing address of First Abacus Financial Holdings Corporation (referred to herein alternatively as the “Registrant”, the “Company” or the “Corporation”) is:

**Unit E, 2901A East Tower, PSE Center, Exchange Road, Ortigas Complex, Pasig City, Metro Manila, Philippines 1605.**

### Dissenters’ Appraisal Right

The Revised Corporation Code of the Philippines, specifically Sections 41 and 80 thereof, gives to a dissenting stockholder who votes against certain corporate actions specified by law, the right to demand payment of the fair market value of their shares, commonly referred to as Appraisal Right.

The following are the instances provided by law when dissenting stockholders can exercise their Appraisal Right:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
3. In case of investment of funds by the Company in any other corporation or business or for any purpose other than the primary purpose for which the Company was organized; and
4. In case of merger or consolidation.

Under Section 81 of the Revised Corporation Code, the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. However, failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be

determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made, provided that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment, and that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

There is no matter or item to be submitted to a vote or acted upon in the Annual Stockholders' Meeting of the Company which falls under the instances provided by law when dissenting stockholders can exercise their Appraisal Right.

### **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

None of the present directors and officers, nominees for election as director of the Company, and any associates thereof have any substantial interest, direct or indirect, in any matter to be acted upon, other than their election as director for the year 2024-2025.

None of the directors of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company at the meeting.

## **CONTROL AND COMPENSATION INFORMATION**

### **A. Voting Securities and Principal Holders Thereof**

#### **Number of Shares Outstanding**

The Company has 1,193,200,000 outstanding common shares as of **31 July 2024**. A total of 1,143,234,999 common shares were issued to Filipino stockholders and 49,965,001 common shares were issued to foreign stockholders.

Each common share shall be entitled to one vote with respect to all matters to be taken up during the annual stockholders' meeting on **26 September 2024**.

#### **Record Date**

The record date fixed for determining the stockholders entitled to notice of and to vote during the annual stockholders' meeting is on **27 August 2024**.

#### **Voting Rights**

During the Annual Stockholders' Meeting, stockholders shall be entitled to elect seven (7) directors. In accordance with Section 23 of the Revised Corporation Code, each stockholder may vote such number of shares for as many as seven (7) persons he or she may choose to be elected from the list of nominees, or he or she may cumulate said shares and give one candidate as many votes as the number of his or her shares multiplied by seven (7) shall equal, or he or she may distribute his or her votes on the same principle among as many candidates as he or she shall see fit, provided that the total number of votes cast shall not exceed the number of shares owned by him or her multiplied by seven (7).

### **Security Ownership of Certain Beneficial Owners and Management**

- **Security Ownership of Certain Beneficial Owners**

As of **27 August 2024**, the Company knows of no one who beneficially owns more than 5% of its common stock except as set forth in the table below:

### Securities and Principal Holders

CLASS	NAME & ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH ISSUER	NAME & ADDRESS OF BENEFICIAL OWNER AND RELATIONSHIP WITH RECORD OWNER	CITIZENSHIP	NUMBER OF SHARES	% HELD
Common	PCD Nominee Corp.* 2 <sup>nd</sup> Floor Makati Stock Exchange, Ayala Avenue, Makati City; stockholder		Filipino	822,687,999	68.95
Common	Paulino S. Soo (record and beneficial) Chairman and President of Issuer  29 <sup>th</sup> Floor East Tower, PSE Center, Exchange Road, Pasig City;	(same as record owner)	Filipino	133,000,000	11.15
Common	Abacus Capital and Inv. Corp. ** (record and beneficial); Subsidiary and Stockholder 29 <sup>th</sup> Floor East Tower PSE Centre, Exchange Road, Pasig City	(same as record owner)	Filipino	62,191,000	5.21

\*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 behalf or on 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 Abacus Capital and Investment Corporation and First Abacus Financial Holding Company.

- **Security Ownership of Directors and Executive Officers**

The following table shows the shares beneficially owned by the directors and executive officers

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP		CITIZENSHIP	% OF CLASSES
		[record (r) or beneficial (b)]			
Common	Paulino S. Soo 29 <sup>th</sup> Floor East Tower, PSE Center, Exchange Road, Pasig City	133,000,000	r/b	Filipino	11.15
Common	Jimmy S. Soo 5 <sup>th</sup> Floor Sage House V.A. Rufino St., Legaspi Village, Makati City	10,010,000	r/b	Filipino	0.84
Common	Ms. Maria Cristina B. Encarnacion 2008 Madison Suites, Pioneer Highlands, Mandaluyong City	10,000	r/b	Filipino	0.00
Common	Ma. Theresa G. Santos 29 <sup>th</sup> Floor East Tower, PSE Center, Exchange Road, Pasig City	10,000	r/b	Filipino	0.00
Common	Anna Francesca C. Respicio No. 4 Don Renato Street, Don Enrique Heights, Quezon City	10,000	r/b	Filipino	0.00
Common	Alden Alfonso M. Castañeda Unit 2604 Paragon Plaza, EDSA cor. Reliance, Mandaluyong, Metro Manila	10,000	r/b	Filipino	0.00
Common	Maria Rita Cecilia P. Arenas 7 Kapiligan Drive, Ayala Greenfield Estates, Barangay Maunong, Calamba, Laguna	10,000	r/b	Filipino	0.00
Common	All directors and executive officers as group	143,060,000	r/b	Filipino	11.99

- **Voting Trust Holders of 5% or More**

The Company is not aware of any party holding any voting trust or similar arrangement for 5% or more of the Company’s voting securities.

- **Changes in Control**

The Company is not aware of any arrangements that may result in a change of control of the Company. There have been no changes in control since the beginning of the last fiscal year.

## B. **Directors and Executive Officers**

### **Director, Executive Officers, Promoters and Control Persons**

The following are the incumbent directors and principal officers of the Company:

<b>Name</b>	<b>Age</b>	<b>Office</b>	<b>Period of Service</b>	<b>Citizenship</b>
Paulino S. Soo	72	Chairman /CEO	1994 to present	Filipino
Jimmy S. Soo	66	Director	1995 to present	Filipino
Maria Cristina Encarnacion	66	Director	2017 to present	Filipino
Ma. Theresa G. Santos	66	Director	2006 to present	Filipino
Anna Francesca C. Respicio	39	Director	2021 to present	Filipino
Alden Alfonso M. Castañeda	66	Independent Director	2021 to present	Filipino
Maria Rita Cecilia P. Arenas	67	Independent Director	2021 to present	Filipino
Mariel Angeli R. Quines	30	Corporate Secretary	2021 to present	Filipino
Jeseraire Noc L. Quisaot	27	Assistant Corporate Secretary	2023 to present	Filipino

### **Board of Directors**

The present members of the Board of Directors (“BOD”) were elected during the annual stockholders’ meeting held on 07 September 2023. The term of the current members of the BOD shall be until the next stockholders’ meeting on 26 September 2024.

Upon recommendation of the Company’s Corporate Governance Committee (composed of Ms. Maria Rita Cecilia P. Arenas [Chairman], Mr. Alden Alfonso M. Castañeda, and Mr. Paulino Soo) as required by the Company’s Manual of Corporate Governance, the following persons are nominated for election as directors for the year 2024 to 2025, to hold office as such for one year or until their successors shall have been duly elected and qualified.

The nominees for election to the Board of Directors are as follows:

- Paulino S. Soo
- Jimmy S. Soo
- Maria Cristina B. Encarnacion

- Ma. Therese G. Santos
- Anna Francesca C. Respicio

The nominees for election as independent directors of the Board of Directors, pursuant to Section 38 of the Securities Regulation Code, are as follows:

- Alden Alfonso M. Castañeda Nominated by Vicente Co Chien
- Maria Rita Cecilia P. Arenas Nominated by A. Bayani K. Tan

Except as co-stockholders of the Corporation, the nominees for Independent Directors are not related to the persons nominating them.

The respective backgrounds of the nominees as members of the Board of Directors for 2024 to 2025, indicating their business experiences are likewise provided below:

***Mr. Paulino S. Soo – Director***

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).

***Atty. Jimmy S. Soo – Director***

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

***Ms. Maria Cristina B. Encarnacion – Director***

Ms. Maria Cristina B. Encarnacion, 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. Santos is an incumbent Director of the Company. She is concurrently a director, stockholder, and administrator of Gravitas Prime. She is likewise an independent director of Crown Asia Chemicals Corporation. She previously served as CFO, and after her resignation, as Independent Director and

Chairman of the Audit Committee of Music Semiconductors Corporation. She also served as Director and Chairman of the Risk Management Committee of both Rural Bank of Solano (Nueva Vizcaya), Inc. and Cordillera Savings and Loan Association.

Ms. Santos holds a Masters Degree in Business Administration and Bachelor of Science degree in Chemical Engineering from the University of the Philippines Diliman. She is a licensed Chemical Engineer.

***Atty. Anna Francesca C. Respicio – Director***

Atty. Respicio is an incumbent Director of the Company. She is the Corporate Secretary of the following reporting and/or listed companies: I-Remit, Inc. (2013 to date), Jolliville Holdings Corporation (2014 to date), Discovery World Corporation (2017 to date), and Sterling Bank of Asia, Inc. (A Savings Bank) (2018 to date); She likewise holds the position as Assistant Corporate Secretary of the following reporting and/or listed companies: Tagaytay Highlands International Golf Club, Inc. (2013 to date), The Spa and Lodge at Tagaytay Highlands, Inc. (2014 to date), She was previously the Assistant Secretary of Discovery World Corporation (2013 to 2017) and Sterling Bank of Asia (2013-2018).

Atty. Respicio obtained her bachelor of arts degree (majored in Philosophy) in 2007 and her Juris Doctor degree in 2011 from the Ateneo de Manila University. She likewise passed the real estate brokers licensure examination in 2015.

She was admitted to the Philippine Bar in April 2012. She is currently a Partner at Tan Venturanza Valdez.

***Mr. Alden Alfonso Maniquis Castaneda – Independent Director***

Mr. Castaneda is an incumbent Independent Director of the Company. He holds a Master in Business Administration degree from the University of Philippines Diliman and graduated as one of the top 10 graduates in 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 to June 2016), Wisehill Business Corporation (July 2007 to December 2009), ABS- CBN (January 2001 to June 2007), and ABS-CBN Broadcasting Corporation (January 2001 to January 2003).

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

***Ms. Maria Rita Cecilia Pangilinan -Arenas – Independent Director***

Ms. Arenas is an incumbent Independent Director of the Company. She took her undergraduate studies from the University of the Philippines-Diliman. She was the Governor and member of the Board of Directors of KidZania Philippines from 2013 to 2020, and the President and Chief Executive Officer of KidZania Manila, Play Innovations, Inc. from 2012 to 2016. She was also the Managing Director of MRM Partners Philippines from 2004 to 2016, and a member of the Management Board of McCann Worldgroup Philippines from 2002 to 2012. She was the Managing Director of Harrison Communications from 2002 to 2012, a member of the Management Board of McCann-Erickson Philippines from 1990 to 1998, and 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.

### **Other Principal Officers**

#### ***Atty. Mariel Angeli R. Quines (Corporate Secretary)***

Atty. Quines is currently the Corporate Secretary of the Corporation. She also holds the position of Corporate Secretary for the following corporations: Radenta Technologies, Inc., Genarch Holdings, Inc., Clever Genius Ventures, Sapiental Dragons Corporation, Fortune Genius Development, and Fr. Barbero Foundation for PGH Charity Patients, Inc.

She is 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., Travel Book Philippines Inc., Elanvital Enclaves, Everyhome Enclaves, Star Equities, Inc., and JTKC Equities, Inc.

Atty. Quines obtained her Bachelor of Science in Business Economics degree from the University of the Philippines, 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 an Associate at Tan Venturanza Valdez.

#### ***Atty. Jeseraire Noc L. Quisaot (Assistant Corporate Secretary)***

Atty. Quisaot is currently the corporation's Assistant Corporate Secretary. He also holds the position of Assistant Corporation Secretary for the following corporations: Stage Craft International, Inc., Demikk Realty, Inc., Demikk Holdings, Inc., JSD Solutions, Inc., Katharo Water Solutions, Inc., Aviva Global Marine Corp, and Manfel Piastrelle Corporation.

Atty. Quisaot obtained his Bachelor of Science in Accountancy and Juris Doctor degrees from the University of San Carlos. He is a Certified Public Accountant and was admitted to the Philippine Bar in May 2023.

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

### **Significant Employees**

The Company has no significant employees.

### **Family Relationships**

Paulino S. Soo and Jimmy S. Soo are brothers. No other family relationships are known to the registrant aside from Mr. Paulino Soo and Jimmy Soo.

### **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.

### **Certain Relationships and Related Transactions**

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

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.

**The summary of the Company's significant transactions with its related parties are as follows:**

#### **a. Granting (collection) and obtaining (payment) of Advances**

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

#### **b. Management Fees**

The Company entered into a business development service agreement with Philippine Gaming Management Corporation (PGMC), a related party under common key management personnel for a period of one year, renewable every year. Management fees billed to PGMC amounted to ₱19,550,000 for 2022 and 2023, and which are unsecured, non-interest-bearing, and collectible in cash upon demand. The outstanding receivables related to this agreement is presented as part of Receivables in the consolidated statements of financial position.

#### **c. Lease of Property**

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 ₱53,571 ₱1,021,864, and ₱1,409,455, in 2023, 2022, and 2021, 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 ₱10,436,837, and ₱10,383,266 as at December 31, 2023 and 2022, respectively, and is included as part of Others under the Receivables account in the consolidated statements of financial position. The outstanding balance of receivable is unsecured, noninterest-bearing and collectible in cash upon demand.



**d. Key Management Personnel Compensation**

Short-term benefits to key management personnel amounted to ₱42,390,396, ₱33,592,051, and ₱31,350,653, in 2023, 2022, and 2021, respectively.

**e. Cost-Sharing and Sale of Acquisition of Equipment**

The Group acquired transportation equipment through finance lease arrangements amounting to ₱2,808,986, ₱810,000, and ₱225,000 in 2023, 2022, and 2021, respectively. The capitalized cost of the acquired transportation equipment is only up to a certain limit in accordance with the Group's car executive plan policy.

In 2022 and 2021, the Group sold certain transportation equipment to certain key management personnel with a carrying amount of ₱824,474, and ₱1,579,157, respectively.

The group received cash settlement arising from this transaction equal to the carrying amount of the assets transferred; hence, no gain or loss recognized. No similar transactions occurred in 2023.

**f. Retirement Plan**

The Group's retirement fund is a multi-employer retirement plan, which is administered by a trustee bank. The retirement fund includes investments in cash and cash equivalents, government bonds and Unit Investment Trust Funds (UITFs).

**Disagreement with Director**

None of the Company's directors has resigned or declined to stand for re-election to the board of directors since the last annual stockholders' meeting of the security holders because of a disagreement with the Company or any matter relating to the Company's operations, policies or practices.

**Compensation of Executive Officers and Directors**

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. 2023 and 2022, and to be paid in the ensuing fiscal year 2024 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:

<b>Name and Principal Function</b>	<b>Fiscal Year*</b>	<b>Salary</b>	<b>Bonus</b>	<b>Other Annual Compensation</b>
Paulino S. Soo Chairman and President	2022			
	2023			
	2024			
Jack T. Huang Vice President - Cebu	2022			
	2023			
	2024			
Sheila Marie Aguilar Vice President	2022			
	2023			
	2024			
Melanio C. Dela Cruz Vice President	2022			
	2023			
	2024			
Raymond Neil Franco Head of Research	2022			
	2023			
	2024			

Total for the Group	2022	10,194,167	2,208,802	-0-
	2023	13,082,820	2,896,378	-0-
	2024	14,418,040	2,772,261	-0-
All Officers as a Group Unnamed	2022	12,476,859	2,714,073	-0-
	2023	15,262,602	3,536,106	-0-
	2024	17,840,846	3,598,833	-0-

- The figures indicated for Fiscal Year 2024 are mere estimates.

Except as provided above, there are no standard arrangements, employment contracts or any other arrangements by which the directors and officers of the Company receive compensation. In addition, there are no compensatory plans or arrangement with respect to named executive officers that resulted in or will result from the resignation, retirement or termination of such executive director or from a change-in-control in the Company.

The directors do not receive any compensation or per diem for each Board meeting. The Company only distributes directors' fee amounting to ₱100,000.00 annually for each director.

There is no outstanding price or stock warrants or options held by the Company's officers and directors.

### Independent Public Accountants

The auditing firm of Punongbayan & Araullo ('Punongbayan') will be nominated and recommended to stockholders for reappointment as external auditor for the year 2024 to 2025. Representatives of the said firm are expected to be present at the upcoming Annual Stockholders' Meeting to respond to appropriate questions and to make a statement, if they so desire.

Over the past five (5) years, there was no event where Punongbayan and the Company had any disagreement with regard to any matter relating to accounting principles or practices, disclosure of financial statements or auditing scope or procedure.

Mr. Yusoph Maute is the recommended audit engagement partner assigned for the Company for 2024. In compliance with Rule 68 (3)(b)(iv) of the Securities Regulation Code, the assignment of Mr. Yusoph Maute, the engagement partner, shall not exceed five (5) consecutive years.

### Changes in and Disagreements with Accountants on Accounting or Financial Disclosure

No independent accountants have resigned, were dismissed, or otherwise ceased performing services during the two most recent fiscal years or any subsequent interim period.

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:

	2023	2022
<b>A. Audit and Audit-related Fees</b>		
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.	<b>₱3,220,000</b>	₱3,150,000
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>B. Tax fees</b>	-0-	-0-
<b>C. All other fees</b>	-0-	-0-

## **OTHER MATTERS**

### **Action with Respect to Reports**

The following are to be proposed for approval during the Annual Stockholders' Meeting:

1. Approval of the Minutes of the Previous Meeting of Stockholders
2. President's Report and Presentation of Financial Statements
3. Ratification of all Acts of the Board of Directors and Officers
4. Appointment of an External Auditor
5. Election of Directors
6. Other Matters

The items covered with respect to the ratification of the acts of the Board of Directors and officers for the past year up to the date of the meeting are those items entered into in the ordinary course of business, with those of significance having been covered by appropriate disclosures such as:

1. Election of Board Committee Members
2. Appointment of Principal Officers at the Organizational Board Meeting;
3. Approval of Financial Reports;
4. Designation of Authorized Representatives for HDMF;
5. Processing of Books of Accounts with Bureau of Internal Revenue
6. Purchase of Real Property

Management reports which summarize the acts of management for the year 2023 are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement and shall be submitted for approval by the stockholders at the meeting. Approval of the Management Report will constitute approval and ratification of the acts of Management and of the Board of Directors for the past year.

### **Matters Not Required to be Submitted**

No action is to be taken with respect to any matter which is not required to be submitted to a vote of the stockholders.

### **Amendment of Charter, By-Laws or Other Documents**

There are no matters to be voted upon by the stockholders of the Company pertaining to any amendment of the Company Charter, By-laws and other documents.

### **Other Proposed Action**

The items covered with respect to the ratification of the acts of the Board of Directors and officers for the past year up to the date of the meeting are those items entered into in the ordinary course of business.

### **Voting Procedures**

- a. Actions to be taken at the Annual Stockholders' Meeting shall require the vote of the stockholders representing at least a majority of the Company's outstanding capital stock.

- b. Three inspectors shall be appointed by the Board of Directors before or at each meeting of the stockholders, at which an election of directors shall take place; if no such appointment shall have been made or if the inspectors appointed by the Board of Directors refused to act or fail to attend then the appointment shall be made by the presiding officer of the meeting. For purposes of the Annual Stockholders' Meeting on 26 September 2024, the Corporate Secretary and/or her representative together with the Audit Partner of the External Auditor and/or his representative, have been designated as inspectors who have been tasked to oversee the counting of votes.
- c. Stockholders may vote at all meetings either in person or by proxy duly given in writing in favor of any person of their confidence and each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the corporation; provided, however, that in the election of Directors, each stockholder shall be entitled to cumulate his votes in the manner provided for by law. For the purpose of this year's annual stockholders' meeting, which will be held only in virtual format, the stockholders may only vote through proxies or by remote communication (in absentia). The stockholders are encouraged to participate in the meeting by either of the following:
  - 1. By submitting duly accomplished proxies to the Office of the Corporate Secretary at 2704 East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City or via electronic copy by emailing [corporatesecretary@abacus-sec.com](mailto:corporatesecretary@abacus-sec.com) on or before 5:00 p.m. on 20 September 2024. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.
  - 2. By registering your votes on the matters to be taken up during the meeting through the e-voting platform set up for the purpose which can be accessed at <http://firstabacusfinancial.com.ph/>. The e-voting portal will be open until 8:00 in the morning of 26 September 2024.
- d. With respect to the election of seven (7) directors, each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven (7).
- e. Upon confirmation by the inspectors that there is a mathematical impossibility for certain nominees to be elected into office based on proxies held and votes present/represented in the meeting, the actual casting and counting of votes for the election of Directors may be dispensed with.

### **Omitted Items**

Items 9, 10, 11, 12, 13, and 14 are not responded to in this report, the Company having no intention to take any action with respect to the information required therein.

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 03 September 2024.

**FIRST ABACUS FINANCIAL HOLDINGS  
CORPORATION**

By:

A handwritten signature in black ink, appearing to read 'marielquines', written in a cursive style.

**MARIEL ANGELI R. QUINES**  
Corporate Secretary

## **FIRST ABACUS FINANCIAL HOLDINGS CORPORATION ANNUAL REPORT**

### **General Nature and Scope of 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 likewise 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 Php100,000,000.00. In 2008, the Company applied P90,000,000.00 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.

### **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 the 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 2023, Abacus Securities Corporation ranked 20<sup>th</sup> in terms of total value traded. Abacus Securities Corporation had a total value traded of Php49,488,776,785 and Php74,024,336,985 in 2023 and 2022, respectively.

## **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.

The Contribution of each services or line of business

		Amounts (in mio)
Commissions and fees	₱	98.2
Fair value gain		20.1



Others		2.6
	₱	120.9

## 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, 2023, the Corporation and its operating subsidiaries employ 78 permanent employees.

Employee Type	No. of Employees	No. of Additional Employees for Ensuing 12 Mos.	Collective Bargaining Agreement (CBA)	Supplemental Benefits or other incentives
Operations	37	2	N/A	None
Corporate Finance	4	1	N/A	None
Administrative	8	None	N/A	None
Sales	19	1	N/A	None
Accounting & Finance	10	-	N/A	None
Total	78	4	N/A	None

For the past three years, the Corporation 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.

### **DIRECTORS AND EXECUTIVE OFFICERS.**

The list of directors and executive officers of the Company are found on pages 10-13 of the Information Statement (SEC Form 20-IS) to which this report is attached.

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Second Quarter of 2024

#### General Business Environment

In the second quarter of 2024, the Philippine stock market showed positive performance, partly due to the country's economic growth. The Philippine Stock Exchange index (PSEi) increased slightly by 0.21% to 6,549.27.

The growth in the stock market was supported by the Philippine economy's acceleration, with a GDP growth rate of 6.3% in second quarter of 2024. This rate was higher than the 5.8% growth in first quarter of 2024 and significantly improved from the 4.3% in second quarter of 2023. The growth was driven by strong performance in industry and services, along with increased government spending and investment in public construction.

Despite global economic concerns and geopolitical tensions affecting other markets, the Philippines managed to attract investor interest, reflected in the net foreign buying recorded during this period.

Throughout the quarter, the market faced several external risks, including the potential for a recession in the US, which could have a contagion effect on the Philippine market. Despite these concerns, there was a cautious optimism due to undervaluation, with the PSEi's price-to-earnings ratio at attractive levels compared to historical averages and regional peers.

Domestic factors also played a crucial role. The Philippine government's budget increase for 2024, focused on infrastructure development, was seen as a positive move that could drive economic growth and investor confidence. Additionally, projections indicated a decline in inflation and potential interest rate cuts by the Bangko Sentral ng Pilipinas in the latter half of the year, which could further stimulate economic activity.

Overall, while the PSE faced challenges from both domestic and international fronts, the market's strong start and strategic governmental measures provided a foundation for potential growth in the remainder of the year.

#### The Performance of the Company

The conditions in the financial market in review was mirrored in the group's performance during the period, our company's brokerage house managed to record Php29.5 million in commission, an increase of Php10.6 million or 56% from the same period last year of Php19 million. The group realized a total of Php5.4 million gain on sale of its investment in financial assets during the quarter as compared to the slight loss of Php94 thousand recorded on the same period last year. At the close of the reporting quarter, the group posted a valuation loss amounting to Php10 million, while valuation gain recorded on the same period last year was at Php2.7 million. The group's consolidated core revenues during the quarter resulted to Php25.1 million as compared to the Php22.3 million recorded on the same period last year.

All considered, consolidated revenues for the first half of the year stood at Php146.2 million, an increase of Php23.6 million from the Php122.6 million recorded on the same period last year.

The continuing money-tightening measures by the BSP pushed interest rates up bringing the Company's total costs and expenses for the quarter at Php157.3 million, an increase of 26% or Php32.6 million as compared to the same period last year of Php124.7 million. The bulk of the total costs and expenses for the quarter were mainly due to higher payments of debt servicing fee and commission expense

amounting to Php25.7 million and Php3.3 million, respectively, while other costs and expenses remained flat during the period under review.

Total costs and expenses for the first half of the year was noted at Php308 million, representing an increase of Php18 million from last year's Php290 million. Our debt servicing fee from our short term borrowings continued to comprise a large chunk of the group's expenses in keeping its commitment to honor its obligations.

Summing up the performance for the second quarter of the year, the Group is reporting a consolidated net loss of Php74 million as compared to the Php75 million reported net loss for the same period last year.

As of the second quarter of the year, the group is reporting a consolidated net loss of Php99.4 million as compared to the consolidated net loss of Php113.6 million reported on the same period last year.

At the end of period under review, there was a decrease noted in total assets amounting to Php48.3 million, from Php7,017.1 million in December 2023 to Php6,968.8 million in June 2024. The decrease in total assets was brought about by the collections of our trade receivables and non-trade receivables amounting to Php254.9 million, partially offset by the marked to market gains of our financial assets amounting to Php126.5 million and our recognition of deferred tax assets amounting to Php61 million.

Total liabilities for the period noted a decline amounting to Php74.8 million bringing total liabilities from Php6,409.1 million in December 2023 to Php6,334.3 million in June 2024. The net decline was due to the payments made for both the trade and non-trade payables totaling to Php140.4 million, partially offset by additional availment of loans and short-term payables amounting Php65.6 million.

The increase in the stockholders' equity at the end of the period to Php634.5 million from Php607.9 million from December 2023 was the result of the Group's recognition of valuation gains on our financial assets less the company's reported bottomline as of and at the end of the reporting quarter.

Looking ahead to remaining period of 2024, the economy and the PSE are expected to face continuing challenges, particularly from persistent high inflation, which is expected to continue to threaten economic expansion. The PSE is expected to recover some of its losses, with projections suggesting a rebound in the index to between 6,800 and 8,300, contingent on favorable adjustments in monetary policies and a stabilization of global markets. The Company is fully prepared to ride and take advantage of crests in the market.

The Group is leveraging the synergy among its investment house and other units and adopting a holistic approach towards serving the financial, investment, and brokerage requirements of its institutional, niche and expanded clientele. The Group subsidiaries, specifically the full service and online brokerage, will continue to provide distribution muscle in support of investment banking operations, including mergers and acquisitions, and together enhance the potential of the Group to revitalize its business and recover from deficit.

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.

## **First Quarter of 2024**

### **General Business Environment**

The Philippine Stock Exchange (PSE) had a notable performance in the first quarter of 2024. The PSEi started the year with a strong gain of 1.61%, closing at 6,554.04 on the first trading day. This initial

boost was driven by significant buying interest, particularly in the holding firms and services sectors, which posted gains of 3.56% and 2.33%.

Throughout the quarter, the market faced several external risks, including the potential for a recession in the US, which could have a contagion effect on the Philippine market. Despite these concerns, there was a cautious optimism due to undervaluation, with the PSEi's price-to-earnings ratio at attractive levels compared to historical averages and regional peers.

Domestic factors also played a crucial role. The Philippine government's budget increase for 2024, focused on infrastructure development, was seen as a positive move that could drive economic growth and investor confidence. Additionally, projections indicated a decline in inflation and potential interest rate cuts by the Bangko Sentral ng Pilipinas in the latter half of the year, which could further stimulate economic activity.

Overall, while the PSE faced challenges from both domestic and international fronts, the market's strong start and strategic governmental measures provided a foundation for potential growth in the remainder of the year.

### The Performance of the Company

The conditions in the financial market in review was mirrored in the company's performance during the quarter, our company's brokerage house managed to record Php25.6 million in commission, a decline of Php14 million or 36% from the same period last year of Php39.8 million. At the close of the reporting quarter, the company posted a valuation gain amounting to Php81.2 million, while valuation gain recorded on the same period last year was at Php41.5 million. The company's consolidated core revenues during the quarter resulted to Php121.1 million as compared to the Php100.3 million recorded on the same period last year.

The continuing money-tightening measures by the BSP pushed interest rates up bringing the Company's total costs and expenses for the quarter at Php150.7 million, a decrease of 9% or Php14.6 million as compared to the same period last year of Php165.3 million. The bulk of the total costs and expenses for the quarter were mainly due to higher payments of debt servicing fee while other costs and expenses remained flat during the period under review.

In summary, the company is reporting a consolidated net loss of Php25.4 million for the quarter, an improvement of 34% or Php13 million as compared to the Php38.5 million loss posted on the same period last year.

At the end of period under review, there was a slight increase noted in total assets amounting to Php27.8 million, from Php7,017.1 million in December 2023 to Php7,044.9 million in March 2024. The increase in total assets was brought about by the marked to market gains of our financial assets amounting to Php180.6 million, partially offset by our collections of trade receivables amounting to Php167.9 million, and the net increase in our cash amounting to Php16.3 million.

Total liabilities for the period noted a decline amounting to Php72.7 million bringing total liabilities from Php6,409.1 million in December 2023 to Php6,336.4 million in March 2024. The net decline was due to the payments made for both the trade and non-trade payables totaling to Php90 million, less the additional availments of loans and short-term payables amounting Php17 million.

The increase in the stockholders' equity at the end of the period to Php708.5 million from Php607.9 million from December 2023 was the result of the Company's recognition of valuation gains on our financial assets less the company's reported bottomline at the end of the quarter.

Looking ahead to remaining period of 2024, the economy and the PSE are expected to face continuing challenges, particularly from persistent high inflation, which is expected to continue to threaten

economic expansion. The PSE is expected to recover some of its losses, with projections suggesting a rebound in the index to between 6,800 and 8,300, contingent on favorable adjustments in monetary policies and a stabilization of global markets. The Company is fully prepared to ride and take advantage of crests in the market.

The Group is leveraging the synergy among its investment house and other units and adopting a holistic approach towards serving the financial, investment, and brokerage requirements of its institutional, niche and expanded clientele. The Group subsidiaries, specifically the full service and online brokerage, will continue to provide distribution muscle in support of investment banking operations, including mergers and acquisitions, and together enhance the potential of the Group to revitalize its business and recover from deficit.

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.

## **2023**

### **General Business Environment**

The Philippine economy and the Philippine Stock Exchange (PSE) faced multiple challenges in 2023, resulting in performances that fell short of expectations.

Despite overwhelming optimism, the Philippine economy managed to grow by only 5.6% in 2023, a decrease from the 7.6% growth in 2022, and below the government's target range of 6-7%. Expectations were not met due to a number of challenges from both global and domestic fronts. Continuing geopolitical risks such as the Israel-Hamas conflict, the collapse of Silicon Valley Bank which raised concerns about the banking sector, the budget impasse in the US Congress, the weakening of the China's economy had investors adopting a risk-off mode, and consequently cautious tradition behaviors. On the domestic front, continuing concerns over peaking inflation weighed heavily on consumer spending and investment. The central bank's response through monetary policy adjustments had a dual impact, temporarily stabilizing the market but also constraining economic growth due to higher borrowing costs.

The local equities market reflected the broader economic challenges, with the PSE index closing the year at 6,450.04, down 1.77% from the beginning of the year. Volatility was a key factor throughout the year as the PSE experienced significant fluctuations, hitting a yearly high of 7,094.86 and a low of 5,961.99. Technology and renewable energy sectors showed robust growth, driven by global trends towards sustainability and innovation. However, these gains were offset by losses in other sectors due to inflationary pressures and shifts in monetary policies.

Nevertheless, the biggest story of the year was one of resilience. Overall, 2023 served as a strong reminder of the interconnectedness of global markets and the importance of agility and diversification in navigating the ever-evolving landscape of equities investing.

### **The Performance of the Company**

The conditions in the financial market during the year in review was mirrored in the company's performance during the year. The Company's consolidated core revenues during the year dropped to Php120.9 million from last year's Php347.5 million. There was a significant reduction in the total fees made by the Company's brokerage house and investment house at Php98.2 million, a decline of Php85.2 million from the previous year's Php183.4 million. At the close of the reporting year, fair value gains on financial assets at fair value through profit and loss registered a gain in its value by Php20.1 million, a significant decline by Php141.9 million, from last year's Php162 million.

Money-tightening measures by the BSP Monetary Board pushed interest rates up bringing the Company's total costs and expenses for the year at Php633.4 million, representing an increase of Php8.9 million from last year's Php624.5 million. The additional expenses were mainly due to higher payments of debt servicing fee as other costs and expenses remained flat during the period under review. Our debt servicing fee from our short-term borrowings continued to comprise a large chunk of the company's expenses in keeping with the Company's commitment to honor its obligations.

As can be expected in a bleak investing environment, the company is reporting a consolidated net loss of Php498 million for the year from last year's reported net loss of Php282 million.

There was a decrease noted in total assets for the year amounting to Php1,221.3 million, from Php8,238.4 million in December 2022 to Php7,017.1 million in December 2023. The significant decrease in total assets was brought about by the collection of accounts receivables from Php3,701.2 million last year and ended this year with Php2,570.4 million or a decrease of Php1,130.8 million.

Correspondingly, there was a decrease noted in total liabilities amounting to Php733.4 million from last year's Php7,142.6 million to this year's Php6,409.1. The payments of our short term borrowings including the trade and non trade payables at year end contributed to the decrease in total liabilities during the year.

The combination of the decrease in total assets, the decrease in total revenues during the year, and expensive borrowing costs contributed to the decrease in our stockholders equity at year end.

Looking ahead to 2024, the economy and the PSE are expected to face continuing challenges, particularly from persistent high inflation, which is expected to continue to threaten economic expansion. The PSE is expected to recover some of its losses, with projections suggesting a rebound in the index to between 6,800 and 8,300, contingent on favorable adjustments in monetary policies and a stabilization of global markets. The Company is fully prepared to ride and take advantage of crests in the market.

The Group is leveraging the synergy among its investment house and other units and adopting a holistic approach towards serving the financial, investment, and brokerage requirements of its institutional, niche and expanded clientele. The Group subsidiaries, specifically the full service and online brokerage, will continue to provide distribution muscle in support of investment banking operations, including mergers and acquisitions, and together enhance the potential of the Group to revitalize its business and recover from deficit.

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:**

		<b>31-Dec 2023</b>	<b>31-Dec 2022</b>
<b>CURRENT/LIQUITY RATIO</b>			
	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	= 0.64:1	0.74:1
	$\frac{\text{Quick Assets}}{\text{Current Liabilities}}$	= 0.63:1	0.74:1



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	$\frac{\text{Debt}}{\text{Equity}}$	=	.091:1	6.52:1
ASSETS TO EQUITY RATIO	$\frac{\text{Assets}}{\text{Equity}}$	=	11.54:1	7.52:1

INTEREST RATE COVERAGE RATIO	$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$	=	-4.12	-0.81
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Interest rate coverage ratio is a measure on how well a company can meet its interest payment obligations.

## **2022**

### General Business Environment

The year 2022 was another rollercoaster ride for the Philippines. Global and domestic headwinds such as the war in the Ukraine and the fears of a global recession raged, creating surges in commodity prices and dramatic increases in the costs of food such as sugar and onions amid plummeting supply shortages. Nevertheless, the easing of restrictions due to improved COVID-19 risk management created a positive outlook, fueled further by election fever. At the end of the year, the country managed to post a modest 7.6 percent full-year growth driven mainly by domestic consumption tempered by soaring inflation which quickened to a 14-year high of 8.1% in the fourth quarter, putting the full-year average at 5.8%, and breaching the Bangko Sentral Ng Pilipinas goal of 2% to 4%.

Despite the hype created by the reopening of the economy, the 2022 performance of the capital markets was a disappointment to many. The volatility in the global and domestic environments adversely affected the investing climate sending the Philippine Stock Exchange index to shrink 7.81%. From a start-of-year 7,100 level, the PSEi ended at 6,566.22, with broader all shares index inching down 0.04% while sub-indices were a mixed bag. The broad selloff in the US in anticipation of a recession weighed heavily on investor sentiment spiraling into losing week, month, and year. Macro headwinds dominated the year, with higher inflation, higher interest rates, and weaker peso causing risk aversion. Central banks around the world beat back raging inflation by tweaking the interest rate levers. The resulting rate hikes, which took cue from the US Federal Reserve, fueled much of the negative sentiment towards the end of 2022.

Unlike in previous years when elections generally drove market sentiment, the 2022 elections which saw the return to power of the late dictator's son, Ferdinand Marcos Jr., was met with skepticism by investors in the local bourse as shares plunged a day after polls closed. Exacerbating the dire situation was Russia's invasion of Ukraine which sent investors scurrying elsewhere as commodity prices around the world dive-bombed. By the end of June, the local bourse tallied a daily average value turnover of P7.52 billion, contracting 16.1% year-on-year. Data provided by the PSE showed that foreign investors sold more than they bought in the first half of 2022 logging P40.73 billion, 91.16% lower compared to a year ago. Few months later, local bourse found itself swimming in a bear market, hitting a low of 5,700 level.

The local bourse recorded eight listings in the first half: Haus Talk, Inc., Figaro Coffee Group, Inc., Citicore Energy REIT Corp., Bank of Commerce, CTS Global Equity Group, Inc., Raslag Corp., VistaREIT, Inc., and Balai ni Frutas Inc. Two prospective companies postponed their plans to go public

amid volatile market conditions in the second half of 2022. Only one company, Villar-led Premiere Island Power real estate investment trust, mustered the courage to list towards the end of the year.

### Performance of the Company

As can be expected, the conditions in the financial market during period under review had a domino effect on the Company's financial performance. The Company's consolidated core revenues during the year dropped to Php347.5 million compared to last year's Php551.3 million. Our Company's brokerage house and investment house managed to record total fees of Php183.4 million, a decline of Php136.4 million from the previous year's Php319.8 million. At the close of the reporting year, fair value gains on financial assets at fair value through profit and loss registered a gain in its value by Php162 million, a slight decline by Php12.4 million, from last year's Php174.4 million.

Money-tightening measures by the BSP Monetary Board pushed interest rates up bringing the Company's total costs and expenses for the year at Php624.5 million, representing an increase of Php70.4 million from last year's Php554 million. The additional expenses were mainly due to higher payments of debt servicing fee as other costs and expenses remained flat during the period under review. Our debt servicing fee from our short term borrowings continued to comprise a large chunk of the company's expenses in keeping with the Company's commitment to honor its obligations.

In summary, the company is reporting a consolidated net loss of Php282.4 million for the year from last year's reported net loss of Php35 million.

On another important note, comprehensive income of the group ended at Php12 million as compared to the previous year of Php264 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 Php415 million, from Php7,823.4 million in December 2021 to Php8,238.4 million in December 2022. 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 Php314 million and additional trade receivables amounting to Php240.2 million at year end cut-off and due for collection at beginning of the year.

A corresponding increase in total liabilities amounting to Php402.8 million was also noted during the period under review bringing total liabilities from Php6,740 million to Php7,143 million due to increases in short term borrowings, additional trade payables, partially offset by decrease in non-trade payables.

The increase in the value of total assets had a direct effect on the group's stockholders equity at the end of the period from last year's Php1,084 million to this year's Php1,096 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 Php294million.

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 2022	31-Dec 2021
CURRENT/LIQUITY RATIO				
	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	=	0.74:1	0.77:1

	<u>Quick Assets</u> <u>Current Liabilities</u>	=	0.74:1	0.77:1
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	<u>Debt</u> Equity	=	6.52:1	6.22:1
ASSETS TO EQUITY RATIO	<u>Assets</u> Equity	=	7.52:1	7.22:1
INTEREST RATE COVERAGE RATIO	Earnings before interest and taxes <u>Interest expense</u>	=	-0.81	-0.06
Interest rate coverage ratio is a measure on how well a company can meet its interest payment obligations.				

The Group has put in place risk management measures to mitigate the impact of the conflict, including initiatives to diversify its supply chain for importation of inventory and active monitoring of inventory levels. However, the management assessed that the impact of this event is not continuing and therefore will not affect the ability of the Group to continue as a going concern.

## **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 worst 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.

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

## **DISAGREEMENT WITH ACCOUNTANTS**

No principal accountant or independent accountants of the Company has resigned, was dismissed or has ceased to perform services during the two (2) most recent fiscal years or any subsequent interim period.

The Company has no disagreement with its accountant with regard to any matter relating to accounting principles or practices, financial statements disclosure or auditing scope or procedure.

## MARKET PRICE OF AND DIVIDENDS ON COMMON EQUITY

### 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	2024		2023		2022	
	Low	High	Low	High	Low	High
First Quarter	0.58	0.68	0.60	0.70	0.59	0.75
Second Quarter	0.61	0.68	0.61	0.72	0.59	0.63
Third Quarter			0.58	0.62	0.62	0.64
Fourth Quarter			0.55	0.72	0.60	0.72

As of the close of trading hours of 30 August 2024, the price at which the Registrant's shares were traded at ₱0.65 per share.

### Holder

The number of *common shares* issued and outstanding as of **30 June 2024** was 1,193,200,000. As of **30 June 2024**, Registrant had **101 shareholders**. On the said date, the following were the top 20 shareholders:

	Stockholder	Nationality	No. of Shares	%
1	PCD Nominee Corp. – Filipino	Filipino	822,687,999	68.95
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 Investment & Securities	Filipino	10,720,000	0.90
10	Jimmy S. Soo	Filipino	10,010,000	0.84
11	Elizabeth K. Soo	Filipino	6,000,000	0.50
12	Solar Securities, Inc.	Filipino	4,000,000	0.34
13	Abacus Capital & Investment Corp.	Filipino	2,547,000	0.21
14	Uy Louis	Filipino	2,000,000	0.17
15	George Q. Go & Shirley D. Go	Filipino	1,443,000	0.12
16	Jack T. Huang	Filipino	500,000	0.04
17	Quality Invt. & Sec. Corp (001117)	Filipino	500,000	0.04
18	Lim, Francisco	Filipino	304,000	0.03
19	Ong, Henry	Filipino	231,000	0.02
20	Po, Ronald S.	Filipino	200,000	0.02
	Total		1,190,309,000	99.76

## **EXTERNAL AUDIT FEES**

### **Dividends**

No dividends, neither in cash nor stock was declared on the shares for the last two (2) fiscal years, i.e., 2023 and 2022, as there were no available retained earnings accumulated which can be distributed to the existing shareholders of the Company or any of its subsidiaries.

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.

### **Recent Sales of Unregistered or Exempt Securities**

No unregistered securities or shares of the Company were sold during the last three (3) years (2023, 2022, and 2021).

## **CORPORATE GOVERNANCE**

The Company remains focused on insuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders.

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 have complied with all the leading practices and principles on good corporate governance as embodied in the Corporation's Manual. The Company has 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 unaware 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. Retains

## **FINANCIAL STATEMENTS**

Please refer to Annexes "A" and "B" for the Company's audited financial statements as of the period ended 31 December 2023 and the interim financial statements for the second quarter of calendar year 2024, respectively.

**UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FOR 17-A WITHOUT CHARGE.**

**ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:**

**THE CORPORATE SECRETARY  
FIRST ABACUS FINANCIAL HOLDINGS CORPORATION  
Unit 2901-A East Tower, PSE Centre, Exchange Road  
Pasig City**

Pursuant to the requirements of the Securities Regulations Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: 03 September 2024

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